

LAN AIRLINES S.A.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2009

US\$ - AMERICAN DOLLARS

KUS\$ - THOUSANDS OF AMERICAN DOLLARS

TABLE OF CONTENTS

Note	Page
INTERIM STATEMENT OF CONSOLIDATED FINANCIAL SITUATION.....	4
INTERIM STATEMENT OF CONSOLIDATED FINANCIAL SITUATION.....	5
CONSOLIDATED INTERIM INCOME STATEMENT.....	6
INTERIM STATEMENT OF CONSOLIDATED INTEGRAL INCOME	7
INTERIM STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY	8
INTERIM STATEMENT OF CONSOLIDATED CASH FLOWS.....	9
NOTE 1 – GENERAL INFORMATION	10
NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES.....	11
2.1 Basis of Accounting.....	12
2.2 Basis of Consolidation.....	13
2.3 Foreign Currency Translation	14
2.4 Property, Plant and Equipment.....	16
2.5 Intangible Assets	17
2.6 Interest Costs.....	18
2.7 Impairment Losses on Non-Financial Assets.....	18
2.8 Financial Assets.....	18
2.9 Derivatives and Hedging.....	21
2.10 Inventories	23
2.11 Trade Receivables and Other Receivables	23
2.12 Cash and Cash Equivalent	24
2.13 Issued Capital.....	24
2.14 Trade Payables.....	24
2.15 Interest-bearing Loans	24
2.16 Deferred Taxes.....	25
2.17 Employee Benefits	25
2.18 Provisions	26
2.19 Recognition of Income	26
2.20 Leases	27
2.21 Non-Current Assets (or Disposal Groups) held for sale	28
2.22 Environment	28
NOTE 3 – TRANSITION TO THE IFRS	28
3.1 Basis for Transition to the IFRS.....	28
3.1.1 Application of IFRS 1	29
3.1.2 Exemptions from retroactive application chosen by Lan Airlines S.A.	29
3.2 Conciliation of IFRS to Generally Accepted Accounting Principles of Chile.....	31
3.2.1 Conciliation of consolidated net equity at December 31, 2008.....	31
3.2.2 Conciliation of consolidated net equity at January 1, 2008.....	32
3.2.3 Conciliation of consolidated net equity at March 31, 2008	32
3.2.4 Conciliation of income for the period ending March 31, 2008	32
3.2.5 Conciliation of income for the fiscal year ending December 31, 2008.....	33
3.2.6 Conciliation of the cash flow statement for the fiscal year ending December 31, 2008	36
NOTE 4 – MANAGEMENT OF FINANCIAL RISK.....	36
4.1 Financial Risk Factors	36

4.2	Capital Risk Management	43
4.3	Estimation of Fair Value	44
NOTE 5	– ESTIMATES AND ACCOUNTING JUDGMENTS.....	44
NOTE 6	– REPORTING BY SEGMENT	45
NOTE 7	– CASH AND CASH EQUIVALENT	46
NOTE 8	– FINANCIAL INSTRUMENTS.....	47
8.1	Financial Instruments by Category.....	47
8.2	Credit Quality of Financial Assets.....	48
NOTE 9	– TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE.....	48
NOTE 10	– INTERCOMPANY ACCOUNTS RECEIVABLE AND PAYABLE	51
NOTE 11	– INVENTORIES.....	52
NOTE 12	– HEDGING ASSETS.....	52
NOTE 13	- PREPAYMENTS	53
NOTE 14	– OTHER ASSETS.....	53
NOTE 15	– NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE.....	54
NOTE 16	– INVESTMENTS IN SUBSIDIARIES	54
NOTE 17	– INVESTMENTS IN ASSOCIATES	55
NOTE 18	– INTANGIBLE ASSETS	57
NOTE 19	– PROPERTY, PLANT AND EQUIPMENT.....	59
NOTE 20	– DEFERRED TAXES.....	65
NOTE 21	– INTEREST-BEARING LOANS	68
NOTE 22	– OTHER FINANCIAL LIABILITIES.....	69
NOTE 23	– TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE	69
NOTE 24	– PROVISIONS.....	70
NOTE 25	– OTHER LIABILITIES	70
NOTE 26	– POST-EMPLOYMENT BENEFIT LIABILITIES	71
NOTE 27	– HEDGE LIABILITIES	72
NOTE 28	– LIABILITIES ACCRUED ON THE REPORTING DATE	73
NOTE 29	– EQUITY	73
NOTE 30	– ORDINARY INCOME.....	77
NOTE 31	– FINANCIAL COSTS.....	77
NOTE 32	– GAINS (LOSSES) ON THE SALE OF NON-CURRENT ASSETS NOT HELD FOR SALE	77
NOTE 33	– OTHER OPERATING INCOME.....	78
NOTE 34	– TRANSLATION DIFFERENCES	78
NOTE 35	– EARNINGS PER SHARE	79
NOTE 36	- CONTINGENCIES	79
NOTE 37	– COMMITMENTS	80
NOTE 38	- INTERCOMPANY TRANSACTIONS	81
NOTE 39	– SHARE-BASED PAYMENTS	83
NOTE 40	– ENVIRONMENT	84
NOTE 41	– SANCTIONS.....	84
NOTE 42	– EVENTS SUBSEQUENT TO THE DATE OF THE BALANCE SHEET	84

INTERIM STATEMENT OF CONSOLIDATED FINANCIAL SITUATION

	Note	As of March 31, 2009 KUS\$	As of December 31, 2008	As of January 10, 2008 KUS\$
ASSETS				
Current assets				
Current assets in operation				
Cash and cash equivalent	7	465,193	400,972	445,583
Financial assets at fair value through profit or loss		233	-	-
Other financial assets		6,989	10,065	21,439
Trade receivables and other accounts receivable	9	317,050	342,665	349,433
Intercompany accounts receivable	10	1,789	1,117	228
Inventories	11	47,689	45,950	46,104
Hedging assets	12	556	612	5,356
Prepayments	13	25,377	11,518	11,563
Tax receivables		76,479	72,125	65,990
Other current assets	14	92,941	181,722	8,206
Subtotal current assets in operation		1,034,296	1,066,746	953,902
Non-current assets and disposal groups held for sale	15	8,588	10,444	10,784
Total current assets		1,042,884	1,077,190	964,686
Non-current assets				
Other financial assets		506	506	1,808
Trade receivables and other accounts receivable	9	4,168	3,574	4,543
Intercompany accounts receivable	10	251	251	-
Investments in associates accounted for by the equity method	17	1,278	1,389	1,484
Intangible assets	18	90,097	90,374	88,857
Property, plant and equipment	19	4,093,005	3,966,063	3,449,448
Deferred tax assets	20	7,187	12,585	20,378
Hedging assets	12	2,047	2,733	1,806
Other non-current assets	14	41,157	42,201	33,689
Total non-current assets		4,239,696	4,119,676	3,602,013
Total assets		5,282,580	5,196,866	4,566,699

The attached notes 1 to 42 form an integral part of these consolidated interim financial statements.

INTERIM STATEMENT OF CONSOLIDATED FINANCIAL SITUATION

	Note	As of March 31, 2009	As of December 31, 2008	As of January 1, 2008
		KUS\$	KUS\$	KUS\$
LIABILITIES AND NET EQUITY				
Current liabilities				
Current liabilities in operation				
Interest-bearing loans	21	296,062	284,028	576,138
Other financial liabilities	22	5,075	1,345	1,586
Trade payables and other accounts payable	23	429,360	389,650	364,369
Intercompany accounts payable	10	73	302	355
Provisions	24	975	2,217	-
Taxes payable		15,912	7,858	15,374
Other liabilities	25	26,468	109,764	121,637
Deferred income		396,768	446,381	433,882
Hedging liabilities	27	130,792	179,240	6,936
Accrued liabilities on the reporting date	28	99,091	130,675	114,499
Total current liabilities		<u>1,400,576</u>	<u>1,551,460</u>	<u>1,634,776</u>
Non-current liabilities				
Interest-bearing loans	21	2,246,172	2,087,859	1,451,265
Other financial liabilities	22	288,785	285,313	271,853
Trade payables and other accounts payable	23	72,002	90,000	-
Provisions	24	26,362	26,344	25,399
Deferred tax liabilities	20	183,157	167,372	171,046
Other liabilities	25	40,983	47,664	61,586
Long-term and post-employment benefit liabilities	26	4,427	3,865	4,082
Hedging liabilities	27	149,903	168,385	47,815
Total non-current liabilities		<u>3,011,791</u>	<u>2,876,802</u>	<u>2,033,046</u>
Total liabilities		<u>4,412,367</u>	<u>4,428,262</u>	<u>3,667,822</u>
NET EQUITY				
Net equity attributable to equity holders in controller				
Issued capital	29	453,444	453,444	453,444
Other reserves	29	(251,403)	(306,257)	(45,477)
Retained earnings	29	657,863	614,588	485,721
Subtotal - equity attributable to equity holders in controller		859,904	761,775	893,688
Minority interest		10,309	6,829	5,189
Total net equity		<u>870,213</u>	<u>768,604</u>	<u>898,877</u>
Total liabilities and net equity		<u>5,282,580</u>	<u>5,196,866</u>	<u>4,566,699</u>

The attached notes 1 to 42 form an integral part of these consolidated interim financial statements.

CONSOLIDATED INTERIM INCOME STATEMENT

	Note	For the periods ending March 31,	
		2009 KUS\$	2008 KUS\$
Ordinary income	30	848,275	987,069
Cost of sales		<u>(597,911)</u>	<u>(695,150)</u>
Gross margin		<u>250,364</u>	<u>291,919</u>
Other operating income	33	40,885	45,029
Marketing costs		(28,866)	(23,937)
Distribution costs		(75,071)	(89,553)
Administration expenses		(34,682)	(40,219)
Other miscellaneous operating expenses		(27,583)	(33,163)
Finance costs (of non-financial activities)	31	(52,087)	(43,143)
Share in earnings of associates accounted for using the equity method	17	61	199
Translation differences	34	9,589	13,675
Profit (loss) because of units of adjustment		(49)	18
Other net gains (losses)		<u>(557)</u>	<u>884</u>
Gain before gains tax		82,004	121,709
Gains tax	20	<u>(13,044)</u>	<u>(19,383)</u>
EARNINGS IN THE PERIOD		<u>68,960</u>	<u>102,326</u>
		=====	=====
Earnings in the period attributable to equity holders in the controller		65,014	99,629
Earnings in the period attributable to Minority interest		<u>3,946</u>	<u>2,697</u>
Earnings in the period		<u>68,960</u>	<u>102,326</u>
		=====	=====
EARNINGS PER SHARE			
Basic and diluted earnings per share (US\$)	35	0.191900	0.294072

The attached notes 1 to 42 form an integral part of these consolidated interim financial statements.

INTERIM STATEMENT OF CONSOLIDATED INTEGRAL INCOME

	Note	For the periods ending on March 31,	
		2009	2008
		KUS\$	KUS\$
EARNINGS IN THE PERIOD		68,960	102,326
Other income and expenses debited or credited to net equity:			
Cash flow hedging		67,950	(23,482)
Translation adjustments	34	(1,758)	2,140
Gains tax related to components of other income and expenses debited or credited to net equity	20	(11,551)	3,992
Integral income and expenses in the period		54,641	(17,350)
Total recognized earnings		123,601	84,976
Integral profit (loss) attributable to:			
Majority shareholders		119,655	82,279
Minority interests		3,946	2,697
INTEGRAL PROFIT (LOSS) IN THE PERIOD		123,601	84,976

The attached notes 1 to 42 form an integral part of these consolidated interim financial statements.

INTERIM STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY

	Changes in other reserves						Changes in retained earnings	Changes in net equity attributable to the controller	Changes in minority interest equity	Changes in total net equity
	Changes in issued capital	Option Reserve	Legal and statutory reserves	Translation reserve	Hedging reserves	Other miscellaneous reserves				
	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS
Initial balance at January 1, 2009	453,444	1,801	-	(6,193)	(301,813)	(52)	614,588	761,775	6,829	768,604
Issue of option certificates for share purchase	-	148	-	-	-	-	-	148	-	148
Integral profit (loss) in the period	-	-	-	(1,758)	56,399	-	65,014	119,655	3,480	123,135
Dividends	-	-	-	-	-	-	(21,739)	(21,739)	-	(21,739)
Other increases in net equity	-	-	65	-	-	-	-	65	-	65
Final balance at March 31, 2009	453,444	1,949	65	(7,951)	(245,414)	(52)	657,863	859,904	10,309	870,213

	Changes in other reserves						Changes in retained earnings	Changes in net equity attributable to the controller	Changes in minority interest equity	Changes in total net equity
	Changes in issued capital	Option Reserve	Legal and statutory reserves	Translation reserve	Hedging reserves	Other miscellaneous reserves				
	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS	KUSS
Initial balance at January 1, 2008	453,444	-	-	(45,425)	(301,813)	(52)	485,721	893,688	5,189	898,877
Issue of option certificates for share purchase	-	190	-	-	-	-	-	190	-	190
Integral profit (loss) in the period	-	-	2,140	(19,490)	56,399	-	99,629	82,279	3,285	85,564
Dividends	-	-	-	-	-	-	(27,327)	(27,327)	-	(27,327)
Final balance at March 31, 2008	453,444	190	2,140	(7,951)	(64,915)	(52)	558,023	948,830	8,474	957,304

The attached notes 1 to 42 form an integral part of these consolidated interim financial statements.

INTERIM STATEMENT OF CONSOLIDATED CASH FLOWS

	For the periods ended on March 31,	
	2009	2008
	KUSS	KUSS
Cash flow from operations		
Customer collections	847,427	905,587
Supplier payments	(563,966)	(673,214)
Payroll	(129,546)	(128,876)
Value-added tax payments and remittances	9,890	16,265
Cash flows from operations, total	<u>163,805</u>	<u>119,762</u>
Cash flow from other operating activities		
Interest received classified as from operation	2,326	914
Earnings tax returns	-	113
Earnings tax payments	(4,008)	(3,823)
Other receipts (outlays) from other operating activities	40,545	(2,093)
Cash flow from other operating activities, total	<u>38,863</u>	<u>(4,889)</u>
Net cash flows from operating activities	<u>202,668</u>	<u>114,873</u>
Net cash flows used in investment activities		
Disposals of property, plant and equipment	-	134
Disposals of subsidiaries, net of disposed cash	1,423	2,664
Disposal of other financial assets	43	1,829
Other cash flows from (used in) investment activities	2,695	-
Dividends classified as investment	117	141
Interest received classified as investment	191	415
Addition of property, plant and equipment	(190,080)	(132,466)
Other investment disbursements	(2,063)	(2,616)
Net cash flows used in investment activities	<u>(187,674)</u>	<u>(129,899)</u>
Net cash flows from financing activities		
Loans obtained	198,385	62,930
Loan payments	(31,749)	(22,112)
Reimbursement of lease-purchase liabilities	(14,328)	(12,843)
Payments for interest classified as financial interest	(30,143)	(21,154)
Dividend payments by the reporting entity	(105,001)	(119,816)
Other cash flows from financing activities	32,074	(3,124)
Net cash flows from financing activities	<u>49,238</u>	<u>(116,119)</u>
Net increase (decrease) in cash and cash equivalent	<u>64,232</u>	<u>(131,145)</u>
Effects of variations in exchange rates on cash and cash equivalent	(11)	137
CASH AND CASH EQUIVALENT, SHOWN IN THE CASH FLOW STATEMENT, INITIAL BALANCE	<u>400,972</u>	<u>445,583</u>
CASH AND CASH EQUIVALENT, SHOWN IN THE CASH FLOW STATEMENT, FINAL BALANCE	<u>465,193</u>	<u>314,575</u>

The attached notes 1 to 42 form an integral part of these consolidated financial statements.

LAN AIRLINES S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2009 AND 2008

NOTE 1 – GENERAL INFORMATION

Lan Airlines S.A. (“LAN”) is an open stock corporation registered under No. 306 with the Securities and Insurance Commission. Its shares are traded on the Valparaíso Stock Exchange, the Electronic Exchange of Chile and the Santiago Stock Exchange in Chile as well as on the New York Stock Exchange (NYSE) in the form of American Depositary Receipts (ADRs). It engages mainly in passenger and cargo air transport on the domestic markets in Chile, Peru, Argentina and Ecuador (this latter beginning in April 2009) and by several regional and international routes in America, Europe and Oceania. It conducts its business either directly or through its subsidiaries in different countries.

The Company is located at Avda. Américo Vespucio Sur 901, Borough of Renca, city of Santiago, Chile.

The Corporate Governance Practices of LAN are governed by Securities Market Law 18,045, Companies Law 18,046 and the Regulations thereto and the Regulations of the Securities and Insurance Commission and laws and regulations of the United States of America and of the U.S. Securities and Exchange Commission (SEC) in regard to the ADR issues.

The Board of Directors of LAN is comprised of 9 regular members elected every 2 years by the Regular Shareholders Meeting. The Board of Directors holds regular meetings monthly and special meetings whenever corporate needs require. Three of the 9 members of the Board are on its Audit Committee, which plays the role stipulated in the Companies Law and performs the duties of the Audit Committee required by the U.S. Sarbanes-Oxley Act and SEC regulations.

According to a Shareholders Agreement made in 2004, LAN is controlled jointly by the Cueto Group, represented by Inversiones Costa Verde Limitada y Compañía, Limited by Shares, Inversiones Mineras del Cantábrico S.A. and Costa Verde Aeronáutica S.A.; and the Piñera Group through Axxion S.A. and Inversiones Santa Cecilia S.A. At

March 31, 2009, LAN had a total of 1,217 shareholders in its registry. On that date, 9.28% of the Company's shares were in the form of ADRs.

In the first quarter of 2009, the Company employed an average of 16,383 people, ending that period with a total of 16,321, 3,181 employed in Management, 2,147 in Maintenance, 4,784 in Operations, 2,587 as Cabin Crew, 1,346 as Cockpit Crew and 2,276 in Sales.

Below are the subsidiaries included in these consolidated financial statements:

Company	Taxpayer Id. No.	As of March 31, 2009		As of December 31, 2008	
		Direct	Indirect	Direct	Indirect
		%	%	%	%
Comercial Masterhouse S.A.	96.518.860-6	99.9900	0.0100	99.9900	0.0100
Inmobiliaria Aeronáutica S.A.	96.763.900-1	99.0100	0.9900	99.0100	0.9900
Lan Pax Group S.A. and Subsidiaries	96.969.680-0	99.8361	0.1639	99.8361	0.1639
Lan Perú S.A.	Foreign	49.0000	2 1.0000	49.0000	2 1.0000
Lan Chile Investments Limited and Subsidiaries	Foreign	99.9900	0.0 100	99.9900	0.0100
Lan Cargo S.A. and Subsidiaries	93.383.000-4	99.8939	0.0041	99.8939	0.0041
Connecta Corporation	Foreign	0.0000	100.0000	0.0000	100.0000
Prime Airport Services Inc.	Foreign	0.0000	100.0000	0.0000	100.0000
Transporte Aéreo S.A.	96.951.280-7	0.0000	99.9900	0.0000	99.9900
Ediciones Ladeco América S.A.	96.634.020-7	0.0000	100.0000	0.0000	100.0000
Aircraft International Leasing Limited	Foreign	0.0000	100.0000	0.0000	100.0000
Fast Air Almacenes de Carga S.A.	96.631.520-2	0.0000	100.0000	0.0000	100.0000
Ladeco Cargo S.A.	96.631.410-9	0.0000	100.0000	0.0000	100.0000
Laser Cargo S.R.L.	Foreign	0.0000	100.0000	0.0000	100.0000
Lan Cargo Overseas Limited and Subsidiaries	Foreign	0.0000	100.0000	0.0000	100.0000
Lan Cargo Inversiones S.A. and Subsidiary	96.969.690-8	0.0000	100.0000	0.0000	100.0000
Blue Express INTL S.A. and Subsidiary	96.801.150-2	0.0000	100.0000	0.0000	100.0000
Inversiones Lan S.A. and Subsidiaries	96.575.810-0	99.7100	0.0000	99.7100	0.0000

As indicated in Note 3, the Company has consolidated certain special-purpose entities according to SIC 12.

There have been no changes in the perimeter of consolidation between March 31, 2009 and December 31, 2008.

All entities controlled have been included in the consolidation.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Below is a description of the main accounting policies adopted in preparing these consolidated financial statements. As required by IFRS 1, these policies have been designed according to the IFRS in effect at March 31, 2009 and applied uniformly to all periods shown in these consolidated financial statements.

2.1 Basis of Accounting

The consolidated interim financial statements of Lan Airlines S.A. as of March 31, 2009 are the first financial statements of the Company prepared according to the Internal Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). Previously, the group's financial statements were prepared according to generally accepted accounting principles of Chile (GAAP).

The consolidated financial statements have been prepared using the historic cost, albeit modified by the reappraisal of certain property, plant and equipment. The exceptions and exemptions are described in Note 3.

Preparing the consolidated financial statements according to IFRS requires using certain critical accounting estimations. It also requires Management to exercise judgment in applying the accounting policies of the Company. Note 5 discusses the areas that entail a greater degree of judgment or complexity or the areas where the assumptions and estimations are significant to the consolidated financial statements.

On the date of these consolidated interim financial statements, the following accounting rulings were issued by the IASB but were not mandatory:

Standards and Amendments	Mandatory: Fiscal years starting:
Revised IFRS 1: First-time adoption of International Financial Reporting Standards.	07/01/2009
Revised IFRS 3: Business combinations.	07/01/2009
Amendment to IAS 39 and IFRS 7: Reclassification of financial instruments.	07/01/2009
Amendment to IAS 39: Reclassification of financial instruments: transition effective date.	07/01/2009
Amendment to IAS 39: Eligible hedged items.	07/01/2009
Amendment to IAS 27: Consolidated and separate financial statements.	07/01/2009

Interpretations

Mandatory: Fiscal years starting:

IFRIC 17: Distributions of non-cash assets to owners. 07/01/2009

IFRIC 18: Transfers of assets from customers. 07/01/2009

The Company's management considers that adopting the standards, amendments and interpretations described above will have no material impact on the consolidated financial statements of the Company in the period when initially applied.

2.2 Basis of Consolidation

(a) Subsidiaries

Subsidiaries are entities (including special-purpose entities) in which the Company has the power to direct the financial and operating policies, which generally is accompanied by an interest above one-half of the voting rights. When evaluating whether the Company controls another entity, the existence and effect of potential voting rights that are currently exercised or converted is taken into account. Subsidiaries are consolidated as of the date when control is transferred to the Company and they are excluded from the consolidation on the date when such control ceases.

The acquisition cost is used to record the acquisition of subsidiaries by the Company. The acquisition cost is the fair value of assets, of equity securities and of liabilities on the transaction date, plus costs forming a direct part of the acquisition. Identifiable assets and liabilities and identifiable contingent liabilities assumed in a business combination are appraised initially at the fair value on the date of acquisition, regardless of the scope of minority interest. The cost above the fair value of the company's interest in identifiable net assets is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the subsidiary, the difference is recognized directly in the consolidated income statement (Note 2.5(a)).

Intercompany transactions, balances and unrealized earnings in intercompany transactions are eliminated. Unrealized losses are also eliminated unless there is evidence of an impairment loss on the asset in the transaction. Whenever necessary, the accounting policies of subsidiaries are modified to assure uniformity with the policies adopted by the Company.

(b) Minority Transactions and Interests

The Group applies the policy of considering transactions with minority shareholders to be transactions with third parties external to Lan Airlines S.A. and Subsidiaries. The sale of minority interests entails gains and/or losses for Lan Airlines S.A. and Subsidiaries that are recognized in the consolidated income statement. The purchase of minority interests results in goodwill, which is the difference between the price paid and the proportional carrying amount of the subsidiary's net assets.

(c) Associates

Associates are entities in which Lan Airlines S.A. and Subsidiaries exercise a material influence but do not have control. Generally they hold an interest of 20% to 50% of the voting rights in associates. The investments in associates are accounted for using the equity method and are initially recognized at the cost. The investment by Lan Airlines S.A. and Subsidiaries in associates includes the goodwill in the purchase, net of any cumulative impairment loss (Note 2.5 (a)).

The share of Lan Airlines S.A. and Subsidiaries in losses or gains subsequent to the acquisition of associates is recognized in income and their share in activity subsequent to acquisition in reserves is recognized in reserves. The carrying amount of investments is adjusted by the cumulative movements subsequent to acquisition. When the share of Lan Airlines S.A. and Subsidiaries in the losses of an associate is greater than or equal to their share in that associate, including any other unsecured receivables, Lan Airlines S.A. and Subsidiaries do not recognize additional losses unless they have assumed debt or made payments in the name of the associate.

Unrealized earnings in transactions between Lan Airlines S.A. and Subsidiaries and their associates are eliminated according to the percentage interest of Lan Airlines S.A. and Subsidiaries in those associates. Unrealized losses are also eliminated unless there is evidence in the transaction of an impairment loss on the asset being transferred. Whenever necessary, the accounting policies of associates are modified to assure uniformity with the policies adopted by Lan Airlines S.A. and Subsidiaries.

The dilution losses or gains in associates are recognized in the income statement.

2.3 Foreign Currency Translation

(a) Currency of Presentation and Functional Currency

The items included in the financial statements of each of the entities of Lan Airlines S.A. and Subsidiaries are appraised using the currency of the main economic environment in which the entity does business (“functional currency”). The functional currency of Lan Airlines S.A. is the American dollar, which is also the currency in which the consolidated financial statements of Lan Airlines S.A. and Subsidiaries are prepared.

(b) Transactions and Balances

Foreign currency transactions are converted to the functional currency using the exchange rates prevailing on the dates of the transactions. Translation losses and gains in the settlement of these transactions and in the conversion of the foreign currency–denominated cash assets and liabilities at the closing exchange rates are recognized in the income statement.

Changes in the fair value of financial investments in foreign currency–denominated debt securities, classified as available for sale, are separated into translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences are recognized in fiscal year income and other changes in the carrying amount are recognized in net equity and are shown according to IAS 1 in the integral income statement.

The translation differences on non-cash items, such as equity instruments kept at the fair value through profit or loss, are presented as part of the fair value gain or loss. Translation differences on non-cash items such as equity instruments classified as financial assets available for sale are included in net equity in the translation reserve.

(c) Entities in the Group

The income and financial situation of all entities in the Group (none of which uses the currency of a hyperinflationary economy) that use a functional currency other than the currency of presentation are converted to the currency of presentation in the following way:

- (i) Assets and liabilities in each balance sheet are converted at the closing exchange rate on the date of the balance sheet;

- (ii) Income and expenses of each income account are converted at the exchange rate existing on the transaction date; and
- (iii) All resulting translation differences are recognized as a component separate from net equity.

In the consolidation, the translation differences in the conversion of a net investment in foreign entities (or national entities using a functional currency different from the parent) and of loans and other instruments hedging those investments are carried in net equity. When the investment is sold, those translation differences are recognized in the statement of income as part of the loss or gain on the sale.

Adjustments to goodwill and to the fair value because of the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are converted at the closing exchange rate for the fiscal year.

2.4 Property, Plant and Equipment

The land of Lan Airlines S.A. and Subsidiaries is recognized initially at cost. The remaining property, plant and equipment are shown at the historic cost in the initial recognition and in subsequent measurements, less corresponding depreciation.

Subsequent costs (component replacement, improvements, enlargements, etc.) are included in the value of the original asset or recognized as a separate asset only when it is likely that the future economic benefit associated with the elements of fixed assets will flow to the company and the cost of the element can be determined reliably. The value of the component that is substituted is retired on the books. The remaining repairs and maintenance are debited against income in the fiscal year in which they are performed.

Constructions under way include the following items accrued only during the period of construction:

- (i) Financial expenses for the external financing directly attributable to construction, both specific and generic in nature. The financial expenses of generic financing are capitalized using the average weighted cost of long-term financing applied to the average cumulative capitalizable investment not specifically financed.

- (ii) Directly related personnel expenses and other operating expenses allocable to the construction.

The depreciation of fixed assets is calculated using the straight-line method to allocate costs or revaluations to residual values in respect of their estimated technical useful lives, except for certain technical components, which are depreciated according to cycles and hours flown.

The residual value and useful life of assets are revised and adjusted, if necessary, at the close of each balance sheet.

When the value of an asset is higher than its estimated recovery, the value is reduced immediately to the recoverable amount (Note 2.7).

Losses and gains on the sale of property, plant and equipment are calculated comparing the income earned to the carrying value and they are included in the consolidated income statement.

2.5 Intangible Assets

(a) Goodwill

Goodwill is the excess above the acquisition cost as compared to the fair value of the company's share in identifiable net assets of the subsidiary or associate on the date of acquisition. Goodwill in the acquisition of subsidiaries is included in intangible assets and tested for an impairment in value. The goodwill recognized separately is tested annually for an impairment in value and is appraised at cost, less the cumulative impairment losses. Gains and losses on the sale of an entity include the carrying amount of the goodwill related to that entity.

The goodwill is allocated to cash-generating units (CGU) in order to test for impairment losses. The allocation is made to CGUs that are expected to benefit from the business combination in which the goodwill occurred.

(b) Data Processing Software

The licenses for data processing software are capitalized at the cost of acquiring and preparing them for specific use. These costs are amortized during their estimated useful lives.

The expenses of data processing software development or maintenance are recognized as an expense when disbursed. The cost directly related to production of unique and identifiable data processing software controlled by the Company that are likely to generate economic benefits above cost for more than one year are recognized as intangible assets. The direct costs include the expenses of staff that develop the data processing software and an adequate percentage for overhead.

The software development expenses recognized as assets are amortized over their estimated useful lives.

2.6 Interest Costs

Interest costs incurred in building any qualified asset are capitalized over the period of time required to complete and prepare the asset for the intended use. Other interest costs are recorded in income.

2.7 Impairment Losses on Non-Financial Assets

Assets that have an indefinite useful life are not amortizable and are tested annually for impairment losses. Amortizable assets are tested for impairment losses whenever there is an event or change in circumstances that indicates that the carrying amount might not be recoverable. An excess carrying value of the asset above its recoverable amount is recognized as an impairment loss. The recoverable amount is the fair value of an asset, less the cost of sale or of use, whichever of the two is higher. Assets are grouped together to evaluate impairment losses at the lowest level for which there are cash flows identifiable separately (CGU). Non-financial assets other than goodwill that have suffered an impairment loss are reviewed on the date of each balance sheet to check whether there were any reversals of the loss.

2.8 Financial Assets

The Company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, financial assets kept through maturity and assets available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at the time of the initial recognition.

(a) Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss are financial assets kept for trading. A financial asset is classified in this category if it is acquired mainly for the purpose of being sold in the short term. Derivatives are also classified for trading unless they are designated hedges. Assets in this category are classified as current assets.

Investments in marketable securities are recorded initially at cost. The amount is later adjusted to the fair value.

Investments in stocks are recorded at the fair value and profits or losses are recorded in other income.

(b) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are recorded in current assets, except when they expire more than 12 months from the date of the balance sheet, in which case they are classified as non-current assets. Loans and receivables are included in trade receivables and other receivables in the balance sheet (Note 2.11).

(c) Financial Assets kept through maturity

Financial assets kept through maturity are non-derivative financial assets with fixed or determinable payments and a fixed maturity that the Company's management has the positive intention and capacity to keep through maturity. If the Company sells a material amount of the financial assets kept through maturity, the entire category will be reclassified as available for sale. These available-for-sale financial assets are included in non-current assets unless they expire less than 12 months from the date of the balance sheet, in which case they are classified as current assets.

(d) Financial Assets Available for Sale

Financial assets available for sale are not derivatives that are put in this category or are not classified in any of the other categories. They are included in non-current assets unless management intends to sell the investment within the 12 months following the date of the balance sheet.

The purchases and sales of investments are recognized on the transaction date, i.e. the date when the Lan Airlines S.A. and Subsidiaries promises to acquire or sell the asset.

The investments are recognized initially at the fair value, plus the transaction costs for all financial assets not taken at fair value through profit or loss. Financial assets at fair value through profit or loss are recognized initially at the fair value and the costs of the transaction are carried in income. Investments are retired from the books when the rights to receive cash flows from the investments have expired or have been transferred and Lan Airlines S.A. and Subsidiaries have substantially transferred all risks and advantages from holding them. The financial assets available for sale and financial assets at fair value through profit or loss are thereafter recorded at their fair value. Loans, receivables and financial assets kept through maturity are recorded at their amortized cost according to the effective interest rate method.

Losses and gains from changes in the fair value of the category of financial assets at fair value through profit or loss are included in the statement of income in “other net gains / losses” in the fiscal year in which they occur. Income from dividends on financial assets at fair value through profit or loss are recognized in the statement of income in “other operating income” when the right of the Company to receive the payment is established.

Variations in the fair value of cash securities denominated in foreign currency and classified as available for sale are analyzed by separating the differences in the amortized cost of the security from other changes in the carrying amount of the security. The translation differences of cash securities are recognized in the statement of income; the translation differences of non-cash securities are recognized in net equity. The variations in the fair value of cash securities and non-cash securities classified as available for sale are recognized in net equity.

The cumulative adjustments at the fair value recognized in net equity when securities classified as available for sale are sold or suffer an impairment loss are included in the statement of income under “other net gains / (losses).”

The interest on securities available for sale calculated using the effective interest rate method is recognized in the statement of income under “other income.” Dividends from the net equity instruments available for sale are recognized in the statement of income under “other operating income” when the right of the Company to receive the payment is established.

The fair values of quoted investments are based on the current purchase prices. If the market for a financial asset (and for the securities not quoted) is inactive, the Company sets the fair value using appraisal techniques that include the use of recent, unrestricted

transactions between knowledgeable, willing parties regarding other substantially like instruments, the analysis of discounted cash flows and the optional pricing models, maximizing market information and relying as little as possible on specific information on the entity. If no such technique can be used to set the fair value, the investments are recorded at their acquisition cost, net of the impairment loss, if relevant.

The Company evaluates whether there is objective evidence that a financial asset or group of financial assets may have suffered impairment losses on the date of each balance sheet. In order to determine whether equity securities classified as available for sale have suffered impairment losses, there must be a significant or prolonged decline in the fair value of the security below its cost. If there is any objective evidence on available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in gains or losses, is eliminated from net equity and is recognized in the consolidated statement of income. Impairment losses on equity investments recognized in the consolidated statement of income are not reversed through the consolidated statement of income.

2.9 Derivatives and Hedging

Derivatives are initially recognized at the fair value on the date when the derivatives contract is made and are then reappraised at their fair value thereafter. The method for recognizing the resulting loss or gain depends on whether the derivative has been designated a hedge and, if so, the nature of the item it is hedging. The Company designates certain derivatives as:

- (a) Hedging of the fair value of recognized liabilities (fair value hedge);
- (b) Hedging of a concrete risk associated with a known liability or a highly likely transaction (cash flow hedge); or
- (c) Hedging of a net investment in a foreign operation (net investment hedge).
- (d) Derivatives that do not qualify for hedge accounting.

The Company documents the relationship between the hedging instruments and the items hedged at the beginning of the transaction and the objectives in managing the risk and strategy to implement diverse hedging transactions. The Company also documents its evaluation, at the start and on a continuing basis, of whether the derivatives that are

used in the hedging transactions are highly effective in offsetting the changes in the fair value or in the cash flow of the hedged items.

The total fair value of hedging derivatives is classified as a non-current asset or liability if the period remaining to the maturity of the hedged item is greater than 12 months; and as a current asset or liability if the period remaining to maturity of the hedged item is less than 12 months. Marketable derivatives are classified as a current asset or liability.

(a) **Fair Value Hedge**

The changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the consolidated statement of income together with any change in the fair value of the hedged asset or liability allocable to the risk hedged. The Company has not used fair value hedges in either period.

(b) **Cash Flow Hedge**

The effective part of changes in the fair value of derivatives designated and qualified as cash flow hedges is recognized in net equity. The loss or gain on the non-cash portion is immediately recognized in the consolidated statement of income in “other net gains/(losses).”

The cumulative amounts in net equity are carried to the consolidated statement of income in the periods when the hedged item affects results. The loss or gain in the effective part of interest rate swaps hedging outside, variable-rate resources is recognized in the statement of income in “financial costs.” Deferrals are recognized ultimately in cost of sales (fuel hedges). The deferrals of foreign currency hedges are recorded in “translation differences.”

Any cumulative gain or loss in net equity when a hedge expires or is sold or does not meet the requirements for hedge accounting remains in the equity through that moment and is recognized when the forecasted transaction is finally recognized in the statement of income. When the forecasted transaction is not expected to take place, the cumulative gain or loss in net equity is immediately carried to “other net gains /(losses)” in the consolidated statement of income.

(c) **Net Investment Hedge**

Net investment hedging in foreign operations are accounted for in a manner similar to cash flow hedges.

The effective part of any gain or loss on the hedging instrument related is recognized in net equity. The gain or loss on the ineffective portion is immediately recognized in “other net gains / (losses)” in the consolidated statement of income.

Cumulative losses and gains in net equity are included in the consolidated statement of income when the foreign operation is disposed of.

The Company has not used net investment hedges in either period.

(d) Derivatives not qualifying for hedge accounting

Certain derivatives do not qualify for hedge accounting and are recognized at the fair value through profit or loss. The changes in fair value of any derivative not qualifying for hedge accounting are immediately recognized in “other net gains /(losses)” in the consolidated statement of income.

2.10 Inventories

Inventories are accounted for at their cost or at their net realizable value, whichever is lower. Cost is determined by the average weighted price (AWP) method. The net realizable value is the estimated sale price in the normal course of business, less any variable cost of sale.

2.11 Trade Receivables and Other Receivables

Trade receivables are recognized initially at their fair value and subsequently at their amortized cost using the effective interest rate method, less the impairment loss reserve. A provision is made for impairment losses on trade receivables when there is objective evidence that the company will be incapable of collecting all sums owed according to the original terms of the receivable. Material financial difficulties of the debtor, the probability that the debtor will go bankrupt or undergo a financial reorganization and the failure to pay or late payment are indicators that the receivable has become impaired. The provision is made for the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the provision is used and

the loss is recognized in “costs of sale” in the consolidated statement of income. When a receivable is written off, it is regularized against the receivables provision account.

2.12 Cash and Cash Equivalent

Cash and cash equivalent include cash on hand, time deposits in banks, other short-term, highly liquid investments originally expiring in 3 months or less, and bank overdrafts.

2.13 Issued Capital

Common stock is classified in net equity.

The incremental costs directly attributable to issuing new stock or options are presented in net equity as a deduction from income earned, net of taxes.

When any Group entity purchases shares in the Company (treasury stock), the consideration paid, including any directly attributable incremental cost (net of earnings tax), is deducted from the equity attributable to shareholders in the Company until cancelled, re-issued or sold. When these shares are sold or are later re-issued, any amount received, net of any directly attributable incremental cost of the transaction and the corresponding effects of the earnings tax, are included in the net shareholders' equity.

2.14 Trade Payables

Suppliers are recognized at the face value.

2.15 Interest-bearing Loans

Outside funding is initially recognized at the fair value, net of the costs incurred in the transaction. Outside resources are later appraised at the amortized cost. Any difference between the funding obtained (net of the costs required to obtain it) and the reimbursement amount is recognized in the consolidated statement of income during the life of the debt using the effective interest rate method.

Outside resources are classified in current liabilities and non-current liabilities based on the maturity of the nominal principal by contract.

2.16 Deferred Taxes

Deferred taxes are calculated using the liability method on the temporary differences between the fiscal basis of assets and liabilities and the carrying amounts. However, deferred taxes are not accounted for when they come from the initial recognition of a liability or asset in a transaction other than a business combination that does not affect either the book profit or loss or the fiscal gain or loss at the time of the transaction. The deferred tax is determined using the tax rates (and laws) approved or about to be approved on the date of the balance sheet that are expected to apply when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized when it is likely that future fiscal benefits will be available against which temporary differences can be offset.

Deferred taxes for temporary differences stemming from investments in subsidiaries and associates are recognized except when the Company can control the date when the temporary differences will be reversed and it is likely that they will not be reversed in the foreseeable future.

2.17 Employee Benefits

(a) Employee vacations

The Company recognizes employee vacation expenses under the accrual method.

(b) Stock-based compensation

The compensation plans implemented through stock options are recognized in financial statements according to IFRS 2, and the effect of the fair value on the options is debited against salary in a straight line between the date when the options are granted and the date when they become irrevocable.

(c) Post-employment benefits and other long-term benefits

Liabilities that are provisioned using the actuarial value of the accrued cost of the benefit take into account estimations such as future permanency, mortality rates and future salary increases determined on the basis of actuarial calculations. Discount rates are set by reference to market interest rate curves. The changes in those provisions are recognized in income in the period in which they occur.

(d) **Incentives**

The Company has an employee annual incentive plan in place for meeting goals and making individual contributions to results. Potential incentives consist of a certain number or portion of monthly salaries and are provisioned on the basis of the estimated payment.

2.18 Provisions

Provisions are recognized when:

- (i) the Company has a present legal or implicit liability as a result of past occurrences;
- (ii) it is likely that disbursements will be required to settle the liability; and
- (iii) the amount has been reliably estimated.

Provisions are valued by the present value of disbursements that are expected to be required to settle the liability, according to the Company's best estimate. The discount rate used to determine the present value is a reflection of the actual market assessments of temporary value of money on the date of the balance sheet as well as the specific risk related to that particular liability.

2.19 Recognition of Income

Ordinary income includes the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Company's business. Ordinary income is shown net of value-added tax, returns, rebates and discounts and net of sales inside the Company.

The Company recognizes income when the amount of income can be reliably appraised, it is likely that the future economic benefits will flow into the Company and the specific conditions are met for each of the Company's businesses, as described below.

(a) **Sale of services**

a.1 **Passenger and cargo transport**

The Company recognizes passenger and cargo transport income when the service has been rendered.

a.2 **Frequent flyer program**

The Company has a frequent flyer program in place called Lan Pass. It fosters customer loyalty by awarding kilometers each time the members of the program take certain flights, use services of affiliated entities or make purchases with an affiliated credit card. The kilometers can be exchanged for free tickets or other services of affiliated entities. The consolidated financial statements include liabilities for this reason (deferred income), estimated at the redemption value of the accumulated kilometers pending use on that date, in line with IFRIC 13.

a.3 **Other income**

The Company recognizes income from other services when the services have been rendered.

(b) **Interest income**

Interest income is recognized using the effective interest rate method. When a receivable suffers an impairment loss, the Company reduces the carrying amount to the recoverable amount by deducting the future estimated cash flows at the original effective interest rate of the instrument. It then continues to account for the discount as less interest income. The interest income on loans that have become impaired is recognized using the effective interest rate method.

(c) **Dividend income**

Income from dividends is recognized when the right to receive the payment is established.

2.20 Leases

(a) **When the Company is lessee - lease-purchases**

The Company leases certain properties, plants and equipment where it assumes substantially all risks and advantages of the property. For that reason, it classifies them as lease-purchases. Lease-purchases are capitalized at the start of the lease, at the fair value of the leased property or at the present value of the minimum lease payments, whichever is lower.

Each lease payment is distributed between liabilities and financial charges to obtain a constant interest rate for the balance pending payment. The corresponding lease liabilities, net of financial charges, are included in “interest-bearing loans.” The interest component of the financial cost is debited in the consolidated statement of income during the term of the lease so as to obtain a constant periodic interest rate on the remaining balance of the liability in each fiscal year. The good acquired under a lease-purchase is depreciated over its useful life and is included in property, plant and equipment.

(b) When the Company is lessee – operating lease

Leases in which the lessor retains an important part of the risks and advantages of ownership are classified as operating leases. Payments under an operating lease (net of any incentive received from the Lessor) are debited on a linear basis in the consolidated statement of income during the period of the lease.

2.21 Non-Current Assets (or Disposal Groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and are recognized at the lower of the carrying value and the fair value, less the cost of sale.

2.22 Environment

Disbursements for environmental protection are imputed to income as they are made, unless they can be capitalized according to the IFRS.

NOTE 3 – TRANSITION TO THE IFRS

3.1 Basis for Transition to the IFRS

3.1.1. Application of IFRS 1

The consolidated financial statements of the Company for the period ending March 31, 2009 are the first consolidated financial statements according to the International Financial Reporting Standards (IFRS). The Company has applied IFRS 1 in preparing its consolidated financial statements.

The Company's transition date is January 1, 2008. The Company has prepared its opening IFRS balance sheet as of that date. The Company adopted the IFRS on January 1, 2009.

According to IFRS 1, all obligatory exceptions and some of the optional exemptions in retroactive application of the IFRS have been applied in preparing these consolidated financial statements.

3.1.2 Exemptions from retroactive application chosen by Lan Airlines S.A.

(a) Business combinations

The Company has applied the exemption for business combinations under IFRS 1. Therefore, it has restated the business combinations since 1997.

(b) Fair value or reappraisal as attributable cost

The Company has chosen to measure certain items in property, plant and equipment at their fair value on the transition date of January 1, 2008.

(c) Employee benefits

The Company has chosen to recognize all actuarial gains and losses accumulated as of January 1, 2008.

(d) Translation reserve

This exemption does not apply.

(e) **Compound financial instruments**

The Company has not issued any compound financial instruments so this exemption does not apply.

(f) **Transition date for subsidiaries, associates and commonly controlled entities, subsidiaries and associates with a different transition date**

This exemption does not apply since both the Parent Company and its affiliates will adopt IFRS for the first time on the same date, January 1, 2009.

(g) **Restatement of comparables regarding IAS 32 and IAS 39.**

This exemption does not apply.

(h) **Share-based payments**

This exemption was not adopted by the Company.

(i) **Insurance contracts**

This exemption does not apply.

(j) **Restoration and dismantling liabilities**

The Company did not have any asset or operation as of January 1, 2008 because of which it might incur dismantling or similar costs. Therefore, this exemption does not apply.

(k) **Initial appraisal of financial assets and liabilities at fair value**

The Company has not applied the exemption in revised IAS 39 in the initial recognition of financial instruments for which there is no active market at fair value through profit or loss. Therefore, this exemption does not apply.

(l) **Service Concessions**

This exemption does not apply.

(m) **Comparative information for exploration businesses and the assessment of mineral resources.**

This exemption does not apply.

(n) **Leases**

This exemption does not apply.

3.2 Conciliation of IFRS to Generally Accepted Accounting Principles of Chile

The conciliations presented below quantify the impact of the transition by the Company to IFRS. The conciliation shows the impact of the transition in the following detail:

- 3.2.1 Consolidated equity as of December 31, 2008
- 3.2.2 Consolidated equity as of January 1, 2008
- 3.2.3 Consolidated equity as of March 31, 2008
- 3.2.4 Income for the period ending March 31, 2008
- 3.2.5 Income for the fiscal year ending December 31, 2008
- 3.2.6 Consolidated statement of cash flow for the fiscal year ending December 31, 2008

3.2.1 Conciliation of consolidated net equity at December 31, 2008

	<u>KUS\$</u>
GAAP in Chile	<u>1,117,978</u>
Lan Pass Program	(91,945)
Property, plant and equipment	38,122
Financial liabilities	14,884
Goodwill	27,580
JOL Consolidation	(34,490)
Maintenance	14,723
Deferred taxes in complementary accounts	(8,645)
Reserve for derivative hedging	(301,813)
Minority interests	6,829
Translation adjustment	(6,195)
Other	<u>(8,424)</u>
Effect of transition to IFRS	<u>(349,374)</u>
Net equity according to IFRS	<u>768,604</u>

3.2.2 Conciliation of consolidated net equity at January 1, 2008

KUS\$

GAAP in Chile	<u>988,052</u>
Lan Pass Program	(83,245)
Property, plant and equipment	51,082
Financial liabilities	14,884
Goodwill	27,580
JOL Consolidation	(44,454)
Maintenance	(477)
Deferred taxes in complementary accounts	(8,645)
Reserve for derivative hedging	(45,425)
Minority interests	5,189
Other	<u>(5,664)</u>
Effect of transition to IFRS	<u>(89,175)</u>
Net equity according to IFRS	<u>898,877</u>

3.2.3 Conciliation of consolidated net equity at March 31, 2008

KUS\$

GAAP in Chile	<u>1,079,332</u>
Lan Pass Program	(73,367)
Property, plant and equipment	50,670
Financial liabilities	7,735
Goodwill	27,580
JOL Consolidation	(42,353)
Maintenance	3,860
Deferred taxes in complementary accounts	(8,645)
Reserve for derivative hedging	(64,915)
Minimum dividend	(27,327)
Translation adjustment	2,142
Minority interests	8,474
Other	<u>(5,882)</u>
Effect of transition to IFRS	<u>(122,028)</u>
Net equity according to IFRS	<u>957,304</u>

3.2.4 Conciliation of income for the period ending March 31, 2008

KUS\$

GAAP in Chile	<u>91,090</u>
Lan Pass Program	9,878
Property, plant and equipment	(412)
Financial liabilities	(7,149)
JOL Consolidation	2,101
Maintenance	4,337
Minority interests	2,699
Other	<u>(218)</u>

Effect of transition to IFRS	<u>11,236</u>
Net equity according to IFRS	<u>102,326</u>

3.2.5 Conciliation of income for the fiscal year ending December 31, 2008

	<u>KUS\$</u>
GAAP in Chile	<u>335,739</u>
JOL Consolidation	9,964
Maintenance	15,200
Property, plant and equipment	(12,960)
Lan Pass Program	(8,700)
Minority interest	1,831
Other	<u>(2,762)</u>
Effect of transition to IFRS	<u>2,573</u>
IFRS at the date of the last annual financial statements	<u>338,312</u>

Below are explanations of the different items included in the above conciliations.

1. Lan Pass Program

Under Chilean GAAP, accumulated kilometers are accounted for at their incremental cost. According to IFRS, kilometers are accounted for as deferred income at fair value until the kilometers are flown.

2. Property, Plant and Equipment

In the initial adoption, the Company re-evaluated some components of property, plant and equipment, mainly buildings, land and other technical components. This reappraisal was made one-time only according to IFRS 1 and the new value represents the initial cost of the asset as of the transition date. The financing costs became a part of the effective interest rate on the loan to finance the fixed asset, which is deducted from the capitalized value.

3. Financial Liabilities

Financing costs accounted for as property, plant and equipment according to Chilean GAAP became a part of the effective interest rate of the loan under IFRS. Furthermore, financial expenses were calculated using the amortized cost.

4. Goodwill

Under IFRS, the Company has considered goodwill to be an intangible with an indefinite useful life. At least once a year, the cash generating unit on which there is goodwill is evaluated for an eventual impairment in the fair value. If there is any evidence of impairment, the goodwill is adjusted, in principle, by debiting income. In the initial adoption, the Company decided to restate the business combinations since 1997 so goodwill amortizations have been reversed since that date. No other effects occurred because of those restatements.

5. JOL Consolidation

The Company operates 17 aircraft under the Japanese Operating Lease Financing Method (JOL). This method entails creating a special-purpose company that purchases the aircraft using bank and third-party financing. Under Chilean GAAP, aircraft were accounted for as an operating lease. This created an aircraft lease expense in the consolidated statement of income. Under the IFRS and in harmony with SIC 12, these aircraft are accounted for as part of property, plant and equipment in the consolidated statement of financial situation and the corresponding debt is recognized as a liability.

6. Maintenance

Under Chilean GAAP, only major maintenance of the Company's fleet was recognized as an asset while the major maintenance of the leased fleet was recognized via provisions until the next maintenance was performed. Under IFRS, major maintenance of the entire fleet is capitalized and amortized.

7. Deferred Taxes – Complementary Accounts

Technical Bulletin No. 60 of the Chilean Accountants Association permitted recording the effect of the first application of this rule against an account in the consolidated statement of financial situation called “complementary asset (liability) for deferred liabilities (assets)” according to Chilean GAAP. Those complementary assets (liabilities) were amortized against income in the estimated period of reversal of the temporary difference that created it, except for complementary liabilities that originated in the accounting of deferred tax assets because of tax losses, in which case the amortization was made based on the real utilization of those losses. Under IFRS, complementary asset (liability) accounts were reversed entirely against retained earnings in the initial adoption.

Moreover, all differences between Chilean GAAP and IFRS in the transition that were accounted for either in retained earnings or in other reserves were calculated and the corresponding deferred tax recorded in the item that created it. Hence, the differences because of regulations are net of deferred taxes in the conciliations presented as of each of the pertinent dates.

8. Reserve for Derivative Hedges

Under IFRS, realized gains and/or losses under fuel hedges and/or interest rate hedges are recognized in the line for the hedged item (fuel and/or financial expenses) in the consolidated statement of income. In addition, the market value of following derivative contracts in a cash flow hedge are deferred in an equity reserve account. This represents a change with respect to fuel hedges since under Chilean GAAP, realized gains and/or losses for this reason used to be recognized in non-operating income while the market value of fuel hedges and interest rate hedges was recognized in asset and liability accounts.

9. Minority Interest

Under the IFRS, the net equity of the Company is comprised both of the interest of shareholders in a dominant company and the interest of minority shareholders in its affiliates. Under Chilean GAAP, the minority interest used to be classified in a line between long-term liabilities and net equity.

10. Translation Adjustment

According to the IFRS, the translation adjustment because the functional currency of some companies is different from the currency of presentation of these financial statements is included in net equity. These companies are subsidiaries whose functional currencies are Chilean pesos and Argentine pesos.

11. Minimum Dividend

Pursuant to Article 79 of the Chilean Companies Law, save resolution otherwise unanimously adopted by the Company's Shareholders' Meeting, open stock corporations must pay a dividend annually to shareholders amounting to at least 30% of the net profits from each fiscal year, unless there are offsettable cumulative losses from previous fiscal years. Under the IFRS, the Company has accounted for this obligation

on an accrual basis, net of interim dividends approved as of the closing date. According to Chilean GAAP, this liability was recorded only once the dividend was declared.

3.2.6 Conciliation of the cash flow statement for the fiscal year ending December 31, 2008

The main differences between Chilean GAAP and IFRS in the preparation of cash flow statements relates to the classification of lease-purchase payments (included as investing activities under Chilean GAAP and as financing activities under IFRS) and the collateral backing derivatives (shown as financing activities under Chilean GAAP and operating activities under IFRS).

NOTE 4 – MANAGEMENT OF FINANCIAL RISK

4.1 Financial Risk Factors

The business of the Company is exposed to diverse financial risks: (a) market risk; (b) credit risk; and (c) liquidity risk. The company's global risk management program concentrates on the uncertainty of financial markets and tries to minimize the potential adverse effects in the net margin. The Company uses derivatives to hedge against part of those risks.

(a) Market risks

Due to the nature of its operations, the Company is exposed to market risks such as (i) a variation in the price of fuel; (ii) a variation in interest rates; and (iii) fluctuations in local exchange rates. The company uses derivatives to set or limit the rises in underlying assets in order to hedge against all or part of those risks.

(i) Variation in the price of fuel

The variation in fuel prices depends significantly on the supply and demand of oil in the world, on the decisions adopted by the OPEC, on the worldwide refining capacity, on levels of inventories, on weather phenomena and geopolitical factors.

The Company purchases Grade 54 Jet Fuel for aircraft. There is a benchmark index on the international market for this underlying asset, namely the US Gulf Coast Jet 54.

However, the average price of the fuel basket that the Company has in different countries correlates better to the price of WTI Crude. In addition to being a better correlation, this underlying asset is more liquid. As a result, there are greater advantages in hedging against the variations in WTI Crude than against the variations in US Gulf Coast Jet 54.

During the first quarter of 2009, the Company recognized losses totaling US\$58 million. In the same period in the previous year, it had earnings of US\$1 million for fuel hedging. At the close of March 2009, the market price of fuel positions totaled US\$109 million (negative). At the close of December 2008, that market price was US\$ 116 million (negative). The tables below show the notional value of the purchase positions and derivatives contracted for the different periods:

Positions as of March 31, 2009

	Maturity				Total
	Q209	Q309	Q409	Q110	
Volume (thousand of WTI barrels)	1,170	810	1,380	300	3,660
Agreed future value (US\$ per barrel)*	<u>104</u>	<u>80</u>	<u>71</u>	<u>92</u>	<u>85</u>
Total (KUS\$)	<u>121,680</u>	<u>64,692</u>	<u>98,043</u>	<u>27,600</u>	<u>312,015</u>

* Weighted average between collars and options.

Positions as of December 31, 2008

	Maturity					Total
	Q109	Q209	Q309	Q409	Q110	
Volume (thousand of WTI barrels)	900	1,170	540	570	300	3,480
Agreed future value (US\$ per barrel)*	<u>107</u>	<u>104</u>	<u>93</u>	<u>92</u>	<u>92</u>	<u>100</u>
Total (KUS\$)	<u>96,300</u>	<u>121,680</u>	<u>50,220</u>	<u>52,440</u>	<u>27,600</u>	<u>348,240</u>

* Weighted average between collars and options.

Sensitization

A drop in fuel prices has a positive impact on the Company because it reduces costs. Yet this drop has an adverse impact on positions since they aim at protecting the Company from the risk of a price rise. For the same reason, the policy is to have a percentage unhedged in order to be competitive when there is a drop in prices.

The next table sensitizes the expenses of the Company to reasonable changes in fuel prices while maintaining all other variables constant. The table indicates different WTI

Crude benchmark prices and estimates how much the Company would be impacted by a 10-dollar rise in the benchmark price.

Since the Company has different levels of call options, price changes do not signify discrete impacts on income. Therefore, the sensitization analysis is done because it is based on changes in the price of US\$10/barrel.

Fuel price risk (in thousand of WTI barrels)

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
Consumption volume	2,705	2,711
Hedged volume	900	810
Unhedged volume	1,805	1,901
Rise in WTI price in US\$ 10/bbl (in thousand of US\$)	18,046	19,006

The Company tries to reduce the risk posed by rising fuel prices by assuring that it will not be at a disadvantage in comparison to its competitors should there be an abrupt drop in price. To that end, the parent company uses hedging such as swaps, options and collars that partially hedge the volumes of fuel consumed.

Since the fuel derivatives contracted by the Company have been designated efficient, there is no impact on income because of changes in their appraisal shown in each period.

The fuel futures curve and exposure to variations in price of unhedged fuel volumes have been assumed in order to perform the sensitivity analysis.

(ii) **Variation in cash flow interest rates**

A variation in interest rates depends strongly on the state of the world economy. An improvement in the long-term economic outlook moves long-term interest rates upwards while a drop causes a reduction because of the market effects. However, if we take into account government invention, benchmark rates are usually reduced during contractions in order to push up aggregate demand by making credit more accessible and increasing production (in the same way that there are rises in benchmark rates during expansions). The uncertainty of how the market and governments will behave and, therefore, how the interest rate will vary entails a risk to the company's variable-rate debt and to the investments that it holds.

The interest rate risk in debt is equal to the risk of future cash flows of the financial instruments given the fluctuation in interest rates on the market. The Company's exposure to market interest rate changes relates mainly to long-term variable-rate liabilities.

In order to reduce the risk of an eventual rise in interest rates, the Company signed interest rate swaps and call options that eliminate more than 95% of exposure to interest rate fluctuations. A small portion the Company's debt is thus exposed to variations in the LIBOR and the 180-day nominal bank rate.

The next table shows the sensitivity of changes in financial liabilities not hedged against interest rate variations. These changes are considered reasonably possible based on actual market conditions.

Increase (decrease) in Libor	Position as of March 31, 2009, effect on pre-tax gains (US\$000's).	Position as of December 31, 2009, effect on pre-tax gains (US\$000's).
+1%	(203)	(174)
-1%	203	174

The next table indicates the impact that investments of the Company would have had on income if there were variations in interest rates at the time they were renewed. These changes are considered reasonably possible based on actual market conditions.

Increase (decrease) in Libor	Position as of March 31, 2009, effect on pre-tax gains (US\$000's).	Position as of December 31, 2009, effect on pre-tax gains (US\$000's).
+1%	(761)	(648)
-1%	761	648

Since the interest rate derivatives contracted by the Company have been designated efficient, there is no impact on income due to changes in their appraisal shown in each period.

There are market-imposed limitations on the method used in the sensitivity analysis. The levels indicating future curves will not necessarily occur and will vary in each period.

(iii) **Local exchange rate fluctuations**

The functional currency of the Parent Company is the American Dollar. It uses that currency to set its sales prices, comprise its balance sheet and measure effects on revenues. It sells most of its services in American Dollars or in prices equivalent to the American Dollar and a large part of its expenses are expressed in American Dollars or the equivalent, in particular fuel, aviation fees, aircraft leases, insurance and aircraft components and accessories. Payroll is expressed in local currency.

The Company does not hedge against this type of risk.

(b) **Credit risk**

Credit risk arises when the counterparty breaches his obligations to the Company under a certain financial contract or instruments and that breach causes a loss in the market value of a financial instrument (only financial assets, not liabilities).

The Company is exposed to credit risk in its operating and financing activities, including deposits with banks and financial institutions, investments and other types of instruments, exchange rate transactions and derivatives or options contracts.

(i) **Financing activities**

Cash surpluses remaining after financing assets required for operation are invested according to the credit limits approved by the Board of Directors of the Company, mainly in time deposits with different banks, short-term mutual funds, short-term corporate and sovereign bonds that have a good credit rating and are easily convertible. These investments are accounted for as investments available for sale, investments at fair value through profit or loss, loans and accounts receivable and investments held through maturity.

In order to reduce the counterparty risk and to ensure that the company knows and manages the risk, the Board of Directors of the Company has approved an investment policy that diversifies investments with different banks (local and international). The Company evaluates the credit rating of each counterparty and levels of investments based on (i) risk rating, (ii) equity of the counterparty; and (iii) investment limits according to level of liquidity. Based on these three rules, the Company chooses the most restrictive in setting limits on transactions with each counterparty.

Given the delicate national and international financial situation, the Company made its credit risk policy stricter during 2008. It began to invest only in banks that had a high market equity and a local credit rating above AA. This policy limited investments to certain local banks that signified increasing the investment limits for banks that qualified under this policy. There have been no changes in this regard during the first quarter of 2009. However, since the local market is gaining liquidity once again, the Company does not rule out relaxing the counterparty credit restrictions slightly, solely to increase the diversification of investments.

(ii) **Operating activities**

The Company has four large sales “clusters”: travel agencies, cargo agents, airlines and credit card administrators. The first three are governed by IATA (International Air Transport Association) and any agency or airline that does not pay its debt cannot operate with the group of IATA airlines. Credit card administrators are fully secured by card issuers.

The exposure comes from the periods of payment that fluctuate from 1 to 45 days.

One of the tools used by the Company in reducing credit risk is to participate in world industry organizations such as IATA, BSP (Business Sales Processing), CASS (CRC, Clearing House) and banks (credit cards). These entities play the role of collectors and distributors among airlines and travel and cargo agencies. The Clearing House acts as a clearing agent among airlines for the services they render to each other. A reduction in periods and the implementation of collateral have been arranged through these organizations.

(c) **Liquidity risk**

Liquidity risk is the risk that the Company has no money to pay its liabilities.

Given the cyclical nature of its business, the operation and the investment and financing needs because of the addition of new aircraft and renovation of its fleet as well as the financing required to hedge market risks, the Company needs cash to pay its debt.

Therefore, the Company manages its cash and cash equivalent to match the periods of its investments to its liabilities. The policy is that the average term of investments cannot exceed the average term of liabilities. This cash and cash-equivalent position is invested in highly liquid short-term instruments through prime financial entities.

The Company maintains a liquid policy that results in a significant volume of cash availability. The Company began a financial armor plan to gain greater liquidity than in previous fiscal years in order to be prepared for eventual drops in passenger and cargo traffic. The Company therefore replaced approximately US\$90 million it had in cash collateral delivered to financial counterparties by stand-by letters of credit. The Company's Board of Directors also authorized contracting loans or issuing debt securities (in the form of bonds) on the local market for close to US\$250 million. At the end of March 2009, the Company secured the equivalent in pesos to US\$40 million from a local bank over a three-year period of payment that included one year of grace. The Company intends to continue this strategy (until reaching the approved amount) during the second quarter of 2009.

The Company has future liabilities under lease-purchases, operating leases, the maturities of other bank debt, derivatives and aircraft purchase agreements.

The Company's financial policy since 1998 is not to contract any short-term debt.

Type of liability for analysis of liquidity risk, grouped by maturity as of March 31, 2009

Type of liability	Debtor I.D. No.	Name of Debtor	Description of currency	Lender name	Up to 1 month MUS\$	From 1 to 3 months MUS\$	3 to 12 months MUS\$	1 to 5 years MUS\$	5 years or more MUS\$	Total MUS\$	Type of amortization	Effective Rate %	Nominal value MUS\$	Nominal rate %
Secured debt	89.862.200-2	Lan Airlines S.A.	US\$	ING	4,898	2,502	22,154	111,678	134,556	275,788	3 months	5.27	215,964	4.75
		Lan Airlines S.A.	US\$	CALYON	8,187	12,896	63,460	290,035	58,424	433,002	3 months	4.77	375,210	5.48
		Lan Airlines S.A.	US\$	PEFCO	5,939	11,611	52,673	280,925	332,282	683,430	3 months	5.27	543,962	4.74
		Lan Airlines S.A.	US\$	BNP PARIBAS	8,448	14,943	70,018	384,595	568,003	1,046,007	3 months	5.11	811,710	4.28
		Lan Airlines S.A.	US\$	RBS	2,034	4,049	18,250	97,334	154,180	275,847	3 months	6.31	201,573	5.67
Lease-purchase	89.862.200-2	Lan Airlines S.A.	US\$	ING	4,021	-	10,040	65,346	34,181	113,588	3 months	4.87	98,213	4.44
		Lan Airlines S.A.	US\$	CALYON	621	1,344	6,160	40,123	78,069	126,317	3 months	2.09	100,676	2.27
		Lan Airlines S.A.	US\$	OTHER	4,113	7,088	34,149	92,080	-	137,430	3 months	0.15	129,553	1.69
Bank loans	89.862.200-2	Lan Airlines S.A.	US\$	OTHER	-	3,465	2,183	42,174	-	47,822	3/6 months	5.73	42,839	5.58
Derivatives	89.862.200-2	Lan Airlines S.A.	US\$	OTHER	22,498	46,642	69,875	103,099	38,581	280,695	-	-	-	-
Trade receivables and other accounts payable		Lan Airlines S.A. and Subsidiaries			96,932	332,428	-	72,002	-	501,362	-	-	-	-

Type of liability for analysis of liquidity risk, grouped by maturity as of December 31, 2008

Type of liability	Debtor I.D. No.	Name of Debtor	Description of currency	Lender name	Up to 1 month MUS\$	From 1 to 3 months MUS\$	3 to 12 months MUS\$	1 to 5 years MUS\$	5 years or more MUS\$	Total MUS\$	Type of amortization	Effective Rate %	Nominal value MUS\$	Nominal rate %
Secured debt	89.862.200-2	Lan Airlines S.A.	US\$	ING	2,934	2,521	16,005	80,577	83,287	185,324	3 months	5.34	147,811	4.86
		Lan Airlines S.A.	US\$	CALYON	9,359	14,949	69,166	345,897	142,471	581,842	3 months	4.21	493,629	5.46
		Lan Airlines S.A.	US\$	PEFCO	5,939	11,611	52,665	280,925	349,840	700,980	3 months	5.27	554,927	4.74
		Lan Airlines S.A.	US\$	BNP PARIBAS	6,670	15,007	63,104	343,427	517,761	945,969	3 months	5.63	732,412	4.87
		Lan Airlines S.A.	US\$	RBS	2,034	4,049	18,250	97,334	160,263	281,931	3 months	6.31	204,689	5.67
Lease-purchase	89.862.200-2	Lan Airlines S.A.	US\$	ING	4,224	-	12,035	63,899	37,361	117,519	3 months	5.58	101,071	5.18
		Lan Airlines S.A.	US\$	OTHER	4,210	7,212	33,822	103,888	-	149,132	3 months	2.06	139,993	2.73
Bank loans	89.862.200-2	Lan Airlines S.A.	US\$	OTHER	-	3,465	3,465	-	-	6,930	3 months	6.98	6,752	6.96
Derivatives	89.862.200-2	Lan Airlines S.A.	US\$	OTHER	19,576	39,968	119,696	112,822	55,562	347,624	-	-	-	-
Trade receivables and other accounts payable		Lan Airlines S.A. and Subsidiaries			94,889	294,761	-	90,000	-	479,650	-	-	-	-

Given the nature of the Company's business, it leases an important part of its fleet. Leases require collateral. Some of those leases require cash collateral and others stand-by letters of credit. The aviation authorities in all countries where the Company operates require securing the payment of aviation fees for one or more months of operation. This cash collateral is recorded as collateral for contingent liabilities. The Company has margin lines with each bank in order to regulate reciprocal exposure caused by changes in the market appraisal of derivatives. During 2008, the Company was forced to provide cash collateral due to the drop in fuel prices, which is recorded as liability collateral.

At March 31, 2009, the Company had delivered derivatives margin collateral totaling US\$85 million (US\$178 million at December 31, 2008).

4.2 Capital Risk Management

The objectives of the Company in managing capital are (i) to safeguard the capital to continue as an ongoing concern; (ii) to earn a return for shareholders; and (iii) to maintain an optimal capital structure by reducing capital costs.

The Company could adjust the amount of dividends payable to shareholders, reimburse capital to shareholders, issue new shares or sell assets to reduce debt in order to maintain or adjust the capital structure.

The Company tracks capital according to a leverage indicator in line with the sector practice. This indicator is calculated as adjusted net debt divided by capital. The adjusted net debt is calculated as the total financial debt 8 times revenues in the last 12 months, less total cash (measured as cash and cash equivalent plus marketable securities). Capital is calculated as net equity without the impact of the market price of derivatives, plus net adjusted debt.

The Company's strategy in 2008 was the same as 2007, consisting of maintaining a leverage indicator from 70% to 80% and an international credit rating above BB- (the minimum required to be considered investment grade). Leverage indicators at March 31, 2009 and December 31, 2008 were:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Total loans	<u>2,831,019</u>	<u>2,657,200</u>
Revenues in the last twelve months x 8	543,464	564,216
Less:		
Cash and marketable securities	<u>472,182</u>	<u>411,037</u>
Total net adjusted debt	2,902,301	2,810,379
Net equity	870,213	768,604
Fair value of derivatives	<u>245,414</u>	<u>301,813</u>
Total capital	<u>4,017,928</u>	<u>3,880,796</u>
Leverage indicator	72.2%	72.4%

4.3 Estimation of Fair Value

The fair value of financial instruments traded on active markets (such as officially quoted derivatives and investments purchased for trading and available for sale) is based on the market prices at the close of the period. The financial asset market price is the current purchase price.

The carrying amount, less the provision for impairment of accounts receivable and payable, is assumed to be near fair values given the short term nature of trade receivables. The fair value of financial liabilities in financial reporting is estimated by discounting the future cash flows by contract at the current market interest rate available for similar financial instruments.

NOTE 5 – ESTIMATES AND ACCOUNTING JUDGMENTS

The Company has used estimates in appraising and accounting for some assets, liabilities, income, expenses and commitments. These estimates basically refer to:

1. The evaluation of potential impairment losses in certain assets.

2. Hypotheses used in actuarial calculation of employee benefit liabilities.
3. The useful life of material and intangible assets.
4. The criteria used in appraising certain assets.
5. The amount of plane tickets sold that will ultimately not be used.
6. The calculation of liabilities accrued at the close of the fiscal year corresponding to Lan Pass customer kilometers pending use.
7. The calculation of provisions.
8. The market price of certain financial instruments.
9. The recoverability of deferred tax assets.

These estimates are made on the basis of the best information available on these matters.

In any case, these estimates and judgments may have to be changed in future fiscal years because of events that may take place in the future. Any such changes will be made on a predictive basis.

NOTE 6 – REPORTING BY SEGMENT

The Company provides information by segment according to IFRS 8 “Operating segments.” That rule establishes standards for reporting by segment in the financial statements and disclosures on products and services, geographic areas and main customers. An operating segment is defined as a component of an entity on which there is separate financial information that is evaluated regularly by the senior management in making decisions on the allocation of resources and the evaluation of results. The Company considers that it has only one operating segment (air transport).

The Company’s revenues by geographic area are:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Peru	100,515	90,905
Argentina	108,707	98,648
USA	171,404	215,078
Europe	82,317	99,192
Chile	242,452	310,086
Other (rest of Latin America and Asia Pacific)	<u>176,779</u>	<u>217,634</u>
Total (*)	<u>882,174</u>	<u>1,031,543</u>

The Company allocates revenues to the geographic area on the basis of the ticket or cargo point of sale. Tangible assets are comprised mainly of aircraft and aviation equipment, which are used freely throughout the different countries and therefore are not allocable to a geographic area.

(*) Includes ordinary revenues, other operating income, net of investment income shown in Note 33.

NOTE 7 – CASH AND CASH EQUIVALENT

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Cash flow	2,042	2,729
Balances in banks	29,909	9,378
Time deposits	304,517	259,019
Other cash and cash equivalent	<u>128,725</u>	<u>129,846</u>
Total	<u>465,193</u>	<u>400,972</u>

The Company must reconcile the balances presented in the cash and cash equivalent line in the statement of financial situation and the balances in the cash flow statement, if different. These amounts are the same in both financial statements for the two periods reported so such a conciliation is unnecessary.

The balances comprising cash and cash equivalent by currency are shown below as of March 31, 2009 and 2008:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
Type of currency	KUS\$	KUS\$
Argentine peso	6,505	1,398
Euro	4,244	1,947
Brazilian real	1,509	621
Chilean peso	161,422	100,987
U.S. Dollar	219,474	176,275
Other currencies	<u>72,039</u>	<u>33,347</u>
Total	<u>465,193</u>	<u>314,575</u>

Starting in 2003 in Venezuela, the authority decided that all remittances to abroad must be approved by the Foreign Currency Board (CADIVI). Despite bolivars being freely

available inside Venezuela, the Company must abide by certain restrictions in remitting that money outside of Venezuela.

The Company does not engage in significant non-cash transactions that must be disclosed, except for lease-purchases, nor has it acquired companies in either period.

NOTE 8 – FINANCIAL INSTRUMENTS

8.1 Financial Instruments by Category

March 31, 2009

<u>Assets</u>	<u>Held until maturity</u>	<u>Loans and receivables</u>	<u>Hedging derivatives</u>	<u>Held for trading</u>	<u>Total</u>
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
Other financial assets	7,495	-	-	-	7,495
Derivative financial instruments	-	-	2,603	-	2,603
Trade receivables and accounts receivable	-	321,218	-	-	321,218
Financial assets at fair value through profit or loss	-	-	-	233	233
Cash and cash equivalent	-	<u>336,468</u>	-	<u>128,725</u>	<u>465,193</u>
Total	<u>7,495</u>	<u>657,686</u>	<u>2,603</u>	<u>128,958</u>	<u>796,742</u>

<u>Liabilities</u>	<u>Held for trading</u>	<u>Hedging derivatives</u>	<u>Other financial liabilities</u>	<u>Total</u>
	KUS\$	KUS\$	KUS\$	KUS\$
Interest-bearing loans	-	-	2,542,234	2,542,234
Other financial liabilities	5,075	-	288,785	293,860
Trade payables and other accounts payable	-	-	501,362	501,362
Derivative financial instruments	-	<u>280,695</u>	-	<u>280,695</u>
Total	<u>5,075</u>	<u>280,695</u>	<u>3,332,381</u>	<u>3,618,151</u>

December 31, 2008

<u>Assets</u>	<u>Held until maturity</u>	<u>Loans and receivables</u>	<u>Hedging derivatives</u>	<u>Held for trading</u>	<u>Total</u>
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
Other financial assets	10,571	-	-	-	10,571
Derivative financial instruments	-	-	3,345	-	3,345
Trade receivables and accounts	-	346,239	-	-	346,239

receivable					
Financial assets at fair value through profit or loss	-	-	-	-	-
Cash and cash equivalent	-	<u>271,126</u>	-	<u>129,846</u>	<u>400,972</u>
Total	<u>10,571</u>	<u>617,365</u>	<u>3,345</u>	<u>129,846</u>	<u>761,127</u>

December 31, 2008

<u>Liabilities</u>	<u>Held for trading</u>	<u>Hedging derivatives</u>	<u>Other financial liabilities</u>	<u>Total</u>
	KUSS	KUSS	KUSS	KUSS
Interest-bearing loans	-	-	2,371,887	2,371,887
Other financial liabilities	1,345	-	285,313	286,658
Trade payables and other accounts payable	-	-	479,650	479,650
Derivative financial instruments	-	<u>347,625</u>	-	<u>347,625</u>
Total	<u>1,345</u>	<u>347,625</u>	<u>3,136,850</u>	<u>3,485,820</u>

8.2 Credit Quality of Financial Assets

The Company uses the external credit evaluation system provided by IATA. Internal systems are also used to evaluate individuals or specific markets based on credit histories available on the local market. The internal rating is supplemental to the external rating, i.e. if agencies or airlines are not members of IATA, the internal requirements are greater. The uncollectibles rate is insignificant in the main countries where the Company does business.

NOTE 9 – TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	As of March 31, <u>2009</u>	As of December 31, <u>2008</u>
	KUSS	KUSS
Trade receivables	278,413	297,603
Less: Provision for receivables impairment loss	<u>(23,545)</u>	<u>(22,790)</u>
Trade receivables - net	254,868	274,813
Other accounts receivable	<u>66,350</u>	<u>71,426</u>
Total	321,218	346,239
Less: Non-current portion	<u>(4,168)</u>	<u>(3,574)</u>
Current portion	<u>317,050</u>	<u>342,665</u>

The fair value of trade receivables and other accounts receivables does not differ significantly from the carrying value.

There are receivables that are past due, but not impaired. The age of these receivables is as follows:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
3 months or less	7,774	13,333
Between 3 and 6 months	8,752	20,578
Between 6 and 12 months	4,680	1,680
More than one year	<u>1,409</u>	<u>1,409</u>
Total	<u>22,615</u>	<u>37,000</u>

The trade receivables and other accounts receivable that are individually impaired are:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Judicial and preliminary collection	8,420	8,749
Maturity exceeding one year	<u>2,800</u>	<u>4,926</u>
Total	<u>11,220</u>	<u>13,675</u>

The carrying value of accounts receivable of the Company are expressed in the following currencies:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
Type of currency	KUS\$	KUS\$
U.S. dollar	148,886	191,749
Chilean peso	68,458	69,730
Euro	45,673	35,055
Argentine peso	11,920	16,445
Brazilian real	14,776	14,117
Australian dollar	14,024	6,745
Other currencies	<u>17,481</u>	<u>12,398</u>
Total	<u>321,218</u>	<u>346,239</u>

The Company establishes provisions when there is evidence of impairment to trade receivables. Impairment applies to the customer in particular or is based on market signs.

Maturity

Impairment

	according to balance sheet	impairment <u>exposure</u>	in concentrated <u>risk</u>	according to balance sheet	impairment <u>exposure</u>	in concentrated <u>risk</u>
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
Trade receivables	278,413	(23,545)	254,868	297,603	(22,790)	274,813
Other accounts receivable	66,350	-	66,350	71,426	-	71,426

Collateral is irrelevant in the credit risk and is appraised when enforced. There are no materially important direct guarantees. All guarantees are established through IATA. IATA makes periodic assessments of the need to establish, not establish or increase collateral according to risk and/or regulations.

NOTE 10 – INTERCOMPANY ACCOUNTS RECEIVABLE AND PAYABLE

Intercompany accounts receivable and payable are described below as of March 31, 2009 and December 31, 2008:

a) Accounts receivable

Current

<u>Taxpayer Id.</u> <u>No.</u>	<u>Name</u>	As of March 31, <u>2009</u>	As of December 31, <u>2008</u>
		KUS\$	KUS\$
87.752.000-5	Granja Marina Tornagaleones S.A.	5	13
9.259.640-0	Claudia Urrutia U.	55	139
96.812.280-0	San Alberto S.A. and subsidiaries	29	29
96.669.520-K	Red de Television Chilevision S.A.	195	16
96.810.370-9	Inversiones Costa Verde Ltda. y CPA	10	12
96.778.310-2	Concesionaria Chucumata S.A.	4	3
78.005.760-2	Sociedad de Seguridad Aerea S.A.	<u>1,491</u>	<u>905</u>
Total		<u>1,789</u>	<u>1,117</u>

Non-current

<u>Taxpayer Id.</u> <u>No.</u>	<u>Name</u>	As of March 31, <u>2009</u>	As of December 31, <u>2008</u>
		KUS\$	KUS\$

9.259.640-0	Claudia Urrutia U.	<u>251</u>	<u>251</u>
	Total	<u>251</u>	<u>251</u>

b) Accounts payable

Current

Taxpayer Id. <u>No.</u>	<u>Name</u>	As of March 31, <u>2009</u> KUS\$	As of December 31, <u>2008</u> KUS\$
96.847.880-K	Lufthansa Lan Technical Training S.A.	38	255
96.894.180-1	Bancard Inversiones Ltda.	11	19
96.921.070-3	Austral Sociedad Concesionaria S.A.	24	2
Foreign	Inversora Aeronautica Argentina	-	<u>26</u>
	Total	<u>73</u>	<u>302</u>

Intercompany transactions have been performed as they would be performed by knowledgeable willing parties.

NOTE 11 – INVENTORIES

	<u>As of March 31, 2009</u> KUS\$	<u>As of December 31, 2008</u> KUS\$
Spare parts and materials	<u>47,689</u>	<u>45,950</u>
Total	<u>47,689</u>	<u>45,950</u>

The items included here are spare parts and materials that will be used in own maintenance and third-party maintenance. They are appraised at the average acquisition cost. The resulting amounts do not exceed the replacement values.

At March 31, 2009, the Company recorded KUS\$7,956 in income, mainly because of on-board service consumption and maintenance. That amount was KUS\$9,970 at March 31, 2008.

NOTE 12 – HEDGING ASSETS

Hedging assets are described below as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current		
Interest rate risk cash flow hedge	556	612
Non-current		
Interest rate risk cash flow hedge	<u>2,047</u>	<u>2,733</u>
Total hedging assets	<u>2,603</u>	<u>3,345</u>

These assets consist of interest rate calls to hedge variable interest rates in long-term loans secured by European export credit agencies for the purchase of aircraft. These loans are for 12 years.

The risk hedged is a material variation in cash flows associated with market risk implicit in changes in the 3-month Libo interest rate on long-term loans.

NOTE 13 - PREPAYMENTS

Prepayments are described below as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Spare parts and materials	18,564	5,078
Aircraft lease	3,927	4,080
Other	<u>2,886</u>	<u>2,360</u>
Total	<u>25,377</u>	<u>11,518</u>

NOTE 14 – OTHER ASSETS

Other assets are described below as of March 31, 2009 and December 31, 2008:

<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
-----------------------------	--------------------------------

	KUS\$	KUS\$
Current		
Derivative margin collateral	85,337	177,840
Other guarantees granted	5,602	1,864
Other	<u>2,002</u>	<u>2,018</u>
Total	<u>92,941</u>	<u>181,722</u>
Non-current		
Deposits in guarantee (aircraft)	13,680	13,680
Other guarantees granted	2,265	2,798
Deferred expense in aircraft leases	9,088	9,847
Other	<u>16,124</u>	<u>15,876</u>
Total	<u>41,157</u>	<u>42,201</u>

NOTE 15 – NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

Non-current assets and disposal groups held for sale are described below as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Engines	4,322	4,751
Inventories in consignment	3,179	4,564
Dismantled aircraft	911	911
Rotables	<u>176</u>	<u>218</u>
Total	<u>8,588</u>	<u>10,444</u>

One engine and rotables in the Boeing 737 fleet were sold in the period from January 1 to March 31, 2009. One Boeing 737 aircraft was sold in the same period in 2008 and 3 Boeing aircraft were added.

The Company has no operations that were discontinued as of March 31, 2009.

NOTE 16 – INVESTMENTS IN SUBSIDIARIES

The Company holds investments in companies that have been recognized as investments in subsidiaries. All companies defined as subsidiaries have been consolidated in the financial statements of Lan Airlines S.A. and Subsidiaries. The consolidation also include special-purpose companies.

Below is summary financial reporting providing the sum of financial statements of subsidiaries and special-purpose companies:

As of March 31, 2009

	<u>Sum of assets</u>	<u>Sum of liabilities</u>
	KUS\$	KUS\$
Current	495,162	391,836
Non-current	<u>1,292,781</u>	<u>1,063,825</u>
Total	<u>1,787,943</u>	<u>1,455,661</u>

As of December 31, 2008

	<u>Sum of assets</u>	<u>Sum of liabilities</u>
	KUS\$	KUS\$
Current	510,577	403,683
Non-current	<u>1,301,826</u>	<u>1,111,622</u>
Total	<u>1,812,403</u>	<u>1,515,305</u>

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Sum of ordinary income	495,687	506,985
Sum of expenses	<u>(458,347)</u>	<u>(482,406)</u>
Sum of net gain	<u>37,340</u>	<u>24,579</u>

NOTE 17 – INVESTMENTS IN ASSOCIATES

Summary financial information is presented below on the sum of financial statements of affiliates corresponding to the statement of financial situation as of March 31, 2009 and December 31, 2008 and statements of income for the periods January – March 2009 and January – March 2008.

<u>Sum of assets</u>	<u>Sum of liabilities</u>
----------------------	---------------------------

	KUS\$	KUS\$
As of March 31, 2009		
Current of associates	4,514	847
Non-current of associates	<u>925</u>	<u>285</u>
Total for associates	<u>5,439</u>	<u>1,132</u>
As of December 31, 2008		
Current of associates	3,831	576
Non-current of associates	<u>1,300</u>	<u>238</u>
Total for associates	<u>5,131</u>	<u>814</u>

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Sum of ordinary income of associates	1,802	1,688
Sum of ordinary expenses of associates	<u>(1,217)</u>	<u>(1,245)</u>
Sum of gains	<u>585</u>	<u>443</u>

The Company has recognized the shares it holds in the following companies as investments in associates: Austral Sociedad Concesionaria S.A., Lufthansa Lan Technical Training S.A. and Concesionaria Chucumata S.A. The Company has not made any investments in associates in the first quarter of 2009.

<u>Company</u>	<u>Cost of investment</u> KUS\$	<u>Country of incorporation</u>	<u>Functional currency</u>	<u>Percentage Interest</u> %
Austral Sociedad Concesionaria S.A.	661	Chile	Chilean peso	20.0
Lufthansa Lan Technical Training S.A.	702	Chile	Chilean peso	50.0
Concesionaria Chucumata S.A.	119	Chile	Chilean peso	16.7

These companies mainly engage in the following businesses:

Austral Sociedad Concesionaria S.A.: It engages in the construction, conservation, rendering and exploitation of aviation services exclusively for the Passenger Terminal of the Carlos Ibañez del Campo Airport in Punta Arenas.

Lufthansa Lan Technical Training S.A.: It provides training services to the aviation and other industries.

Concesionaria Chucumata S.A.: It engages in the execution, construction, concession and rendering of services to air terminals.

The investment activity in associates accounted for using the equity method is:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Initial balance	<u>1,389</u>	<u>1,484</u>
Share in earnings	61	199
Share in items from previous periods	(52)	-
Dividends received	<u>(120)</u>	<u>(136)</u>
Total changes in investments in associates	<u>(111)</u>	<u>63</u>
Final balance	<u>1,278</u>	<u>1,547</u>

The Company recognizes the profit or loss on its investments in associates monthly in the consolidated statement of income, using the equity method.

NOTE 18 – INTANGIBLE ASSETS

(a) Composition and activity of intangible assets

Intangible assets are described below:

<u>Type of intangible assets (net)</u>	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Goodwill (net)	62,884	62,927
Identifiable intangible assets (net)	<u>27,213</u>	<u>27,447</u>
Total	<u>90,097</u>	<u>90,374</u>

<u>Type of intangible assets (gross)</u>	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$

Goodwill (gross)	62,884	62,927
Identifiable intangible assets (gross)	<u>51,286</u>	<u>49,389</u>
Total	<u>114,170</u>	<u>112,316</u>

As of March 31, 2009

	Data Processing Software (net)	Other assets (net)	Total (net)
	KUS\$	KUS\$	KUS\$
Initial balance	26,382	1,065	27,447
Additions	1,951	-	1,951
Retirements	(54)	-	(54)
Amortization	<u>(2,101)</u>	<u>(30)</u>	<u>(2,131)</u>
Final balance	<u>26,178</u>	<u>1,035</u>	<u>27,213</u>

As of March 31, 2008

	Data Processing Software (net)	Other assets (net)	Identifiable intangible assets (net)
	KUS\$	KUS\$	KUS\$
Initial balance	24,348	965	25,313
Additions	1,896	419	2,315
Disposal through sale of business	-	(961)	(961)
Amortization	<u>(1,537)</u>	<u>(7)</u>	<u>(1,544)</u>
Final balance	<u>24,707</u>	<u>416</u>	<u>25,123</u>

Intangible assets with a defined useful life consist mainly of computer software that have been purchased entirely from third parties. The Company has defined a useful life of 4 to 7 years for these assets. Other identifiable intangible assets are amortized on a straight-line basis over a period of 10 years.

The Company appraises its intangibles at the acquisition cost and the amortization is made on a straight-line basis over the estimated useful lives. The amortization in each period is recognized in the integral statement of income. The cumulative amortization of data processing software was KUS\$23,924 at March 31, 2009 (KUS\$21,823 at December 31, 2008). The cumulative amortization of other identifiable intangible assets was KUS\$149 at March 31, 2009 (KUS\$119 at December 31, 2008).

(b) **Goodwill**

The Company has allocated goodwill to the cash generating unit: air transport.

The recovery from a CGU is determined by calculating the value in use. These calculations are obtained from the pre-tax cash flow based on assumptions covering a period of 5 years. Cash flows beyond 5 years are extrapolated using growth rate estimates below the mean growth rate.

Management has not seen signs of impairment of goodwill and has no other intangible assets with an undefined useful life.

Goodwill activity

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Initial balance	62,927	63,544
Retirement due to business disposal	-	(555)
Decrease in foreign currency conversion	<u>(43)</u>	<u>(5)</u>
Final balance	<u>62,884</u>	<u>62,984</u>

NOTE 19 – PROPERTY, PLANT AND EQUIPMENT

(a) The table below provides an itemization and activity of the different categories of property, plant and equipment:

	<u>Gross property, plant & equipment</u>		<u>Cumulative depreciation</u>		<u>Net property, plant & equipment</u>	
	At March 31,	At December	At March 31,	At December	At March 31,	At December
	<u>2009</u>	<u>31. 2008</u>	<u>2009</u>	<u>31. 2008</u>	<u>2009</u>	<u>31. 2008</u>
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
Constructions under way	207,094	267,844	--	--	207,094	267,844
Land	35,557	35,538	--	--	35,557	35,538
Buildings	94,808	94,792	(17,106)	(16,582)	77,702	78,210
Plant and equipment	3,863,445	3,779,640	(700,242)	(699,729)	3,163,203	3,079,911
IT equipment	77,860	75,756	(60,801)	(59,420)	17,059	16,336
Fixed installations and accessories	40,840	40,118	(19,012)	(18,091)	21,828	22,027
Motor vehicles	2,739	2,654	(1,861)	(1,845)	878	809
Improvement of leased assets	66,100	59,428	(15,893)	(12,879)	50,207	46,549
Other property, plant and equipment	<u>864,789</u>	<u>709,116</u>	<u>(345,312)</u>	<u>(290,277)</u>	<u>519,477</u>	<u>418,839</u>
TOTAL	<u>5,253,232</u>	<u>5,064,886</u>	<u>(1,160,227)</u>	<u>(1,098,823)</u>	<u>4,093,005</u>	<u>3,966,063</u>

b) As of March 31, 2009

	Construction underway	Land	Buildings (net)	Plant and equipment (net)	IT Equipment (net)	Fixed installations and accessories (net)	Motor vehicles (net)	Improvement in leased assets (net)	Other property, plant and equipment (net)	Property, plant and equipment (net)
	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
Initial balance as of January 1, 2009	<u>267,844</u>	<u>35,538</u>	<u>78,210</u>	<u>3,079,911</u>	<u>16,336</u>	<u>22,027</u>	<u>809</u>	<u>46,549</u>	<u>418,839</u>	<u>3,966,063</u>
Additions	18,615	19	17	223,265	2,001	675	113	-	6,024	250,729
Disposals	-	-	-	-	-	-	-	-	-	-
Retirements	-	-	-	(91)	-	(5)	-	-	(210)	(306)
Depreciation expenses	-	-	(531)	(51,059)	(1,373)	(934)	(39)	(3,015)	(8,770)	(65,721)
Increases (decreases) in currency exchange	72	-	6	(1,990)	95	65	(5)	-	(31)	(1,788)
Other increases (decreases)	<u>(79,437)</u>	-	-	<u>(86,833)</u>	-	-	-	<u>6,673</u>	<u>103,625</u>	<u>(55,972)</u>
Total changes	<u>(60,750)</u>	<u>19</u>	<u>(508)</u>	<u>83,292</u>	<u>723</u>	<u>(199)</u>	<u>69</u>	<u>3,658</u>	<u>100,638</u>	<u>126,942</u>
Final balance	<u>207,094</u>	<u>35,557</u>	<u>77,702</u>	<u>3,163,203</u>	<u>17,059</u>	<u>21,828</u>	<u>878</u>	<u>50,207</u>	<u>519,477</u>	<u>4,093,005</u>

c) As of March 31, 2008

	Construction underway	Land	Buildings (net)	Plant and equipment (net)	IT Equipment (net)	Fixed installations and accessories (net)	Motor vehicles (net)	Improvement in leased assets (net)	Other property, plant and equipment (net)	Property, plant and equipment (net)
	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
Initial balance as of January 1, 2008	<u>424,747</u>	<u>23,564</u>	<u>80,059</u>	<u>2,418,308</u>	<u>17,262</u>	<u>23,361</u>	<u>985</u>	<u>20,620</u>	<u>440,542</u>	<u>3,449,448</u>
Additions	70,873	4	148	64,807	993	437	44	-	2,646	139,952
Disposals	-	-	-	(70)	-	-	-	-	-	(70)
Transfers to (from) non-current assets and groups	-	-	-	(1,715)	-	-	-	-	-	(1,715)
Disposals by sale of business	(12)	-	-	(118)	(128)	(1,678)	-	-	(64)	(2,000)
Retirements	-	-	-	(1,548)	(5)	-	-	-	(206)	(1,759)
Depreciation expenses	-	-	(558)	(40,366)	(1,461)	(827)	(60)	(1,264)	(8,242)	(52,778)
Increases (decreases) in currency exchange	-	-	-	1	14	316	-	-	1	332
Other increases (decreases)	<u>(13,835)</u>	-	-	<u>9,571</u>	<u>(59)</u>	<u>78</u>	-	-	<u>644</u>	<u>(3,601)</u>
Total changes	<u>57,026</u>	<u>4</u>	<u>(410)</u>	<u>30,562</u>	<u>(646)</u>	<u>(1,674)</u>	<u>(16)</u>	<u>(1,264)</u>	<u>(5,221)</u>	<u>78,361</u>
Final balance	<u>481,773</u>	<u>23,568</u>	<u>79,649</u>	<u>2,448,870</u>	<u>16,616</u>	<u>21,687</u>	<u>969</u>	<u>19,356</u>	<u>435,321</u>	<u>3,527,809</u>

d) Fleet Composition

Aircraft owned by the Company:

<u>Aircraft</u>	<u>Model</u>	<u>Use</u>	As of March 31, <u>2009</u>	As of December 31, <u>2008</u>
Boeing 737	200ADV	Passenger (*)	4	4
Boeing 737	200ADV	Cargo (*)	1	1
Boeing 767	300ER	Passenger	15	14
Boeing 767	300F	Cargo	8	8
Boeing 767	200ER	Passenger (**)	1	1
Airbus A318	100	Passenger	15	15
Airbus A319	100	Passenger	20	17
Airbus A320	200	Passenger	16	16
Airbus A340	300	Passenger	<u>4</u>	<u>4</u>
Total			<u>84</u>	<u>80</u>

(*) Leased to Sky Service S.A.

(**) Leased to Aerovias de Mexico S.A.

Leased aircraft:

<u>Aircraft</u>	<u>Model</u>	<u>Use</u>	As of March 31, <u>2009</u>	As of December 31, <u>2008</u>
Boeing 767	300ER	Passenger	11	12
Boeing 767	300F	Cargo	1	1
Airbus A320	200	Passenger	2	2
Airbus A340	300	Passenger	<u>1</u>	<u>1</u>
Total			<u>15</u>	<u>16</u>
Total Fleet			<u>99</u>	<u>96</u>

The debit against income for depreciation in the period shown in the consolidated statement of income totaled KUS\$65,721 (KUS\$52,778 at March 31, 2008).

(e) Method used to depreciate property, plant and equipment.

	<u>Depreciation method</u>	<u>Useful life</u>	
		<u>Minimum</u>	<u>Maximum</u>
Buildings	Straight-line method with no residual value	10	50
Plants and equipment	Straight-line method with 20% residual value in the Airbus fleet and 36% in the Boeing fleet	5	20
IT equipment	Straight-line method with no residual value	5	10
Fixed installations and accessories	Straight-line method with no residual value	10	10
Motor vehicles	Straight-line method with no residual value	10	10
Improvements of leased assets	Straight-line method with no residual value	5	5
Other property, plant and equipment	Straight-line method with no residual value	3	10

(f) Additional information on property, plant and equipment

(i) Property, plant and equipment given in guarantee:

These are direct guarantees granted because of the purchase of aircraft and they are shown at the net carrying value of the relevant assets. The Company sold its interest in Linnet Leasing Limited, a permanent establishment, in the period ending March 31, 2009. Therefore, the direct guarantees associated with 4 airbus A320 aircraft were eliminated. In the period ending March 31, 2009, direct guarantees were added for 3 Airbus A319 and 1 Boeing 767-300 aircraft that were added to the fleet. By way of supplemental information, debt totaling KUS\$1,824,952 was outstanding at March 31, 2009 at the effective rate for the assets given in guarantee and KUS\$1,792,902 at December 31, 2008. There are also indirect guarantees associated with assets accounted for in property, plant and equipment that as a whole have a carrying value of KUS\$377,161 at March 31, 2009 and KUS\$37,537 at December 31, 2008.

Description of property, plant and equipment given in guarantee:

As of March 31, 2009

KUS\$

Wilmington Trust Company – 14 aircraft	1,046,621
BNP Paribas – 32 aircraft	947,814
ING – 1 aircraft	85,068
Calyon – 2 aircraft	56,844
GPA Group PLC – spare parts	<u>331</u>
Total	<u>2,136,678</u>

As of December 31, 2008

KUS\$

Wilmington Trust Company – 14 aircraft	1,058,606
BNP Paribas – 29 aircraft	852,733
Calyon – 6 aircraft	163,843
GPA Group PLC – spare parts	<u>331</u>
Total	<u>2,075,513</u>

(ii) Commitments and Other

Disbursements for property, plant and equipment in the process of construction totaled KUS\$18,615 at March 31, 2009 (KUS\$70,873 at March 31, 2008).

Below are the assets that have been fully depreciated and future purchase commitments:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Gross carrying value of any fully depreciated property, plant and equipment still in use (1)	47,402	49,046
Commitments in the acquisition of property, plant and equipment (2)	7,130,000	7,390,000

(1) These amounts pertain mainly to ground support and computer equipment.

(2) Aircraft purchase commitments.

At March 31, 2009, 15 airbus aircraft in the A320 family were pending delivery between 2010 and 2011 under the different aircraft purchase agreements with Airbus S.A.S. According to the manufacturer's price list, the amount is approximately KUS\$970,000.

As of March 31, 2009, a total of 7 B767-300ER aircrafts were pending delivery before December 2012 under the Aircraft Purchase Agreements with the Boeing Company, 2 B777-Freighters deliverable in 2011 and 2012 and 26 B787 Dreamliners deliverable between 2014 and 2019. The amount is approximately KUS\$6,160,000 according to

the manufacturer's price list. The Company also holds purchase options for 2 B767-300 ER Aircraft and 15 B787 Dreamliner aircrafts.

(iii) **Cost of compounded interest in property, plant and equipment**

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Compounding rate of compounded interest costs	5.3%	5.3%
Compounded interest costs	2,104	4,718

(iv) **Lease-purchases**

Lease-purchases break down as follows:

Lessor	Aircraft	Use	As of March 31, 2009	As of December 31, 2008
Condor Leasing LLC	Boeing 767	Passenger	2	2
Condor Leasing LLC	Boeing 767	Cargo	1	1
Bluebird Leasing LLC	Boeing 767	Cargo	2	2
Eagle Leasing LLC	Boeing 767	Passenger	1	1
Eagle Leasing LLC	Boeing 767	Cargo	1	1
Seagull Leasing LLC	Boeing 767	Cargo	1	1
Linnet Leasing Limited	Airbus 320	Passenger	4	-
Total			12	8

Property, plant and equipment acquired under lease-purchases are classified in other property, plant and equipment. At March 31, 2009, the Company accounted for 12 aircraft and 1 spare engine in this line (8 aircraft and 1 spare engine at December 31, 2008). The parent company increased its number of leased aircraft by 4 Airbus A320 in comparison to December 31, 2008, because it sold its interest in Linnet Leasing Limited in March 2009.

The net value of lease-purchase assets was KUS\$483,389 at March 31, 2009 (KUS\$382,530 at December 31, 2008).

The minimum payments under lease-purchases are:

As of March 31, 2009

	<u>Gross</u>	<u>Interest</u>	<u>Present value</u>
	KUS\$	KUS\$	KUS\$
Not exceeding one year	71,304	5,429	65,875

Exceeding one year but less than five years	229,652	20,785	208,867
More than five years	<u>64,187</u>	<u>2,525</u>	<u>61,662</u>
Total	<u>365,143</u>	<u>28,739</u>	<u>336,404</u>

As of December 31, 2008

	<u>Gross</u>	<u>Interest</u>	<u>Present value</u>
	KUS\$	KUS\$	KUS\$
Not exceeding one year	64,300	7,355	56,945
Exceeding one year but less than five years	<u>208,608</u>	<u>18,736</u>	<u>189,872</u>
Total	<u>272,908</u>	<u>26,091</u>	<u>246,817</u>

Contingent rent under lease-purchases debited to income in the period ending March 31, 2009 totaled KUS\$1,292 (KUS\$2,865 at March 31, 2008).

NOTE 20 – DEFERRED TAXES

Deferred tax assets and liabilities are offset when the right to offset the assets and liabilities for current taxes is legally recognized and the deferred taxes are owed to the same tax authority. Deferred tax balances break down as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$	KUS\$	KUS\$
Depreciation	(448)	(442)	176,968	166,528
Amortization	11	27	30,189	29,858
Provisions	1,992	1,858	14,824	(2,224)
Post-employment benefit obligations	303	194	(743)	(659)
Revaluation of financial instruments	-	-	(50,266)	(61,817)
Fiscal losses	4,942	10,182	-	-
Other	<u>387</u>	<u>766</u>	<u>12,185</u>	<u>35,686</u>
Total	<u>7,187</u>	<u>12,585</u>	<u>183,157</u>	<u>167,372</u>

Unrecognized deferred tax assets were:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Temporary differences	2,152	2,152
Fiscal losses	<u>2,426</u>	<u>1,972</u>
Total unrecognized deferred tax assets	<u>4,578</u>	<u>4,124</u>

Deferred tax assets arising from negative tax bases pending set-off are recognized when it is likely that the corresponding fiscal benefit will be realized through future fiscal benefits. The company has unrecognized deferred tax assets totaling KUS\$2,426 (KUS\$1,972 at December 31, 2008) offsettable against losses totaling around KUS\$8,090 (KUS\$6,700 at December 31, 2008) that will be offset in future fiscal years against fiscal benefits. Losses amounting to KUS\$481 will expire in 2009, associated with losses that are provisioned in whole or in part.

Deferred tax liability activity was:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Initial balance	167,372	171,046
Increase (decrease) in deferred tax liabilities	<u>15,785</u>	<u>8,611</u>
Final balance of deferred tax liabilities	<u>183,157</u>	<u>179,657</u>

Deferred tax expenses (income) and income tax as of March 31, 2009 and 2008 are allocable as follows:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Expenses for current taxes on gains		
Current tax expense	2,598	6,077
Adjustments to current taxes in the previous period	860	-
Other current tax expenses	<u>(39)</u>	<u>133</u>
Total net current tax expense	<u>3,419</u>	<u>6,210</u>

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Expenses for deferred taxes on gains		
Deferred expense (income) for taxes relating to the creation and reversal of temporary differences	9,171	15,464
Reduction in value of deferred tax assets during the evaluation of utility	<u>454</u>	<u>2,291</u>
Total net deferred tax expense	<u>9,625</u>	<u>13,173</u>
Expense because of gains tax	<u>13,044</u>	<u>19,383</u>

The composition of gains tax expenses (income) was:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Current tax expense, net, foreign	2,139	156
Current tax expense, net, local	<u>1,280</u>	<u>6,054</u>
Current tax expense, net, total	<u>3,419</u>	<u>6,210</u>
Deferred tax expense, net, foreign	5,448	308
Deferred tax expense, net, local	<u>4,177</u>	<u>12,865</u>
Deferred tax expense, net, total	<u>9,625</u>	<u>13,173</u>
Gains tax expense	<u>13,044</u>	<u>19,383</u>

The conciliation of tax expenses at the legal rate to tax expenses at the effective rate was:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Taxable expense using the legal rate	<u>13,270</u>	<u>20,232</u>
Tax effect of rates in other jurisdictions	1,367	3,125
Tax effect of non-taxable ordinary income	(2,266)	(1,967)
Tax effect of expenses that are not tax deductions	195	332
Tax effect of using fiscal losses not previously recognized	454	(2,291)
Other increases (decreases) in charges for legal taxes	<u>24</u>	<u>(48)</u>
Total adjustments to tax expense using the legal rate	<u>(226)</u>	<u>(849)</u>
Tax expense using the effective rate	<u>13,044</u>	<u>19,383</u>

The conciliation of the legal tax rate to the effective tax rate was:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Legal tax rate	<u>17.00</u>	<u>17.00</u>
Effect rate in other jurisdictions on tax rate	1.75	2.63
Effect of non-taxable ordinary income on tax rate	(2.90)	(1.65)
Effect of non-deductible expenses on tax rate	0.25	0.28
Effect of using previously unrecognized fiscal losses on tax rate	0.58	(1.92)
Other increases (decreases) in legal tax rate	<u>0.03</u>	<u>(0.05)</u>
Total adjustment in legal tax rate	<u>(0.29)</u>	<u>(0.71)</u>
Total effective tax rate	<u>16.71</u>	<u>16.29</u>

Below are the deferred taxes relative to items debited against net equity:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Aggregate deferred taxation in items debited against net equity	<u>(11,551)</u>	<u>3,992</u>
Total deferred taxation in items debited against net equity	<u>(11,551)</u>	<u>3,992</u>

The effects of deferred taxes on the components of other integral income:

	<u>As of March 31, 2009</u>		
	<u>Income before taxes</u>	Expense (income) for <u>gains tax</u>	<u>Income after taxes</u>
	KUS\$	KUS\$	KUS\$
Cash flow hedging	295,680	(50,266)	245,414

	<u>As of December 31, 2008</u>		
	<u>Income before taxes</u>	Expense (income) for <u>gains tax</u>	<u>Income after taxes</u>
	KUS\$	KUS\$	KUS\$
Cash flow hedging	363,630	(61,817)	301,813

NOTE 21 – INTEREST-BEARING LOANS

Bank debt and debt securities:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current		
Bank loans	3,405	6,752
Secured obligations	216,226	214,031
Lease-purchases	76,164	63,212
Other loans	<u>267</u>	<u>33</u>
Total current	<u>296,062</u>	<u>284,028</u>
Non-current		
Bank loans	39,434	-
Secured obligations	1,904,895	1,898,070
Lease-purchases	260,240	183,607
Other loans	<u>41,603</u>	<u>6,182</u>
Total non-current	<u>2,246,172</u>	<u>2,087,859</u>
Total bank debt	<u>2,542,234</u>	<u>2,371,887</u>

The carrying value of outside resources is close to the fair value:

The carrying value of outside resources is expressed in the following currencies:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
U.S. dollars	2,502,765	2,371,887
Chilean peso	<u>39,469</u>	-
Total	<u>2,542,234</u>	<u>2,371,887</u>

NOTE 22 – OTHER FINANCIAL LIABILITIES

Other financial liabilities are broken down below as of March 31, 2009 and December 31, 2008.

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current		
Derivative currency flow	5,075	1,345
Non-current		
Fleet financing (JOL)	<u>288,785</u>	<u>285,313</u>
Total	<u>293,860</u>	<u>286,658</u>

NOTE 23 – TRADE PAYABLES AND OTHER ACCOUNTS PAYABLE

Trade payables and other accounts payable are broken down below as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current		
Trade payables	331,865	298,067
Lease liabilities	7,736	7,808
Other accounts payable	<u>89,759</u>	<u>83,775</u>
Total	<u>429,360</u>	<u>389,650</u>
Non-current		
Other accounts payable	<u>72,002</u>	<u>90,000</u>
Total	<u>72,002</u>	<u>90,000</u>
Total	<u>501,362</u>	<u>479,650</u>

NOTE 24 – PROVISIONS

Provisions are itemized below as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current provisions		
Provisions for legal claims (1)	<u>975</u>	<u>2,217</u>
Total	<u>975</u>	<u>2,217</u>
Non-current provisions		
Provision for legal claims (1)	1,362	1,344
Provision for European Commission Investigation (2)	<u>25,000</u>	<u>25,000</u>
Total	<u>26,362</u>	<u>26,344</u>
Total	<u>27,337</u>	<u>28,561</u>

(1) This represents a provision for certain claims filed against the Company by former employees, regulatory agencies and other persons. The charge for the provision is recognized in the consolidated statement of income within selling, general and administrative expenses. The balance current as of March 31, 2009 is expected to be applied during the course of the 2009 fiscal year.

(2) This provision was established because of proceedings under way by the European Commission for eventual antitrust infringements on the air cargo market.

	<u>Legal claims</u>	<u>European Commission Research</u>	<u>Total</u>
	KUS\$	KUS\$	KUS\$
Total provision, initial balance	3,561	25,000	28,561
Increase in existing provisions	188	-	188
Provision used	<u>(1,412)</u>	-	<u>(1,412)</u>
Total provision, final balance	<u>2,337</u>	<u>25,000</u>	<u>27,337</u>

NOTE 25 – OTHER LIABILITIES

Other liabilities break down as follows as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current		
Dividends payable	22,068	105,330
Other guarantees received	3,713	1,620
Other miscellaneous liabilities	<u>687</u>	<u>2,814</u>
Total	<u>26,468</u>	<u>109,764</u>
Non-current		
Aircraft and engine maintenance	30,933	37,007
Vacation and bonuses provision	6,087	6,699
Other miscellaneous liabilities	<u>3,963</u>	<u>3,958</u>
Total	<u>40,983</u>	<u>47,664</u>

NOTE 26 – POST-EMPLOYMENT BENEFIT LIABILITIES

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Non-current		
Retirement benefits	2,198	2,121
Resignation benefits	1,019	863
Other benefits	<u>1,210</u>	<u>881</u>
Total non-current	<u>4,427</u>	<u>3,865</u>

Debits in the income statement:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Retirement benefits	78	811
Resignation benefits	155	171
Other benefits	<u>329</u>	<u>221</u>
Total	<u>562</u>	<u>1,203</u>

(a) Retirement benefits

Retirement benefits break down as follows:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Initial balance	3,865	4,082
Cost of current services	562	1,612
Benefits paid	-	<u>(409)</u>
Final balance	<u>4,427</u>	<u>5,285</u>

(b) Short-term benefit

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Share in profits and bonuses	<u>16,188</u>	<u>39,014</u>

The types of expenses per employee were as follows:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Wages and salaries	103,839	114,595
Short-term benefits for employees	19,927	13,725
Expense of post-employment benefit liabilities	78	811
Severance benefits	4,949	4,429
Transactions with stock-based payments	148	190
Other long-term benefits	424	392
Other personnel expenses	<u>18,714</u>	<u>19,204</u>
Total	<u>148,079</u>	<u>153,346</u>

NOTE 27 – HEDGE LIABILITIES

Hedge liabilities break down as follows as of March 31, 2009 and December 31, 2008:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Current		
Interest rate cash flow hedge	23,483	19,491
Currency cash flow hedge	537	-
Fuel price cash flow hedge	<u>106,772</u>	<u>159,749</u>
Total	<u>130,792</u>	<u>179,240</u>
Non-current		
Interest rate cash flow hedge	141,322	157,872
Currency cash flow hedge	1,074	-
Fuel price cash flow hedge	<u>7,507</u>	<u>10,513</u>
Total	<u>149,903</u>	<u>168,385</u>
Total	<u>280,695</u>	<u>347,625</u>

The foreign currency hedges correspond to a Cross-Currency Swap contracted to hedge the cash flow of debt expressed in Chilean pesos.

NOTE 28 – LIABILITIES ACCRUED ON THE REPORTING DATE

The liabilities accrued as of March 31, 2009 and December 31, 2008 are described below:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Aircraft and engine maintenance	43,151	43,463
Other accounts payable to personnel	24,024	43,825
Accrued personnel expenses	23,951	19,581
Other accrued liabilities	<u>7,965</u>	<u>23,806</u>
Total	<u>99,091</u>	<u>130,675</u>

NOTE 29 – EQUITY

(a) Capital

The capital of the Company is managed and comprised as follows:

The objective of the Company is to maintain an adequate level of capitalization to ensure access to financial markets to conduct its business in the medium and long term and optimize the return to shareholders while maintaining a sound financial position.

At the close of each period, the capital of the Company was KUS\$453,444, divided into 341,000,000 registered common shares in one same series with no par value. There were no special series of shares or preferences. The form of share certificates, issuance, exchange, ruin, misplacement, replacement and other circumstances as well as the transfer of shares will be governed by the Companies Law and the Companies Regulations.

At March 31, 2009 and December 31, 2008, a total of 338,790,909 shares had been fully subscribed and paid in. 2,209,091 shares were reserved for issuance under stock options.

(b) Subscribed and paid-in shares

A total of 341,000,000 common shares with no par value is authorized. 338,790,909 shares have been paid of the total subscribed and 2,209,091 shares have been reserved for issuance under option agreements.

(c) Other reserves

	Translation reserve	Reserve for hedging transactions	Stock option plans	Other reserves	Total
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
As of January 1, 2008	-	(45,425)	-	(52)	(45,477)
Profit (loss) in derivative valuation	-	(23,482)	-	-	(23,482)
Deferred taxes	-	3,992	-	-	3,992
Subsidiaries' translation differences	2,140	-	-	-	2,140
Stock option plans	=	=	<u>190</u>	=	<u>190</u>
Balances as of March 31, 2008	<u>2,140</u>	<u>(64,915)</u>	<u>190</u>	<u>(52)</u>	<u>(62,637)</u>

	Translation reserve	Reserve for hedging transactions	Stock option plans	Other reserves	Total
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
As of April 1, 2008	2,140	(64,915)	190	(52)	(62,637)
Profit (loss) in derivative valuation	-	(285,419)	-	-	(285,419)
Deferred taxes	-	48,521	-	-	48,521
Subsidiaries' translation differences	(8,333)	-	-	-	(8,333)
Stock option plans	=	=	<u>1,611</u>	=	<u>1,611</u>
Balances as of December 31, 2008	<u>(6,193)</u>	<u>(301,813)</u>	<u>1,801</u>	<u>(52)</u>	<u>(306,257)</u>

	Translation reserve	Reserve for hedging transactions	Stock option plans	Other reserves	Total
	KUS\$	KUS\$	KUS\$	KUS\$	KUS\$
As of January 1, 2009	(6,193)	(301,813)	1,801	(52)	(306,257)
Profit (loss) in derivative valuation	-	67,950	-	-	67,950
Deferred taxes	-	(11,551)	-	-	(11,551)
Subsidiaries' translation differences	(1,758)	-	-	-	(1,758)
Stock option plans	-	-	148	-	148
Legal reserves	=	=	=	<u>65</u>	<u>65</u>
Balances as of March 31, 2009	<u>(7,951)</u>	<u>(245,414)</u>	<u>1,949</u>	<u>13</u>	<u>(251,403)</u>

(d) Retained earnings

The activity in retained earning reserves was as follows:

	KUS\$
As of January 1, 2008	485,721
Profit (loss) in the period	99,629
Dividends	<u>(27,327)</u>
Balance as of March 31, 2008	<u>558,023</u>

	KUS\$
As of April 1, 2008	558,023
Profit (loss) in the period	236,852
Dividends	<u>(180,287)</u>
Balance as of December 31, 2008	<u>614,588</u>

	KUS\$
As of January 1, 2009	614,588
Profit (loss) in the period	65,014
Dividends	<u>(21,739)</u>
Balance as of March 31, 2009	<u>657,863</u>

e) Dividends per share

As of March 31, 2009

<u>Description of Dividend</u>	<u>Mandatory minimum dividend</u>
Dividend date	03-31-2009
Value of dividend (KUS\$)	21,739
Number of shares on which dividend is calculated	338,790,909
Dividend per share (US\$)	0.06417

As of December 31, 2008:

<u>Description of Dividend</u>	<u>Final dividends in 2007</u>	<u>Interim dividends in 2008</u>	<u>Interim dividends in 2008</u>
Dividend date	04-10-2008	07-29-2008	12-23-2008
Value of dividend (KUS\$)	5,827	96,786	105,001
Number of shares on which dividend is calculated	338,790,909	338,790,909	338,790,909
Dividend per share (US\$)	0.01720	0.28568	0.30993

The company has established a dividend policy where dividends must be equal to the minimum required by law, i.e. 30% of profits at this time. This does not mean that dividends above the obligatory minimum may eventually be distributed in view of the particularities and de facto circumstances that may be present during the course of the year.

At March 31, 2009, minimum obligatory dividends for 30% of the company's profits were provisioned. This amount was accounted for in other current liabilities.

(e.1) Translation reserves

Translation reserves are set up because of the translation differences occurring in the conversion of a net investment in foreign entities (or national entities using a different functional currency than that of the parent) and from loans and other instruments in a foreign currency designated as hedging for those investments. They are recorded in net equity. These reserves are recognized in the consolidated statement of income as part of the loss or gain on the sale or disposal of all or part of the investment at the time it is sold or disposed of.

(e.2) Hedge transaction reserves

These reserves are created because of the fair value appraisal of outstanding derivatives defined as hedges at the close of each period. They are recorded in net equity. As those contracts expire, these reserves must be adjusted and recognized in income.

(e.3) Reserves for stock option plans

As described in Note 39, the restrictions in stock options relate to the period when they must be exercised, which runs from July 1, 2009 for 30% of the stock options that have been signed through September 30, 2011, this latter date being the deadline for the exercise of all stock options signed thus far to date.

(e.4) Other miscellaneous reserves

The balance of other miscellaneous reserves is comprised as follows:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Reserve for adjustment to value of property, plant and equipment	2,620	2,620
Share issue and placement cost (1)	<u>(2,672)</u>	<u>(2,672)</u>
Total	<u>(52)</u>	<u>(52)</u>

(1) According to Circular No. 1,736 of the Securities and Insurance Commission, the cost of share issuance and placement must be deducted from paid-in capital under approval of the next special shareholders' meeting held by the parent company.

NOTE 30 – ORDINARY INCOME

Ordinary income is broken down below as of March 31, 2009 and 2008:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Passenger	651,594	696,459
Cargo	<u>196,681</u>	<u>290,610</u>
Total	<u>848,275</u>	<u>987,069</u>

NOTE 31 – FINANCIAL COSTS

Financial costs are described below as of March 31, 2009 and 2008:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Interest on bank loans	28,801	23,024
Lease-purchases	1,555	2,865
Other financial instruments	<u>21,731</u>	<u>17,254</u>
Total	<u>52,087</u>	<u>43,143</u>

NOTE 32 – GAINS (LOSSES) ON THE SALE OF NON-CURRENT ASSETS NOT HELD FOR SALE

The gains (losses) on non-current assets not held for sale broke down as follows as of March 31, 2009 and 2008:

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Property, plant and equipment	(149)	(866)
Investments in subsidiaries, associates and business combinations	=	<u>1,636</u>
Total	<u>149</u>	<u>770</u>

NOTE 33 – OTHER OPERATING INCOME

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Duty free	2,480	5,847
Plane lease	6,381	11,448
Logistics and courier	8,303	8,595
Customs and storage	3,729	6,626
Tours	8,698	1,146
Income from financial investments	6,986	556
Other miscellaneous income	<u>4,308</u>	<u>10,811</u>
Total	<u>40,885</u>	<u>45,029</u>

NOTE 34 – TRANSLATION DIFFERENCES

Translation differences were recognized in income, except for financial instruments measured at fair value through profit or loss. On a cumulative basis as of March 31, 2009 and 2008, this represented a credit of KUS\$9,589 and KUS\$13,675, respectively.

Translation differences recognized in equity as translation reserves resulted in a debit of KUS\$1,758 as of March 31, 2009 and a credit of MUS\$2,140 as of March 31, 2008, on a cumulative basis.

Below are the exchange rates for the American dollar at the close of each period:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Chilean peso	583.26	636.45
Argentine peso	3.72	3.45
Brazilian real	2.32	2.34
New sol (Peru)	3.15	3.14
Australian dollar	1.44	1.45
Bolivar (strong)	2.14	2.14
Bolivian	6.97	6.97
Uruguayan peso	24.00	24.25
Mexican peso	14.19	13.82
Colombian peso	2,547.25	2,246.16
New Zealand dollar	1.75	1.73
Euro	0.75	0.71

NOTE 35 – EARNINGS PER SHARE

As of March 31, 2009

As of March 31, 2008

Profit attributable to equity holders of the parent (KUS\$)	65,014	99,629
Weighted average of number of shares, basic	338,790,909	338,790,909
Basic earnings per share (US\$)	0.191900	0.294072

The Company has taken into account the effect that stock options will have on earnings per share and has reached the conclusion that it does not dilute those earnings because the share value is less than the option strike price.

NOTE 36 - CONTINGENCIES

a) Lawsuits

a1) Lawsuits filed by Lan Airlines S.A. and Subsidiaries

Company	Court	Case Number	Origin	Stage of process and instance	Amounts Committed MUSS
Atlantic Aviation Investments LLC (AAI)	Supreme Court of the State of New York, County of New York	07-6022920	Atlantic Aviation Investments LLC, a subsidiary of Lan Airlines S.A. organized under the laws of the State of Delaware sued Varig Logistica, S.A. ("Varilog"), for failure to pay four loans set down in loans agreement governed by the law of New York. Such agreements stipulate the acceleration of the loans in case of sale of the original debtor, VRG Linhas Aereas S.A.	In the enforcement stage in Switzerland. The ruling condemned Varilog to pay the loan principal in favor of AAI. A final determination by the New York court of interest and costs is pending to proceed with enforcement in Switzerland. The garnishment of Varilog's bank account in Switzerland by AAI remains in place.	17,100

a2) Lawsuits against Lan Airlines S.A. and Subsidiaries

Aerolinhas Brasileiras S.A.	Ministry of Finance of the State of Rio de Janeiro	2003	The administrative authority of Rio de Janeiro, Brazil, notified a breach or fine for the alleged failure to pay VAT (ICMS) in relation to the import of the B-767 aircraft, license PR-ABB.	The resolution of the Review Board voiding the fine is pending.	3,000
Lan Airlines S.A.	Labor Court, Buenos Aires, Argentina	--	Labor claim filed by a former Customs Agent alleging a labor relationship with Lan Airlines S.A.	Evidentiary period.	624
Lan Cargo S.A.	Civil Court of Asuncion, Paraguay	78-362	Damage compensation claim filed by its former General Agent in Paraguay.	An appeal is pending against the resolution that dismissed one of the motions for obvious inaction, made by the respondent's attorneys.	437
Lan Airlines S.A.	10th Room of the Federal Court of Fiscal and Administrative Justice (TFJFA)	2995007-17/10/2007	Invalidity suit filed against the SAT resolution, confirming the validity of fiscal loans since the seals of the bank were considered to be "false" where SENEAM (Mexican Air Space Navigation Service) presented payments.	The invalidity claim was filed and accepted for processing by the TFJFA. Currently, it is in the evidentiary period.	200
Lan Airlines S.A.	2nd Labor Court, Santiago, Chile	354-2008	Claim filed by the Workers Union (Maintenance) of Lan Airlines S.A. seeking payment of salary differentials, based on alleged default of the clause in the collective agreement regulating salary adjustments.	First instance ruling is pending.	Undetermined
Lan Airlines S.A. and Lan Cargo S.A.	European Commission, Canada, New Zealand and South Korea	--	Investigation of alleged antitrust practice of cargo airlines, in particular regarding the fuel surcharge. On December 26, 2007, the Competition Directorate-General of the European Commission notified Lan Cargo S.A. and Lan Airlines S.A. of the process against 25 cargo airlines, including Lan Cargo S.A., for alleged antitrust breaches on the European aviation cargo market, specially alleged fuel and freight surcharge price-fixing. It is not possible to predict the outcome of this process based on the actual status of the proceedings and information provided by outside counsel in Europe.	Answer sent on April 14, 2008 to the EC notification.	Undetermined
Lan Cargo S.A. and Lan Airlines S.A.	Court with class action jurisdiction in USA and Canada	--	As a result of the investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Class actions have been filed.	Undetermined
Lan Logistics, Corp.	Federal Court of Florida, USA	--	In mid-2008, a claim was filed for the right to a purchase option for the sale of LanBox.	In the stage of evidence discovery. Both parties have filed summary motions, which are pending.	Undetermined
Aerolinhas Brasileiras S.A.	Court with class action jurisdiction in USA	--	As a result of the investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Investigation pending.	Undetermined
Aerolinhas Brasileiras S.A.	Administrative Council of Economic Defense	--	Investigation of alleged antitrust practice of cargo airlines, in particular the fuel surcharge.	Investigation pending.	Undetermined

As of March 31, 2009, the Company has considered that there is no need to establish provisions for these cases given the stage of the process and/or the unlikelihood of an adverse ruling. Nonetheless, a provision of US\$25 million was established for the case under investigation by the European Union regarding a possible infringement of the antitrust regulations in relation to a good number of international cargo airlines (including Lan Cargo S.A., a LAN subsidiary) charging fuel and other surcharges on the European air cargo markets.

NOTE 37 – COMMITMENTS

(a) Commitments under loans

Limits have been established on some financial indicators of the parent company on a consolidated basis under the different contracts made by Lan Airlines S.A. to finance the Boeing 767 Aircraft under the guarantee of the U.S. Export-Import Bank. Restrictions have been established on the Company's management under these same agreements in terms of share composition and disposal of assets. Furthermore, restrictions have also been established on the management of the parent company and its subsidiary, Lan Cargo S.A., in regard to share composition and asset disposal under the diverse contracts made by Lan Cargo S.A. to finance Boeing 767 Aircraft guaranteed by the U.S. Export-Import Bank. Restrictions were established on the parent company in regard to the disposal of receivables similar to those conveyed under a securitization agreement made with Pelican Finance Limited in August 2002. Limits have been established on some financial indicators of the Company under different agreements made by Lan Airlines S.A. to finance Airbus A320 Aircraft under the guarantee of European export credit agencies. These same agreements impose restrictions on the Company's management regarding share composition and asset disposal.

(b) Lessee commitments under operating leases

The main operating leases are itemized below:

Lessor	Aircraft	Use	As of March 31, 2009	As of December 31, 2008
International Lease Finance Corporation	Boeing 767	Passenger	8	8
Orix Aviation Systems Limited	Airbus 320	Passenger	2	2
Celestial Aviation Trading 35 Limited	Boeing 767	Passenger	1	1
MSN 167 Leasing Limited	Airbus 340	Passenger	1	1
Celestial Aviation Trading 16 Limited	Boeing 767	Cargo	1	1
Nordea Finance Sweden PLC	Boeing 767	Passenger	1	1
CIT Aerospace International	Boeing 767	Passenger	1	1
The Boeing Company	Boeing 767	Passenger	-	<u>1</u>
Total			<u>15</u>	<u>16</u>

The portion of rent installments accrued is shown in income.

Future non-cancellable minimum rent payments are:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
One year or less	59,267	58,988
More than one year and less than five years	131,375	139,291
More than five years	<u>3,908</u>	<u>8,266</u>
Total	<u>194,550</u>	<u>206,545</u>

The minimum rent payments recognized in income are:

	<u>As of March 31, 2009</u>	<u>As of December 31, 2008</u>
	KUS\$	KUS\$
Minimum payments under operating leases	<u>15,207</u>	<u>17,696</u>
Total	<u>15,207</u>	<u>17,696</u>

The first B777-Freighter aircraft will be added in April 2009, followed by a second one in May 2009. The lease of a Boeing 767-300, license CC-CGN, will end in September 2009.

The operating leases made by the parent company and its subsidiaries stipulate that aircraft must be maintained according to the manufacturer's technical specifications at the margins agreed upon in the leases, which is a cost assumed by the lessee. The lessee must also carry insurance for each aircraft covering associated risks and the value of the assets involved. Rent payments are unrestricted and cannot be netted against other receivables or payables between the lessor and the lessee.

NOTE 38 - INTERCOMPANY TRANSACTIONS

a) Intercompany transactions at March 31, 2009

Taxpayer Id. No.	Company	Nature of the relationship	Country of origin	Other information on related parties	Nature of intercompany transactions	Value of intercompany transaction KUS\$
96.810.370-9	Inversiones Costa Verde Ltda. y CPA	Controller	Chile	Investments	Building leased	2
96.847.880-K	Lufthansa Lan Technical Training S.A.	Associate	Chile	Training center	Building lease Training received Debt assignment	4 56 4
96.921.070-3	Austral Sociedad Concesionaria S.A.	Associate	Chile	Concessionaire	Aviation fees Basic utilities Aviation fees	29 5 67
96.894.180-1	Bancard Inversiones Ltda.	Other related parties	Chile	Professional assistance	Professional assistance	35
87.752.000-5	Granja Marina	Other related	Chile	Fish farming	Ticket service	9

	Tornagaleones S.A.	parties				
96.669.520-K	Red de Televisión Chilevision S.A.	Other related parties	Chile	Television	Advertising Ticket service	204 220
78.005.760-2	Sociedad de Seguridad Aerea S.A.	Other related parties	Chile	Security services	Security services Other payments	575 1,018

b) Intercompany transactions at March 31, 2008

Taxpayer Id. No.	Company	Nature of the relationship	Country of origin	Other information on related parties	Nature of intercompany transactions	Value of intercompany transaction KUS\$
96.810.370-9	Inversiones Costa Verde Ltda. y CPA	Controller	Chile	Investments	Building leased	15
96.921.070-3	Austral Sociedad Concesionaria S.A.	Associate	Chile	Concessionaire	Aviation fees Basic utilities Aviation concessions Dividend distribution	20 10 72 128
96.778.310-2	Concesionaria Chucumata S.A.	Associate	Chile	Concessionaire	Aviation fees Basic utilities Aviation concessions	5 3 26
96.847.880-K	Lufthansa Lan Technical Training S.A.	Associate	Chile	Training center	Training Debt assignment	37 4
96.888.630-4	Sociedad Concesionaria Aerosur S.A.	Other related parties	Chile	Concessionaire	Aviation fees Aviation fees Basic utilities	42 17 3
56.080.790-2	Asamblea de Comuneros de Valle Escondido	Other related parties	Chile	Other	Other services	15
96.894.180-1	Bancard Inversiones Ltda.	Other related parties	Chile	Professional assistance	Professional assistance	34
96.669.520-K	Red de Televisión Chilevision S.A.	Other related parties	Chile	Television	Ticket service	83
Foreign	Inversora Aeronautica Argentina	Other related parties	Argentina	Investments	Building leased	53

(c) Compensation to key managerial staff.

The Company has defined key staff as executives who define the macro-policies and goals of the company and directly affect the results of the business, considered to be the positions of Vice-President, CEO and Director.

	<u>As of March 31, 2009</u>	<u>As of March 31, 2008</u>
	KUS\$	KUS\$
Compensation	1,592	1,415
Management fees	30	32
Short-term benefits	2,229	1,390
Severance benefits	780	-
Share-based payments	148	190
Other	<u>88</u>	<u>113</u>
Total	<u>4,867</u>	<u>3,140</u>

NOTE 39 – SHARE-BASED PAYMENTS

Compensation plans implemented through stock options have been in place since the fourth quarter of 2007 and are recognized in financial statements according to IFRS 2, Share-Based Payments. The fair value of options is recorded on a straight-line basis against salaries between the date of such options and the date when they become irrevocable.

These options have been formalized in agreements in the proportion shown in the following accrual calendar. This calendar relates to the executive's time of employment on those dates in order to strike the options:

<u>Percentage</u>	<u>Period</u>
30%	From July 1, 2009 through September 30, 2011
30%	From July 1, 2010 through September 30, 2011
40%	From July 1, 2011 through September 30, 2011

These options have been appraised and accounted for at the fair value on the date granted, determined using the Black-Scholes-Merton method.

	<u>Number of Stock Options</u>
Stock option in a share-based payment agreement, balance as of January 1, 2009	1,604,000
Stock options granted	19,000
Stock options annulled	235,000
Stock options in share-based payment agreement balance as of March 31, 2009	-
	<u>1,388,000</u>

Data input to the option appraisal model is provided below that is used in the stock options granted during the period.

Average Weighted Share Price	Strike Price	Expected Volatility	Expected Option Period	Expected Dividends	Risk-Free Interest
US\$8.27	US\$16.1	40.7%	2.5 years	70%	1.12%

NOTE 40 – ENVIRONMENT

No rule in the Environmental Framework Law and supplemental regulations affects the air transport industry.

NOTE 41 – SANCTIONS

(a) By the Securities and Insurance Commission

On July 6, 2007, the Securities and Insurance Commission issued Exempt Resolution No. 306 fining Mr. Juan José Cueto Plaza, Director of Lan Airlines S.A., 1,620 Unidades de Fomento. It concluded that he had infringed the final part of the first subparagraph of Article 165 of Law 18,045 by having purchased shares in Lan Airlines S.A. knowing of the financial statements as of June 30, 2006, but prior to their publication. The Commission gave notice that it decided that there was no use of privileged information because it was proven that knowing that information was not the cause behind the purchase transactions. This resolution was appealed before the 27th Civil Court of Santiago and that appeal was dismissed by resolution of last January 8th, which was notified that same day. Mr. Cueto's attorneys filed a remedy of cassation in form and a remedy of appeal against the decision, both of which were received for processing and are pending.

No other sanctions have been applied against the Parent Company and its subsidiaries, directors or managers by the Securities and Insurance Commission during the period ending March 31, 2009.

(b) Other administrative authorities

No significant sanctions have been applied against the Parent Company and its subsidiaries, directors or administrators by other administrative authorities through March 31, 2009.

NOTE 42 – EVENTS SUBSEQUENT TO THE DATE OF THE BALANCE SHEET

The consolidated financial statements of Lan Airlines S.A. and Subsidiaries must be approved by the Board of Directors of the Company at a regular meeting. They must be presented by the Audit Committee for approval.

The consolidated financial statements of Lan Airlines S.A. and Subsidiaries as of March 31, 2009 were approved by the Regular Board Meeting held May 26, 2009 at which the following directors were present:

Jorge Awad Mehech
Dario Calderón González

Juan José Cueto Plaza
Bernardo Fontaine Talavera
Andrés Navarro Haeussler
Ignacio Guerrero Gutiérrez
Ramón Eblen Kadis
Juan Cueto Sierra

After that date, a Regular Shareholders Meeting held April 17, 2009 gave final approval to the interim dividends paid through that date on account of the 2008 fiscal year.

There is no knowledge of other financial or other events that materially affect the balances or interpretation of these financial statements after March 31, 2009 through the date of issuance.



MATERIAL EVENTS

The following material events were reported to the Securities and Insurance Commission and to Stock Exchanges:

1. The following material event was reported on April 28, 2009, according to article 9 and subparagraph 2 of article 10 of Securities Market Law No. 18,045 and General Rule No. 30 of the Securities and Insurance Commission:

Starting in the first quarter of 2009, according to regulations of the Securities and Insurance Commission, Lan Airlines S.A. will be reporting its results according to IFRS. Lan Airlines S.A. will be one of the first companies in the nation to report its results according to IFRS. The results for the first quarter of 2008 will also be reported under IFRS in order to be comparable.

Therefore, even though the FECU will be sent in the established periods, the Audit Committee and the Board of Lan Airlines S.A. approved, on this date, disclosure of the enclosed financial information as a material event. This information summarizes the Statement of Income and Consolidated Balance Sheet of the company and provides a qualitative explanation of the operating performance in the quarter ending March 31, 2009. Lan has also published an explanation of the main impacts of this transition to IFRS on its 2008 fiscal year results.

Lan Airlines S.A. will provide this financial information to its shareholders, investors and the market at large in order to (i) provide truthful, sufficient and timely information in advance of the disclosure of the FECU in the established deadlines; (ii) deliver financial information to the market, investors and analysts on due dates, like it has in past years; and (iii) keep our shareholders, investors and the market at large adequately informed in view of the reporting by Lan Airlines S.A. according to IFRS starting this year.

Finally, this financial information does not supersede or modify the FECU according to IFRS, which will be submitted for the 2009 quarter in the deadline established by the Securities and Insurance Commission.

2. The following material event was reported on March 3, 2009, according to article 9 and subparagraph 2 of article 10 of Securities Market Law No. 18,045 and General Rule No. 30 of the Securities and Insurance Commission:

On this date, the Board of the Company unanimously decided to record and register two bond facilities in the Securities Registry of the Commission. The main characteristics are as follows:

1. Maximum combined amount under both bond facilities: US\$200,000,000 (two hundred million dollars of the United States of America) or the equivalent in other currencies or units of adjustment, as indicated in number 4 below;



2. Maturity of the bond facilities: The first bond facility will expire in no more than 10 years and the second in no more than 30 years as from their registration in the Securities Registry. Payment liabilities under the different bond issues against each facility must expire in those periods.
3. Use of the funds: The funding will be used to finance investments of the company and its subsidiaries and to refinance liabilities.
4. Other general conditions: The bonds may be placed on the market in general, they will be dematerialized, to the bearer, they will not be convertible into shares of the company, they may be expressed in dollars of the United States of America, in local currency or in Unidades de Fomento and they may contain different units or forms of adjustment or no adjustments at all.

The Board empowered any two of Alejandro de la Fuente Goic, Andres del Valle Eitel, Roberto Alvo Milosawlewitsch and Cristian Toro Cañas, acting jointly on behalf of the company, to set down all stipulations and conditions of the agreements required for the bond issuance, to execute and sign the public deeds containing the bond facility agreements and to perform all proceedings and acts necessary for the issuance and placement of the respective bonds.

3. On March 3, 2009, by virtue of the provisions in the applicable rules, it was reported that at the Regular Board Meeting held February 26, 2008, the Board of Lan Airlines S.A. agreed to convene a Regular Shareholders Meeting to be held on April 17, 2009, at 11:00 a.m., in order to decide on the following matters:
 - a) Approval of the Annual Report, General Balance Sheet and Financial Statements of the Company corresponding to the fiscal year ending December 31, 2008;
 - b) Approval of the distribution of a final dividend on account of profits from the 2008 fiscal year, imputing toward such amount the interim dividends of US\$0.28568 per share, paid in August 2008, and US\$0.30993 per share, paid in January 2009;
 - c) The compensation of the Board for the 2009 fiscal year;
 - d) The compensation of the Audit Committee and calculation of the budget for the 2009 fiscal year;
 - e) Appointment of External Auditors, of Risk Rating Agencies; a report on matters within the purview of article 44 of Companies Law No. 18,046;
 - f) Information on costs for processing, printing and sending the information indicated in Circular No. 1494 of the Securities and Insurance Commission; and
 - g) Other matters of corporate interest inherent to the Regular Shareholders Meeting.



4. The following material event was reported on January 21, 2009, according to article 9 and subparagraph 2 of article 10 of Securities Market Law No. 18,045 and General Rule No. 30 of the Securities and Insurance Commission:

LAN Cargo S.A. (“LAN Cargo”) has signed a Plea Agreement with the U.S. Department of Justice (hereinafter the “Department of Justice”) in relation to the U.S. investigation of infringements of fair competition because of price-fixing in the fuel charge and other charges. This involves more than 30 international airlines that operate in the air cargo transport business.

Eight airlines reached this agreement with the Department of Justice: British Airways, Korean Air, Air France-KLM, Japan Airlines, Qantas, Cathay Pacific, SAS and Mastinair/Tampa. Fines totaling US\$1.275 billion were paid.

The period investigated by the Department of Justice in relation to LAN Cargo ranged from February 2003 to February 14, 2006. This investigation of LAN only covered the air cargo business, not the passenger business.

The agreement says that LAN Cargo has agreed to pay a fine of US\$88 million. This fine will be paid over a period of 5 years so it should not materially affect the cash flow of the company. As reported earlier, the company made a provision of US\$75 million for this investigation against income in 2007 and the third quarter of 2008.

Moreover, Aerolinhas Brasileiras S.A. (“ABSA”), in which LAN CARGO has an equity interest, has also reached an agreement. This Plea Agreement with the Department of Justice amounted to US\$21 million, which will be paid in the same terms indicated above.

LAN CARGO has always cooperated with the authorities from the U.S. Department of Justice. The company will continue to cooperate with the authorities as necessary in the global investigation.

5. On December 23, 2008, the material event was reported that according to governing rules, especially Circular No. 660 of the Superintendency of Securities and Insurance, at its regular board meeting held December 23, 2008, the Board of Lan Airlines S.A. approved payment of an interim dividend of 0.30993 per share on account of profits from the 2008 fiscal year, which will be paid starting January 15, 2009. All shareholders who are shareholders on the fifth business day prior to this date will be entitled to payment.

6. On November 10, 2008, by virtue of the provisions in Articles 9 and 10 of Law No. 18,045 on Securities Market, the material event was reported on this date that Lan Airlines S.A. (“LAN”) signed a purchase agreement with The Boeing Company in order to purchase four (4) new 767-316ER Boeing aircraft, with deliveries scheduled for February, March (2 aircraft) and April 2012. Moreover, LAN and The Boeing Company signed an agreement granting LAN a purchase option for two (2) planes of the same model for 2013. The amount of the investment, excluding the aforesaid purchase options, is approximately MUS\$636,000 (list price).



The acquisition of these planes forms part of the revision of the strategic fleet plan of LAN for the long-term (year 2012), taking into account the estimates of the delay in the delivery of Boeing 787 aircraft (initially starting in 2011 for LAN). Such purchase was informed by LAN as a material event on July 12, 2007.

7. On July 29, 2008, the material event was reported that according to governing rules, especially Circular No. 660 of the Superintendency of Securities and Insurance, at its regular board meeting held July 29, 2008, the Board of Lan Airlines S.A. approved payment of an interim dividend of 0.28568 per share on account of profits from the 2008 fiscal year, which will be paid starting August 21, 2008. All shareholders who are shareholders on the fifth business day prior to this date will be entitled to payment.

8. On April 10, 2008, by virtue of the provisions in article 9 and subparagraph 2 of article 10 of Law No. 18,045, the material event was reported that at the Regular Shareholders Meeting of Lan Airlines S.A., held on the same date, the new directors of the Company were elected.

The new Board of Directors of Lan Airlines S.A. is comprised as follows:

1. Andres Navarro Haeussler,
2. Bernardo Fontaine Talavera,
3. Dario Calderon Gonzalez,
4. Ignacio Guerrero Gutierrez,
5. Jorge Awad Mehech,
6. Jose Cox Donoso,
7. Juan Cueto Sierra,
8. Juan Jose Cueto Plaza and
9. Ramón Eblen Kadis.

9. On April 10, 2008, the material event was reported that according to governing rules, especially Circular No. 660 of the Superintendency of Securities and Insurance, at its regular shareholders meeting held April 10, 2008, the Board of Lan Airlines S.A. approved payment of a final dividend of 0.01720 per share on account of profits from the 2007 fiscal year, which will be paid starting May 8, 2008. All shareholders who are shareholders on the fifth business day prior to this date will be entitled to payment.



EXPLANATORY ANALYSIS

A comparative analysis and explanation of the principal trends:

1. Consolidated Statement of Financial Situation

At the close of March 2009, total assets of the Company had risen KUS\$85,714 compared to the 2008 fiscal year, equal, percentage-wise, to 1.6%.

Current assets of the Company decreased by KUS\$34,306 (3.2%) compared to the 2008 fiscal year. The principal downward variation was in Other Assets (48.9%), as a result of the guarantees for derivative margins and Trade Receivables and Other Accounts Receivable (7.5%). The main increases were in Cash and Cash Equivalent (16.0%) and Prepayments (120.3%).

The liquidity ratio of the Company increased 7.4%, going from 0.69 in the 2008 fiscal year to 0.74 in 2009. Current assets dropped 3.2% while Current Liabilities decreased 9.7%. The acid-test ratio also varied upwards (28.5%), going from 0.26 in the 2008 fiscal year to 0.33 in 2009.

Non-Current Assets of the Company increased KUS\$120,020 (2.9%) as compared to the 2008 fiscal year. The main positive variation was in Property, plant and equipment, which totaled KUS\$4,093,005 as of March 31, 2009, increasing a net 3.2% compared to the 2008 fiscal year when it was KUS\$3,966,063. This change is due mainly to the net effect in sub-lines Plants and Equipment as a result of the addition of three Airbus A319 aircraft and one Boeing 767 aircraft for passenger transport, the incorporation of one Boeing 777 engine and rotables to support fleet operation; the acquisition of computer equipment, ground support equipment, tools and the like; and to the decrease in Construction Underway, mainly as a result of the recovery of advances on the purchase of the aforesaid aircraft, and to the increase in the Cumulative Depreciation resulting from the depreciation in the period. Moreover, the Company reclassified 4 Airbus A320 aircraft from Plant and Equipment to Other Properties, Plant and Equipment because it sold its interest in the permanent establishment Linnet Leasing Limited, the owner of such aircraft while keeping the original lease-purchase in effect.

The current liabilities of the Company decreased KUS\$150,884 (9.7%), closing at KUS\$1,400,576 in 2009. The variation is due mainly to the decrease in Other Liabilities (75.9%) because of the payment of interim dividends in the first quarter of 2009, Hedge Liabilities (27.0%), Deferred Income (11.1%) and Liabilities accrued at the reporting date (24.2%). The main increase was in Trade Payables and Other Accounts Payable (10.2%).



The debt ratio of the Company's Current Liabilities decreased 20.0%, going from 2.04 in the 2008 fiscal year to 1.63 in 2009. Its share as compared to total debt decreased by 9.4%, going from 35.0% in the 2008 fiscal year to 31.7% in 2009.

Non-current liabilities increased KUS\$134,989 (4.7%), to close at KUS\$3,011,791 in 2009. This variation mainly comes from the increase in Loans accruing Interest (7.6%), as a result of the financing for the purchase of four aircraft, the financing of advances for the purchase of aircraft, and loans obtained on the local market to minimize the liquidity risk. This was slightly offset by the decrease in Trade Payables and Other Accounts Payable (20%) and Hedge Liabilities (11.0%).

At the close of March 2009, 96% of the Company's Loans accruing interest are accrued at interest at a fixed rate, including forwards.

The Non-current Liabilities debt ratio of the Company decreased 7.3%, going from 3.78 in the 2008 fiscal year to 3.50 in 2009. Its share compared to total debt increased 5.1%, going from 65.0% in the 2008 fiscal year to 68.3% in 2009.

The total debt-net equity ratio of the Company decreased 11.7%, going from 5.81 in the 2008 fiscal year to 5.13 in 2009.

The variation in Net Equity is due mainly to the results obtained in the 2009, the recognition of the 30% minimum dividend stipulated in governing law and to the decrease in Hedging Reserves.

2. Consolidated Interim Income Statement

The net profit of the controlling company totaled KUS\$65,014 in the first quarter of 2009, which meant a decrease of KUS\$34,615, equal to a negative variation of 34.7% as compared to the same quarter in the previous year. Operating profit was KUS\$118,059, a decrease of 21.0% as compared to the first quarter in 2008, equal to KUS\$31,476. This decrease was due mainly to the fuel hedging loss amounting to KUS\$57,932. Excluding such loss, operating income was KUS\$175,991, or an 18.7% increase and an operating margin of 19.9%.

Operating income dropped 14.5% compared to the first quarter of 2008, to KUS\$882,174. This variation is due to the 6.4% decrease in passenger revenues, the 32.3% drop in cargo revenues and 23.8% decrease in other revenues.

The decrease of KUS\$44,865 in passenger income, equal to a variation of 6.4%, was due to the drop of 14.1% in yields because of the reduction in the fuel charge and lower prices. This drop was partially offset by the 8.9% increase in passenger traffic, equal to approximately 590,000 passengers. This increase in traffic came from the 1.6% increase in international traffic and 30.2% in domestic traffic. International traffic represented 70% of all traffic in the quarter. The cabin factor decreased from 80.3% to 78.0% because traffic growth was less than the increase of 12.2% in capacity.



Cargo revenues decreased by 32.3% (KUS\$93,929) as compared to the first quarter of 2008 because of the 15.3% drop in yields and 20.1% in traffic. Cargo traffic was mainly affected by the global economic slowdown and by a decrease of 11.1% in capacity in the first quarter of 2009.

Moreover, Other Income fell by KUS\$10,574, equal to a negative variation of 23.8%, due mainly to the drop in onboard sales and less income from plane leases and customs and storage services to third parties, which was partially offset by higher revenues from the sale of tourist packages. Moreover, Other Income in the first quarter of 2008 included compensation of US\$5.7 million received from Airbus for the change in the delivery schedule of certain Airbus A318 aircraft.

Operating costs decreased by KUS\$117,892, totaling KUS\$764,115, which represents a 13.4% variation as compared to the first quarter of 2008. The variation in each item stems from the following:

- a) Payroll and Benefits Expenses decreased KUS\$5,158 as compared to the same period in the previous year, representing a negative variation of 3.4% caused by the devaluation of local currencies, which was partially offset by an increase in personnel and in average wages and salaries.
- b) Fuel expenses decreased 30.1% as compared to the same period in the previous year, equal to KUS\$98,424. This is due mainly to the drop of 48.3% in the international price of fuel, which was partially offset by an increase of 0.3% in consumption. Moreover, the company recorded a loss amounting to KUS\$57,932 in fuel hedging as compared to the gain of KUS\$1,463 in the first quarter of 2008.
- c) Fees decreased KUS\$8,856, equal to 19.5%, as compared to the same period in 2008. This was due mainly to the decrease of 14.1% in traffic revenues from both businesses (passenger and cargo). Moreover, there was a drop of 0.3 percentage points in average fees.
- d) Depreciation and Amortization expenses increased 20.4%, totaling KUS\$12,655, due mainly to the addition of five B767 aircraft, eight A318 aircraft, five A319 aircraft and two A320 aircraft to the fleet, partially offset by the retirement of the Boeing 737-200 aircraft fleet.
- e) Other leases and landing expenses decreased KUS\$7,339, which represents a negative variation of 5.8%, as compared to the first quarter of the previous year. It was caused mainly by the decrease in aviation fees and in the use of cargo planes leased under the ACMI modality.
- f) The passenger service expenses increased KUS\$2,312, which meant a 11.3% variation as compared to the same period in 2008. The main cause was the 18.4% increase in the number of passengers carried.



- g) Plane lease expenses decreased 14.2%, equal to KUS\$2,594, due mainly to the drop in the average number of leased planes, which was partially offset by the increase in the average lease costs.
- h) Maintenance costs dropped KUS\$2,446, equal to 7.5% negative variation, as compared to the first quarter in 2008, due mainly to the retirement of the Boeing 737-200 plane fleet and a greater proportion of new planes.
- i) Other operating expenses decreased by 8.3%, as compared to the same period in 2008, equal to KUS\$8,042.

Interest Income rose KUS\$6,430 due to an increase in interest as a result of greater cash availability, added to earnings on currency forwards relating to deposits in Chilean pesos.

Finance Costs increased 20.7%, equal to KUS\$8,944, as a result of the average increase in long-term fleet-related debt, which was partially offset by the recognition of interest in PDP financing (deposits prior to plane delivery).

Other Income/Costs varied negatively by KUS\$5,716, due mainly to the drop in exchange differential profits.

3. Analysis and Explanation of the Consolidated Net Flow from Operation, Investment and Finance Activities

The operating flow of the Company increased KUS\$87,795 compared to the same period in the previous year mainly due to the net effect of Customer Collections and Supplier Payments (22.0%) and to the increase in Other Income from Other Operating Activities in the amount of KUS\$42,638, the latter the result of the recovery of Collateral securing derivatives margins, offset partially by payments for fuel hedges.

The investment flow fell by KUS\$57,775 as compared to the same period in the previous year, mainly because of the addition of one Boeing 767, three Airbus A319 and one Boeing 777 to Property, Plant and Equipment (43.5%), to name the most important. These flows were offset by the recovery of advances on such aircraft.

The finance flow varied positively by KUS\$165,357 as compared to the same period in the previous year, primarily due to the increase in Loans Obtained (215.2%) because of new financing of the purchase of aircraft and loans to minimize the liquidity risk; to the decrease in Dividend Payments (12.4%) and the increase in Other Cash Flows from Finance Activities amounting to KUS\$35,198.

Finally, the net flow of the Company during in this period of 2009 increased by KUS\$195,377, compared to the same period in the previous year. The negative



balance of the investment flow has been fully offset by the operating flow and the financing flow in the period.

4. **Market Risk Analysis**

Credit risk concentration

The Accounts Receivable of the Company are comprised of a high percentage of airplane ticket sales and cargo services to individuals and several companies that are economically and geographically disperse. They are generally short term. Therefore, the Company does not consider itself to be exposed to a significant credit risk concentration.

Hedging instruments: Administration of fuel price risk

The variation in fuel prices depends significantly on oil supply and demand in the world, on the decisions adopted by the OPEC, on the world's refining capacity, on the inventory levels and on factors such as weather and politics. In order to reduce the risk of price variations to which the Company might be exposed, it signed several fuel hedging agreements with different financial institutions for a part of the total estimated fuel consumption of the Company for 2009. The agreements were (a) swaps, which allow a price to be set, (b) call options, which allow the price increase to be limited, and (c) the price collars, which allow a maximum and a minimum price to be set. In the swap, when the market price goes above the set level, the Company receives the difference between both prices by the number of gallons of fuel stipulated in each agreement. Inversely, if the market price is below the set price, the Company must pay the price differential. There are no costs associated with a swap. In a call option, when the market price exceeds the level set, the Company receives the difference between both prices by the number of gallons of fuel stipulated in the agreement. If the market price is below the set price, the Company does not exercise the option. The price collar stipulates that if the market price is higher than the maximum price, the Company receives the difference between the market price and the maximum price, multiplied by the amount of gallons of fuel stipulated in each agreement. If the market price is lower than the minimum price, the Company must pay the price differential established. If the market price is between the maximum and minimum prices set, the Company does not receive or pay.

The Company received a net KUS\$57,932 under these agreements as of March 2009. The losses or earnings on these agreements are recognized as part of Hedging Reserves in the Company's net equity. As of March 31, 2009, the market value of the existing agreements was a negative KUS\$114,279.

Hedging instruments: Administration of interest rate risk

The Company signed interest rate swaps for the purpose of decreasing the risk of a rise in interest rates during the first half of 2001, the second half of 2005, and the first half of 2006. In the second half of 2003, all of 2004 and 2005, the Company also



signed call options. Together with the foregoing, the debt for 2006, 2007 and 2008 was assumed at a fixed rate directly with the lending bank and, moreover, the interest rates were set in advance for the financing of 15 Airbus planes to be delivered between 2010 and 2011 and three Boeing 767-300 planes that will be delivered in 2009 and two Boeing 777-F aircraft to be delivered between 2011 and 2012, respectively. Moreover, in March 2009, the Company signed a cross-currency swap to hedge the cash flow of debt in Chilean pesos accruing interest at the nominal 180-day bank rate (TAB) rate.

The purpose is to have a percentage of the debt at (i) a fixed rate (like for swaps and fixed-rate debt) and (ii) another percentage of the debt at a floating rate, but limited to a maximum (like the calls), together with (iii) limiting the interest rate exposure in future financing. Therefore, the Company significantly decreases the risk of an increase in interest rates. In relation to such agreements, the Company (i) pays, receives or (ii) only receives, as the case may be, the difference between the agreed fixed rate and the floating rate calculated on the unpaid principal of each agreement. The Company recognized a cumulative profit of KUS\$63,054 on these agreements in the period. The losses and earnings on interest rate swaps together with the premiums and interest rate call earnings are recognized as a component of Interest Expense, based on the amortization of the hedged loan. As of March 31, 2009, the market value of the outstanding swaps, calls and pre-set interest rate agreements was KUS\$(133,300).

As of March 31st, approximately 96% of the debt was fixed under one of the aforesaid instruments at an average rate of 5.2%.

Effects of exchange rate fluctuations

The functional currency of the Company is the American dollar with respect to setting prices of its products, the composition of its balance sheet and effects on income from operations. It sells most of its services in American dollars or the equivalent and most of its expenses are denominated in American dollars or the equivalent, in particular fuel costs, flight and landing fees, aircraft leases, insurance and aircraft parts and accessories. Approximately 92% of all liabilities, including bank debt, air traffic liabilities and some supplier accounts payable, are expressed in American dollars. Moreover, approximately 90% of its assets, particularly Cash and Cash Equivalent, Property, Plant and Equipment, Accounts Receivable and Investments, are also expressed in American dollars.

Although it generally keeps its rates and cargo prices in American dollars or the equivalent, the Company is exposed to foreign currency losses and earnings because of exchange rate fluctuations.

Thus far in 2009, the Company recorded a net exchange differential loss in the amount of KUS\$9,589, which is shown in the Income Statement under Exchange Differentials.

5. **Chilean Economic Environment**

In order to analyze the economic environment where the Company does business, below is a brief discussion of the situation and evolution of the leading economies that affect it, both national as well as regional and the world.

The world economy has faced several complications lately. The financial crisis that started in USA and Europe brought on a global recession that caused uncertainty in all sectors and a dramatic drop in activity. The outlook is a sustained slowdown in growth that is estimated to reverse itself gradually only as from the next year. This year the global economy is predicted to reach its lowest growth in decades, close to -1.2% (approximately 3.2% in 2008).

The European economy has slowed down dramatically and is experiencing significant financial troubles and a great drop in activity. Important, coordinated economic measures have been implemented to confront this phase of the recession, which is considered to be deep and prolonged, which would improve the outlook starting next year. A growth of around -4.2% is predicted for 2009 (approximately 0.9% in 2008).

The situation in the United States continues to be tense and the economy has deteriorated significantly. There is ongoing financial turbulence that is causing solvency issues in several entities. The economic authorities have implemented several important rescue programs to confront the recession and put an end to the instability, distrust and uncertainty. A growth of around -3.0% is expected in 2009 (approximately 1.1% in 2008).

The region was impacted by the aforesaid world economic situation despite having experienced a sustained period of growth and despite several countries being prepared to face this crisis. A contraction of around 2.0% is expected in 2009 (growth was approximately 4.2% in 2008).

The domestic economy has also been adversely affected by the world financial crisis, experiencing an important deterioration in demand, investment and consumption. Moreover, there is a positive contribution from the external sector and inflation is predicted to stay under control. Analysts predict that the economy will begin recovery in the second half of 2009. A contraction of 0.75% to a growth of 0.25% is predicted for 2009 (growth was approximately 3.2% in 2008).

The international airline industry was not immune to the impact of the world economic scenario, mainly because of the drop in demand in passenger and cargo businesses. However, the flexible business model implemented by the company has worked consistently well over time.

EXPLANATORY ANALYSIS

a) Below are the principal financial ratios of the Consolidated Financial Situation Statement:

	03/31/2009	12/31/2008	03/31/2008 (*)
LIQUIDITY INDICATORS			
Current ratio (current assets/current liabilities)	0.74	0.69	1.05
Acid-test ratio (cash/current liabilities)	0.33	0.26	0.34
DEBT INDICATORS			
Debt ratio (current liabilities + non-current liabilities/net equity)	5.13	5.81	2.64
Current debt/total debt (%)	31.74	35.04	34.85
Non-current debt/total debt (%)	68.26	64.96	65.15
Financial expense ratio (RAII/financial expenses)	2.82	4.04	6.73
ACTIVITY INDICATORS			
Total Assets	5,282,580	5,196,866	3,940,955
Investments	182,444	838,535	59,196
Sales	1,466	13,333	4,627

(*) Figures according to Chilean GAAP.

PROFIT INDICATORS

The profit indicators have been calculated on the basis of equity and income corresponding to investors in the parent company.

	03/31/2009	12/31/2008	03/31/2008 (*)
Return on equity (net profit/average net equity)	0.07	0.41	0.10
Return on assets (net profit/average assets)	0.01	0.07	0.03
Return on operating assets (operating income/average operating assets) (**)	0.02	0.13	0.04
(**) Total assets less deferred taxes, employee current accounts, standing and temporary investments and goodwill.			

	03/31/2009	12/31/2008	03/31/2008 (*)
Per-Share Profit (fiscal year profit/number of subscribed and paid-in shares)	0.19	0.99	0.27
Return on dividends (dividends paid/market price)	0.04	0.08	0.02

(*) Figures according to Chilean GAAP.



b) Below are the principal financial ratios of the Consolidated Statement of Income:

INCOME INDICATORS	03/31/2009	12/31/2008	03/31/2008
Revenues	882,174	4,283,187	1,031,542
Passenger	651,594	2,820,830	696,459
Cargo	196,681	1,319,415	290,610
Other	33,899	142,942	44,473
Operating Costs	764,115	3,663,396	882,007
Other leases and landing fees	118,335	544,247	125,674
Fuel	228,267	1,388,826	326,691
Commissions	36,533	190,224	45,389
Salaries	148,412	609,253	153,570
Other operating costs	89,347	411,554	97,389
Plane leases	15,721	70,527	18,315
Maintenance	30,111	105,920	32,557
Depreciation and amortization	74,550	257,588	61,895
Passenger service	22,839	85,257	20,527
Operating income	118,059	619,791	149,535
Operating margin	13.4%	14.5%	14.5%
Financial income	6,986	20,065	556
Financial expense	-52,087	-152,954	-43,143
Other income / costs	9,046	-83,496	14,761
Profit before taxes and minority interest	82,004	403,406	121,709
Taxes	-13,044	-65,094	-19,383
Profit before Minority Interest	68,960	338,312	102,326
Attributable to:			
Investors in parent company	65,014	336,481	99,629
Minority interest	3,946	1,831	2,697
Net profit	65,014	336,481	99,629
Net margin	7.4%	7.9%	9.7%
Real tax rate	-16.7%	-16.2%	-16.3%
Total number of shares	338,790,909	338,790,909	338,790,909
Net profit per share (US\$)	0.191900	0.993181	0.294072
RAIDAIE	197,709	792,052	223,494



DECLARATION OF LIABILITY

TAXPAYER NUMBER: 89.862.200-2
Corporate Name: LAN AIRLINES S.A.

The undersigned declare their liability for the veracity of the following information forming part of this **quarterly** report as of **March 31, 2009**:

	<u>INDIVIDUAL</u>	<u>CONSOLIDATED</u>
Financial Statements		X
Explanatory notes to the financial statements		X
Explanatory Analysis		X
Summary of Material Events in the period		X

Note: Place an "X" where pertinent.

Name	Title	Taxpayer Number	Signature
JORGE AWAD MEHECH	CHAIRMAN	4.756.185-K	
DARIO CALDERON GONZALEZ	DIRECTOR	5.078.327-8	
JUAN JOSE CUETO PLAZA	DIRECTOR	6.694.240-6	
BERNARDO FONTAINE TALAVERA	DIRECTOR	6.371.763-0	
ANDRES NAVARRO HAEUSSLER	DIRECTOR	5.078.702-8	
IGNACIO GUERRERO GUTIERREZ	DIRECTOR	5.546.791-9	
RAMON EBLEN KADIS	DIRECTOR	4.346.062-5	
JUAN CUETO SIERRA	DIRECTOR	3.246.727-K	
IGNACIO CUETO PLAZA	GENERAL MANAGER	7.040.324-2	
ALEJANDRO DE LA FUENTE G.	VICE-PRESIDENT, FINANCE	6.947.715-1	

Date: May 26, 2009