LAN AIRLINES REPORTS NET INCOME OF US$97.2 MILLION FOR FIRST QUARTER 2011

Santiago, Chile, April 26, 2011 – LAN Airlines S.A. (NYSE: LFL), one of Latin America's leading passenger and cargo airlines, announced today its consolidated financial results for first quarter ended March 31, 2011. "LAN" or "the Company" makes reference to the consolidated entity, which includes passenger and cargo airlines in Latin America. All figures were prepared in accordance with International Financial Reporting Standards (IFRS) and are expressed in U.S Dollars.

HIGHLIGHTS

- LAN reported a net income of US$97.2 million for first quarter 2011, an increase of 10.1% compared to the US$88.3 million reported in first quarter 2010. This result is despite the consolidation of US$11 million losses generated in the Colombian operations of AIRES, and also reflects LAN's successful management under the current scenario of increased fuel prices.

- Operating income reached US$153.3 million in first quarter 2011, a 7.3% increase compared to US$142.9 million in first quarter 2010. Operating margin reached 11.2% compared to 13.8% in first quarter 2010.

- Total revenues in first quarter 2011 reached US$1,364.9 million compared to US$1,034.9 million in first quarter 2010 due to a 32.0% increase in passenger revenues and a 30.2% increase in cargo revenues. Passenger and cargo revenues accounted for 71.6% and 25.4% of total revenues, respectively, during first quarter 2011.

- During the quarter, LAN has successfully implemented measures in order to mitigate the impact of higher fuel prices on its operations. For the Company, higher fuel prices during the quarter, which increased 32.2% compared to first quarter 2010, generated US$100.3 million in increased fuel costs.

- Regarding the approval process for the transaction with TAM, on April 20, 2011, the TDLC announced that a public hearing will take place on May 26, 2011 in which the interested parties, including LAN and TAM, may provide their opinion regarding the business combination.

- In line with the Company's expansion, during first quarter 2011, the Company received a total of 3 Airbus A319 and 6 Airbus A320 passenger aircraft, destined for domestic and regional markets, and 1 Boeing 767-300F freighter, mainly destined for growth on northbound routes.

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MANAGEMENT COMMENTS ON FIRST QUARTER 2011 RESULTS

LAN reported a net income of US$97.2 million in first quarter 2011, driven by continuous growth in both cargo and passenger operations. Net income increased 10.1% compared to first quarter 2010. Operating income for the quarter increased 7.3%, reaching US$153.3 million, with an 11.2% operating margin. Such operating income includes LAN's operations in Colombia through the acquired airline AIRES, whose turnaround process is aimed at reaching LAN's standards and implementing LAN's low cost domestic model, which currently operates in the Company's other domestic markets. Starting this quarter, LAN's income statement consolidates AIRES' operations from December 2010 to March 2011, generating a loss of US$11 million.

During the quarter, LAN has successfully implemented measures in order to mitigate the impact of higher fuel prices on its operations. For the Company, higher fuel prices during the quarter, which increased 32.2% compared to first quarter 2010, generated US$100.3 million in increased fuel costs. Nevertheless, LAN successfully applied fuel surcharges in line with practices in the industry in both the passenger and cargo business, which reflected on the 9.5% increase in passenger yields and the 11.7% increase in cargo yields. Starting this quarter, fuel surcharges based on WTI incorporate for the first time the crack spread to better aligned with variations in jet fuel prices. Furthermore during the quarter, the Company's active hedging strategy resulted in a US$22.0 million fuel hedge gain. For the remainder of 2011, LAN has hedged approximately 42% of its estimated fuel consumption, including 74% of the estimated consumption for the second quarter 2011 which is the low season for the passenger business. The fuel hedging strategy consists of a combination of collars, swaps and call options of WTI and recently, but to a lesser extent, heating oil in order to more adequately match jet fuel price variations. Regarding operations, facing a higher fuel scenario, the Company adjusted its capacity to certain routes.

During first quarter 2011, LAN's consolidated revenues increased 31.9% compared to first quarter 2010. Passenger revenues increased 32.0% during the quarter, driven by continued traffic growth and a 9.5% expansion in yields. Passenger traffic growth during the quarter reached 20.5%, while load factors reached 80.9%, 1.6 points higher than the same period 2010. Total passenger capacity as measured in ASKs grew 18.2%. The growth rates in traffic and capacity for first quarter 2011 considered the impact of the earthquake that affected Chile February 27, 2010 resulting in a lower comparison basis. Also, such growth rates considered the inorganic growth resulting from the inclusion of AIRES' domestic and international operations. Capacity increases focused mainly on regional routes, as well as long-haul routes to the United States. Such capacity growth was a direct result of new routes that LAN and its affiliates launched in 2010 such as Lima – San Francisco in the long-haul business, and Lima – Brasilia and Guayaquil – Galapagos in the regional and domestic operations.

Revenues per ASK (RASK) increased 11.7%, driven by higher load factors, as well as an increase in yields compared to first quarter 2010. Passenger yields increased mainly as a result of a stronger demand environment and an increase in fuel surcharges, in line with the increase of WTI prices and the crack spread.

During first quarter 2011, cargo revenues increased 30.2%, reflecting the continued strong growth in LAN Cargo's traffic, with RTK growth of 16.6%. Cargo capacity in the quarter grew 18.0%, resulting in a load factor of 67.9%, 0.8 points lower than first quarter 2010. Yields showed an 11.7% improvement compared to first quarter 2010, driven by strong demand and higher fuel surcharges leading to a 10.4% increase in unit revenue.

The Company has selectively added capacity in response to robust demand in its core markets. Import flows to Latin America remain solid, while export volumes have recovered, partly driven by the gradual resurgence of salmon exports. The Company leveraged the three additional Boeing 767-300F freighter aircraft incorporated into its fleet between November 2010 and January 2011 to add capacity on routes from Latin America to North America and Europe. Meanwhile, ABSA, the Company's Brazilian affiliate, expanded its domestic operations. The Company also continues to successfully optimize the utilization of the bellies of its passenger aircraft to maximize synergies associated with the Company's integrated passenger/cargo business model. Meanwhile, yields improved thanks to improved yield management tools and higher cost pass-through via fuel surcharges.

Operating expenses increased 35.8% compared to first quarter 2010, while costs per ATK (including net financial expenses) increased 13.8%. Excluding fuel, unit costs increased 10.1%, mainly due to higher wages and benefits and higher costs related to rentals and maintenance due to the incorporation of AIRES' fleet. Higher fuel prices generated US$75.3 million in increased fuel costs in the quarter, including the net impact of fuel hedges, considering current fuel consumption levels.

LAN continues to maintain a solid financial position, with adequate liquidity and a solid financial structure, as reflected by the Company's BBB Investment Grade international credit rating (Fitch). LAN is one of the few airlines in the world with an Investment Grade rating. At the end of the quarter, LAN reported US$388.5 million in cash and cash equivalents representing 8.0% of revenues for the last twelve months. Additionally, the Company has practically no short-term debt, while its long-term debt is mainly related to aircraft financing and has 12 to 15 year repayment profiles with competitive interest rates. The Company has limited exposure to foreign exchange rate fluctuations as approximately 85% of revenues and 60% of costs are U.S. dollar denominated.

LAN's strong operating results during the quarter evidenced the ample growth opportunities in both cargo and passenger markets, enhancing the Company's leadership position in Latin America and reflecting its ability to face and mitigate impacts of adverse scenarios such as the current fuel crisis affecting the aviation industry. Based on LAN's diversified, solid and flexible business model, as well as the Company's consistent track record and solid balance sheet, LAN is continuously improving the Company's long-term strategic position by addressing opportunities, strengthening its market presence and increasing competitiveness.

EBITDAR CALCULATION (1)

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

EBITDAR (US$ millions)	1Q11	1Q10	% Chg.
Revenues	1,364.9	1,034.9	31.9%
Operating Expenses	-1,211.6	-892.0	35.8%
Operating Income	153.3	142.9	7.3%
Depreciation and Amortization	97.4	82.8	17.5%
EBITDA	250.7	225.7	11.0%
EBITDA Margin	18.4%	21.8%	-3.4 pp.
Aircraft Rentals	42.5	23.5	80.9%
EBITDAR	293.1	249.2	17.6%
EBITDAR Margin	21.5%	24.1%	-2.6 pp.

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

RECENT EVENTS

Agreement with TAM

On August 13, 2010, LAN and TAM announced that they entered into a non-binding MOU, outlining their intentions to combine their holdings under a single parent entity to be known as LATAM Airlines Group. The proposed combination of LAN and TAM would be among the 10 major airline groups in the world.

On January 19, 2011, LAN and TAM announced the signing of the binding agreements between both companies and their respective controlling shareholders, in line with the MOU signed August 13, 2010. These binding agreements included an Implementation Agreement and an Exchange Offer Agreement containing the definitive terms and conditions of the proposed business combination of LAN and TAM.

On January 27, 2011, LAN signed with the *Fiscalía Nacional Económica* ("FNE"), the Chilean antitrust authority, an out-of-court agreement in connection with an ongoing investigation by the FNE regarding the potential competitive impacts of a business combination between LAN and TAM. On the same date, this agreement was submitted to the *Tribunal de Defensa de la Libre Competencia* ("TDLC"), Chile's antitrust court.

On January 28, 2011, in response to a petition filed by a Chilean consumer association, the TDLC decided not to review the agreement reached by the FNE and LAN, and instead, decided to submit the business combination between LAN and TAM to the general voluntary procedure for TDLC approval (a procedure permitted by the

Chilean antitrust laws). This could delay the merger. LAN and TAM cannot complete the business combination until this procedure is completed and TLDC renders a final decision approving the transaction.

On March 1, 2011, *Agência Nacional de Aviação Civil* ("ANAC"), Brazil's aviation authority, approved the transfer of the shares representing TAM's equity capital, as requested in order to implement the transaction and business combination with LAN. This transaction remains subject to the approval of other relevant government authorities and respective shareholders.

On April 13, 2011, LAN filed an expedited procedure allowed by Chilean law that states that if the applicant, in this case LAN, accepts the recommendations suggested by the FNE, the TDLC is obliged to convene a public hearing. On April 20, 2011, the TDLC announced that the public hearing will take place May 26, 2011.

Sale of Blue Express

On April 6, 2011, the Company concluded the sale of 100% of the shares of companies Blue Express Intl S.A. and Blue Express S.A., companies dedicated to ground courier services, to Bethia S.A. for approximately US$54 million in cash. The effects of the sale will be reflected in second quarter 2011's financial results by generating a onetime non-operating profit of approximately US$45 million.

Fleet Plan

In line with the Company's expansion, during first quarter 2011, the Company received a total of 3 Airbus A319 and 6 Airbus A320 passenger aircraft, destined for domestic and regional markets, and 1 Boeing 767-300F freighter, mainly destined for growth on northbound routes.

During the remainder of 2011, LAN expects to receive 11 additional Airbus A320 family aircraft to operate domestic and regional routes, as well as 3 Boeing 767-300s for long-haul routes. During 2011, the Company's fleet plan also includes the sale of 5 Airbus A318 aircraft. As a result of LAN's purchase of AIRES, the Company's fleet also currently includes aircraft operated by AIRES, consisting of 9 Boeing 737-700s, 11 Dash 8-200s and 4 Dash 8-Q400s, all under operating leases.

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

	2011	2012	2013	2014
PASSENGER FLEET				
Dash 8-200/Dash 8-Q400	14	14	14	11
Boeing 737-700	9	9	9	2
A321/A320/A319/A318	76	84	94	109
B767-300 ER	31	35	35	35
B787	-	5	8	12
A340-300	5	5	5	5
TOTAL PASSENGER FLEET	**135**	**152**	**165**	**174**
CARGO FLEET				
767-300 F	12	12	12	12
777-200 F	2	4	4	4
TOTAL CARGO FLEET	**14**	**16**	**16**	**16**
TOTAL FLEET	**149**	**168**	**181**	**190**
Total Fleet Capex (US$ millions)	**841**	**1,716**	**952**	**1,119**

OUTLOOK

Considering the changes in market conditions while facing a higher fuel scenario, the Company is lowering its expected passenger ASK growth in 2011 from between 20% and 22% to between 16% and 18%. Such growth is driven by the net delivery of 18 passenger aircraft and the incorporation of AIRES' operations. LAN Cargo's expected cargo ATK growth in 2011 remains between 16% and 18%, mainly driven by the delivery of 3 Boeing 767-300F freighters between November 2010 and January 2011.

CONSOLIDATED FIRST QUARTER 2011 RESULTS

Net income in first quarter 2011 amounted to US$97.2 million compared to US$88.3 million in the same period 2010. **Net margin** for the quarter decreased from 8.5% in 2010 to 7.1% in 2011.

Operating income amounted to US$153.3 million in first quarter 2011 compared to US$142.9 million in first quarter 2010. **Operating margin** in the quarter decreased from 13.8% in 2010 to 11.2% in 2011.

Total operating revenues increased 31.9% compared to first quarter 2010, reaching US$1,364.9 million. This reflected a:

- 32.0% increase in **passenger revenues** to US$977.8 million,
- 30.2% increase in **cargo revenues** to US$346.4 million, and a
- 45.1% increase in **other revenues** to US$40.6 million.

Passenger and cargo revenues accounted for 71.6% and 25.4% of total revenues for the quarter, respectively.

Passenger revenues increased 32.0%, driven by 20.5% growth in traffic and a 9.5% increase in yields. Load factors increased from 79.3% to 80.9%, as the growth in traffic outpaced the 18.2% increase in capacity. The growth rates in traffic and capacity in first quarter 2011 considered the impact of the earthquake that affected Chile February 27, 2010 resulting in a lower comparison basis. Also, such growth rates considered the inorganic growth resulting from the inclusion of AIRES' domestic and international operations. Overall, revenues per ASK increased 11.7%. Traffic grew as a result of a 27.8% increase in domestic traffic (including domestic operations of LAN and its affiliates in Chile, Argentina, Peru, Ecuador and Colombia), and a 17.4% increase in international traffic. International traffic accounted for 67.9% of total passenger traffic during the quarter. Yields increased 9.5% due to higher fares as a result of a stronger demand environment, as well as higher fuel surcharges.

Cargo revenues increased 30.2% in the quarter, driven by a 16.6% increase in cargo traffic and an 11.7% increase in yields, reflecting growth in global cargo markets, as well as improved revenue management practices. Capacity increased 18.0% during the quarter. As a consequence, load factors decreased from 68.7% to 67.9%. Revenues per ATK increased 10.4% compared to first quarter 2010.

Other revenues increased 45.1%, mainly driven by an increase in tours and travel services, as well as an increase in aircraft leases to third parties and duty free sales.

Total operating expenses increased 35.8% during the quarter, while unit (ATK) costs increased 13.8% compared to first quarter 2010. Higher jet fuel prices during the quarter led to approximately US$75.3 million in higher fuel costs (net of fuel hedges) considering current fuel consumption levels. Excluding fuel, unit costs increased 10.1% mainly due to higher wages and benefits and higher costs related to rentals and maintenance due to the incorporation of AIRES' fleet. Changes in operating expenses were mainly due to the following:

- **Wages and benefits** increased 34.6%, driven by higher average headcount, in-line with the Company's operational expansion, including the integration of AIRES, and to a lesser extent the impact of the appreciation of Latin American currencies.
- **Fuel costs** increased 43.5%, mainly driven by a 32.2% increase in prices, coupled with a 15.8% increase in consumption. In addition, the Company recognized a US$22.0 million fuel hedge gain, compared to a US$2.6 million fuel hedge loss in first quarter 2010.
- **Commissions to agents** increased 27.5% due to a 31.5% increase in traffic revenues (passenger and cargo), partially offset by a 0.1 point reduction in average commissions.
- **Depreciation and amortization** increased 17.5%, mainly due to the incorporation of 3 new Airbus A319 between January and February 2011 and 11 new Airbus A320 between July 2010 and February 2011.
- **Other rental and landing fees** increased 22.7%, mainly due to increased handling costs and costs of aeronautical rates, in-line with the expansion in the Company's operations during the quarter.
- **Passenger service** expenses increased 39.6%, driven by a 35.5% increase in the number of passengers transported, as well as higher compensation paid to passengers during the quarter.
- **Aircraft rentals** increased 80.9% due to the incorporation of 2 leased Airbus A320s in September 2010, 1 leased Airbus A320 in January 2011 and 3 leased Boeing 767-300F freighters in November 2010, December 2010 and January 2011. Additionally, this increase considered the incorporation of AIRES' fleet, consisting of 9 Boeing 737-700s, 11 Dash 8-200s and 4 Dash 8-Q400s.
- **Maintenance expenses** increased 50.0% due to a larger fleet, including the incorporation of AIRES' fleet.
- **Other operating expenses** increased 37.2% due to higher reservation system costs, advertising and marketing expenses, in line with the Company's operational expansion, and costs incurred related to the due diligence processes per the TAM and AIRES transactions.

Non-operating results

- **Interest income** increased from US$3.3 million in first quarter 2010 to US$5.6 million in first quarter 2010, due to a slight recovery of average interest rates, partially offset by a lower average cash balance during the quarter.
- **Interest expense** decreased 4.9% due to the fact that higher average long-term debt related to fleet financing was offset by the recognition of interest related to the financing of pre-delivery payments (PDPs), in line with the accounting policy regarding these payments (IFRS).
- Under **Other income (expense)** the Company recorded a US$5.4 million loss, mainly related to foreign exchange losses, compared to a US$2.1 million loss in the first quarter 2010.

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LAN Airlines S.A.
Consolidated Income Statement (in thousands of US Dollars)

	For the three month period ended March 31		
	2011	2010	% Change
REVENUE			
Passenger	977,823	740,789	32.0%
Cargo	346,435	266,111	30.2%
Other	40,616	27,998	45.1%
TOTAL OPERATING REVENUE	**1,364,874**	**1,034,898**	**31.9%**
EXPENSES			
Wages and Benefits	-238,240	-176,952	34.6%
Aircraft Fuel	-389,904	-271,765	43.5%
Comissions to Agents	-52,615	-41,252	27.5%
Depreciation and Amortization	-97,361	-82,827	17.5%
Other Rental and Landing Fees	-160,963	-131,210	22.7%
Passenger Services	-36,959	-26,473	39.6%
Aircraft Rentals	-42,485	-23,480	80.9%
Aircraft Maintenace	-43,432	-28,947	50.0%
Other Operating Expenses	-149,626	-109,086	37.2%
TOTAL OPERATING EXPENSES	**-1,211,585**	**-891,992**	**35.8%**
OPERATING INCOME	**153,289**	**142,906**	**7.3%**
Operating Margin	11.2%	13.8%	-2.6 pp
Interest Income	5,607	3,310	69.4%
Interest Expense	-35,913	-37,763	-4.9%
Other Income (Expense)	-5,391	-2,097	157.1%
INCOME BEFORE TAXES AND MINORITY INTEREST	**117,592**	**106,356**	**10.6%**
Income Taxes	-20,231	-18,090	11.8%
INCOME BEFORE MINORITY INTEREST	**97,361**	**88,266**	**10.3%**
Attributable to:			
Shareholders	97,235	88,299	10.1%
Minority Interest	126	-33	-481.8%
NET INCOME	**97,235**	**88,299**	**10.1%**
Net Margin	7.1%	8.5%	-1.4 pp
Effective tax rate	17.2%	17.0%	
Shares outstanding	339,310,509	338,790,909	
Earnings per share (US$)	0.29	0.26	10.0%

LAN Airlines S.A.
Consolidated Operational Statistics

	For the three month period ended March 31		
	2011	2010	% Change
System			
ATKs (millions)	2,485	2,114	17.5%
ASKs (millions)	12,094	10,232	18.2%
RTKs (millions)	1,730	1,461	18.4%
RPKs (millions)	9,786	8,118	20.5%
Overall Load Factor (based on ATKs)%	69.6%	69.1%	0.5 pp
Break-Even Load Factor (based on ATK)%	63.2%	61.7%	1.5 pp
Yield based on RTKs (US Cents)	76.5	68.9	11.1%
Operating Revenues per ATK (US Cents)	53.3	47.6	11.9%
Operating Costs per ATK (US Cents)	48.3	42.5	13.8%
Fuel Gallons Consumed (millions)	139.2	120.2	15.8%
Average Trip Length (thousands km)	1.767	1.986	-11.1%
Total number of employees	21,010	17,320	21.3%
Passenger			
ASKs (millions)	12,094	10,232	18.2%
RPKs (millions)	9,786	8,118	20.5%
RTKs (millions)	879	731	20.3%
Passengers Transported (thousands)	5,539	4,087	35.5%
Load Factor (based on ASKs) %	80.9%	79.3%	1.6 pp
Yield (based on RPKs, US Cents)	10.0	9.1	9.5%
Yield (based on RTKs, US Cents)	111.3	101.4	9.7%
Revenue/ASK (US cents)	8.1	7.2	11.7%
Cargo			
ATKs (millions)	1,254	1,063	18.0%
RTKs (millions)	852	731	16.6%
Tons Transported (thousands)	205	174	18.0%
Load Factor (based on ATKs) %	67.9%	68.7%	-0.8 pp
Yield based on RTKs (US Cents)	40.7	36.4	11.7%
Revenue/ATK (US Cents)	27.6	25.0	10.4%

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

	As of March 31, 2011	As of December 31, 2010
Total Assets	**6,898,785**	**6,785,897**
Total Liabilities	5,499,582	5,485,837
Total Equity (*)	1,399,203	1,300,060
Total Liabilities and Shareholders equity	**6,898,785**	**6,785,897**
Net Debt		
Current and long term portion of loans from financial institutions	2,721,975	2,717,722
Current and long term portion of obligations under capital leases	366,359	227,571
Other liabilities current and long term portion	318,260	314,372
Cash and cash equivalents	-388,492	-737,093
Total Net Debt	**3,018,102**	**2,522,572**

(*) Under IFRS, Equity includes Minority Interest, wich amounted to US$ thou. 3,559 as of March 2011, and US$ thou. 3,246 as of December 2010

LAN Airlines S.A.
Consolidated Fleet

	As of March 31, 2010		
	Leased	Owned	Total
Passenger Aircraft			
Dash 8-200	11	0	**11**
Dash 8-Q400	4	0	**4**
Boeing 737-700	9	0	**9**
Airbus A318-100	0	15	**15**
Airbus A319-100	0	23	**23**
Airbus A320-200	5	27	**32**
Boeing 767-300	10	18	**28**
Airbus A340-300	1	4	**5**
TOTAL	**40**	**87**	**127**
Cargo Aircraft			
Boeing 777-200F	2	0	**2**
Boeing 767-300F	4	8	**12**
TOTAL	**6**	**8**	**14**
TOTAL FLEET	**46**	**95**	**141**

Note: Table does not include one Boeing 767-200 leased to Aerovías de México S.A.