

# LAN AIRLINES

2013





# **WE HAVE A CHALLENGING VISION**

**“To be recognized as one of the  
world’s 10 best airlines”**

# ...WITH A CLEAR MISSION

“To be the carrier of people’s dreams, giving the best of ourselves, earning our customers’ and communities preference and building a sustainable company in which we love to work”



# ...OUR VALUES

- **Safety & Security**, a cardinal value
- **Achievement**, part of our DNA
- **Efficiency**, the key to sustainability
- **Cordiality**, the way we relate

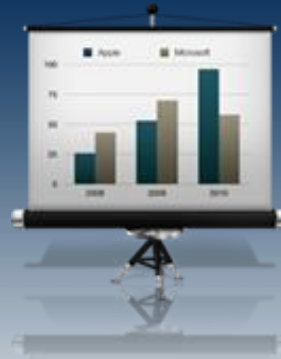


# ...OUR PEOPLE

“With a committed team, we promote the Service Culture, with the goal of providing the customer the best travel experience”



## Our people



We have a team made up of over **53.00** workers of **61** **internal mobility** **different** **nationalities**

With great opportunities: **3,956**

- We encourage professional growth and development of individuals: Each year, the company invests about US\$30 million in training classes equivalent to 1,000,000 million of classes in 2012

- **640** workers in Chile and **444** in affiliate companies, were trained in APF (Assistance to Passengers and Families, in case of emergencies).

- ALWAYS committed team (Earthquake in Chile, Puyehue Volcano, rainfall in Cusco, etc.)

## OUR COMPANY



# 750

Connecting to a network of over **750 destinations worldwide** (76 of them are operated by LAN and its affiliate companies)



# 307 16

Our fleet is made up of **307 passenger planes** and **16 cargo planes\***

\* Corresponding figure for LATAM Airlines Group



## South America



## USA - Pacific



Rutas LAN Argentina / LAN Argentina Routes  
 Rutas LAN Airlines / LAN Airlines Routes  
 Rutas LAN Perú / LAN Perú Routes  
 Rutas LAN Ecuador / LAN Ecuador Routes  
 Acuerdos Comerciales con otras líneas aéreas / Commercial agreements with other airlines



## Europe - Pacific

Rutas LAN Argentina / LAN Argentina Routes  
 Rutas LAN Airlines / LAN Airlines Routes  
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 Acuerdos Comerciales con otras líneas aéreas / Commercial agreements with other airlines



## OUR PASSENGERS



# 63,5

We transport  
**63,5 million**  
passengers  
per year\*



# 1800

An average of **1800**  
flights  
daily



# 7,0 +

More than **7,0**  
million LANPASS  
members

## OUR CARGO BUSINESS



697,7

- 697,7 thousand tons of cargo transported annually

## OUR COMMITMENT TO THE ENVIRONMENT



Reduction of fuel use with the addition of “Winglets” to the entire fleet of long-haul 767’s



**On land recycling program:** more than 1,000 tons of waste recycled annually



We reduced **100,000 tons** of CO<sub>2</sub> annually thanks to project LEAN

- Passenger Business
- Cargo Business







FIRST FLIGHT

1929



FIRST INTERNATIONAL  
FLIGHT:  
SANTIAGO – BUENOS AIRES

1946



START OF SERVICES TO  
LIMA

1956



START OF SERVICES TO  
MIAMI, UNITED STATES

1958



LAN BEGINS FLIGHTS  
TO EUROPE

1970



## Our History

LAN BECOMES A JOINT  
STOCK COMPANY

LAN LISTS ON THE NEW  
YORK STOCK EXCHANGE

PRIVATIZATION OF LAN  
COMPLETED WITH THE  
ADQUISITION OF A 98.7%  
STAKE BY ITS CURRENT  
CONTROLLERS AND OTHER  
SHAREHOLDERS.



LAUNCH OF A NEW  
CORPORATE IMAGE

**1985**

**1997**

**1999**

**2004**



## Our Internationalization



LAN PERÚ



LAN ECUADOR



LAN ARGENTINA

START OF CARGO IN COLOMBIA (LANCO), START OF DOMESTIC PASSENGER OPERATIONS IN ECUADOR: LAN CELEBRATES 80 YEARS



LAN ACQUIRES AIRES



1999

2003

2005

2009

2010

2012



## WE HAVE A DIVERSIFIED BUSINESS MODEL



### DOMESTIC



C A R G O

### CARGO

C A R G O



### INTERNATIONAL



The successful integration of cargo and passenger business, coupled with the extensive coverage of destinations, have generated many opportunities for development and growth for LAN



# PASSENGER BUSINESS



The background of the entire image shows two male pilots in dark blue LAN uniforms and caps standing on the yellow stairs of a LAN aircraft. The aircraft's fuselage, featuring the blue and white livery, is visible behind them. The sky is a clear blue with some light clouds.

# LAN CONNECTIVITY: WIDE NETWORK OF DESTINATIONS



## WIDE NETWORK OF DESTINATIONS IN THREE MAIN SEGMENTS



Long-haul flights : North  
America, Europe and  
South Pacific



Regional flights within  
South America

Domestic flights in Chile,  
Peru, Argentina, Ecuador  
and Colombia



**We have earned the preference of customers in the majority of  
markets where we operate**



- Beginning of operations : 1929
- Leader in the Chilean domestic market : 76% participation
- 6,5 million people transported within the country
- From North to South : 16 destinations across Chile, as well as the Easter Island route

- More accessible: *low cost* business model
- Internationally, the company transported 3.2 million people from Chile, equivalent to a 62% market share.
- From Santiago, Chile, LAN operates an extensive network of destinations in South America and the world.



- Beginning of domestic operations : 1999
- **Low cost** model
- Market Leader:
  - National: 62,05% share
- About 4,5 million passengers transported each year within the country
- **14 domestic destinations (up to 110 flights daily). Every 5 minutes a LAN Peru aircraft takes off within Peru.**
- Lima: regional hub, key in the internationalization of LAN. Its location allows us to offer a greater number of frequencies to the main points of the region and the world.
- LAN Peru offers up to 20 daily frequencies to Cuzco, 10 to Arequipa, 6 to Piura, 4 to Juliaca, 3 to Tacna, among others.





## LAN ECUADOR



- Beginning of domestic operations: 2009
- **Low cost** model
- 5 destinations: **Guayaquil, Cuenca, Quito, Galapagos Islands (San Cristóbal y Baltra)**
- In 2012, LAN Ecuador transported approximately **1,5 million passengers on domestic route, a growth of 13% compared to 2012.**
- On international routes, direct flights to Madrid, New York, Miami, Santiago, Lima and Buenos Aires
- Around **1,000 workers**



- Beginning of domestic operations: 2005
- Strong commitment to the development of economic, touristic and social activity of the country
- **14 domestic routes** (serving the main destinations of the nation) and **5 non-stop international destinations**
- 30% market share
- In 2012, LAN Argentina transported 2,3 million passengers within the country.
- Additionally the company operates international flights to Miami, Sao Paulo, Lima, Santiago and Punta Cana
- **1,866 workers**



- It has **20 domestic destinations** and **2 international** (Miami and Sao Paulo)
- 25% of the domestic market, transporting 3.2 million passengers on domestic routes.
- *Low cost business model*
- With Colombia, LAN has domestic operations in 5 different countries in the region
- LAN entrance to Colombia further enhances the company's network.







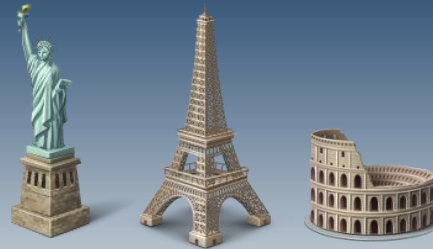
## WE OFFER THE LARGEST TURISTIC CIRCUIT IN SOUTH AMERICA



100 direct  
destinations around  
the world



70 additional  
international  
destinations  
through our  
various  
codeshare  
agreements



LAN is developing  
tourism in South  
America, connecting  
**major regional  
destinations with the  
world**, allowing  
thousands of South  
Americans to visit, as  
well as bringing the  
region closer to other  
countries



Largest tourism circuit  
in South America,  
bringing the region's  
attractions closer:  
**Galapagos, Easter  
Island, Cusco, Iguazú,  
San Pedro de Atacama,**  
among others



# WE ARE A MEMBER OF THE ONEWORLD ALLIANCE

WE ARE IN A PARTNERSHIP  
THAT BRINGS TOGETHER 12 OF  
THE BEST AND BIGGEST  
AIRLINES WORLDWIDE

- 13 affiliated airlines
- Over 850 destinations worldwide
- Presence in nearly 156 countries.
- We fly to America, Europa, Asia y Oceania



American Airlines®

BRITISH AIRWAYS

CATHAY PACIFIC

FINNAIR

IBERIA



JAL JAPAN AIRLINES

LAN

MALEV

QANTAS

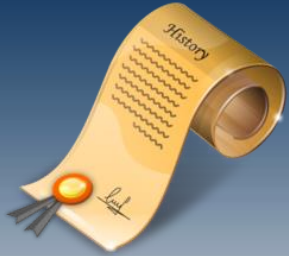
الخطوط الملكية الأردنية  
ROYAL JORDANIAN

# CARGO BUSINESS





# LAN CARGO AND ITS AFFILIATES: THE LARGEST CARGO OPERATORS IN LATIN AMERICA



80 years of experience in the Cargo Transport Business



- Differentiating attributes in efficiency, coverage, service quality, reliability and experience



- LAN has developed its business by combining the operation of its cargo planes with the optimum use of the cargo compartments on its passenger planes.



Fleet of 16 cargo aircraft in 2012: **12 Boeing 767-300F and 4 Boeing 777F**, the most efficient and modern cargo aircraft in the world of its class, which allows LAN to operate with efficiency its main routes within the continent and to strengthen its flights to Europe





***LAN CARGO has achieved preference from its customers with comprehensive and innovative solutions tailored to their needs.***





# LAN CARGO AND ITS AFFILIATES: THE MAIN CARGO OPERATOR IN LATIN AMERICA



- Currently, LAN CARGO and its affiliates operate cargo flights between three key points in the US and Europe and 34 destinations in Latin America
- 40% stake in Latin American international cargo traffic

## Recent significant milestones:

- 2009: **LANCO**. Starting operations in Colombia.
- 2010: Largest and most modern cold warehouses of any airline in the US (Miami)



**In July 2011, we inaugurated one of the most modern warehouses in Latin America:  
Bogota**



# LAN CARGO AND ITS AFFILIATES: SOME OF THE TRANSPORTED PRODUCTS



Animals: 9 African elephants in a single flight, **wallabies, dolphins, gazelles, deer, and others, such as pets (dogs and cats)**, bees, elephants, giraffes and horses (up to 45 have been transported on a single flight)



Flowers from Colombia and Ecuador  
Over 15 million bouquets are transported during Valentines Day



Blueberries from Argentina



Electronic equipment from the U.S.



Rspare parts for the mining industry and construction materials from Mexico and Europe



Salmon and fruit from Chile (mainly nectarines and berries)





**FLEET PLAN OF LAN**  
**WE HAVE ONE OF THE MOST MODERN**  
**FLEETS IN THE WORLD!**



# FLEET RENEWAL IN THE COMING YEARS

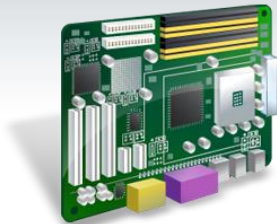
## Program of permanent fleet renewal



50 Airbus A320 (entre 2012 y 2016)

32 Boeing 787 (2012-2020)

20 Airbus A320neo (2017-2018)



Cutting edge technology

Lower CO2 emissions

**¡FLEET PLAN ALIGNED WITH OUR  
COMMITMENT TO THE COMMUNITY AND  
THE ENVIRONMENT!**







# LAN WILL FLY 32 BOEING 787: THE MOST MODERN AIRPLANE IN THE WORLD



LAN will be the first to fly the 787 in Latin America



LAN received the aircraft in September 2012



It will further enhance our passengers experience



Reduced environment impact: emits up to 20% less CO2 than similar aircraft



Consumes up to 20% less fuel



40% less noise footprint upon takeoff





## IN JUNE 2011, LAN ORDERED 20 AIRBUS A320NEO: INCORPORATING AN EFFICIENT FLEET

- More efficient engines
- Aerodynamic devices called *"sharklets"*.
- **Up to 15% fuel savings**, among other benefits.
- Will be delivered between 2017 and 2018.





**LAN:**  
**EXCELLENCE IN SERVICE**





Rest



Time saving  
oriented



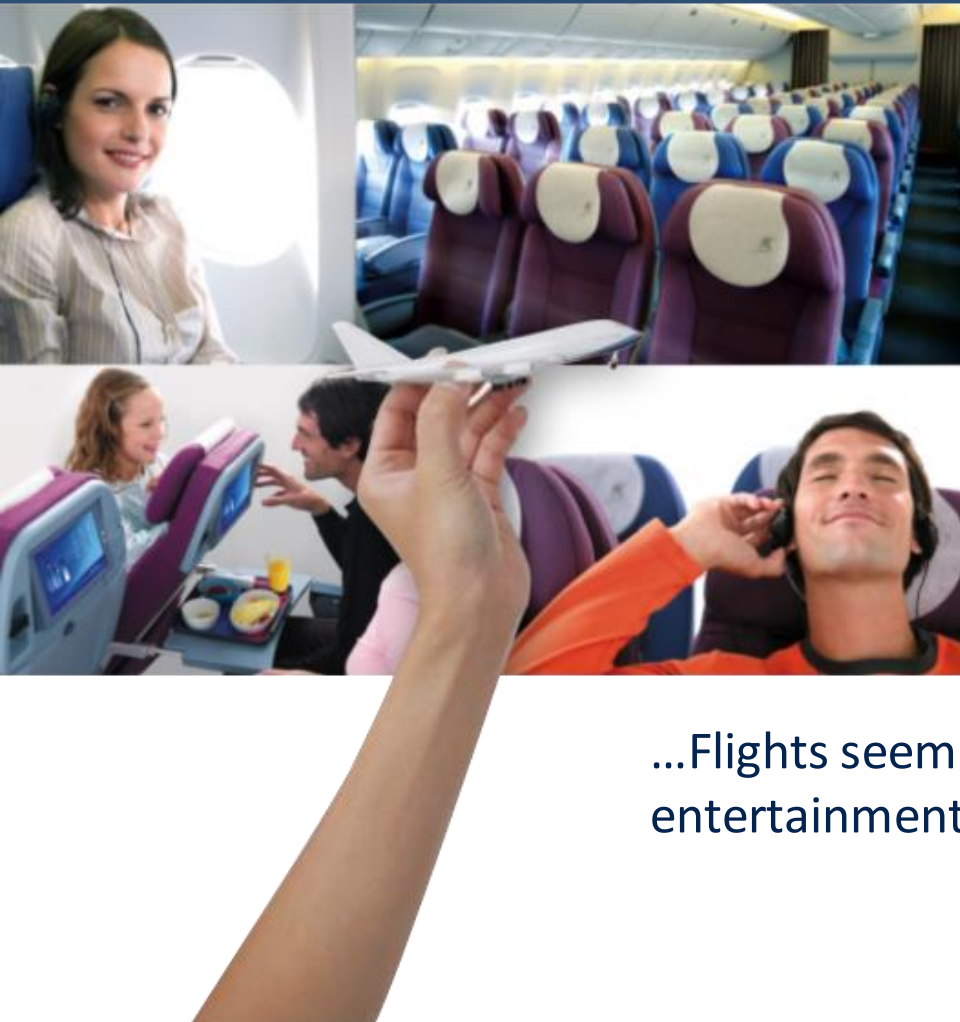
Entertainment



More Accesible



## ECONOMY CLASS: BETTER SERVICE AND EXCLUSIVE ENTERTAINMENT



- **Entertainment Service with the latest technology**, with the latest releases in movies and games and more than 1000 music cd's
- The best selection of South American Cinema
- High-resolution 8.9 inch screens
- Seats with **more recline**

...Flights seem shorter thanks to our on board entertainment system.





# PREMIUM BUSINESS CLASS: COMPLETELY HORIZONTAL



- **Best Business Class and Best Wine List** in business class (Business Traveler Awards 2011)
- **Full flat** seats (100% horizontal)
- 15.4 inch screen
- Wine list selected by **the only Master Sommelier in Latin America**, Hector Vergara
- International panel of chefs
- Bvlgari Amenity Kit



# THE ENVIRONMENT AND CSR



In July 2011 we launched the first Sustainability Report of the company!



# WHAT ELSE DO WE DO FOR THE ENVIRONMENT?



- ✓ Measure the **carbon footprint**
- ✓ Corporate Social Responsibility projects
- ✓ On land recycling program: **more than 1,000 tons of waste recycled annually**
- ✓ E-freight program: Reduce paper use in the LAN CARGO processes. More than 7,800 tons of paper documents each year.



## LAN and its contribution to the environment

**Over 200,000 tons of O2 emissions reduced annually:**  
With the LEAN fuel project, the company has reduced its emissions of CO2 by more than 100,000 tons annually since 2010.  
In 2011, with the “winglets” project, an additional 100,000 tons of CO2 were reduced.



# OUR MANAGEMENT OF CSR



- CSR Program of LAN “Cuido mi Destino” (Caring for my Destination), which promotes tourism awareness in the communities where the company operates, through the recovery of public spaces
- 4 consecutive years in each location sensitizing students, workers and local businesses
- More than **600 young people have worked in this program**
- Arica, Puerto Varas and Easter Island in Chile
- Cuenca in Ecuador
- Cuzco and Arequipa in Peru
- San Juan and Bariloche in Argentina







— LATAM AIRLINES GROUP —

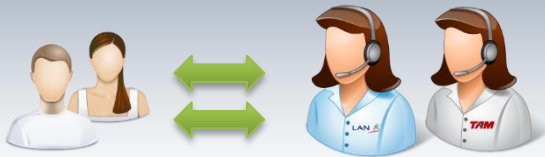




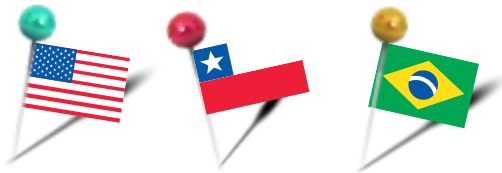
## The merger



Unlike other associations in the world of aeronautics, this alliance was made between two solid financial companies, whose position in the market is very important. Besides reducing costs, LATAM Group aims to increase and provide better benefits to its customers and to the region.



This merger was the most important achievement in the history of air transport in the region, with an unprecedented level of connectivity.



The airline Group has around 150 passenger destinations in twenty two countries and transports cargo to 169 destinations in twenty seven countries.



## The merger



The merger connects the world with South America and South America with the world, which is an important contribution for economical and social development in the region.



LATAM Group is present within the main hubs in South America: Santiago, Sao Paulo and Lima, connecting the region to the rest of the world.



During this time the company has worked to connect its network of destinations within the main hubs in the region with much more efficient airplanes, resulting in the generation of greater profits, as well as providing passengers and cargo customers with more competitive fare options.



# LAN AIRLINES

2012

