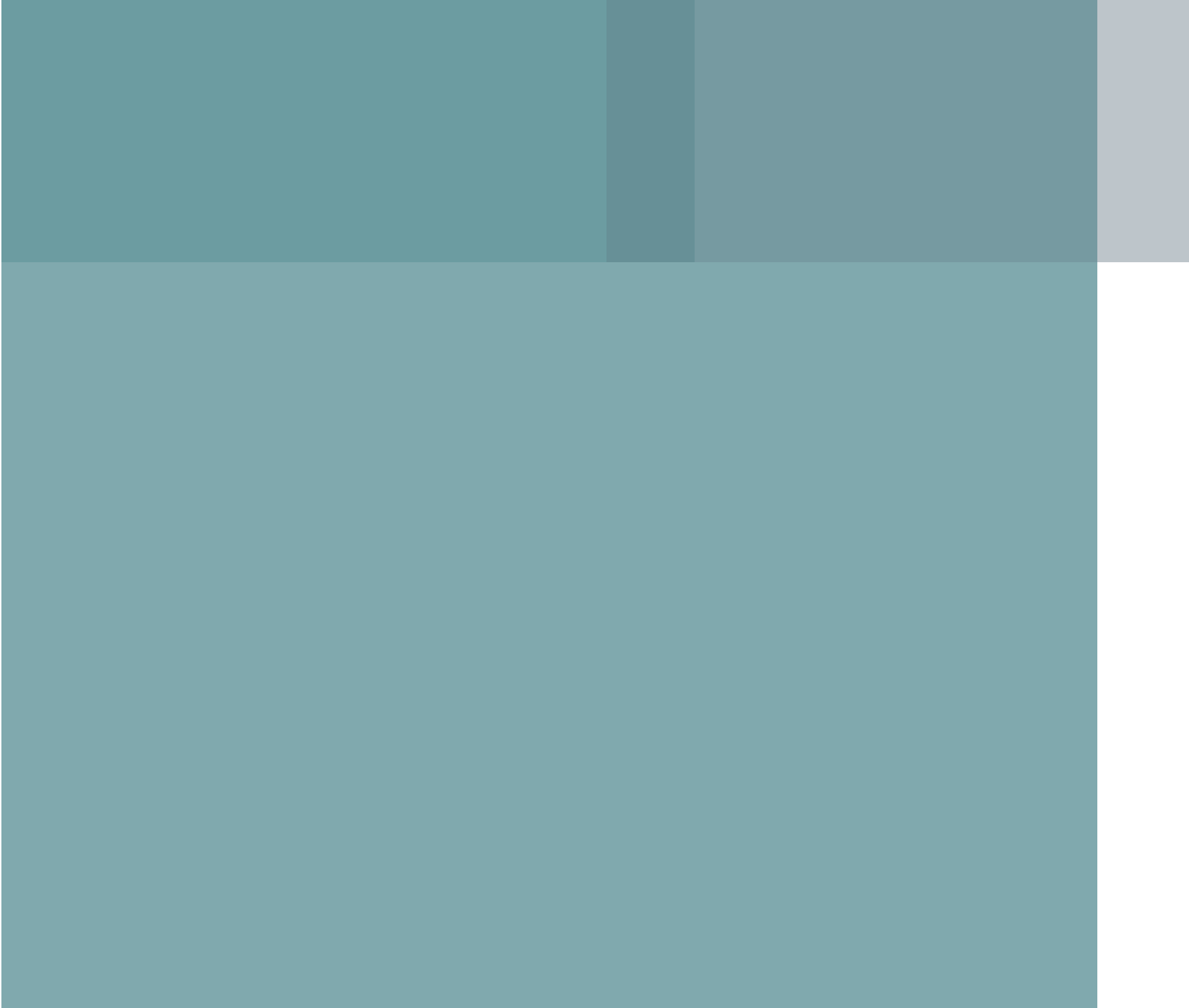


Risk Factors



Risk Factors

Risks Related to our Operations and the Airline Industry

Our operations are subject to fluctuations in the supply and cost of jet fuel; our performance is heavily dependent on economic conditions in the countries in which we do business; a future incident similar to the September 11, 2001 terrorist attacks in the United States could have a severe impact on the airline industry and adversely affect our revenue; our business may be adversely affected by a downturn in the airline industry; a significant portion of our cargo revenues comes from relatively few product types and may be impacted by events affecting their production or trade; high levels of competition in the airline industry may adversely affect our level of operation; our business may be adversely affected if we are unable to meet our significant future financing requirements; future changes in the status of Chilean and foreign governmental authorizations and licenses could adversely affect our business; our regional expansion plans in Latin America depend on regulatory and commercial essential factors; increases in our labor costs, which constitute a substantial portion of our total operating costs, would directly impact our earnings.

Risks Related to Chile and Other Emerging Market Countries

Fluctuations in the Chilean peso and other foreign currencies relative to the U.S. dollar may adversely affect our revenues and profitability; developments in Latin American countries and other emerging market countries may adversely affect the Chilean economy, negatively impact our business and results of operations and cause the market price of our common shares and ADSs to decrease.

Risks Related to our Common Shares and ADSs

Our majority shareholders may have interests that differ from those of our other shareholders; trading of our ADSs and common shares in the securities markets is limited and could experience further illiquidity and price volatility; holders of ADSs may be adversely affected by currency devaluations and foreign exchange fluctuations; future changes in Chilean foreign investment controls and withholding taxes could negatively affect non-Chilean residents that invest in our shares; our ADS holders may not be able to exercise preemptive rights in certain circumstances.