**FOR IMMEDIATE RELEASE**

# LAN AIRLINES REPORTS NET INCOME OF US$52.1 MILLION FOR THE THIRD QUARTER OF 2009

Santiago, Chile, October 26, 2009 – LAN Airlines S.A. (NYSE: LFL), one of Latin America's leading passenger and cargo airlines, announced today its consolidated financial results for the third quarter ended September 30, 2009. "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$52.1 million for the third quarter 2009. This represented a 37.3% decrease compared to net income of US$83.0 million in the third quarter 2008. Excluding non-operating extraordinary items recognized in the third quarter 2008, net income decreased 58.3%.

- In the third quarter 2009, consolidated revenues declined 19.1%, driven mainly by lower yields in both the cargo and passenger businesses. This was partially offset by a 14.3% decline in operating expenses, driven mainly by lower fuel costs.

- Operating income reached US$92.4 million in the third quarter 2009, a 46.1% decrease compared to US$171.3 million in the third quarter 2008. Operating margin reached 10.1%, compared to 15.1% in the same period of 2008.

- Third quarter 2009 results continued to be impacted by fuel hedging losses, although to a much lesser extent than in previous quarters. The fuel hedging loss during the quarter amounted to US$14.4 million compared to a fuel hedging gain of US$29.2 million in the third quarter 2008. Excluding the impact of fuel hedging, LAN's operating margin reached 11.6% in the third quarter 2009 compared to 12.5% in the third quarter 2008.

- During the quarter LAN undertook several initiatives to increase the value of its frequent flyer program, LANPASS, which currently has 3.1 million members worldwide. These initiatives included the launch of a new Flexible Award Exchange Program, as well as the launch of a LANPASS Visa card in Ecuador and co - branding campaigns in Argentina, Uruguay and Chile.

- During the quarter, LAN completed important financing initiatives with the objective of ensuring the Company's long term growth plans. LAN finalized securing long-term financing for three Boeing 767 aircraft to be delivered between 2009 and 2010. This financing is expected to be supported by the US EX-IM Bank. Furthermore, LAN is in the final stage of securing financing for three spare engines, to be supported also by the US EX- IM Bank. In addition the Company arranged bank financing for Pre Delivery Payments (PDP's) related to 15 Airbus A320 family aircraft to be delivered between 2010 and 2011. These financing initiatives include attractive interest rates that are in line with LAN's average cost of debt. LAN's solid financial position and ample liquidity continue to be reflected in the Company's BBB Investment Grade international credit rating (Fitch).


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- In line with LAN's continued commitment to expand its route network and improve connectivity for passengers traveling within the region, LAN Peru continued to strengthen its regional operations based at its hub in Lima. With this objective, LAN Peru launched new regional routes from Lima to Cali, Colombia; Punta Cana, Dominican Republic; Cordoba, Argentina; and Cancun, via Mexico City.

**Management Comments on Third Quarter 2009 Results**

LAN reported net income of US$52.1 million for the third quarter 2009. Operating results for the quarter decreased 46.1% reaching US$92.4 million, with a 10.1% operating margin. Operating results were impacted by a US$14.4 million fuel hedging loss. Excluding this impact, the operating margin reached 11.6%.

During the third quarter 2009, LAN's consolidated revenues decreased 19.1%. Passenger revenues declined 9.9% during the quarter driven by a 16.3% decrease in yields. Nevertheless, it is important to note that amidst the weakened global economic environment and despite the impact of the A H1N1 flu on regional markets, LAN continued to report strong growth in its passenger operations, demonstrating the Company's solid market position in the routes in which it operates. As a result, during the third quarter passenger traffic growth reached 7.6% with a healthy passenger load factor of 77.1%. Revenues per ASK (RASK) decreased 17.5%, partially offset by a 9.1% expansion in capacity.

Passenger yields decreased this quarter mainly as a result of lower fuel surcharges, driven by a 47.8% decline in LAN's average fuel price during the quarter (excluding fuel hedges). Yield declines this quarter were also due in part to lower nominal fares as a result of price promotions implemented on certain routes. During the third quarter, the Company managed capacity to respond to demand growth and market opportunities. Capacity increases were focused mainly on domestic markets, as well as on long haul routes to Europe, the South Pacific and certain regional routes.

During the third quarter 2009, cargo revenues decreased 39.7% as capacity declined 4.2% and unit cargo revenues decreased 37.1%. Lower revenues per ATK resulted mainly from a 7.5% decline in traffic, which led to a 2.4 point decline in load factors from 71.2% to 68.7%, as well as a 34.8% decline in yields. Cargo traffic this quarter fell in-line with the trend in global cargo markets, impacted mainly by the global economic slowdown. In addition, traffic was affected during the third quarter by the decline in salmon exports from Chile as a result of the ISA virus. These effects have been partially offset by the Company's new cargo affiliate, Linea Aerea Carguera de Colombia, S.A., operating in Colombia, as well as the domestic cargo operation in Brazil of LAN Cargo's Brazilian affiliate, ABSA, in addition to the operations to Europe with the two new B777 freighters.

In order to adjust cargo capacity to current market conditions, LAN Cargo has decreased the amount of wet leases (ACMI) it operates, which were partially replaced with the two Boeing 777 freighters delivered during the second quarter of 2009. These modern and highly efficient aircraft will give LAN Cargo a significant competitive advantage and will uniquely position the Company to benefit from a recovery in the industry. In general, and despite the weak economic situation, LAN continues to successfully manage its cargo operation to optimize capacity in the bellies of passenger aircraft and to use this flexibility to design the Company's freighter routes according to demand patterns. The ability to benefit from the synergies of an integrated passenger and cargo operation amidst the global economic slowdown validates the LAN business model.

Operating expenses declined 14.3% compared to the third quarter 2008, while costs per ATK (including net financial expenses) decreased 15.8%, driven mainly by significant declines in fuel costs. Lower fuel prices generated US$164.1 million in reduced fuel costs for the quarter, including the net impact of fuel hedges. LAN has hedged approximately 20% of its estimated fuel requirements for the fourth quarter 2009 and 10% for the first quarter 2010 through zero cost collars taken during 2008. The Company has hedged an additional 40% for the fourth quarter 2009.

For 2010, LAN has hedged 37% for the first quarter, 38% for the second quarter, 9% for the third and 14% for the fourth quarter through a combination of collars and swaps. Excluding fuel, unit costs increased 2.2%, mainly due to higher fleet and maintenance costs, partially offset by lower commercial costs and lower ACMI leases. Net interest expenses increased 41.8% from US$21.9 million to US$31.0 million, driven mainly by higher debt related to fleet financing.

LAN continues to maintain a solid financial position, with ample liquidity and a sound 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$638.2 million in cash and cash equivalents representing 17.0% of revenues for the last twelve months. The Company raised US$250 million during the first half of 2009 through loans with domestic banks in Chile, the purpose of which is to increase liquidity. Additionally, the Company has no short term debt and its long-term debt, mainly related to aircraft financing, has 12 to 15-year repayment profiles with competitive interest rates. The Company has limited exposure to foreign exchange rate fluctuations as approximately 83% of revenues are U.S. dollar denominated.

Despite the global economic slowdown, during the third quarter 2009, LAN continued to report consistent positive results. This is a testament to LAN's solid and flexible business model and the leadership position it has established in the markets it serves. Based on its consistent track record and its solid balance sheet, the Company is able to continue improving its long-term strategic position by addressing opportunities, strengthening LAN's market position 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)

| | 3Q09 | 3Q08 | %Chg | Sep09 | Sep08 | %Chg |
|---|---|---|---|---|---|---|
| Revenues | 917.5 | 1,133.9 | -19.1% | 2,584.8 | 3,168.3 | -18.4% |
| Operating Expenses | -825.1 | -962.6 | -14.3% | -2,339.4 | -2,762.2 | -15.3% |
| Operating Income | 92.4 | 171.3 | -46.1% | 245.4 | 406.1 | -39.6% |
| | | | | | | |
| Depreciation and Amortization | 78.8 | 62.2 | 26.8% | 225.6 | 186.4 | 21.0% |
| EBITDA | 171.2 | 233.5 | -26.7% | 471.0 | 592.5 | -20.5% |
| EBITDA Margin | 18.7% | 20.6% | -1.9 pp | 18.2% | 18.7% | -0.5 pp |
| | | | | | | |
| Aircraft Rentals | 24.1 | 17.3 | 39.7% | 60.2 | 53.8 | 11.9% |
| EBITDAR | 195.3 | 250.7 | -22.1% | 531.1 | 646.3 | -17.8% |
| EBITDAR Margin | 21.3% | 22.1% | -0.8 pp | 20.5% | 20.4% | 0.1 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

### Financing Initiatives

During the quarter, LAN completed important financing initiatives with the objective of ensuring the Company's long term growth plans. LAN finalized long-term financing for three Boeing 767 aircraft to be delivered between 2009 and 2010. This financing is expected to be supported by the US EX-IM Bank. Furthermore, LAN is in the final stage of securing financing for three spare engines, to be supported also by the US EX- IM Bank. In addition the Company arranged bank financing for Pre Delivery Payments (PDPs) related to 15 Airbus A320 family aircraft to be delivered between 2010 and 2011. These financing initiatives include attractive interest rates that are in line with LAN's average cost of debt. LAN's solid financial position and ample liquidity continue to be reflected in the Company's BBB Investment Grade international credit rating (Fitch).

LANPASS

During the quarter, LAN undertook several initiatives to increase the value of its frequent flyer program LANPASS, which currently has 3.1 million members worldwide. In August, LANPASS launched the new Flexible Award Exchange Program offering increased seat availability for members to travel at any time during the year. With this new Flexible Award Exchange LANPASS, program members can access any number of seats available depending on the amount of miles they are willing to redeem. This new program has been very successful, with a 20% increase in mileage redemptions in August and September 2009 compared to the same period last year. Additionally, during the quarter, the Company made significant efforts to strengthen the LANPASS program in other countries within the region, including the launch of a LANPASS Visa card in Ecuador and co - branding campaigns in Argentina, Uruguay and Chile.

Winglets Project

As part of its fleet renewal plan, and its commitment to efficiency and environmental protection, LAN continued the installation of winglets on all of the Company's Boeing 767-300 fleet. The Company is installing these devices on a total of 37 Boeing 767 aircraft (nine freighters and 28 passenger aircraft). This project involves a total investment of US$70 million and is expected to be completed in August 2010. Currently, LAN has 12 of its Boeing 767-300 aircraft operating with these devices, reducing fuel consumption and CO2 emissions.

Fleet Plan

During the quarter, the Company returned one leased Boeing 767-300ER passenger aircraft whose contract expired. For the remainder of the year, LAN expects delivery of two Boeing 767-300 passenger aircraft, operating a total of 27 Boeing 767-300 passenger aircraft as of year-end 2009.

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

| **Year** | **2009** | **2010** | **2011** | **2012** |
|---|---|---|---|---|
| PASSENGER FLEET | | | | |
| A320/A319/A318 | 53 | 59 | 68 | 68 |
| B767-300 ER | 27 | 28 | 30 | 33 |
| A340-300 | 5 | 5 | 5 | 5 |
| **TOTAL PASSENGER FLEET** | **85** | **92** | **103** | **106** |
| | | | | |
| CARGO FLEET | | | | |
| 767-300 F | 9 | 9 | 10 | 10 |
| 777-200 F | 2 | 2 | 2 | 3 |
| **TOTAL CARGO FLEET** | **11** | **11** | **12** | **13** |
| | | | | |
| **TOTAL FLEET** | **96** | **103** | **115** | **119** |
| | | | | |
| **Total Fleet Capex** (US$ millions) | **356** | **332** | **625** | **441** |

## Outlook

Considering current market conditions, the Company expects passenger ASK growth to reach approximately 10% in 2009 and approximately 10% in 2010. Under the current global macroeconomic environment, LAN expects a cargo ATK decline of 7%-8% in 2009 and ATK growth of approximately 16%-18% in 2010.

LAN expects to receive two wide body B767 passenger aircraft in the fourth quarter of 2009, as well as six A320 and one B767 passenger aircraft during 2010.

**Consolidated Third Quarter 2009 Results**

**Net income** for the third quarter 2009 amounted to US$52.1 million, compared to US$83.0 million in the same period 2008, a decrease of 37.3%. **Net margin** for the quarter decreased from 7.3% in 2008 to 5.7% in 2009. Excluding non-operating extraordinary items recognized in the third quarter 2008, net income decreased 58.3%. In addition, third quarter results were impacted by a US$14.4 million fuel hedging loss recognized during the quarter, while results for the third quarter of 2008 included a fuel hedge gain of US$29.2 million.

**Operating income** amounted to US$92.4 million in the third quarter 2009, compared to US$171.3 million in the third quarter 2008. **Operating margin** for the quarter decreased from 15.1% to 10.1%. Excluding the impact of fuel hedging, operating income reached US$106.8 million in the third quarter 2009, a 24.8% decrease compared to US$142.1 million in the third quarter 2008. Furthermore, the operating margin excluding hedging losses reached 11.6% in the third quarter 2009, compared to 12.5% in the third quarter 2008.

**Total operating revenues** decreased 19.1% compared to the third quarter 2008, reaching US$917.5 million. This reflected a:

- 9.9% decrease in **passenger revenues** to US$668.0 million,
- 39.7% decrease in **cargo revenues** to US$215.9 million, and a
- 1.7% decrease in **other revenues** to US$33.5 million.

Passenger and cargo revenues accounted for 73% and 24% of total revenues for the quarter, respectively.

**Passenger revenues** decreased 9.9%, driven by a 16.3% decrease in yields, partially offset by 7.6% growth in traffic. Load factors decreased from 78.2% to 77.1%, as the 9.1% increase in capacity outpaced the traffic increase. Overall, revenues per ASK decreased 17.4%.Traffic grew as a result of a 15.6% increase in domestic traffic (including domestic operations of LAN and its affiliates in Chile, Argentina, Peru and Ecuador), and a 4.5% increase in international traffic. International traffic accounted for 71% of total passenger traffic during the quarter. Yields decreased 16.3% due to lower fuel surcharges and lower fares as a result of price promotions implemented on certain routes.

**Cargo revenues** decreased 39.7% in the quarter, driven by a 34.8% decrease in yields, coupled with a 7.5% decrease in traffic. Cargo traffic during the quarter was impacted by the global economic slowdown, as well as by the decline in salmon exports from Chile as a result of the ISA virus. Capacity decreased 4.2% during the quarter. As a consequence, load factors decreased from 71.2% to 68.7%. Revenues per ATK decreased 37.1% compared to the third quarter 2008.

**Other revenues** decreased 1.7%, mainly driven by lower revenues from aircraft leases to third parties, partially offset by an increase in revenues from tour and travel services.

**Total operating expenses** decreased 14.3% during the quarter, while unit (ATK) costs decreased 15.8% compared to the third quarter 2008. Lower jet fuel prices during the quarter led to approximately US$164.1 million in reduced fuel costs (net of fuel hedges). Excluding fuel, unit costs increased 2.2%. Changes in operating expenses were mainly due to the following:

- **Wages and benefits** increased 4.3%, driven mainly by the increase in average headcount during the quarter, partly offset by the impact of the depreciation of domestic currencies in Latin America.
- **Fuel costs** decreased 39.2%, mainly driven by a 47.8% decrease in prices, partially offset by a 2.0% increase in consumption, in-line with LAN's operations during the quarter. In addition, the Company recognized a US$ 14.4 million fuel hedge loss, compared to a US$ 29.2 million fuel hedge gain in the third quarter of 2008.
- **Commissions to agents** decreased 29.7% due to a 19.6% decrease in traffic revenues (passenger and cargo), coupled with a 0.6 point reduction in average commissions. This

reduction was related mainly to lower commissions in the passenger business as a result of a higher penetration of Internet sales, as well as a higher percentage of passengers traveling in Economy Class.

- **Depreciation and amortization** increased 26.8%, mainly due to the incorporation of two new Boeing 767 aircraft, five Airbus A319 and two Airbus A318 aircraft.
- **Other rental and landing fees** decreased 15.7%, mainly due to the impact of lower variable aircraft rentals (ACMI) in the cargo business.
- **Passenger service** expenses increased 4.2%, driven by 12.1% increase in the number of passengers transported during the quarter. This was partly offset by a decrease in on board service costs, due to a renegotiation of contracts with third party suppliers as well as logistical efficiencies in the on board service process.
- **Aircraft rentals** increased 39.7%, mainly driven by an increase in the average rental cost of leased aircraft due to the receipt of two B777 freighters during the second quarter 2009.
- **Maintenance expenses** increased 33.8% due to a larger fleet and an escalation in maintenance contracts.
- **Other operating expenses** increased 19.7% due to higher marketing and sales costs, increased costs related to reservation systems and higher costs related to banking, taxes and others.

**Non-operating results**

- **Interest income** decreased from US$10.2 million in the third quarter of 2008 to US$6.3 million in the third quarter of 2009, mainly due to lower interest rates, partially offset by a higher cash balance.

- **Interest expense** increased 16.1% in line with higher average long-term debt related to fleet financing.

- In the **other income-net line**, the Company recorded a US$0.2 million gain compared to a US$52.1 million loss in 2008. This loss included a US$50 million provision in the third quarter 2008 related to the U.S. Department of Justice's global investigation on the cargo business.

## Consolidated First Nine Months 2009 Results

**Net income** for the first nine months of 2009 amounted to US$121.3 million compared to US$243.2 million in the same period 2008, a decrease of 50.1%. **Net margin** for the first nine months decreased from 7.7% in 2008 to 4.7% in 2009. Excluding non-operating extraordinary items recognized in the third quarter 2008, net income for January – September decreased 57.4%. In addition, 2009 results were impacted by a US$125.0 million fuel hedging loss recognized during the period, while results for the first nine months of 2008 included a fuel hedge gain of US$59.9 million

**Operating income** amounted to US$245.4 million in the first nine months of 2009 compared to US$406.1 million in the same period of 2008. **Operating margin** for the period decreased from 12.8% to 9.5%. Excluding the impact of fuel hedging, operating income reached US$370.4 million in the first nine months of 2009, a 7.0% increase compared to US$346.2 million in the same period of 2008. Furthermore, the operating margin excluding hedging losses reached 14.3% in the first nine months of 2009 compared to 10.9% in the first nine month of 2008.

**Total operating revenues** decreased 18.4% compared to the first nine months of 2008, reaching US$2,584.8 million. This reflected a:

- 9.0% decrease in **passenger revenues** to US$1,866.5 million,
- 38.9% decrease in **cargo revenues** to US$613.4 million, and a
- 7.3% decrease in **other revenues** to US$104.9 million.

Passenger and cargo revenues accounted for 72% and 24% of total revenues for the first nine months of 2009, respectively.

**Passenger revenues** decreased 9.0%, driven by a 17.1% decrease in yields, partially offset by 9.8% growth in traffic. Load Factors have been maintained, showing a small decrease from 76.9% to 76.3% as the 10.7% increase in capacity outpaced the traffic increase. Overall, revenues per ASK decreased 17.8%. Traffic grew as a result of a 25.3% increase in domestic traffic (including domestic operations by LAN and its affiliates in Chile, Argentina, Peru and Ecuador), and a 4.3% increase in international traffic. International traffic accounted for 70% of total passenger traffic during the period. Yields decreased 17.1% as a result of lower fuel surcharges and lower fares due to price promotions implemented on certain routes.

**Cargo revenues** decreased 38.9% during the first nine months of 2009, driven by a 27.4% decrease in yields, coupled with a 15.9% decrease in traffic. Cargo traffic this period was impacted by the global economic slowdown, a very weak seed export season, as well as by the decline in salmon exports from Chile as a result of the ISA virus. Capacity decreased 9.4% during this period. As a consequence, load factors decreased from 71.8% to 66.7%. Revenues per ATK decreased 32.6% compared to the first nine months of 2008.

**Other revenues** decreased 7.3%, mainly driven by a decrease in onboard sales, storage and custom services to third parties and lower revenues from aircraft leases, partially offset by higher revenues from tour and travel services. In addition, the 'Other revenues' line in the first nine months of 2008 included US$5.8 million in compensation from Airbus related to a change in the delivery schedule for certain Airbus A318 aircraft.

**Total operating expenses** decreased 15.3% during the first nine months of 2009, while unit (ATK) costs decreased 14.3% compared to the same period in 2008. Lower jet fuel prices during this period led to approximately US$394.9 million in reduced fuel costs (net of fuel hedges). Excluding fuel, unit costs increase 0.1%. Changes in operating expenses were mainly due to the following:

- **Wages and benefits** decreased 0.7%, driven mainly by the impact of the depreciation of domestic currencies in Latin America, partly offset by the increase in average headcount during the first nine months of 2009.
- **Fuel costs** decreased 35.9%, mainly driven by a 50.4% decrease in prices, partially offset by a 0.5% increase in consumption, in line with LAN's operations during the first nine months. In addition, the Company recognized a US$125.0 million fuel hedge loss, compared to a US$ 59.9 million fuel hedge gain in the first nine months of 2008.
- **Commissions to agents** decreased 26.0% due to an 18.8% decrease in traffic revenues (passenger and cargo), coupled with a 0.4 point reduction in average commissions. This reduction was related mainly to lower commissions in the passenger business as a result of a higher penetration of Internet sales as well as a higher percentage of passengers traveling in Economy Class.
- **Depreciation and amortization** increased 21.0%, mainly due to the incorporation of two new Boeing 767 aircraft, five Airbus A319 and two Airbus A318 aircraft.
- **Other rental and landing fees** decreased 11.7%, mainly due to the impact of lower variable aircraft rentals (ACMI) in the cargo business.
- **Passenger service** expenses increased 4.9%, mainly driven by the 17.6% increase in the number of passengers transported during the period. This was partly offset by a decrease in on-board service costs, due to a renegotiation of contracts with third party suppliers as well as logistical efficiencies in the on-board service process.
- **Aircraft rentals** increased 11.9%, mainly due to an increase in the average rental cost due to the arrival of two Boeing 777 freighters in the second quarter 2009.
- **Maintenance expenses** increased 15.5% due to a larger fleet and the escalation in maintenance contracts.
- **Other operating expenses** decreased 2.5% due to lower costs related onboard sales and employee travel expenses as well as lower general expenses

**Non-operating results**.

- **Interest income** remained unchanged, as a higher cash balance during 2009 was largely offset by lower interest rates.

- **Interest expense** increased 34.8% due to higher average long-term debt related to fleet financing.
- In the **other income-net line**, the Company recorded a US$1.9 million gain compared to a US$46.6 million loss in 2008. This loss included a provision of US$50 million in the third quarter 2008 related to the U.S. Department of Justice's global investigation regarding the cargo business.

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About LAN
LAN Airlines is one of the leading passenger and cargo airlines in Latin America. The company and its affiliates serve over 65 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 63 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 83 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

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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.

**FOR IMMEDIATE RELEASE**

**LAN Airlines S.A.**
**Consolidated Income Statement**

| | For the three month period ended September 30, | | | For the nine month period ended September 30, | | |
|---|---|---|---|---|---|---|
| | **2009** | **2008** | Var. % | **2009** | **2008** | Var. % |
| **REVENUE** | | | | | | |
| Passenger | 668,011 | 741,591 | -9.9% | 1,866,522 | 2,051,682 | -9.0% |
| Cargo | 215,948 | 358,176 | -39.7% | 613,385 | 1,003,508 | -38.9% |
| Other | 33,533 | 34,118 | -1.7% | 104,898 | 113,141 | -7.3% |
| **TOTAL OPERATING REVENUE** | **917,492** | **1,133,885** | **-19.1%** | **2,584,805** | **3,168,331** | **-18.4%** |
| **Expenses** | | | | | | |
| Wages and Benefits | -162,560 | -155,922 | 4.3% | -460,285 | -463,542 | -0.7% |
| Aircraft Fuel | -242,212 | -398,244 | -39.2% | -695,655 | -1,085,514 | -35.9% |
| Comissions to Agents | -35,945 | -51,136 | -29.7% | -103,618 | -139,957 | -26.0% |
| Depreciation and Amortization | -78,807 | -62,166 | 26.8% | -225,579 | -186,358 | 21.0% |
| Other Rental and Landing Fees | -121,968 | -144,673 | -15.7% | -359,098 | -406,532 | -11.7% |
| Passenger Services | -23,138 | -22,202 | 4.2% | -66,560 | -63,476 | 4.9% |
| Aircraft Rentals | -24,122 | -17,273 | 39.7% | -60,181 | -53,803 | 11.9% |
| Aircraft Maintenace | -32,978 | -24,654 | 33.8% | -92,650 | -80,198 | 15.5% |
| Other Operating Expenses | -103,368 | -86,320 | 19.7% | -275,805 | -282,818 | -2.5% |
| **TOTAL OPERATING EXPENSES** | **-825,098** | **-962,590** | **-14.3%** | **-2,339,431** | **-2,762,198** | **-15.3%** |
| **OPERATING INCOME** | **92,394** | **171,295** | **-46.1%** | **245,374** | **406,133** | **-39.6%** |
| *Operating Margin* | 10.1% | 15.1% | -5.0 pp. | 9.5% | 12.8% | -3.3 pp. |
| Interest Income | 6,274 | 10,238 | -38.7% | 13,853 | 13,847 | 0.0% |
| Interest Expense | -37,278 | -32,102 | 16.1% | -115,382 | -85,620 | 34.8% |
| Other Income (Expense) | 158 | -52,148 | -100.3% | 1,895 | -46,610 | -104.1% |
| **INCOME BEFORE TAXES AND MINORITY INTEREST** | 61,548 | 97,283 | -36.7% | 145,740 | 287,750 | -49.4% |
| Income Taxes | -9,791 | -15,938 | -38.6% | -23,618 | -45,379 | -48.0% |
| **INCOME BEFORE MINORITY INTEREST** | **51,757** | **81,345** | **-36.4%** | **122,122** | **242,371** | **-49.6%** |
| Attributable to: | | | | | | |
| Shareholders | 52,096 | 83,041 | -37.3% | 121,339 | 243,159 | -50.1% |
| Minority Interest | -339 | -1,696 | -80.0% | 783 | -788 | -199.4% |
| **NET INCOME** | **52,096** | **83,041** | **-37.3%** | **121,339** | **243,159** | **-50.1%** |
| *Net Margin* | 5.7% | 7.3% | -1.6 pp. | 4.7% | 7.7% | -3.0 pp. |
| **NET INCOME (LOSS) EXCLUDING EXTRAORDINARY ITEMS** | **52,096** | **124,791** | **-58.3%** | **121,339** | **284,909** | **-57.4%** |
| *Net Margin* | 5.7% | 11.0% | -5.3 pp. | 4.7% | 9.0% | -4.3 pp. |
| Effective tax rate | -15.8% | -16.1% | | -16.3% | -15.7% | |
| Shares outstanding | 338,790,909 | 338,790,909 | | 338,790,909 | 338,790,909 | |
| Earnings per share ($) | 0.15 | 0.25 | -37.3% | 0.36 | 0.72 | -50.1% |

**FOR IMMEDIATE RELEASE**

**LAN Airlines S.A.**
**Consolidated Operating Statistics**

| Operating Statistics | For the Three-Month Period ended September 30 | | | For the Nine-Month Period ended September 30 | | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | % Change | 2009 | 2008 | % Change |
| **System** | | | | | | |
| ATKs (millions) | 1,990.3 | 1,935.1 | 2.9% | 5,682.3 | 5,671.0 | 0.2% |
| ASKs (millions) | 9,830.5 | 9,009.0 | 9.1% | 28,614.3 | 25,842.7 | 10.7% |
| RTKs (millions) | 1,350.9 | 1,357.0 | -0.5% | 3,796.1 | 3,966.1 | -4.3% |
| RPKs (millions) | 7,575.0 | 7,042.8 | 7.6% | 21,825.0 | 19,879.1 | 9.8% |
| Overall Load Factor (based on ATKs)% | 67.9% | 70.1% | -2.3 pp. | 66.8% | 69.9% | -3.1 pp. |
| Break-Even Load Factor (based on ATK)% | 63.2% | 60.6% | 2.6 pp. | 62.9% | 62.3% | 0.6 pp. |
| Yield based on RTKs (US Cents) | 65.4 | 81.0 | -19.3% | 65.3 | 77.0 | -15.2% |
| Operating Revenues per ATK (US Cents) | 44.4 | 56.8 | -21.9% | 43.6 | 53.9 | -19.0% |
| Operating Costs per ATK (US Cents) | 41.3 | 49.1 | -15.8% | 41.1 | 48.0 | -14.3% |
| Fuel Gallons Consumed (millions) | 114.6 | 112.3 | 2.0% | 331.2 | 329.7 | 0.5% |
| Average Trip Length (thousands km) | 1.926 | 2.007 | -4.0% | 1.945 | 2.083 | -6.7% |
| **Passenger** | | | | | | |
| ASKs (millions) | 9,830.5 | 9,009.0 | 9.1% | 28,614.3 | 25,842.7 | 10.7% |
| RPKs (millions) | 7,575.0 | 7,042.8 | 7.6% | 21,825.0 | 19,879.1 | 9.8% |
| RTKs (millions) | 681.7 | 633.9 | 7.6% | 1,964.3 | 1,789.1 | 9.8% |
| Passengers Transported (thousands) | 3,933 | 3,509 | 12.1% | 11,223 | 9,542 | 17.6% |
| Load Factor (based on ASKs) % | 77.1% | 78.2% | -1.1 pp. | 76.3% | 76.9% | -0.7 pp. |
| Yield (based on RPKs, US Cents) | 8.8 | 10.5 | -16.3% | 8.6 | 10.3 | -17.1% |
| Yield (based on RTKs, US Cents) | 98.0 | 117.0 | -16.3% | 95.0 | 114.7 | -17.1% |
| Revenue/ASK (US cents) | 6.8 | 8.2 | -17.4% | 6.5 | 7.9 | -17.8% |
| **Cargo** | | | | | | |
| ATKs (millions) | 973.8 | 1,016.5 | -4.2% | 2,748.2 | 3,031.7 | -9.4% |
| RTKs (millions) | 669.1 | 723.2 | -7.5% | 1,831.8 | 2,177.0 | -15.9% |
| Tons Transported (thousands) | 166.6 | 165.7 | 0.5% | 458.0 | 489.2 | -6.4% |
| Load Factor (based on ATKs) % | 68.7% | 71.1% | -2.4 pp. | 66.7% | 71.8% | -5.2 pp. |
| Yield based on RTKs (US Cents) | 32.3 | 49.5 | -34.8% | 33.5 | 46.1 | -27.4% |
| Revenue/ATK (US Cents) | 22.2 | 35.2 | -37.1% | 22.3 | 33.1 | -32.6% |

**FOR IMMEDIATE RELEASE**

**LAN Airlines S.A.**
**Consolidated Balance Sheet (in thousands of US$)**

| | As of September 30, 2009 | As of December 31, 2008 |
|---|---|---|
| **Total Assets** | 5,461,093 | 5,196,866 |
| Total Liabilities | 4,445,016 | 4,428,262 |
| Total Equity (*) | 1,016,077 | 768,604 |
| **Total Liabilities and Shareholders equity** | **5,461,093** | **5,196,866** |
| | | |
| **Net Debt** | | |
| Current and long term portion of loans from financial institutions | 2,375,017 | 2,118,316 |
| Current and long term portion of obligations under capital leases | 303,222 | 246,819 |
| Other liabilities current and long termportion | 295,870 | 292,065 |
| Cash and cash equivalents | -638,159 | -411,037 |
| **Total Net Debt** | **2,335,950** | **2,246,163** |

(*) Under IFRS, Equity includes Minority Interest, wich amounted to US$ Th 6,829 as of December 2008, and US$ Th 5,967 as of September 2009

**FOR IMMEDIATE RELEASE**

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

**Consolidated Fleet**

| | As of September 30, 2009 | | |
|---|---|---|---|
| | Leased | Owned | Total |
| *Passenger Aircraft* | | | |
| Airbus A318-100 | 0 | 15 | 15 |
| Airbus A319-100 | 0 | 20 | 20 |
| Airbus A320-200 | 2 | 16 | 18 |
| Boeing 767-300 | 10 | 15 | 25 |
| Airbus A340-300 | 1 | 4 | 5 |
| TOTAL | 13 | 70 | 83 |
| *Cargo Aircraft* | | | |
| Boeing 777-200F | 2 | 0 | 2 |
| Boeing 767-300F | 1 | 8 | 9 |
| TOTAL | 3 | 8 | 11 |
| **Total Fleet** | **16** | **78** | **94** |

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