

In the context of the Chapter 11 reorganization

LATAM makes the first draw under the DIP financing

Also announced that the process will allow minority shareholders to participate in the US\$ 150 million tranche C increase

Santiago, October 8, 2020. LATAM Airlines Group today made the first draw for US\$ 1,150 million under the DIP financing, representing 50% of the total of US\$ 2,300 committed to date. The draw represents US\$ 650 million from Tranche A and US\$ 500 million from Tranche C.

Also, it was made public the mechanism by which the minority shareholders and other creditors will participate in up to additional US\$ 150 million in Tranche C.

"Today, what we announced at the beginning of this process is taking place, which is to grant LATAM shareholders the possibility to participate in the financing of the group", said the CFO of LATAM Airlines Group, Ramiro Alfonsín. "This first disbursement of the DIP loan will allow us to reestablish our operation, following the evolution of demand and to work with greater peace of mind on our reorganization plan".

LATAM hired LarrainVial to structure the increase of Tranche C through the placing of shares of an investment fund through an auction. This fund will be managed by Toesca S.A Administradora General de Fondos. In this way, shareholders as of midnight on May 25th this year and who maintain their status at midnight of the day prior to the opening of the book will have priority to participate at a rate of US\$3.43 per share.

The amount of shares not subscribed by said shareholders might be subscribed by other shareholders in LATAM's registry, as by local bondholders, in both cases, as of October 8th and as long as they preserve their status at midnight of the day prior to the opening of the book. Lastly, the shareholders as of May 25, 2020, interested in participating with more than US\$ 3.43 per share, will also be able to participate for that excess, on the same terms and conditions as the other share and local bond holders identified above. In the case that the interest exceeds US\$ 150 million, these investors will participate on a pro rata basis.

The DIP financing approved by the Southern District Court of New York considers two committed tranches. Tranche A, for an amount of up to US\$ 1,300 million, led by Oaktree Capital Management, who committed US\$1,1250 million, and Knighthead Capital with US\$ 175 million. Tranche C considers an amount of up to US\$ 1,150 million, which is composed by US\$ 750 million committed by Qatar Airways and the Cueto and Eblen Groups, and US\$ 250 million which will be contributed by Knighthead Capital, along with the US\$ 150 million that will be committed by the fund administered by Toesca S.A Administradora General de Fondos.