



LATAM AND ITS AFFILIATES ANNOUNCE NEW TRAVEL MODEL FOR THEIR SIX DOMESTIC MARKETS

- *With the new model, LATAM and its affiliates aim to provide wider access to air travel in Latin America. By 2020, the group estimates that it will increase passenger numbers on domestic routes by up to 50%, consolidating flying as a mass mode of transport in the region and helping to drive economic growth in the markets where it operates.*
- *LATAM and its affiliates will introduce a new travel model – responding to industry-wide trends – where the passenger can choose how they want to fly; paying for additional services they require and selecting fares most appropriate to their needs.*
- *The new offering will feature up to a 20% reduction in fares for domestic flights, improved onboard dining options and the ability to travel with hand luggage at no extra cost as well as the option to add checked luggage, enabling the passenger to personalize their travel experience.*
- *Beginning in 2017, the changes will be introduced gradually to the domestic services of LATAM Airlines Chile, LATAM Airlines Colombia, LATAM Airlines Peru, LATAM Airlines Ecuador, LATAM Airlines Argentina and LATAM Airlines Brazil.*

Santiago, Chile, 9 November 2016 – LATAM Airlines Group today announced a new travel model for domestic services in the six countries where it has domestic operations. The model will respond to changes and high growth in the global aviation industry, modern passenger needs (which include greater connectivity and increased choice) and the development of the digital experience in all aspects of travel. A phased country-by-country introduction will begin the first half of 2017.

The new offering will include fares that are up to 20% cheaper, a fare structure that enables passengers to choose the services they want to pay for and the incorporation of digital technologies to improve the travel experience such as LATAM Entertainment, a free of charge wireless entertainment system, which is already available on all domestic flights.

"Our objective is that fares continue to fall, widening access to air travel both to more people and to those who wish to fly more frequently. The new travel model seeks to satisfy the needs of today's passengers, who value fast, convenient and seamless travel, as well as the ability to manage and personalize their travel experience, only paying for the services they require," said **Enrique Cueto, CEO of LATAM Airlines Group.**

The new way to book flights will enable passengers to choose fares according to the journey type and the additional services they require. For example, passengers will be able to travel with hand luggage at no extra cost with the option to add checked luggage; enjoy a wider range of food on-board; select their seat; and add the option to change or cancel their ticket. With more options, the new model aims to make fares clearer and more personalized.

DOMESTIC AIR TRAFFIC IN THE REGION ANTICIPATED TO INCREASE UP TO 50% BY 2020

Over the past 10 years, LATAM and its affiliates have reduced fares on domestic routes by up to 50%, helping to triple air traffic in the region.

"In the case of Chile – where LATAM is the leading airline group and has been a pioneer in widening access to air travel – we have increased traffic from three to 10 million passengers per year, helping it to become the country with the most flights per capita in South America. The

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objective of the model announced today is to continue making advances in the markets where we operate,” said Cueto.

LATAM and its affiliates also project that basic fares on domestic routes through to 2020 will be up to 20% cheaper, contributing to tourism development and the growth of air travel per capita in the region.

"As flight frequency in the region continues to lag behind countries such as the United States or England, where on average each person travels by air more than two times per year, Latin America still has much potential for growth. For this reason, it is projected that the new travel model will help increase passengers numbers on domestic routes by up 50% by 2020, maintaining LATAM Airline Group's position as a key player in the growth of air traffic in the region," added Cueto.

LATAM AIRLINES GROUP'S GLOBAL STRATEGY

LATAM Airline Group and its affiliates' new travel model for domestic flights is part of a global strategy to make the group more efficient, innovative and flexible. It will also enable LATAM to maintain its competitiveness and ensure the long-term sustainability of the group's businesses.

IMPROVED DIGITAL EXPERIENCE

LATAM Airlines Group is investing in the development of its principal digital tools to create a seamless digital experience for passengers. Purchases, check-in, boarding and post-sale processes will be quicker, simpler and accessible from mobile devices.

One of the biggest developments – which has already been implemented on all short-haul flights – is LATAM Entertainment, a wireless on-board entertainment system that allows passengers to stream content including films, series, child-friendly content and live flight maps directly from their mobiles devices free of charge. The system has proved a success with passengers since its launch and currently the supporting LATAM Entertainment app has had more than 2 million downloads in countries where the company operates.

About LATAM Airlines Group S.A.

LATAM Airlines Group S.A. is the new name given to LAN Airlines S.A. as a result of its association with TAM S.A. LATAM Airlines Group S.A. now includes LATAM Airlines Group (before LAN Airlines) and its affiliates in Peru, Argentina, Colombia and Ecuador, and LATAM Cargo and its affiliates, as well as TAM S.A. and its subsidiaries TAM Linhas Aereas S.A. (LATAM Airlines Brasil), including its business units TAM Transportes Aereos del Mercosur S.A., (LATAM Airlines Paraguay) and Multiplus S.A. This association creates one of the largest airline groups in the world in terms of network connections, providing passenger transport services to about 138 destinations in 25 countries and cargo services to about 140 destinations in 29 countries, with a fleet of 324 aircraft. In total, LATAM Airlines Group S.A. has approximately 48.000 employees and its shares are traded in Santiago, as well as on the New York Stock Exchange, in the form of ADRs.

LATAM is the new brand that has been adopted by the airline members of LATAM Airlines Group. The group has started to implement the LATAM and LATAM Airlines brand to its customer contact points and aircraft, and will continue implementing LATAM in its products and services as part of a gradual roll-out that will last approximately three years.

Each airline will continue to operate under their current brands and identities. For any inquiry of LAN or TAM, please visit www.latam.com. Further information at www.latamairlinesgroup.net

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