



LATAM AIRLINES GROUP S.A. ANNOUNCES LIABILITY MANAGEMENT ACTIONS

- **LATAM announces that TAM Capital 3 Inc., a company controlled by TAM S.A. through its affiliated company TAM Linhas Aereas S.A., and that consolidates its financial statements with LATAM, has announced the redemption of its 8.375% senior unsecured notes due 2021 and issued on June 3, 2011.**
- **Additionally, LATAM announces the future issuance of approximately US\$350 million of unsecured local Chilean notes with maturities in 2022 and 2028.**
- **These actions will further optimize LATAM's capital structure, lowering its blended cost of debt.**

Santiago, Chile, July 28, 2017 - LATAM Airlines Group S.A. and its consolidated affiliates ("LATAM" or "the Company") (NYSE: LTM / IPSA: LTM), today announced that TAM Capital 3 Inc., a company controlled by TAM S.A. through its affiliated company TAM Linhas Aereas S.A., and that consolidates its financial statements with LATAM, has announced the redemption for any and all of its 8.375% Senior Unsecured Notes due June 3, 2021 for a total amount of US\$500 million.

Funding for this transaction will be partially sourced from the issuance of approximately US\$350 million of unsecured local Chilean-Unidad de Fomento denominated notes with maturities in 2022 and 2028, while the balance will come from other financing activities and from the Company's cash balance.

This liability management transaction will further optimize the capital structure of LATAM, while maintaining its strong cash position. This represents positive news for LATAM; the transaction will provide financial savings by calling the notes with the highest coupon (8.375%) and will reduce the financial obligations for 2021 by US\$500 million while extending the existing debt maturity profile.

Once these transactions are completed, LATAM will have concluded the refinancing process of the TAM legacy bonds issued prior to the business combination between LAN and TAM. This process started in 2015 with the liability management of the US\$500 million, 9.5% senior unsecured notes due 2020 issued by TAM Capital 2 Inc. and more recently with the final payment in April 2017 of the US\$ 300 million, 7.375% senior unsecured notes due 2017 issued by TAM Capital Inc.

"These transactions will result in a stronger overall balance sheet structure for LATAM. We will benefit from significant savings and an improved repayment profile, and in combination with other financing initiatives already completed, including the successful issuance of the previously announced US\$700 million senior unsecured notes, we are in a much stronger financial position than one year ago", said Ramiro Alfonsín, CFO of LATAM Airlines Group.

About LATAM Airlines Group S.A.

LATAM Airlines Group is Latin America's leading airline group with one of the largest route networks in the world, offering air services to around 140 destinations in 25 countries, and is present in six domestic markets in Latin America: Argentina, Brazil, Chile, Colombia, Ecuador and Peru, in addition to its international operations in Latin America, Europe, the United States, the Caribbean, Oceania and Africa.

The Group employs over 44.000 people worldwide, operating more than 1,400 flights per day and transporting 67 million passengers per year.

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LATAM Airlines Group has one of the youngest and most modern fleets in the world. Its 332 aircraft as of December 31, 2016, average an age of approximately seven years and feature the latest models including the Boeing 787, Airbus A350, A321 and A320neo.

LATAM Airlines Group (formerly LAN Airlines) comprises subsidiaries in Peru, Argentina, Colombia and Ecuador as well as LATAM CARGO and its subsidiaries; in addition to TAM S.A and its subsidiaries, TAM Linhas Aéreas S.A. (LATAM Airlines Brasil) and its business units TAM Transportes Aéreos Del Mercosur S.A. (LATAM Airlines Paraguay) and Multiplus S.A.

LATAM is the brand adopted by LATAM Airlines Group member airlines and is being rolled-out in its products and services, as part of a gradual integration plan.

LATAM Airlines Group is the only airlines group in Latin America and one of two worldwide to be part of the Dow Jones Sustainability 'World' Index. In 2016, it was recognized by the index for sustainable practices, based on economic, social and environmental criteria, for the third consecutive year.

LATAM Airlines Group's shares are traded on the Santiago Stock Exchange, and on the New York Stock Exchange in the form of ADRs.

For any commercial or brand related query, visit www.latam.com. Further financial information is available via www.latamairlinesgroup.net