

LATAM formalizes second tranche of DIP financing and announces LATAM Airlines Brazil's Chapter 11 incorporation

- *The committed funds of US\$1.3 billion for Tranche A and the corresponding funds for Tranche C must be approved by the court in the United States*
- *LATAM Airlines Brazil's decision is a natural step in light of the continuing COVID-19 pandemic and will facilitate access to proposed DIP (debtor-in-possession) financing. The Brazilian affiliate will continue to operate flights as normal during the process*

Santiago, Chile. July 9, 2020 – LATAM Airlines Group S.A. ('LATAM') today presented the second tranche (Tranche A) of its DIP (debtor-in-possession) financing proposal to the Court of the Southern District of New York, as part of the Chapter 11 process. Tranche A amounts to US\$1.3 billion that was committed by Oaktree Capital Management L.P. and its affiliates. This proposal must be reviewed and approved by the court in the coming days.

Tranche A complements Tranche C, which comprises US\$900 million that was committed by shareholders Qatar Airways and the Cueto and Amaro families when LATAM and its affiliates in Chile, Colombia, Peru, Ecuador and the United States filed for Chapter 11 in May 2020. Tranche C includes an upside of US\$250 million that will enable other shareholders in Chile to participate, once it is approved by the court.

Combined, Tranches A and C meet LATAM's financing requirements in the context of the COVID-19 crisis and, as a result, it is hoped that financial support will not be required from governments. Nonetheless, LATAM Airlines Brazil will continue advancing negotiations with Brazil's National Bank for Economic and Social Development (BNDES).

"Today, LATAM has taken a significant step in ensuring its operational continuity by securing the commitment of Oaktree Capital Management and its affiliates for the total financing of Tranche A. We hope that, together with Tranche C, it will be approved by the court in the coming weeks," said **Roberto Alvo, CEO of LATAM Airlines Group**. *"The support of two of our principal shareholders has been essential, sparking an interest and commitment from investors that we did not have a month ago. This show of confidence in the group's future has enabled us to secure all the resources that are required to continue operating during the crisis and as demand recovers, to successfully complete the Chapter 11 process."*

LATAM Airlines Brazil files for Chapter 11

LATAM Airlines Brazil today began a voluntary reorganization process as part of Chapter 11 protection in the United States to restructure its debt and effectively manage its aircraft fleet, while enabling operational continuity. LATAM Airlines Group and its affiliates in Chile, Peru, Colombia, Ecuador and the United States are already part of this process, which began on May 26, 2020.

LATAM Airlines Brazil's decision is a natural step in light of the continuing COVID-19 pandemic and offers the best option to access the proposed DIP financing that will provide the tools to adapt to this new reality.

LATAM Airlines Brazil will continue to operate passenger and cargo flights normally, as LATAM Airlines Group and its affiliates have done since they entered Chapter 11. Likewise, when authorized by the court, LATAM Airlines Brazil will continue to fulfil its commitments to



customers, with tickets, its frequent flyer program and flexibility policies all being honored. Likewise, obligations to employees, including pay and benefits will be respected.

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