

Suppliers, Insurance and Others

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Suppliers

In 2007 as in previous years, LAN' principal suppliers were the aircraft manufacturers Airbus and Boeing. Other providers consist mainly of firms dealing in aircraft accessories, parts and components, such as Pratt & Whitney, IAE International Aero Engines AG, General Electric Commercial Aviation Services Ltd. (engines), SICMA (seats), Air France (MRO Components), LUFTHANSA Technik (MRO Components), Thales (on-board entertainment), Goodrich(reversores), Messier Bugatti (brakes), Goodrich (brakes) and Teledine (avionics). Sources of jet fuel include Repsol YPF, Copec, Shell, Terpel, Chevron, Glencore and Exxon.

Property and buildings

LAN occupies a variety of properties both in Chile and abroad either as owner, renter or concession holder that are used in carrying out administrative, sales, maintenance and other activities.

Machinery and equipment

As an airline, the main items of machinery and equipment LAN employs in the performance of its business activities are the various aircraft that make up its fleet. They are operated by LAN either as owner or under lease.

Insurance

LAN carries insurance to cover the various aspects of its operations that involve potential risk. The companies' policies fall into four main categories as follows:

Aviation, Hull and Liability Insurance

This type of insurance covers all risks inherent in commercial aviation activity, including aircraft, engines, spare parts and third-party liability. The last of these includes passengers, cargo, baggage, merchandise, airports, etc. These policies are taken jointly by LAN and reinsured in the London market. In addition, during 2006 the company reached an agreement with British Airways to negotiate joint terms for hull and liability insurance. This will result in lower premiums and improved coverage.

In view of the changes since the events of September 11, 2001 in the United States regarding war and terrorism liability risks, LAN continues to purchase insurance over and above what is strictly required to provide adequate protection, thus complementing the basic coverage under the terms of Clause AVN52E. The company has obtained significant premium discounts over the last five years.

General Insurance

This group of policies addresses all risks that could affect the company's assets, particularly those of a physical or financial nature. They consist of multi-risk policies (covering fire, theft, computer equipment, securities in transit, broken windows, and other items included in all-risk insurance) as well as traditional coverage for motor vehicles, air and maritime transport, corporate civil liability, etc. As with the other types of insurance just described, these policies are taken out by Lan Airlines and its associated companies as a group.

Life and Accident Insurance

This group of policies covers all company employees including management, general personnel and airline crews.

Global Offices Insurance

To the extent permitted by the laws of each country concerned, Lan Airlines has brought under one centralized policy the general insurance coverage on its international offices for fire, theft and general electronic equipment. The advantage of having a single policy for our corporate offices around the world is that it reduces the administrative and financial load.

Trademarks and Patents

Lan Airlines and its subsidiaries use a number of commercial trademarks that are duly registered with the competent authorities in the various countries served by the companies or where their operations are based and/or destined, in order to differentiate and market them.