



LAN AIRLINES REPORTS NET INCOME OF US\$88.3 MILLION FOR THE FIRST QUARTER OF 2010

Santiago, Chile, April 27, 2010 – LAN Airlines S.A. (NYSE: LFL), one of Latin America's leading passenger and cargo airlines, announced today its consolidated financial results for the first quarter ended March 31, 2010. "LAN" or "the Company" makes reference to the consolidated entity, which includes passenger and cargo airlines in Latin America. All figures were prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S. Dollars

HIGHLIGHTS

- LAN reported net income of US\$88.3 million for the first quarter 2010, an increase of 35.8% compared to the first quarter 2009, reflecting a strong recovery in both the cargo and passenger businesses.
- Operating income reached US\$142.9 million in the first quarter 2010, a 21.0% increase compared to US\$118.1 million in the first quarter 2009. Operating margin reached 13.8%, an increase of 0.4 points compared to 13.4% in the same period of 2009. Operating income in the first quarter 2009 included a US\$57.9 million realized fuel hedging loss, while the realized fuel hedging loss for the first quarter 2010 reached US\$2.6 million.
- Total revenues for the first quarter 2010 reached US\$1,034.9 million compared to US\$882.2 million in the first quarter 2009 due to a 13.7% increase in passenger revenues and a 35.3% increase in cargo revenues. Passenger and cargo revenues accounted for 72% and 26% of total revenues, respectively, during the first quarter 2010.
- The strong recovery in demand experienced during the first months of 2010 was partially offset by the negative impact on LAN's operations of the earthquake that struck Chile on February 27, 2010. The earthquake caused damage to the terminal building at the Santiago International Airport, affecting all air travel in and out of the country. LAN estimates the net impact of decreased passenger operations due to the earthquake at approximately US\$25 million during the first quarter 2010. Cargo operations were not materially affected by the earthquake, nor were the passenger operations of LAN or its subsidiaries in Peru, Ecuador and Argentina.
- In March 2010, LAN announced an adjustment in the delivery schedule of ten Boeing 787-8s to be incorporated into the Company's long-haul fleet. This new delivery schedule anticipates the arrival of the Dreamliners by three years, previously scheduled for 2014, and is now expected starting in the first semester of 2011. In this way, LAN will become the first airline in the western hemisphere to receive the Dreamliner, which is expected to revolutionize the airline industry, incorporating the most advanced technology.
- Continuing with the growth and renewal of its fleet, LAN took delivery of one new Boeing 767-300 passenger aircraft during the first quarter 2010. As of March 31, 2010 the average age of LAN's fleet is 5.8 years.

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- In line with the expansion of LAN's passenger operations, during the first quarter 2010 the Company announced various new passenger destinations. For long-haul operations, in July, 2010 LAN Peru will launch 4 weekly frequencies between Lima and San Francisco, with connections from Sao Paulo, Santiago and Buenos Aires. In addition, in September, 2010, LAN will begin operations between Santiago and Paris via Madrid, with 3 weekly flights. Regarding domestic operations, in September, 2010, LAN Ecuador will launch regular service to the Galapagos Islands, offering a daily flight from Quito and Guayaquil. Also, on May 10, 2010 LAN Argentina will launch three daily flights between Santiago and Aeroparque Metropolitano Airport in central Buenos Aires.
- During the first quarter 2010, the Piñera Group divested an 18.3% ownership stake in LAN through a partial sale to the Cueto Group and two auctions in the Santiago Stock Exchange. In addition, an agreement was signed between the Piñera Group and Bethia S.A. for the sale of the remaining 8.0% stake in LAN, a transaction which is expected to be finalized shortly. As a result of these transactions, the existing shareholders agreement between the Piñera and Cueto Groups was terminated.

Management Comments on First Quarter 2010 Results

LAN reported net income of US\$88.3 million for the first quarter 2010, driven by a strong recovery in both cargo and passenger operations. Net income increased 35.8% compared to first quarter 2009. Operating income for the quarter increased 21.0%, reaching US\$142.9 million, with a 13.8% operating margin. Operating income in the first quarter 2009 included a US\$57.9 million realized fuel hedging loss, while the realized fuel hedging loss for the first quarter 2010 reached US\$2.6 million.

During the first quarter 2010, LAN's consolidated revenues increased 17.3% compared to first quarter 2009. Passenger revenues increased 13.7% during the quarter, driven by continued traffic growth and a 6.6% recovery in yields. Despite the negative impact of the earthquake on the Company's Chilean operations, LAN continued to report strong growth and healthy load factors in its passenger operations, largely driven by a recovery in international long-haul and regional operations during the quarter. During the first quarter 2010, passenger traffic growth reached 6.7% and load factors improved 1.4 points reaching 79.3%. Total passenger capacity as measured in ASKs grew 4.9%, with capacity increases focused mainly on long-haul routes to Europe, the United States and the South Pacific.

Revenues per ASK (RASK) increased 8.4%, mainly due to the increase in load factor coupled with an increase in yields compared to first quarter 2009. Passenger yields increased mainly as a result of a recovery in the demand environment, as well as higher fuel surcharges due to the 45.9% increase in LAN's average fuel price during the quarter (excluding fuel hedges).

During the first quarter 2010, cargo revenues increased 35.3%, reflecting a strong recovery in LAN Cargo's traffic, with RTK growth of 29.0%. Cargo capacity during the quarter grew 22.2%, allowing LAN Cargo to reach a 68.7% load factor, a recovery of 3.7 points compared to first quarter 2009. Yields showed a 4.9% increase compared to the first quarter 2009, leading to a 10.8% increase in unit revenue.

As a result of the strategic initiatives undertaken in 2009, LAN Cargo is well positioned to benefit from the recovery in global cargo markets. LAN Cargo's significant traffic growth has been driven by continued expansion in import markets in Latin America, especially Brazil, as well as an increase in the Company's European operations as a result of the incorporation of the new Boeing 777-200 freighter fleet, which provides an important competitive advantage due to high cost efficiencies. Additionally, through its Brazilian affiliate ABSA, LAN Cargo continues to expand domestic cargo operations in Brazil. Furthermore, the Company continues to successfully optimize capacity in the bellies of passenger aircraft, maximizing the synergies of the Company's integrated passenger and cargo operation.

Operating expenses increased 16.7% compared to the first quarter 2009, while costs per ATK (including net financial expenses) increased 3.5%, driven mainly by an increase in fuel costs. Higher fuel prices generated US\$24.6 million in increased fuel costs for the quarter, including the net impact of fuel hedges. LAN has hedged approximately 62% of its estimated fuel consumption for the second quarter 2010, 45% for the third quarter, 38% for the fourth quarter and 10% for the first quarter 2011 through a combination of collars and swaps. Excluding fuel, unit costs increased 2.9%, mainly due to higher wages as a result of the appreciation of local currencies during the quarter.

LAN continues to maintain a solid financial position, with ample liquidity and a solid financial structure, as reflected by the Company's BBB Investment Grade international credit rating (Fitch). LAN is one of the few airlines in the world with an Investment Grade rating. At the end of the quarter, LAN reported US\$657.2 million in cash and cash equivalents representing 17.3% of revenues for the last twelve months. Additionally, the Company has no short-term debt, while its long-term debt is mainly related to aircraft financing and has 12 to 15-year repayment profiles with competitive interest rates. The Company has limited exposure to foreign exchange rate fluctuations as approximately 80% of revenues are U.S. dollar denominated.

LAN's strong operating results during the quarter are evidence of a global recovery in both cargo and passenger markets. LAN is well positioned to benefit from this recovery based on the strategic actions undertaken throughout 2009. Despite the negative effects of the earthquake that struck Chile in February 2010, LAN's solid and flexible business model allowed the Company to maintain and enhance the leadership position established in the markets LAN serves. Based on this business model, as well as the Company's consistent track record and solid balance sheet, LAN is continuously improving the Company's long-term strategic position by addressing opportunities, strengthening its market presence and increasing competitiveness.

EBITDAR Calculation (1)

The following is a calculation of LAN's EBITDA (earnings before interest, taxes, depreciation and amortization) and EBITDAR (earnings before interest, taxes, depreciation, amortization and aircraft rentals), which the Company considers useful indicators of operating performance.

EBITDAR (in US\$ millions)

	1Q10	1Q09	%Chg
Revenues	1,034.9	882.2	17.3%
<u>Operating Expenses</u>	<u>-892.0</u>	<u>-764.1</u>	<u>16.7%</u>
Operating Income	142.9	118.1	21.0%
<u>Depreciation and Amortization</u>	<u>82.8</u>	<u>74.6</u>	<u>11.1%</u>
EBITDA	225.7	192.6	17.2%
EBITDA Margin	21.8%	21.8%	0.0 pp
<u>Aircraft Rentals</u>	<u>23.5</u>	<u>15.7</u>	<u>49.4%</u>
EBITDAR	249.2	208.3	19.6%
EBITDAR Margin	24.1%	23.6%	0.5 pp

(1) EBITDA and EBITDAR are not accounting measures and should not be considered in isolation nor as a substitute for net income prepared in accordance with International Financial Reporting Standards (IFRS) as a measure of operating performance. Furthermore, these calculations may not be comparable to similarly titled measures used by other companies.

Recent Events

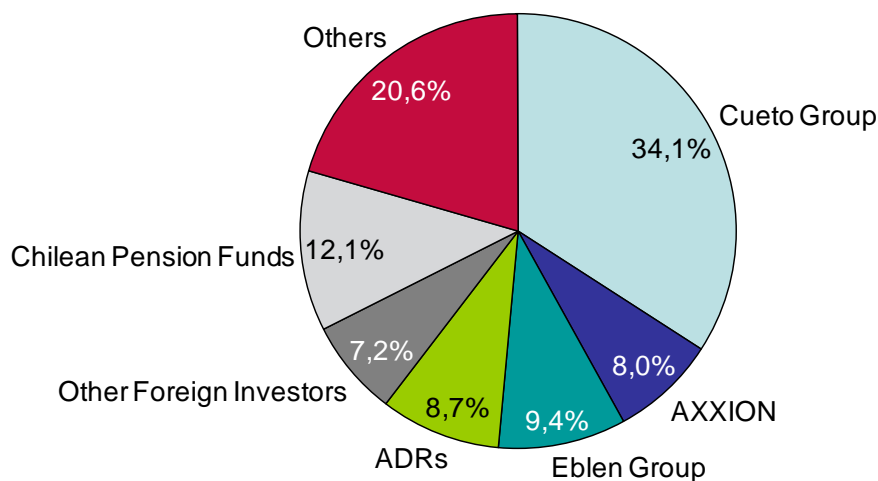
Earthquake Impact

The earthquake that struck Chile on February 27, 2010 caused significant damage to the terminal building at the Santiago International Airport, affecting all air travel in and out of the country. As there is no alternative airport in the Santiago Metropolitan Region, commercial passenger operations were suspended for three days, and were re-launched on March 2, 2010 with provisional facilities. LAN operated with reduced capacity out of Santiago during March until the terminal building was fully operational on March 28, 2010. LAN estimates the net impact of decreased passenger operations due to the earthquake at approximately US\$25 million during the first quarter 2010. Cargo operations were not materially affected by the earthquake, nor were the passenger operations of LAN or its subsidiaries in Peru, Ecuador and Argentina.

Changes in Ownership Structure

During the first quarter 2010, the Piñera Group divested an 18.3% ownership stake in LAN through a partial sale to the Cueto Group and two auctions in the Santiago Stock Exchange. In addition, an agreement was signed between the Piñera Group and Bethia S.A. for the sale of the remaining 8.0% stake in LAN, a transaction which is expected to be finalized shortly. In addition, as a result of these transactions the shareholders agreement between the Piñera and Cueto Groups was terminated.

Current Ownership Structure (March 31, 2010)



Note: As of March 24, 2010, there is an agreement between Santa Cecilia (Piñera Group) and Bethia S.A. for the sale of AXXION, which currently owns 8% of LAN.

Fleet Plan

During the first quarter 2010, the Company received one Boeing 767-300ER passenger aircraft. For the remainder of 2010, LAN expects to receive a total of eight Airbus A320 family aircraft.

In March 2010, the Company signed an agreement with Boeing to adjust the delivery of ten Boeing 787-8 Dreamliners to be incorporated into the Company's long-haul fleet. This new delivery schedule anticipates the arrival of this aircraft by three years, previously scheduled for 2014, and is now expected starting in the first semester of 2011.

LAN's estimated fleet plan and associated capital expenditures are shown in the table below.

Year	2010	2011	2012	2013
PASSENGER FLEET				
A320/A319/A318	61	71	73	78
B767-300 ER	28	31	31	31
B787	0	2	5	10
A340-300	5	5	5	5
TOTAL PASSENGER FLEET	94	109	114	124
CARGO FLEET				
767-300 F	9	9	9	11
777-200 F	2	2	3	3
TOTAL CARGO FLEET	11	11	12	14
TOTAL FLEET	105	120	126	138
Total Fleet Capex (US\$ millions)	412	1,028	513	877

Outlook

Considering current market conditions, the Company maintains its expectations for 2010 with passenger ASK growth of approximately 10% in 2010. Growth in the passenger business during 2010 is expected to be mainly driven by international and regional markets.

LAN Cargo currently expects approximately 16%-18% growth in cargo capacity for 2010, mainly driven by higher utilization of the freighter fleet, especially the two Boeing 777-200 freighters received in the first half of 2009.

Consolidated First Quarter 2010 Results

Net income for the first quarter 2010 amounted to US\$88.3 million compared to US\$65.0 million in the same period 2009, an increase of 35.8%. **Net margin** for the quarter increased from 7.4% in 2009 to 8.5% in 2010.

Operating income amounted to US\$142.9 million in first quarter 2010 compared to US\$118.1 million in first quarter 2009. **Operating margin** for the quarter increased from 13.4% to 13.8%.

Total operating revenues increased 17.3% compared to the first quarter 2009, reaching US\$1,034.9 million. This reflected a:

- 13.7% increase in **passenger revenues** to US\$740.8 million,
- 35.3% increase in **cargo revenues** to US\$266.1 million, and a
- 17.4% decrease in **other revenues** to US\$28.0 million.

Passenger and cargo revenues accounted for 72% and 26% of total revenues for the quarter, respectively.

Passenger revenues increased 13.7%, driven by a 6.7% growth in traffic and a 6.6% increase in yields. Load factors increased from 78.0% to 79.3%, as the growth in traffic outpaced the 4.9% increase in capacity. Overall, revenues per ASK increased 8.4%. Traffic grew as a result of a 5.8% increase in domestic traffic (including domestic operations of LAN and its affiliates in Chile, Argentina, Peru and Ecuador), and a 7.1% increase in international traffic. International traffic accounted for 70% of total passenger traffic during the quarter. Yields increased 6.6% due to higher fuel surcharges, as well as higher fares as a result of a stronger demand environment.

Cargo revenues increased 35.3% in the quarter, driven by a 29.0% increase in cargo traffic and a 4.9% increase in yields. Capacity increased 22.2% during the quarter. As a consequence, load factors increased from 65.1% to 68.7%. Revenues per ATK increased 10.8% compared to the first quarter 2009.

Other revenues decreased 17.4%, mainly driven by a decrease in revenues from aircraft leases to third parties, partially offset by higher revenues from logistics, courier, storage and customs brokerage services.

Total operating expenses increased 16.7% during the quarter and unit (ATK) costs increased 3.5% compared to first quarter 2009. Higher jet fuel prices during the quarter led to approximately US\$24.6 million in higher fuel costs (net of fuel hedges). Excluding fuel, unit costs increased 2.9% mainly due to higher wages and salaries as a result of the appreciation of local currencies during the quarter. Changes in operating expenses were mainly due to the following:

- **Wages and benefits** increased 19.2%, driven mainly by the impact of the appreciation of domestic currencies in Latin America, coupled with an increase in average headcount during the quarter.
- **Fuel costs** increased 19.1%, mainly driven by a 45.9% increase in prices, coupled with an 8.3% increase in consumption. In addition, the Company recognized a US\$2.6 million fuel hedge loss, compared to a US\$57.9 million fuel hedge loss in the first quarter of 2009.
- **Commissions to agents** increased 12.9% due to an 18.7% increase in traffic revenues (passenger and cargo), partially offset by a 0.2 point reduction in average commissions. This reduction was mainly related to lower commissions in the cargo business.
- **Depreciation and amortization** increased 11.1%, mainly due to the incorporation of three new Boeing 767 aircraft.
- **Other rental and landing fees** increased 10.9%, mainly due to increased costs of aeronautical rates, partially offset by a lower use of ACMI leases in the cargo business.
- **Passenger service** expenses increased 15.9%, driven by a 7.9% increase in the number of passengers transported during the quarter, as well as higher compensation paid to passengers due to contingencies that affected passenger operations during the quarter.
- **Aircraft rentals** increased 49.4%, mainly driven by the receipt of two leased B777 freighters during the second quarter 2009.
- **Maintenance expenses** decreased 3.9% due to a lower maintenance provision related to a higher proportion of new aircraft in the fleet, as well as a decrease in the outsourcing of several maintenance services.
- **Other operating expenses** increased 22.1% due to higher advertising and marketing expenses and higher sales and reservations costs.

Non-operating results

- **Interest income** increased from US\$2.5 million in first quarter of 2009 to US\$3.3 million in first quarter of 2010, mainly due to a higher cash balance, partially offset by lower interest rates.
- **Interest expense** increased 0.1% as higher debt related to fleet financing was offset by a lower average interest rate.

- Under **Other income (expense)**, the Company recorded a US\$2.1 million loss compared to a US\$779 thousand loss in the first quarter of 2009 related to a higher foreign exchange loss.

About LAN

LAN Airlines is one of the leading passenger and cargo airlines in Latin America. The company and its affiliates serve over 70 destinations around the world through an extensive network that offers full connectivity within Latin America, while also linking the region with North America, Europe and the South Pacific, as well as 70 additional international destinations through its various alliances. LAN Airlines and its affiliates have a leading position in their respective domestic markets of Chile and Peru as well as an important presence in the Argentinean domestic market and has begun operations in the domestic market of Ecuador.

Currently, LAN Airlines and its affiliates operate one of the most modern fleets in the world, with 86 passenger aircraft, and its cargo subsidiary, LAN CARGO and its respective cargo affiliates, have a fleet of 11 freighters. The company recently completed its short haul fleet renovation process by acquiring new aircraft from the Airbus A320 family, enabling LAN to improve its efficiency and to reduce significantly its CO2 emissions. The fleet renovation is part of the company's commitment to the protection of the environment.

LAN is one of the few Investment Grade airlines in the world (BBB). The company's world class quality standards enabled its membership in oneworld™, the global alliance that encompasses the best airlines in the world. For more information please visit www.lan.com or www.oneworldalliance.com

Note on Forward-Looking Statements

This report contains forward-looking statements. Such statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" or other similar expressions. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors and uncertainties include in particular those described in the documents we have filed with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them, whether in light of new information, future events or otherwise.

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LAN Airlines S.A.

Consolidated Income Statement (in thousands of US Dollars)

	For the three month period ended March 31,		
	2010	2009	Var. %
REVENUE			
Passenger	740,789	651,594	13.7%
Cargo	266,111	196,681	35.3%
Other	27,998	33,899	-17.4%
TOTAL OPERATING REVENUE	1,034,898	882,174	17.3%
Expenses			
Wages and Benefits	-176,952	-148,412	19.2%
Aircraft Fuel	-271,765	-228,267	19.1%
Comissions to Agents	-41,252	-36,533	12.9%
Depreciation and Amortization	-82,827	-74,550	11.1%
Other Rental and Landing Fees	-131,210	-118,335	10.9%
Passenger Services	-26,473	-22,839	15.9%
Aircraft Rentals	-23,480	-15,721	49.4%
Aircraft Maintenance	-28,947	-30,111	-3.9%
Other Operating Expenses	-109,086	-89,347	22.1%
TOTAL OPERATING EXPENSES	-891,992	-764,115	16.7%
OPERATING INCOME	142,906	118,059	21.0%
<i>Operating Margin</i>	13.8%	13.4%	0.4 pp.
Interest Income	3,310	2,466	34.2%
Interest Expense	-37,763	-37,741	0.1%
Other Income (Expense)	-2,097	-779	169.2%
INCOME BEFORE TAXES AND MINORITY INTEREST	106,356	82,005	29.7%
Income Taxes	-18,090	-13,044	38.7%
INCOME BEFORE MINORITY INTEREST	88,266	68,961	28.0%
Attributable to:			
Shareholders	88,299	65,014	35.8%
Minority Interest	-33	3,947	-100.8%
NET INCOME	88,299	65,014	35.8%
<i>Net Margin</i>	8.5%	7.4%	1.2 pp.
NET INCOME (LOSS) EXCLUDING EXTRAORDINARY ITEMS	88,299	65,014	35.8%
<i>Net Margin</i>	8.5%	7.4%	1.2 pp.
Effective tax rate	17.0%	16.7%	
Shares outstanding	338,790,909	338,790,909	
Earnings per share (\$)	0.26	0.19	35.8%

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Consolidated Operating Statistics**

	For the Three-Month Period ended March 31,		
	2010	2009	% Change
Operating Statistics			
System			
ATKs (millions)	2,114.3	1,864.2	13.4%
ASKs (millions)	10,232.0	9,756.1	4.9%
RTKs (millions)	1,461.2	1,251.1	16.8%
RPKs (millions)	8,118.4	7,608.8	6.7%
Overall Load Factor (based on ATKs)%	69.1%	67.1%	2.0 pp.
Break-Even Load Factor (based on ATK)%	61.7%	60.6%	1.1 pp.
Yield based on RTKs (US Cents)	68.9	67.8	1.6%
Operating Revenues per ATK (US Cents)	47.6	45.5	4.7%
Operating Costs per ATK (US Cents)	42.5	41.1	3.5%
Fuel Gallons Consumed (millions)	120.2	111.0	8.3%
Average Trip Length (thousands km)	1.986	2.009	-1.1%
Passenger			
ASKs (millions)	10,232.0	9,756.1	4.9%
RPKs (millions)	8,118.4	7,608.8	6.7%
RTKs (millions)	730.7	684.8	6.7%
Passengers Transported (thousands)	4,087	3,788	7.9%
Load Factor (based on ASKs) %	79.3%	78.0%	1.4 pp.
Yield (based on RPKs, US Cents)	9.1	8.6	6.6%
Yield (based on RTKs, US Cents)	101.4	95.2	6.6%
Revenue/ASK (US cents)	7.2	6.7	8.4%
Cargo			
ATKs (millions)	1,062.7	869.9	22.2%
RTKs (millions)	730.5	566.3	29.0%
Tons Transported (thousands)	173.9	138.7	25.4%
Load Factor (based on ATKs) %	68.7%	65.1%	3.7 pp.
Yield based on RTKs (US Cents)	36.4	34.7	4.9%
Revenue/ATK (US Cents)	25.0	22.6	10.8%

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LAN Airlines S.A.

Consolidated Balance Sheet (in thousands of US\$)

	As of March 31, 2010	As of March 31, 2009
Total Assets	5,711,444	5,282,580
Total Liabilities	4,548,487	4,412,367
Total Equity (*)	1,162,957	870,213
Total Liabilities and Shareholders equity	5,711,444	5,282,580
Net Debt		
Current and long term portion of loans from financial institutions	2,502,732	2,202,425
Current and long term portion of obligations under capital leases	265,867	336,404
Other liabilities current and long termportion	303,147	292,190
Cash and cash equivalents	-657,194	-472,182
Total Net Debt	2,414,552	2,358,837

(*) Under IFRS, Equity includes Minority Interest, wich amounted to US\$ Th 10,309 as of March 2009, and US\$ Th 7,058 as of March 2010

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**LAN Airlines S.A.
Fleet Data**

Consolidated Fleet

	As of March 31, 2010		
	Leased	Owned	Total
<i>Passenger Aircraft</i>			
Airbus A318-100	0	15	15
Airbus A319-100	0	20	20
Airbus A320-200	2	16	18
Boeing 767-300	10	18	28
Airbus A340-300	1	4	5
TOTAL	13	73	86
<i>Cargo Aircraft</i>			
Boeing 777-200F	2	0	2
Boeing 767-300F	1	8	9
TOTAL	3	8	11
Total Fleet	16	81	97

Note: Table does not include one Boeing 767-200 leased to Aerovías de México S.A. and three Boeing 737-200 leased to Sky Services S.A.