IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QUALIFIED INSTITUTIONAL BUYERS ("QIBs") (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT, AS AMENDED (THE "SECURITIES ACT")) OR (2) NON-U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) LOCATED OUTSIDE OF THE UNITED STATES AND THAT ARE NOT ACQUIRING THE NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON IN RELIANCE ON REGULATION S OF THE SECURITIES ACT.

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this page, and you are advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM AND THE OFFER OF THE NOTES ARE ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC, AS AMENDED) AND RELATED IMPLEMENTATION MEASURES IN MEMBER STATES ("QUALIFIED INVESTORS"). IN ADDITION, IN THE UNITED KINGDOM THE OFFERING MEMORANDUM IS ONLY BEING DISTRIBUTED TO QUALIFIED INVESTORS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLES 19(5) AND 19(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AND OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFERING MEMORANDUM RELATES IS AVAILABLE ONLY TO (I) IN THE UNITED KINGDOM, RELEVANT PERSONS, AND (II) IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OTHER THAN THE UNITED KINGDOM, QUALIFIED INVESTORS, AND WILL BE ENGAGED IN ONLY WITH SUCH PERSONS. IN ADDITION, NO PERSON MAY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY, WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA"), RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES OTHER THAN IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO US.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities, investors must be either (1) QIBs or (2) non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States. This Offering Memorandum is being sent at your request and by accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons (within the meaning of Regulation S under the Securities Act) and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver the Offering Memorandum to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

The following Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently neither the initial purchasers, nor any person who controls them nor any of their directors, officers, employees nor any of their agents nor any affiliate of any such person accept any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the initial purchasers.

U.S.$700,000,000

LATAM Finance Limited

6.875% Senior Notes due 2024

Guaranteed by LATAM Airlines Group S.A.

LATAM Finance Limited (the "Issuer") is offering U.S.$700 million aggregate principal amount of its 6.875% Senior Notes due 2024 (the "notes"). See "Use of Proceeds."

The notes will bear interest at the rate of 6.875% per year and will mature on April 11, 2024, unless earlier redeemed in accordance with the terms of the notes. See "Description of the Notes—Optional Redemption" below. Interest on the notes will be payable semi-annually in arrears on April 11 and October 11 of each year, beginning on October 11, 2017.

The Issuer, an exempted company incorporated in the Cayman Islands with limited liability, is a finance subsidiary with no operations and, therefore, depends on the cash flow of its parent, LATAM Airlines Group S.A. (the "Guarantor"), to meet its obligations, including its obligations on the notes. The notes will be fully, unconditionally and irrevocably guaranteed on a senior unsecured basis.

The notes and the related guarantee will be direct, senior unsecured obligations of the Issuer and Guarantor. The notes will rank equally with all the other respective unsubordinated unsecured obligations of the Issuer and the guarantee will rank equally in right of payment with all existing and future senior unsecured obligations of the Guarantor (except those obligations preferred by operation of Chilean law, including labor and tax claims). The guarantee will effectively be subordinated to all of the Guarantor's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness and will rank senior in right of payment to the Guarantor's future subordinated indebtedness. The guarantee will also be structurally subordinated to all existing and future debt and other liabilities, including trade payables, of the Guarantor's subsidiaries other than the Issuer. See "Description of the Notes."

On or after April 11, 2021, the notes will be redeemable, at the option of the Issuer, in whole or in part, at the redemption prices specified under "Description of the Notes—Optional Redemption", plus accrued and unpaid interest to but excluding the redemption date. Prior to April 11, 2021, the notes will be redeemable, at the option of the Issuer, in whole or in part, at any time, at a price equal to 100% of the principal amount of the notes to be redeemed plus a "make-whole" premium, if any, plus accrued and unpaid interest to but excluding the redemption date. See "Description of the Notes—Optional Redemption—Optional Redemption With a Make Whole Premium." Prior to April 11, 2020, the Issuer may on any one or more occasions redeem up to 35% of the outstanding aggregate principal amount of the notes using the net cash proceeds of one or more equity offerings at a redemption price equal to 106.875% of the aggregate principal amount thereof, plus accrued and unpaid interest to but excluding the redemption date; *provided that*: (i) at least 65% of the original aggregate principal amount of the notes remains outstanding after each such redemption and (ii) such redemption occurs within 90 days after the closing of such equity offering. See "Description of the Notes—Optional Redemption—Optional Redemption with Proceeds from Equity Offerings." The Issuer may, at its option, also redeem all, but not less than all, of the notes at 100% of their principal amount plus accrued and unpaid interest to but excluding the redemption date and any additional amounts due thereon if the laws or regulations affecting certain taxes change in certain respects. See "Description of the Notes—Optional Redemption—Optional Redemption Upon a Tax Event."

See "Risk Factors" beginning on page 14 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Price: 100.00% plus accrued and unpaid interest, if any, from April 11, 2017.

The notes and the related guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and are being offered and sold only (i) within the United States to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act ("Rule 144A") and (ii) to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). For a description of the restrictions on transfer of the notes, see "Transfer Restrictions" and "Plan of Distribution."

The notes may not be publicly offered or sold, directly or indirectly, in the Republic of Chile ("Chile"), or to any resident of Chile, except as permitted by applicable Chilean law. The notes will not be registered under Law No. 18,045, as amended, (*Ley de Mercado de Valores* or the securities market law of Chile) with the Superintendency of Securities and Insurance (*Superintendencia de Valores y Seguros* or "SVS") and, accordingly, the notes cannot and will not be offered or sold to persons in Chile except in circumstances which have not resulted and will not result in a public offering under Chilean law, and in compliance with Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS ("SVS Rule 336"). Pursuant to SVS Rule 336, the notes may be privately offered in Chile to certain "qualified investors," identified as such therein (which in turn are further described in Rule No. 216, dated June 12, 2008, of the SVS). See "Notice to Investors in Chile."

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The notes are expected to be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC") and its direct and indirect participants, including Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream, Luxembourg"), and Euroclear Bank S.A./N.V. ("Euroclear"), against payment on or about April 11, 2017.

Global Coordinators and Joint Book-Running Managers

BofA Merrill Lynch **Credit Suisse**

Joint Book-Running Managers

BNP PARIBAS **BTG Pactual** **Natixis** **Santander**

The date of this offering memorandum is April 6, 2017.

NOTICE TO INVESTORS IN CHILE

The offer of the notes is subject to General Rule No. 336 of the SVS. The notes being offered will not be registered under the Securities Market Law in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the SVS and, therefore, the notes are not subject to the supervision of the SVS. As unregistered securities, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding securities registry. The notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule No. 336 of the SVS. Pursuant to General Rule No. 336, the notes may be privately offered in Chile to certain "qualified investors" identified as such therein (which in turn are further described in General Rule No. 216, dated June 12, 2008, of the SVS).

La oferta de los bonos se acoge a la Norma de Carácter General N°336 de la SVS. Los bonos que se ofrecen no están inscritos bajo la Ley de Mercado de Valores en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de ésta. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de estos valores. Los bonos no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente. Los bonos solo podrán ser ofrecidos en Chile en circunstancias que no constituyan una oferta pública o cumpliendo con lo dispuesto en la Norma de Carácter General N°336 de la SVS. En conformidad con lo dispuesto por la Norma de Carácter General N°336, los bonos podrán ser ofrecidos privadamente a ciertos "inversionistas calificados," identificados como tal en dicha norma (y que a su vez están descritos en la Norma de Carácter General N°216 de la SVS de fecha 12 de junio de 2008).

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of notes described in this offering memorandum may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer to the public of the notes may be made in that relevant member state at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the initial purchasers nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided, that no such offer of notes shall require the Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression "Prospectus Directive" means Directive 2003/71/EC as amended by Directive 2010/73/EU, and includes any relevant implementing measure in the relevant member state.

The sellers of the notes have not authorized and do not authorize the making of any offer of notes through any financial intermediary on their behalf, other than offers made by the initial purchasers with a view to the final placement of the notes as contemplated in this offering memorandum. Accordingly, no purchaser of the notes, other than the initial purchasers, is authorized to make any further offer of the notes on behalf of the sellers or the initial purchasers.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to(d) of the Order (each such person being referred to as a "relevant person"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

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We have not, and the initial purchasers have not, authorized anyone to provide any information other than that contained in this offering memorandum and in the documents incorporated by reference herein. We and the initial purchasers take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the initial purchasers are not, making an offer of the notes in any jurisdiction where the offer of the notes is not permitted. Prospective investors should not assume that the information contained in this offering memorandum or any document incorporated by reference herein is accurate as of any date other than the date such information is presented. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum.

After having made all reasonable inquiries, we confirm that the information contained in this offering memorandum and the documents incorporated by reference herein is true and accurate in all material respects, that the opinions and intentions expressed herein and therein are honestly held, and that there are no other facts the omission of which would make this offering memorandum and the documents incorporated by reference herein as a whole or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

Presentation of Financial Information

In this offering memorandum, the discussion of our business includes the business of LATAM Airlines Group S.A. and its direct and indirect subsidiaries, including the Issuer. Unless otherwise indicated or the context otherwise requires, "LATAM Airlines Group," "LATAM" "we," "us," "our" or the "Company" refer to LATAM Airlines Group S.A. and its consolidated affiliates, the term "Issuer" refers only to LATAM Finance Limited and the terms "LATAM Airlines Group S.A." and "Guarantor" refers only to LATAM Airlines Group S.A., the unconsolidated operating entity. All references to "Chile" are references to the Republic of Chile. Unless we specify otherwise, all references to "$," "U.S.$," "U.S. dollars" or "dollars" are to United States dollars, references to "pesos," "Chilean pesos" or "Ch$" are to Chilean pesos, references to "reais," "Brazilian reais," or "R$" are to Brazilian reais, and references to "UF" are to *Unidades de Fomento*, a daily indexed Chilean peso-denominated monetary unit that takes into account the effect of the Chilean inflation rate. As of the date of this offering memorandum, the LATAM brand includes all of the affiliate brands such as LATAM Airlines Chile, LATAM Airlines Peru, LATAM Airlines Argentina, LATAM Airlines Colombia, LATAM Airlines Ecuador and LATAM Airlines Brazil.

In this offering memorandum, references to "LAN" are to LAN Airlines S.A., currently known as LATAM Airlines Group S.A., in connection with circumstances and facts occurring prior to the completion date of the business combination between LAN Airlines S.A. and TAM S.A.

In this offering memorandum, unless the context otherwise requires, references to "TAM" are to TAM S.A. and its consolidated affiliates, including TAM Linhas Aereas S.A., which does business under the name "LATAM Airlines Brazil," Multiplus S.A. ("Multiplus"), Fidelidade Viagens e Turismo Limited ("TAM Viagens") and Transportes Aéreos Del Mercosur S.A. ("TAM Mercosur"). A list of certain consolidated affiliates of LATAM, and other terms that may be unfamiliar to some readers, is found in the glossary beginning on page v of this offering memorandum.

The consolidated financial statements of LATAM as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014, which are incorporated by reference in this offering memorandum, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. During 2016, the Company recorded out of period adjustments resulting in an aggregate net decrease of U.S.$18.2 million to "Net income (loss) for the period" for the year ended December 31, 2016. These adjustments include U.S.$39.5 million (loss) resulting from an account reconciliation process initiated after the Company's affiliate TAM S.A. and its subsidiaries completed the implementation of the SAP system. A further U.S.$11.0 million (loss) reflects adjustments related to foreign exchange differences, also relating to the Company's subsidiaries in Brazil. The balance of U.S.$32.3 million (gain) includes principally the adjustment of unclaimed fees for expired tickets for the Company and its affiliates outside Brazil. Management of TAM S.A. has concluded that the out of period adjustments that have been identified are material to the 2015 financial statements of TAM S.A., which should therefore require a restatement in Brazil. However, Management of LATAM has evaluated the impact of all out of period adjustments, both individually and in the aggregate, and concluded that due to their relative size and to qualitative factors they are not material to the annual consolidated financial statements for 2016 of LATAM Airlines Group S.A. or to any previously reported consolidated financial statements, therefore no restatement or revision is necessary. For more information see "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operation—LATAM Airlines Group Financial Results Discussion: Year ended December 31, 2016 compared to year ended December 31, 2015—Out of Period Adjustments" of our Form 20-F incorporated herein by reference.

Exchange Rates and Certain Reference Rates

This offering memorandum contains conversions of certain Chilean peso amounts into U.S. dollar amounts at specified rates solely for the convenience of the reader. These conversions should not be construed as representations that the Chilean peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate or any other exchange rate as of that or any other date. Unless we indicate otherwise, the U.S. dollar equivalent for information in Chilean pesos is based on the "*dólar observado*" (the "Observed Exchange Rate") published by the Central Bank of Chile on December 31, 2016, which was Ch$669.47 = U.S.$1.00. The

Observed Exchange Rate for pesos on March 28, 2017, was Ch$663.74 = U.S.$1.00. Unless we indicate otherwise, the U.S. dollar equivalent for information in Brazilian reais is based on the average "*bid and offer rate*" published by the Central Bank of Brazil on December 31, 2016, which was R$3.259 = U.S.$1.00. The bid and offer rate for reais on March 28, 2017, was R$3.130 = U.S.$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos or Brazilian reais.

The Guarantor and the majority of its subsidiaries maintain their accounting records and prepare their financial statements in U.S. dollars. Some of our other subsidiaries, however, maintain their accounting records and prepare their financial statements in Chilean pesos, Argentinean pesos, Colombian pesos or Brazilian reais. In particular, TAM maintains its accounting records and prepares its financial statements in Brazilian reais. Our consolidated financial statements include the results of these subsidiaries translated into U.S. dollars. IFRS requires assets and liabilities denominated in other currencies to be translated at period-end exchange rates, while revenue and expense accounts are translated at each transaction date.

Non-IFRS Financial Measures

In addition to our financial information that has been prepared and presented in accordance with IFRS, this offering memorandum includes certain "non-GAAP financial measures" (as defined in Regulation G under the Securities Act). These measures include:

- Adjusted EBITDAR, which consists of net income/(loss) for the period before income taxes and financial costs and financial income, plus depreciation and amortization expense, plus aircraft rentals expense, as further adjusted to add back the effect of other gains and losses, and to deduct equity accounted earnings, exchange rate differences and the result of indexation units;

- Adjusted EBITDAR margin, which is calculated by dividing Adjusted EBITDAR by the sum of our passenger revenues, cargo revenues and other operating income;

We believe that Adjusted EBITDAR provides a useful supplemental measure to examine the underlying performance of the business. Adjusted EBITDAR should not, however, be considered in isolation or as a substitute for net income, operating revenues, cash flows from operating activities or any other measure of financial performance presented in accordance with IFRS or as a measure of our profitability or liquidity. Adjusted EBITDAR as presented by LATAM may exclude some but not all items that affect net income, and may not be comparable to similar measures presented by other companies in the same industries or similar industries. For a detailed reconciliation of Adjusted EBITDAR to net income and the calculation of Adjusted EBITDAR margin, see "Summary." We believe that the inclusion of these measures in this offering memorandum is appropriate to provide holders of our notes with additional information about our operating performance, but you should not rely solely on such measures and you should read them together with our audited consolidated financial statements contained or incorporated by reference in this offering memorandum and the operating data and financial information contained herein.

We provide information regarding EBITDAR in press releases containing our quarterly and annual earnings reports that is calculated on a basis that is different from the calculation of Adjusted EBITDAR used in this offering memorandum. The differences between EBITDAR as presented in our earnings reports and Adjusted EBITDAR as presented in this offering memorandum are immaterial.

Industry Data

Unless otherwise indicated, all industry data and statistics included in this offering memorandum are estimates or forecasts contained in or derived from industry sources that we believe to be reliable. Industry data and statistics are inherently predictive and are not necessarily reflective of actual market conditions, and we have not independently verified such data. Such statistics may be based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products (*e.g.*, aircraft type) and transactions should be included in the relevant markets. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods, (iii) the underlying information is

based on a mix of public and privately obtained information, and (iv) different assumptions were used in compiling the data.

Market statistics included in this offering memorandum should be viewed with caution, and no representation or warranty is given by any person, including LATAM or any initial purchaser, as to their accuracy or completeness, or the assumptions relied upon therein.

Rounding

We have rounded percentages and certain U.S. dollar, Chilean peso and Brazilian reais amounts contained in this offering memorandum for ease of presentation. Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

GLOSSARY

The following terms, as used in this offering memorandum, have the meanings set forth below.

Capacity Measurements:

"available seat kilometers" or "ASKs"	The sum, across our network, of the number of seats made available for sale on each flight multiplied by the kilometers flown by the respective flight.
"available seat kilometers equivalent" or "ASK equivalent"	The sum, across our network, of the number of seats made available for sale on each flight plus the quotient of ATKs divided by 0.095, all multiplied by the kilometers flown by the respective flight.
"available ton kilometers" or "ATKs"	The sum, across our network, of the number of tons available for the transportation of revenue load (cargo) on each flight multiplied by the kilometers flown by the respective flight.

Other:

"Airbus A320-Family Aircraft"	The Airbus A319, Airbus A320, Airbus A320neo and Airbus A321 models of aircraft.
"operating expenses"	Operating expenses comprise the sum of the line items "cost of sales" plus "distribution costs" plus "administrative expenses" plus "other expenses," as shown on our consolidated statement of income by function.

Consolidated Affiliates of LATAM:

"ABSA"	Aerolinhas Brasileiras S.A., incorporated in Brazil.
"LANCO"	Línea Aérea Carguera de Colombia S.A., incorporated in Colombia.
"LATAM Airlines Argentina"	LAN Argentina S.A., incorporated in Argentina.
"LATAM Airlines Chile"	Transporte Aéreo S.A., incorporated in Chile.
"LATAM Airlines Colombia"	Aerovías de Integración Regional, Aires S.A., incorporated in Colombia.
"LATAM Airlines Ecuador"	Aerolane, Líneas Aéreas Nacionales del Ecuador S.A., incorporated in Ecuador.
"LATAM Airlines Peru"	LAN Perú S.A., incorporated in Peru.
"LATAM Cargo"	LAN Cargo S.A., incorporated in Chile.
"MasAir"	Aero Transportes Mas de Carga S.A. de C.V., incorporated in Mexico.
"TAM"	Tam S.A., incorporated in Brazil.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We are "incorporating by reference" information into this offering memorandum, which means that we can disclose important information to you without actually including the specific information in this offering memorandum by referring you to other documents filed separately with the U.S. Securities and Exchange Commission (the "SEC"). The information incorporated by reference is an important part of this offering memorandum. Information that we later provide to the SEC, and which is deemed to be "filed" with the SEC, automatically will update information previously filed with the SEC, and may replace information in this offering memorandum.

We are incorporating by reference into this offering memorandum the following document

- our Annual Report on Form 20-F and Form 20-F/A (as amended) for the year ended December 31, 2016 (SEC File/Film No. 001-14728/17723065 and 17723670) (our "Form 20-F").

We also incorporate by reference into this offering memorandum additional documents that we may file with the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), from the date of this offering memorandum until we have sold all of the securities to which this offering memorandum relates or the offering is otherwise terminated; provided, however that we are not incorporating any information furnished but not filed under any Report on Form 6-K.

Except as specifically incorporated by reference above, none of our current or future reports filed or furnished with or to the SEC are incorporated by reference herein.

You may request a copy of any and all of the information that has been incorporated by reference in this offering memorandum and that has not been delivered with this offering memorandum, at no cost, by writing us at Presidente Riesco 5711, 20th Floor, Las Condes, Santiago, Chile or by telephoning us at (56-2) 2565-3944.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We are subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we are required to file or furnish reports, including annual reports on Form 20-F, and other information with or to the SEC. We are required to file our annual report on Form 20-F within 120 days after the end of each fiscal year. All information filed or furnished with or to the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1 (800) SEC-0330 for further information on the operation of the public reference rooms. You may also obtain additional information over the Internet at the SEC's website at www.sec.gov.

At all times when LATAM Airlines Group S.A. is required to file any financial statements or reports with the SEC, LATAM Airlines Group S.A. will use its reasonable best efforts to file all required statements or reports in a timely manner in accordance with the rules and regulations of the SEC. In addition, at any time when LATAM Airlines Group S.A. is not subject to or is not current in its reporting obligations under Section 13 or Section 15(d) of the Exchange Act, or is exempt from the registration requirements of Section 12(g) of the Exchange Act pursuant to Rule 12g3-2(b) thereunder and any notes remain outstanding (or if otherwise required with respect to the Issuer), LATAM Airlines Group S.A. will make available, upon request, to any holder and any prospective purchaser of notes that are "restricted securities" under the Securities Act, the information referred to in Rule 144A(d)(4) under the Securities Act in order to permit resale of the notes in compliance with Rule 144A.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to comply with the reporting requirements of these notes. See "Description of the Notes."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum and the documents incorporated by reference herein contain statements that are or may constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Such statements may include words such as "anticipate," "could," "estimate," "expect," "project," "intend," "plan," "believe" or other similar expressions. Forward-looking statements, including statements about our beliefs and expectations, are not statements of historical facts. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. There is no assurance that the expected events, trends or results will actually occur. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to:

- factors described in this offering memorandum under the heading "Risk Factors" and other documents incorporated by reference herein, and, from time to time, in other reports we file with the SEC or in other documents that we publicly disseminate, including, in particular, the section titled "Risk Factors" in our Form 20-F;
- our ability to service our debt and fund our working capital requirements;
- future demand for passenger and cargo air service in Chile, Brazil, other countries in Latin America and the rest of the world;
- the maintenance of relationships with customers;
- the state of the Chilean, Brazilian, Latin American and world economies and their impact on the airline industry;
- the effects of competition;
- future terrorist incidents, cyber attacks or related activities affecting the airline industry;
- future outbreak of diseases, or spread of already existing diseases, affecting traveling behavior and/or exports;
- natural disasters affecting traveling behavior and/or exports;
- the relative value of the Chilean and other Latin American currencies compared to other world currencies;
- inflation;
- competitive pressures on pricing;
- our capital expenditure plans;
- changes in labor costs, maintenance costs, and insurance premiums;
- fluctuation of crude oil prices and its effect on fuel costs;
- cyclical and seasonal fluctuations in our operating results;
- defects or mechanical problems with our aircraft;
- our ability to successfully implement our growth strategy;
- increases in interest rates; and

- changes in regulations, including regulations related to access to routes in which we operate.

Forward-looking statements speak only as of the date they are made, and neither we nor the initial purchasers undertake to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.

SUMMARY

The following summary highlights information contained elsewhere in this offering memorandum or incorporated by reference herein. This summary is not complete and does not contain all of the information you should consider before investing in our securities. You should read this offering memorandum carefully, including the "Risk Factors" and "Cautionary Statement Regarding Forward-Looking Statements" sections and our historical consolidated financial statements and the notes to those financial statements incorporated by reference before making an investment decision.

The Issuer

The Issuer is an exempted company with limited liability incorporated under the laws of the Cayman Islands on September 21, 2016. The Issuer's registered office is located at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The authorized share capital of the Issuer is U.S.$100, divided into 100 shares of a par value of U.S.$1.00 each, of which 100 shares have been issued as fully paid and is outstanding. LATAM Airlines Group S.A. is the sole shareholder of the Issuer.

Our Company

LATAM Airlines Group is a Chile-based airline holding company formed by the business combination of LAN Airlines S.A. of Chile and TAM S.A. of Brazil in 2012. Following the combination, LAN Airlines S.A. became "LATAM Airlines Group S.A." and TAM S.A. continues to exist as a subsidiary of LATAM. We are primarily involved in the transportation of passengers and cargo as one unified business enterprise. During 2016, we began the transition of unifying LAN and TAM into a single brand: LATAM. LATAM Airlines Group S.A. is a publicly traded corporation listed on the Chilean Stock Exchanges and the New York Stock Exchange (the "NYSE"), with a market capitalization of U.S.$8.0 billion as of March 28, 2017.

We are one of the largest airline groups in the world in terms of network connections, providing scheduled passenger service to approximately 135 destinations in 24 countries and cargo services to approximately 139 destinations in 29 countries, with a fleet of 332 aircraft as of December 31, 2016 and multiple bilateral airline alliances. In total, LATAM had approximately 46,000 employees as of December 31, 2016.

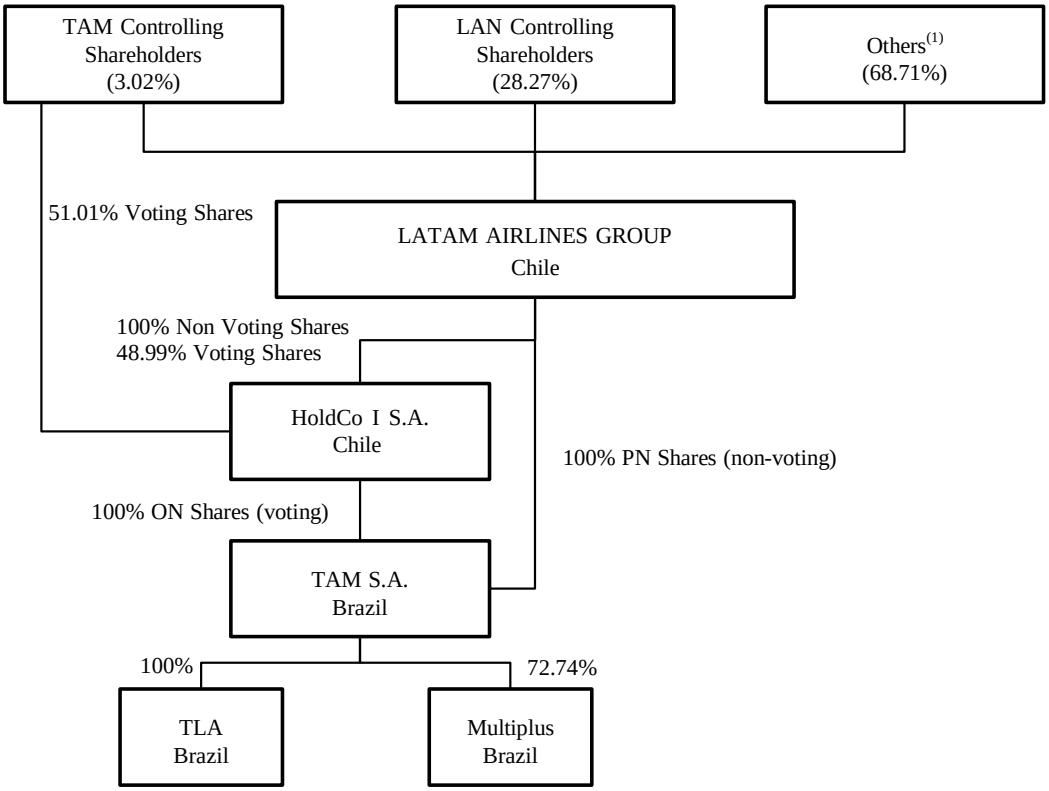
LATAM's history goes back to 1929, when the Chilean government founded LAN. In 1989, the Chilean government sold 51.0% of LAN's capital stock to Chilean investors and to Scandinavian Airlines System. In 1994, in a series of transactions, LATAM's current controlling shareholders together with other major shareholders, acquired 98.7% of LAN's stock, including the remaining shares then held by the Chilean government. In 1997, LAN American Depositary Shares ("ADSs") were listed on the NYSE, making LAN the first Latin American airline to trade its ADSs on this financial market.

Over the past decade, LAN has significantly expanded its operations in Latin America, initiating services in Peru in 1999, in Argentina in 2005, in Ecuador in 2009, and in Colombia in 2010 (through the acquisition of Aerovías de Integración Regional, Aires S.A., or LATAM Airlines Colombia). The business combination of LAN and TAM in June 2012 further expanded the Company's operations in Brazil, where TAM Linhas Aéreas S.A. ("TLA" or "LATAM Airlines Brazil"), the TAM operating entity, is a leading domestic and international airline offering flights throughout Brazil with a strong domestic market share, international passenger services and significant cargo operations. TAM was founded in May 1997 (under the name *Companhia de Investimentos em Transportes*), for the purpose of participating in, managing and consolidating shareholdings in airlines. In September 2002, TAM's name was changed to TAM S.A. and its shares were listed on the Brazilian Stock Exchange ("Bovespa") in June 2005. From 2006 until the combination with LAN in 2012, TAM ADSs were also listed on the NYSE.

Following the combination with TAM, our airline holdings include LAN and its affiliates in Argentina, Chile, Colombia, Ecuador and Peru; TAM and its affiliates in Brazil and Paraguay, including Multiplus S.A. ("Multiplus"), a publicly traded loyalty program and subsidiary of TAM, and LAN Cargo and its regional affiliates in Brazil, Colombia and Mexico.

LATAM Simplified Organizational Structure

The ownership and organizational structure of LATAM Airlines Group as of March 28, 2017 was as follows:



(1) As of March 28, 2017, "Others" included Qatar Airways (10.03%), Eblen Group (5.93%), Bethia Group (5.50%) and remaining minority shareholders holding an aggregate of 47.24%.

Our Competitive Strengths

Our strategy is to maintain LATAM Airlines Group's position as the leading airline in South America by leveraging our unique position in the airline industry. LATAM Airlines Group is the only airline group in the region with a local presence in six markets, as well as intra-regional and long haul operations. As a result, our Company has more flexibility, as well as a proven track record of acting quickly to adapt our business to economic challenges. Moreover, LATAM's unique leadership position in a region with growth potential and the focus on our existing competitive strengths will allow us to continue building our business model and fuel our future growth. We believe our most important competitive strengths are:

Leader in the South American Airline Space, with a Unique Leadership Position Among Global Airlines

Through a successful regional expansion strategy, LATAM Airlines Group has become the leading international and domestic passenger airline group in South America, as well as the largest cargo operator in Latin America. We have domestic passenger operations in Chile, Brazil, Peru, Argentina, Colombia and Ecuador. These six countries are the most significant passenger markets in South America and represent approximately 96% of the domestic ASKs in the region. We are also the largest operator of intra-regional routes, connecting the main cities in South America. Furthermore, through the significant presence in some of the largest hubs in South America—Lima and São Paulo—we are able to offer leading connectivity between South America and the rest of the world. In addition, our cargo companies are the largest air cargo operators within, to and from Latin America, and particularly in Brazil.

Geographically Diversified Revenue Base, including both Passenger and Cargo Operations

Our operations are highly geographically diversified, including domestic operations in six different countries, as well as operations within South America and connecting South America with various international destinations. We believe this provides resilience to external shocks that may occur in any particular market. Furthermore, we believe that one of our distinct competitive advantages is our ability to profitably integrate our scheduled passenger and cargo operations. We take into account potential cargo services when planning passenger routes, and also serve certain dedicated cargo routes using our freighter aircraft when needed. By adding cargo revenues to our existing passenger service, we are able to increase the productivity of our assets and maximize revenue, contributing to our fixed operating expenses per flight, lowering break-even load factors and enhancing per flight profitability. Additionally, this revenue diversification helps offset seasonal revenue fluctuations and reduces the volatility of our business over time. For the year ended December 31, 2016, passenger, cargo and other revenues accounted for 82.7%, 11.7% and 5.7%, respectively, of total revenues.

Modern Fleet and Optimized Fleet Strategy

The average age of our fleet is approximately seven years, making it one of the most modern in Latin America and in the world. A younger fleet makes us more cost competitive because it reduces fuel consumption and maintenance costs, and enables us to enjoy a high degree of performance reliability. In addition, a modern and fuel-efficient fleet reflects our strong commitment to the environment as new aircraft incorporate the industry's latest technology, allowing for a substantial reduction in emissions, and also decreasing noise levels.

We select our aircraft based on their ability to effectively and efficiently serve our short- and long-haul flight needs, while still striving to minimize the number of different aircraft types we operate.

Our current fleet plans envisage a short-haul fleet formed exclusively by aircraft from the A320 family, with a focus on the A321 and A320neo. In 2016, LATAM incorporated two A320neo, a re-engined A320, becoming the first airline in Latin America to fly this model.

For long-haul passenger flights, we operate the Boeing 767-300, the Boeing 787-8 and Boeing 787-9, the Boeing 777 and the Airbus A350-900 that started operation in 2016. The Boeing 787 and Airbus A350 models allow us to achieve important savings in fuel consumption, while incorporating modern technology to deliver the best travel experience for our passengers. In 2016, we incorporated five Boeing 787-9 and six Airbus 350-900 into our fleet.

LATAM continues to take a flexible approach to its fleet plan in order to better align it to market conditions. During 2016, we achieved a significant reduction in our fleet commitments for the coming years, including a reduction of U.S.$1.9 billion in fleet commitments over the last 12 months for the period from 2016 to 2018, allowing us to defer capital expenditures and continue to strengthen our balance sheet.

Strong Brand Teamed with Key Global Strategic Alliances

In May 2016, our new brand, LATAM, was officially launched. We believe that our new brand is associated with superior service, high quality aircraft and technologically advanced operations, and is well recognized and respected in the markets in which we operate. In 2016, our operations in Chile, Argentina, Ecuador, Peru and Colombia were awarded the top prize as the "Best Airlines in South America" by the SkyTrax World Airline Awards. These awards are considered a global barometer for customer satisfaction within the industry, thanks to their exclusive reliance on the opinion of passengers.

LAN joined the oneworld alliance, one of the world's leading airline alliances, in 2000. TAM (now LATAM Airlines Brazil) joined the oneworld alliance in 2014, marking one of the most important steps to achieve the entry of all LATAM airlines into oneworld. To our passengers, this means greater convenience when traveling, since they will have the same standard of high-quality customer service, regardless of their international destination. Our strategic global alliances and existing commercial agreements provide our customers with access to more than 1,000 destinations worldwide, a combined reservations system, itinerary flexibility and various other benefits, which substantially enhance our competitive position within the Latin American market.

In 2016, LATAM entered into two new joint business agreements: an agreement with American Airlines ("AA") and an agreement with British Airways and Iberia. These agreements further strengthen our relationship with other oneworld® partners. Together, the agreements are expected to allow LATAM to expand its network to more than 420 destinations worldwide, operating routes from South America to the United States and Canada with American Airlines and routes from South America to Europe with British Airways and Iberia.. Some approvals have already been granted: in March of 2017, the administrative court of economic defense of the Administrative Council for Economic Defense in Brazil (the "CADE"), approved the joint business agreement between LATAM and British Airways and Iberia, representing the final stage of an evaluation process that began in June 2016. This agreement remains subject to regulatory approval in Colombia and Chile. The agreement between LATAM and American Airlines remains subject to regulatory approval in Brazil, Colombia and Chile. Both agreements have already been approved in Uruguay. A public hearing is scheduled in Chile before the Tribunal de Defensa de la Libre Competencia ("TDLC") for May 17, 2017.

Financial Flexibility

We have historically managed our business to maintain financial flexibility and a strong balance sheet, seeking to accommodate our growth objectives while having the ability to respond to changing market conditions. Our financial flexibility has allowed us to secure large aircraft deliveries, including an important part of our current re-fleeting program, at attractive financing rates.

Recognized Loyalty Programs

Our frequent flyer programs, LATAM Fidelidade and LATAMPASS together represent the leading frequent flyer programs in South America, with strong participation rates and brand recognition by our customers. Customers in each program earn points or kilometers based on distance flown, class of ticket purchased, and elite level, as well as by using the services of outside partners in the program. In addition, in 2009 TAM launched its affiliate Multiplus, a coalition of loyalty programs, which allows members to accumulate points not just by flying with LATAM, but also by making purchases through credit cards or using services and products at partner establishments, and allows members to redeem points for LATAM Airlines Brazil flights and other products at partner establishments.

We believe these flexible programs are attractive to customers because they do not impose restrictions on those flights for which points can be redeemed, or the number of seats available on any particular flight to members using the loyalty program. LATAMPASS and LATAM Fidelidade members can also accrue and redeem points for flights on other oneworld® member airlines.

Our Strategy

Our mission is to connect people safely, with operational excellence and a personal touch, seeking to become one of the best airline groups in the world. In order to achieve our mission, the principal areas on which we plan to focus our efforts going forward are as follows:

Continually Strengthen Our Network

We intend to continue to strengthen our route network in South America, offering the best connectivity within the region at competitive prices, in order to become by far the most convenient option for our passengers. We are the only airline group in South America with a local presence in six home markets and an international and intra-regional operation. This position is bolstered by our enhanced infrastructure in several of our key hubs, allowing us to further strengthen our network and connection. We intend to leverage our position to create a leading portfolio of services and destinations, providing more options to our passengers and building a platform to support continued growth.

Enhanced Brand Leadership and Customer Experience

We will always seek to be the preferred choice of passengers in South America. Our efforts are supported by a differentiated passenger experience, and our leveraging of mobile digital technologies. We continue to work on the implementation of our single, unified brand, culture, product and value proposition for our passengers. Additionally, we are focused on defining LATAM's digital strategy including applications to achieve ancillary revenues, and improving the management of contingencies, so that we are able to provide information and solutions to our customers in a timely and transparent manner. We continually assess opportunities to incorporate service improvements in order to respond effectively to our customers' needs.

Improving Efficiency and Cost Competitiveness

We are continually working to maintain a competitive cost structure and further improve our effectiveness, simplify our organization and increase flexibility and speed in decision making. Cost savings include reductions in fuel and fees, procurement, operations, overhead, and distribution costs, among others, as well as the implementation of a higher seat density and more customized service in domestic markets. We are currently working at an accelerated pace on cost initiatives in all these areas.

Organizational Strength

We aspire to be a dedicated team, working in a simple and aligned manner, with inspiring leaders making agile decisions. This will allow us to deliver a distinctive value proposition to our customers, surpass our competitors consistently and operate sustainably for the long term.

Proactive Risk Management

We strive to have a holistic and responsible view of risk in decision-making. We put special focus on risks that have high potential impact and low probability of occurrence, which could significantly affect LATAM's strategic objectives.

Recent Developments

Upgrade in Credit Rating

On March 9, 2017, Fitch Ratings affirmed our corporate credit rating at B+ and upgraded our rating outlook to stable.

On March 17, 2017, S&P Global Ratings affirmed our corporate credit rating at BB- and upgraded our rating

outlook to stable.

Management Changes

On March 16, 2017, we announced that Ignacio Cueto Plaza, the current Chief Executive Officer of LAN, is expected to leave our senior management team in mid-April and is applying to become a member of our board of directors.

This change in management is part of a reorganization of our senior management structure to build simpler, more efficient and functional administrations with the aim of meeting the needs of different markets and tackling increasingly challenging competitive environments. We expect LATAM Airlines Group will be restructured to focus on four main areas – customers, revenue, operations and fleet, and finance – which will form the basis of our business strategy. These four main areas will report directly to our Chief Executive Officer, Enrique Cueto Plaza. Each of these four main areas will be led by current LATAM executives. In addition, six other areas will report to our Chief Executive Officer: human resources; legal; planning; information technology; safety and corporate affairs.

The Offering

This summary highlights information presented in detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information that you should consider before investing in the notes. You should carefully read this entire offering memorandum before investing in the notes, including "Description of the Notes."

Issuer	LATAM Finance Limited.
Guarantor	LATAM Airlines Group S.A.
Notes Offered	U.S.$700,000,000 aggregate principal amount of 6.875% Senior Notes due 2024 .
Maturity Date	April 11, 2024, unless earlier redeemed in accordance with the terms of the notes. See "— Optional Redemption" below.
Interest	The notes will bear interest at the rate of 6.875% per annum, payable semi-annually in arrears on April 11 and October 11 of each year, beginning on October 11, 2017.
Issue Price	100 % plus accrued and unpaid interest, if any, from April 11, 2017.
Guarantee	The obligations under the notes will be fully, unconditionally and irrevocably guaranteed (the "guarantee"), on a senior unsecured basis, by the Guarantor. See "Description of the Notes—Guarantee."
Ranking	The notes and the related guarantee will be direct, senior unsecured obligations of the Issuer and Guarantor. The notes will rank equally with all the other respective unsubordinated unsecured obligations of the Issuer and the guarantee will rank equally in right of payment with all existing and future senior unsecured obligations of the Guarantor (except those obligations preferred by operation of Chilean law, including labor and tax claims). The guarantee will effectively be subordinated to all of the Guarantor's existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, and will rank senior in right of payment to the Guarantor's future subordinated indebtedness. The guarantee will also be structurally subordinated to all existing and future debt and other liabilities, including trade payables, of the Guarantor's subsidiaries other than the Issuer. As of December 31, 2016, after giving pro forma effect to the issuance and sale of the notes and the application of the net proceeds from this offering as described under "Use of Proceeds," we would have had approximately U.S.$9.3 billion aggregate principal amount of indebtedness, including approximately U.S.$6.9 billion of indebtedness secured by liens on our assets as to which the notes are effectively subordinated to the extent of the value of such assets.

	For the fiscal year ended December 31, 2016, the LATAM Airlines Group's consolidated affiliates generated U.S.$6.5 billion, or 68.7% of LATAM's consolidated revenues. For additional information regarding our consolidated affiliates, see "Glossary." In addition, as of December 31, 2016, LATAM Airlines Group's affiliates held 35.7% of LATAM's consolidated total assets and 38.2% of LATAM's consolidated total liabilities, respectively, all of which would have been structurally senior to the notes.
Optional Redemption.....	On or after April 11, 2021, the notes will be redeemable, at the option of the Issuer, in whole or in part, at the redemption prices specified under "Description of the Notes—Optional Redemption", plus accrued and unpaid interest to but excluding the redemption date. Prior to April 11, 2021, the notes will be redeemable, at the option of the Issuer, in whole or in part, at any time, at a price equal to 100% of the principal amount of the notes to be redeemed plus a "make-whole" premium, if any, plus accrued and unpaid interest to but excluding the redemption date. In addition, on or prior to April 11, 2020, the Issuer may redeem up to 35% of the outstanding aggregate principal amount of the notes using the net cash proceeds of one or more equity offerings at a redemption price equal to 106.875% of the aggregate principal amount thereof, plus accrued and unpaid interest to but excluding the redemption date; *provided that:* • at least 65% of the original aggregate principal amount of the notes remains outstanding after each such redemption; and • such redemption occurs within 90 days after the closing of such equity offering. See "Description of the Notes—Optional Redemption—Optional Redemption with Proceeds from Equity Offerings."
Optional Redemption Upon a Tax Event.....	The Issuer may, at its option, redeem all, but not less than all, of the notes at 100% of the principal amount plus accrued and unpaid interest to but excluding the date of redemption and any additional amounts due thereon if the laws or regulations affecting certain taxes change in certain respects. See "Description of the Notes—Optional Redemption—Optional Redemption Upon a Tax Event."
Additional Amounts	All payments (including any premium paid upon redemption of the notes) by or on behalf of the Issuer or a successor in respect of the notes or the Guarantor or a successor in respect of the guarantee, will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of Chile, the Cayman Islands, or any authority therein or

	thereof or any other jurisdiction in which the Issuer or the Guarantor (or in each case, their successor) is organized or doing business or from or through which payments are made in respect of the notes or any political subdivision or taxing authority thereof or therein (any of the aforementioned being a "Taxing Jurisdiction"), unless the Issuer or the Guarantor (or their respective successor) is compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such an event, the Issuer or the Guarantor will pay additional amounts as may be necessary to ensure that the net amounts receivable by registered holders of notes after such withholding or deduction shall equal the respective amounts of principal and interest (or other amounts stated to be payable under the notes) which would have been receivable in respect of the notes in the absence of such withholding or deduction, subject to certain exemptions. For a discussion of the tax consequences of, and limitations on, the payment of additional amounts with respect to any such taxes, see "Description of the Notes—Additional Amounts" and "Taxation."
Change of Control Offer.....	Upon the occurrence of a change of control that results in a ratings decline, you will have the right, as a holder of the notes, subject to certain exceptions, to require the Issuer or Guarantor to repurchase some or all of your notes at 101% of their principal amount, plus accrued and unpaid interest, if any, up to, but not including, the date of repurchase. See "Description of the Notes—Repurchase of Notes Upon a Change of Control."
Covenants	The indenture governing the notes will contain covenants that restrict our and our subsidiaries' ability to, among other things: • enter into transactions with affiliates; and • merge or consolidate with another entity or sell, convey, transfer or dispose of, or lease all or substantially all of our assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to, any person. The indenture will also restrict certain non-financing-related activities of the Issuer. These covenants are subject to a number of important limitations and exceptions. See "Description of the Notes—Covenants."
Events of Default.....	For a discussion of certain events of default that will permit acceleration of the principal of the notes plus accrued and unpaid interest and any other amounts due with respect to the notes, see "Description of the Notes—Events of Default."

Use of Proceeds	We estimate that the net proceeds from the sale of the notes will be approximately U.S.$697 million, after deducting the initial purchasers' discount and estimated offering expenses. We intend to use the net proceeds for general corporate purposes.
Book-Entry System; Delivery and Form and Denomination of the Notes	The notes will be issued in the form of global notes without coupons and registered in the name of a nominee of DTC. The notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Governing Law	The notes, the related guarantee and the indenture will be governed by the laws of the State of New York.
Trustee, Registrar, Paying Agent and Transfer Agent	The Bank of New York Mellon.
Transfer Restrictions	The notes have not been and will not be registered under the Securities Act and are subject to restrictions on transfer and resale. See "Transfer Restrictions" and "Plan of Distribution."
No Registration Rights	The Issuer has no intention or obligation to register the notes for resale under the Securities Act or the securities laws of any other jurisdiction or to offer to exchange the notes for registered notes under the Securities Act or the securities laws of any other jurisdiction.
Further Issuances	Subject to the limitations to be included in the indenture, the Issuer may, without the consent of the holders, issue additional notes under the indenture on the same terms and conditions (except as to the date of original issuance or the first interest payment date) as the notes being offered pursuant to this offering memorandum.
Risk Factors	Investing in the notes involves substantial risks and uncertainties. See "Risk Factors" and other information included in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the notes.

Summary Financial and Other Operating Information

The summary consolidated annual statement of income and statement of financial position data set forth below as of December 31, 2016, 2015 and 2014 and for the years ended December 31, 2016, 2015 and 2014 has been derived from our audited consolidated financial statements. Our audited consolidated financial statements are prepared in accordance with IFRS(*).

The information below should be read in conjunction with the footnotes and our audited consolidated financial statements for the years ended December 31, 2016, 2015 and 2014 and related notes, which have been incorporated by reference in this offering memorandum, as well as "Presentation of Financial and Other Information" in this offering memorandum and "Item 5. Operating and Financial Review and Prospects" in our Form 20-F.

	Year ended December 31,		
The Company[a][b]	**2016**	**2015**	**2014***
	(in U.S.$ millions, except percentages)		
Statement of income data:			
Operating revenues:			
Passenger	7,877.7	8,410.6	10,380.1
Cargo	1,110.6	1,329.4	1,713.4
Total operating revenues	**8,988.3**	**9,740.0**	**12,093.5**
Cost of sales	(6,967.0)	(7,636.7)	(9,624.5)
Gross margin	**2,021.3**	**2,103.3**	**2,469.0**
Other operating income[c]	538.7	385.8	377.6
Distribution costs	(747.4)	(783.3)	(957.1)
Administrative expenses	(873.0)	(878.0)	(980.7)
Other expenses	(373.7)	(324.0)	(401.0)
Other gains / (losses)	(72.6)	(55.3)	33.5
Financial income	75.0	75.1	90.5
Financial costs	(416.3)	(413.4)	(430.0)
Equity accounted earnings	0.0	0.0	(6.5)
Exchange rate differences	121.7	(467.9)	(130.2)
Result of indexation units	0.3	0.5	0.0
Income / (loss) before income taxes	273.9	(357.1)	65.2
Income (loss) tax expense / benefit	(163.2)	178.4	(292.4)
Net (loss) income for the period	**110.7**	**(178.7)**	**(227.2)**
Income / (loss) attributable to the parent company's equity holders	69.2	(219.3)	(260.0)
Income / (loss) attributable to non-controlling interests	41.5	40.5	32.8
Net income / (loss) for the period	**110.7**	**(178.7)**	**(227.2)**
Additional financial data:			
Adjusted EBITDAR[d][e]	2,095.2	1,963.4	2,020.6
Adjusted EBITDAR margin[d][f]	22.0%	19.4%	16.2%

(*) In connection with the financial information for the year ended December 31, 2014, Law No. 20,780, issued on September 29, 2014, introduced modifications to the Chilean income tax system and other tax matters. On October 17, 2014, SVS issued Circular No. 856, which established that the effects of the change in the income tax rates on deferred tax assets and liabilities must be recognized directly on the balance sheet within "Retained earnings" rather than on the income statement, as required by IAS 12. In order to comply with IAS 12, the financial statements for the period ended December 31, 2014 included in our Form 20-F differ from those presented to the SVS, as the effects of the change in the income tax rates on deferred tax assets and liabilities was recognized within the income statement. For more information on the reconciliation of these differences see Note 2.1 and Note 18 in our audited consolidated financial statements as of and for the year ended December 31, 2016 included in our Form 20-F, which are incorporated herein by reference.

(a) For more information on the subsidiaries included in this consolidated financial information, see Note 1 to our audited consolidated financial statements incorporated herein by reference.

(b) The addition of the items may differ from the total amount due to rounding.

(c) Other operating income included in this Statement of Income Data is equivalent to the sum of income derived from colation and loyalty program, tours, duty free, aircraft leasing, maintenance, customs and warehousing operations, and other miscellaneous income. For more information, see Note 28 to our audited consolidated financial statements incorporated herein by reference.

(d) We believe that Adjusted EBITDAR and Adjusted EBITDAR Margin provides a useful supplemental measure to examine the underlying performance of the business. We provide information regarding EBITDAR in press releases containing our quarterly and annual earnings reports that is calculated on a basis that is different from the calculation of Adjusted EBITDAR used in this offering memorandum. The differences between EBITDAR as presented in our earnings reports for the periods presented in the table below and Adjusted EBITDAR as presented below are immaterial. The table below reconciles our Adjusted

EBITDAR to our net income for the periods presented. For additional information about Adjusted EBITDAR and Adjusted EBITDAR margin, see "Presentation of Financial and Other Information – Non-IFRS Financial Measures."

(e) Adjusted EBITDAR consists of net income/(loss) for the period before income taxes and financial costs and financial income, plus depreciation and amortization expense, plus aircraft rentals expense, as further adjusted to add back the effect of other gains and losses, and to deduct equity accounted earnings, exchange rate differences and the result of indexation units. The table below reconciles our Adjusted EBITDAR to our net income for the periods presented:

	Year ended December 31,		
	2016	**2015**	**2014**
		(in U.S.$ millions)	
Reconciliation of Adjusted EBITDAR			
Net income / (loss) for the period	110.7	(178,7)	(227.2)
(+) Financial costs	416.3	413.4	430.0
(-) Financial income	(74.9)	(75.1)	(90.5)
(-) Income tax recovery / (expense)	163.2	**(178.4)**	**292.4**
	615.3	**(18.8)**	**404.7**
(+) Depreciation and amortization	960.3	934.4	991.3
	1,575.6	**915.6**	**1,396.0**
(+) Aircraft rental	**569.0**	**525.1**	**521.4**
	2,144.6	**1,440.7**	**1,917.4**
(-) Other gains / (losses)	72.6	55.3	(33.5)
(-) Equity accounting earnings	-	-	6.5
(-) Exchange rate differences	(121.7)	467.9	130.2
(-) Result of indexation units	(0.3)	(0.5)	-
Adjusted EBITDAR	**2,095. 2**	**1,963.4**	**2,020.6**

(f) Adjusted EBITDAR margin is calculated as Adjusted EBITDAR divided by "total revenues," which is the sum of our passenger revenues, cargo revenues and other operating income, as shown in the table below:

	Year ended December 31,		
	2016	**2015**	**2014**
	(in U.S.$ millions, except percentages)		
Adjusted EBITDAR	**2,095.2**	**1,963.4**	**2,020.6**
Passenger	**7,877.7**	8,410.6	10,380.1
Cargo	**1,110.6**	1,329.4	1,713.4
Other operating income	**538.7**	385.8	377.6
	9,527.1	**10,125.8**	**12,471.1**
Total revenues	**22.0%**	**19.4%**	**16.2%**
Adjusted EBITDAR margin			

The Company	As of December 31, 2016	2015	2014
		(in U.S.$ millions)	
Statement of financial position data:			
Cash and cash equivalents	949.3	753.5	989.4
Other current assets in operation	2,340.3	2,067.4	2,644.1
Non-current assets (or disposal groups) classified as held for sale or as distribution to owners	337.2	2.0	1.1
Total current assets	**3,626.8**	**2,822.9**	**3,634.6**
Property, plant and equipment	10,498.1	10,938.7	10,773.1
Other non-current assets	5,073.3	4,339.8	6,076.7
Total non-current assets	**15,571.4**	**15,278.5**	**16,849.8**
Total assets	**19,198.2**	**18,101.4**	**20,484.4**
Total current liabilities	6,222.2	5,641.0	5,829.7
Total non-current liabilities	8,790.7	9,522.9	10,151.0
Total liabilities	**15,012.9**	**15,163.9**	**15,980.7**
Issued capital	3,149.6	2,545.7	2,545.7
Net equity attributable to the parent company's equity holders	4,096.7	2,856.5	4,401.9
Non-controlling interest	88.6	81.0	101.8
Total equity	**4,185.3**	**2,937.5**	**4,503.7**
Total liabilities and equity	**19,198.2**	**18,101.4**	**20,484.4**

RISK FACTORS

Investing in the notes involves a high degree of risk. Before investing in the notes, you should read and consider carefully the matters described below, and under "Item 3. Key Information—D. Risk Factors" of our Form 20-F, which information is incorporated by reference in this offering memorandum, and the additional risks and other information incorporated by reference herein.

Risks Related to the Notes Offering

Our substantial indebtedness and other obligations could impair our financial flexibility, competitive position and financial condition and could prevent us from fulfilling our obligations under the notes and the guarantee.

On the date of issuance of the notes, no subsidiary of the Guarantor will guarantee the notes. A substantial portion of the operations of the Guarantor are conducted through its subsidiaries, and therefore the Guarantor depends on the cash flow of its subsidiaries to meets its obligations, including its obligations under the notes. We have a substantial amount of indebtedness and other obligations. As of December 31, 2016, after giving pro forma effect to the issuance and sale of the notes, we would have had approximately U.S.$9.3 billion aggregate principal amount of indebtedness, including approximately U.S.$6.9 billion of indebtedness secured by liens on our assets as to which the notes are effectively subordinated to the extent of the value of such assets. We are permitted by the terms of our other indebtedness to incur substantial additional indebtedness and other obligations, or to refinance our obligations on commercially reasonable terms, which could have a material adverse effect on our business, financial condition and results of operations.

Our substantial indebtedness and other obligations could have other important consequences for investors in the notes. For example, they:

- may make it more difficult for the Issuer and the Guarantor to satisfy their obligations under their indebtedness, including the notes;
- may limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions, investments, integration costs and general corporate purposes, and adversely affect the terms on which such funding can be obtained;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and other obligations, thereby reducing the funds available for other purposes;
- make us more vulnerable to economic downturns, industry conditions and catastrophic external events; and
- limit our ability to respond to business opportunities and to withstand operating risks that are customary in the industry.

Any of the above listed factors could materially affect our business, financial condition and results of operations.

Holders of the notes must depend on us to provide the Issuer with sufficient funds to make payments on the notes when due.

The Issuer, a wholly-owned Cayman Islands subsidiary of LATAM Airlines Group S.A., has no operations of its own, other than the issuing and making payments on the notes, although the Issuer may, in the future, issue other senior unsecured loans and financing. Accordingly, the ability of the Issuer to pay principal, interest and other amounts due on the notes and other loans and financing will depend upon our financial condition and results of operations. In the event of an adverse change in our financial condition or results of operations, the Issuer may not have sufficient funds to repay all amounts due on or with respect to the notes.

The guarantee may not be enforceable if revoked as part of a reorganization or liquidation proceeding.

The guarantee may not be enforceable under Chilean law. While Chilean law does not prohibit the granting of guarantees, in the event that we were to become subject to a reorganization or liquidation proceeding, our

guarantee, if granted up to two years before the declaration of bankruptcy, may be revoked, based upon our being deemed not to have received fair consideration in exchange for the guarantee.

The notes and the guarantee will be structurally subordinated to the indebtedness and other obligations of the Guarantor's subsidiaries.

The notes will be structurally subordinated to any indebtedness and other liabilities and commitments of the Guarantor's subsidiaries other than the Issuer. As of December 31, 2016, the Guarantor's subsidiaries held U.S.$6.9 billion or 35.7% of our consolidated total assets and U.S.$5.7 billion or 38.2% of our consolidated total liabilities, respectively, all of which would have been structurally senior to the notes. The guarantee will also be structurally subordinated to all existing and future debt and other liabilities, including trade payables, of the Guarantor's subsidiaries and the Issuer. In addition, the notes will be effectively subordinated to the Guarantor's obligations pursuant to its subsidiaries' credit card receivables securitizations. Any right we have to receive assets of any of our subsidiaries upon the subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that subsidiary's creditors, except to the extent that we are recognized as a creditor of the subsidiary, in which case our claims would still be subordinated in right of payment to any security in the assets of the subsidiary and any indebtedness of the subsidiary senior to that which we hold.

We may incur additional secured indebtedness or indebtedness ranking equally to the notes.

The indenture governing the notes will permit the Guarantor to issue additional debt that ranks on an equal and ratable basis with the notes. If the Guarantor incurs any additional debt that ranks on an equal and ratable basis with the notes, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of the Guarantor, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you. The Guarantor also has the ability to incur secured debt and such debt would be effectively senior to the notes to the extent of the value of the collateral securing such debt (including indebtedness relating to the Guarantor's or its affiliates' credit card receivables securitizations).

The obligations under the notes will be subordinated to certain statutory liabilities.

Under Cayman Islands and Chilean bankruptcy law, the Issuer's and the Guarantor's obligations under the notes are subordinated to certain statutory preferences. In the event of liquidation, statutory preferences, including claims for salaries, wages, secured obligations, social security, taxes and court fees and expenses, will have preference over any other claims, including claims by any holder in respect of the notes.

Insolvency laws in the Cayman Islands and in Chile may preclude holders of notes from recovering payments due on the notes.

The Issuer and the Guarantor are organized under the laws of the Cayman Islands and Chile, respectively, and the Guarantor's principal place of business (*domicilio social*) is in Santiago, Chile. As a result, any future insolvency proceedings in respect of the Issuer or the Guarantor may be initiated in the Cayman Islands or Chile, respectively. Cayman Islands and Chilean insolvency laws may limit the ability of holders to enforce their rights under and recover payments due on the notes. In addition, the legal framework that regulates insolvency proceedings in Chile was amended with the approval of a new Bankruptcy Act, which became effective on October 9, 2014. It may be difficult for holders of notes to predict the impact of this law on any future insolvency proceeding as result of its limited history.

There are no financial covenants in the notes or the indenture.

Neither the notes nor the indenture will contain any restrictions on the Issuer or the Guarantor's ability to incur additional debt or liabilities, including additional senior debt. If we incur additional debt or liabilities, our ability to pay our obligations on the notes could be adversely affected. Furthermore, defaults under any such additional debt or liabilities may not result in an event of default under the indenture, and a failure to pay interest on our other debt will not trigger an event of default under the indenture. We expect that we will, from time to time,

incur additional debt and other liabilities. In addition, neither the notes nor the indenture will contain any restrictions on our ability to create liens on our assets, pay dividends or issue or repurchase securities under the indenture.

The Issuer and the Guarantor may not be able to finance a change of control offer required by the indenture governing the notes.

Upon a Change of Control Event, as defined under the indenture governing the notes, you will have the right to require the Issuer and the Guarantor to offer to purchase all of the notes then outstanding at a price equal to 101% of the principal amount of the notes, plus accrued interest up to, but not including, the date of repurchase. The Issuer and the Guarantor cannot assure you that they would be able to obtain sufficient funds to pay the purchase price of the outstanding notes in these circumstances. The Issuer's or the Guarantor's failure to offer to purchase all outstanding notes or to purchase all notes validly tendered and not withdrawn would be an event of default under the indenture. Such an event of default may cause the acceleration of the Guarantor's other debt. The Issuer's and the Guarantor's future debt also may contain restrictions on repayment requirements with respect to specified events or transactions that constitute a Change of Control Event under the indenture.

The notes are subject to transfer restrictions and are a new issue of securities for which there is currently no public market. You may be unable to sell your notes if a trading market for the notes does not develop.

The notes have not been and will not be registered under the Securities Act, the Chilean Securities Markets Law or the securities law of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons or within Chile or to Chilean residents except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws and the Chilean Securities Markets Laws, as applicable. Such exemptions include, in the case of the United States, offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers in reliance on Rule 144A under the Securities Act, and, in the case of Chile, compliance with Rule No. 336 issued by the SVS. For a discussion of certain restrictions on resale and transfer, see "Plan of Distribution" and "Transfer Restrictions." Consequently, a holder of notes and an owner of beneficial interests in those notes must be able to bear the economic risk of their investment in the notes for the term of the notes.

In addition, the notes will constitute a new issue of securities with no established trading market. If a trading market for the notes does not develop or is not maintained, holders of the notes may experience difficulty in reselling the notes or may be unable to sell them at all. The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

Even if a market develops, the liquidity of any market for the notes will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors; therefore, a market for the notes may develop though it may not be liquid. If an active trading market does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions, our performance and business prospects and other factors.

Changes in our credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of the notes.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of financing, including resulting in an increase to the interest rate applicable to borrowings under credit facilities entered into by us, limit our access to the capital markets and have an adverse effect on the market price of the notes. There can be no assurance that the rating agencies will maintain our current ratings or outlooks and any such changes may have a material adverse effect on us.

We cannot assure you that the credit ratings for the notes will not be lowered, suspended or withdrawn by the rating agencies.

The credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes.

Changes in certain laws could lead to the redemption of the notes by the Issuer.

Under the indenture, the notes are redeemable at the Issuer's option, in whole (but not in part) at any time at 100% of their principal amount, together with accrued and unpaid interest to but excluding the date fixed for redemption if, as a result of changes in the laws or regulations affecting tax laws in the Cayman Islands or Chile or any authority therein or thereof or any other jurisdiction in which we are organized, doing business or otherwise subject to the power to tax, the Issuer and the Guarantor become obligated to pay additional amounts on the notes. See "Description of the Notes—Optional Redemption—Optional Redemption Upon a Tax Event."

The Issuer may choose to redeem notes when prevailing interest rates are relatively low.

The Issuer may choose to redeem the notes from time to time, especially when prevailing interest rates are lower than the rate borne by the notes. If prevailing rates are lower at the time of redemption, you would not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the notes being redeemed.

Further regulation might impair the Issuer's and the Guarantor's access to U.S. dollars for repayment of the notes.

While the Issuer and the Guarantor are permitted, as of the date of this offering memorandum, to purchase U.S. dollars to make payments of interest and principal on the notes, there is no assurance that they will have guaranteed access in the future to the Formal Exchange Market for payment of interest and principal on the notes in U.S. dollars. Future Cayman Islands Monetary Authority and Chilean Central Bank regulations or legislative changes to the current foreign exchange control regime in the Cayman Islands and Chile could restrict or prevent the Issuer and the Guarantor from purchasing U.S. dollars for purposes of making payments under the notes.

Holders of notes may find it difficult to enforce civil liabilities against the Issuer and the Guarantor, and their directors, officers and controlling persons.

The Issuer is incorporated under the laws of the Cayman Islands. The Guarantor is organized under the laws of the Republic of Chile, and its principal place of business (*domicilio social*) is in Santiago, Chile. Most of their directors, officers and controlling persons reside outside of the United States. In addition, all of their assets are located outside of the United States. As a result, it may be difficult for holders of notes to effect service of process within the United States on such persons or to enforce judgments against them, including in any action based on civil liabilities under the U.S. federal securities laws. The Guarantor has been advised by its Chilean counsel that there is doubt as to the enforceability against such persons in the Republic of Chile, whether in original actions or in actions to enforce judgments of U.S. courts, of liabilities based solely on the U.S. federal securities laws. See "Enforceability of Civil Liabilities."

In addition, our creditors may hold negotiable instruments or other instruments governed by local law that grant rights to attach our assets at the inception of judicial proceedings in the relevant jurisdiction, which attachment is likely to result in priorities benefitting those creditors when compared to the rights of holders of the notes.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes will be approximately U.S.$697 million, after deducting the initial purchasers' discount and estimated offering expenses .

We intend to use the net proceeds for general corporate purposes.

CAPITALIZATION

The following table sets forth information concerning LATAM's cash and cash equivalents, secured debt and unsecured financial debt, and total equity (i) as of December 31, 2016 and (ii) as of December 31, 2016 as adjusted to give effect to the completion of this offering.

	As of December 31, 2016 (Unaudited)	As Adjusted for this Offering (Unaudited)
	(in millions of U.S.$)	
Cash and cash equivalents	**949**	**1,646**
Total Debt	**8,605**	**9,302**
Secured Debt:		
6.00% Cashflow Secured Notes due 2020	368	368
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.25% to 6.40%, maturing from 2015 to 2028	5,779	5,779
PDP Financing	214	214
Spare Engines Facility	256	256
Other secured debt	252	252
Total Secured Debt	**6,870**	**6,870**
Unsecured Debt:		
6.875% LATAM notes due 2024[(1)]	-	697
7.250% LATAM notes due 2020[(2)]	492	492
7.375% TAM notes due 2017[(3)]	304	304
8.375% TAM notes due 2021[(3)]	513	513
Other unsecured loans	426	426
Total Unsecured Debt	**1,735**	**2,432**
Total Equity[(4)]	**4,185**	**4,185**
Total Capitalization[(5)]	**12,790**	**13,487**

(1) Reflects adjustments for capitalized costs.
(2) Reflects adjustments for accrued interest, fair value and capitalized costs.
(3) Reflects adjustments for accrued interest and capitalized costs.
(4) Total Equity equals parent's ownership interest and non-controlling interest.
(5) Total Capitalization equals the sum of Total Debt and Total Equity.

Except as described above, there has been no material change in LATAM's capitalization since December 31, 2016.

THE ISSUER

The Issuer is a direct, wholly-owned subsidiary of LATAM Airlines Group S.A. and was incorporated in the Cayman Islands as an exempted company with limited liability on September 21, 2016 with an unlimited duration. The registered office of the Issuer is at the offices of Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place within the Cayman Islands as the directors of the Issuer may decide. The Issuer was registered with Company No. 315338 by the Assistant Registrar of Companies of the Cayman Islands on September 21, 2016.

The Issuer is an exempted company that will be limited by the terms of the indenture to certain activities incidental or related to financing activities. See "Description of the Notes—Covenants—Limitations on the Issuer." The Issuer is not required to and has not published financial statements for any period. The directors of the Issuer are also employees and/or officers and/or directors of LATAM Airlines Group S.A. and/or TLA. As directors of the Issuer and subject to general provisions of Cayman Islands law, they act in accordance with our instructions, as we are its sole shareholder. Each of the directors of the Issuer resides in Santiago, Chile.

The authorized share capital of the Issuer is U.S.$100, divided into 100 shares of a par value of U.S.$1.00 each, of which 100 shares have been issued as fully paid and is outstanding. The Issuer does not have any subsidiaries. In addition, the Issuer is not a party to any legal proceedings.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following is a summary of certain key terms of the instruments evidencing certain of our other indebtedness. This summary is not intended to be a complete description.

7.250% Senior Notes due 2020

On June 9, 2015, LATAM Airlines Group S.A. issued U.S.$500,000,000 of its 7.250% Senior Notes due 2020 (the "2020 Notes"). The 2020 Notes were issued pursuant to an indenture, dated June 9, 2015 between LATAM Airlines Group S.A. and The Bank of New York Mellon, as trustee. A portion of the 2020 Notes was exchanged for a portion of TAM Capital 2 Inc.'s 9.50% Senior Guaranteed Notes due 2020 (the "TAM 2020 Notes"), which had been purchased by Citigroup Global Markets Inc. pursuant to a tender offer. The remaining proceeds from the offering of the 2020 Notes were used to redeem any TAM 2020 Notes that were not tendered pursuant to the tender offer and for general corporate purposes. All of the outstanding TAM 2020 Notes were repurchased or redeemed pursuant to this transaction. Interest on the 2020 Notes is payable semiannually in arrears on June 9 and December 9 of each year, and the 2020 Notes will mature on June 9, 2020.

The 2020 Notes may be redeemed, in whole or in part, at the option of LATAM Airlines Group S.A. under certain circumstances. The 2020 Notes may be redeemed at any time at a price equal to 100% of the principal amount of the 2020 Notes plus a "make-whole" premium, if any, plus accrued and unpaid interest and additional amounts, if any, to but excluding the redemption date. Prior to June 9, 2018, LATAM Airlines Group S.A. may redeem up to 35% of the outstanding aggregate principal amount of the 2020 Notes using the net cash proceeds of one or more equity offerings at a redemption price equal to 107.250% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to but excluding the redemption date, subject to certain conditions.

In addition, if LATAM Airlines Group S.A. experiences a specific kind of change of control, an offer to repurchase some or all of the 2020 Notes must be made, at a price equal to 101% of the principal amount of the 2020 Notes to be repurchased, plus accrued and unpaid interest, if any, on the repurchase date.

The indenture for the 2020 Notes contains customary covenants that restrict the ability of LATAM Airlines Group S.A.'s and of certain of its subsidiaries to enter into transactions with affiliates and that restrict LATAM Airlines Group S.A.'s ability to merge with or into, or sell or transfer all or substantially all of its assets.

The 2020 Notes contain customary events of default, any of which would permit acceleration of the principal of the 2020 Notes, plus accrued and unpaid interest, and any other amounts due with respect to the 2020 Notes. If an event of default occurs and is continuing, (other than with respect to certain bankruptcy-related events of default) the trustee or holders of not less than 25% in principal amount of the 2020 Notes outstanding may declare all unpaid principal of and accrued interest on all 2020 Notes to be due and payable immediately.

2013-1 Fixed Rate Notes due 2020

On November 7, 2013, Guanay Finance Limited, a Cayman Islands exempted company incorporated with limited liability ("Cayman SPV") issued U.S.$450,000,000 of its Series 2013-1 Fixed Rate Notes due 2020 (the "2013-1 Notes"). The 2013-1 Notes were issued pursuant to an indenture, between Cayman SPV and Citibank, N.A., as indenture trustee. In exchange for the net proceeds from the sale of the 2013-1 Notes, on November 7, 2013, LATAM Airlines Group S.A. sold to Cayman SPV all of its right, title and interest pursuant to certain present and future credit, debit and charge card receivables (the "Contract Rights"). The 2013-1 Notes will mature on December 15, 2020. The 2013-1 Notes and any additional series will be secured by substantially all of the assets of Cayman SPV, including the Contract Rights.

In certain circumstances, LATAM Airlines Group S.A. may request Cayman SPV to issue additional notes in one or more series pursuant to indenture supplements. These additional notes will rank pari passu with the 2013-1 Notes and will be governed by the indenture by and among Cayman SPV and Citibank, N.A. and a supplement thereto.

During the interest-only period, which ended in March 2016, the 2013-1 Notes accrued interest at an annual rate of 6.00%. After the interest-only period, but before any early amortization period is in effect, holders of 2013-1

Notes will be entitled to receive, in addition to interest and additional amounts, a quarterly principal amortization amount specified in the applicable indenture supplement. After the expiration of the interest-only period and while an Early Amortization Period is in effect, holders of the 2013-1 Notes will be entitled to receive on each Early Amortization Payment Date, in addition to interest, and additional amounts, if any, a specified principal payment.

Upon the occurrence of certain early amortization events, or upon the breach of certain covenants, the Cayman SPV may with the consent and shall at the written direction of holders that, in the aggregate, hold at least 51% of the series balance of the 2013-1 Notes, demand the payment by LATAM Airlines Group S.A. of a repurchase amount directly to Cayman SPV. Upon any such demand for payment of a repurchase amount, LATAM Airlines Group S.A. must immediately deposit the repurchase amount into a collection account. Upon such payment, the Cayman SPV must, at the expense of LATAM Airlines Group S.A., execute such documents and take such other steps as LATAM Airlines Group S.A. may reasonably request to convey back all ungenerated Contract Rights.

The 2013-1 Notes contain customary events of default, any of which would permit acceleration of the entire principal of the 2013-1 Notes then outstanding, and interest accrued thereon. If an event of default occurs and is continuing, (other than with respect to certain bankruptcy-related events of default) the indenture trustee, at the written direction of holders of the 2013-1 Notes that, in the aggregate, hold at least 51% of the series balance of the 2013-1 Notes will declare the entire principal of all 2013-1 Notes then outstanding, and interest accrued thereon, if any, to be due and payable immediately.

Pass-Through Certificates, Series 2015-1

On May 29, 2015 we completed the issuance U.S.$1,020,823,000 in 2015-1 Pass Through Certificates, Series 2015-1 (the "2015-1 Certificates"), Classes A and B. Under certain circumstances, Class C 2015-1 Certificates may be issued. The 2015-1 Certificates were issued in connection with the financing of eleven new Airbus A321-200 aircraft, two new Airbus A350-900 aircraft and four new Boeing 787-9 aircraft. Each 2015-1 Certificate represents a fractional undivided interest in a related trust. The proceeds from the sale of the 2015-1 Certificates will initially be held in escrow and deposited with the Depositary, pending financing of each aircraft under the indenture. The trusts will use the escrowed funds to purchase equipment notes from four separate owners, each of which is a Cayman Islands special purpose company wholly-owned by LATAM Airlines Group S.A. Proceeds from the sale of the equipment notes for an aircraft will be used by the applicable owner to fund the acquisition of such aircraft, and each aircraft will be leased by the applicable owner to LATAM Airlines Group S.A. under a separate finance lease agreement.

The 2015-1 Certificates do not represent indebtedness of the trusts, and references to interest accruing on the certificates are for purposes of computation only. The 2015-1 Certificates will bear interest at specified rates, which may vary under certain circumstances. Scheduled payments of interest made on the equipment notes will be distributed on February 15, May 15, August 15 and November 15 in each year, commencing August 15, 2015. Payments of principal will be made on February 15, May 15, August 15 and November 15 in each year, commencing May 15, 2016. The Certificates are subject to certain subordination terms set forth in an intercreditor agreement entered into by and among the trustees, the liquidity providers and the subordination agent.

Holders of at least a majority of the outstanding principal amount of equipment notes issued under each indenture will be entitled to direct the loan trustee under such indenture and the related security documents in taking action as long as no indenture event of default is continuing. If an indenture event of default is continuing under an indenture, subject to certain conditions, the controlling party, as further described, will be entitled to direct (i) the loan trustee under such indenture and (ii) the pledgee under each owner share pledge and each call agreement. Depending on the circumstances, the controlling party will be the Class A trustee, the Class B trustee, the Class C trustee, the trustee for any additional trust or the liquidity provider with the greatest amount owed to it. The controlling party will have limitations on its ability to exercise remedies during the nine months after the earlier of (a) the acceleration of the equipment notes issued pursuant to any indenture and (b) the occurrence of certain specified bankruptcy events.

In certain bankruptcy related scenarios, and subject to certain restrictions, the Class B trustee and each other holder of a Class B 2015-1 Certificate will be entitled to purchase all, but not less than all, of the Class A 2015-1 Certificates. If there are Class C 2015-1 Certificates outstanding, holders of the Class C 2015-1 Certificates will have the right to purchase all but not less than all of the Class A Certificates and Class B Certificates. LATAM

Airlines Group S.A. and each owner will be restricted in their ability to merge or consolidate with other entities in certain circumstances.

7.375% Senior Guaranteed Notes due 2017

On April 25, 2007, TAM Capital Inc. issued U.S.$300,000,000 aggregate principal amount of its 7.375% senior guaranteed notes due 2017 (the "2017 Notes"). The 2017 Notes are unconditionally guaranteed by TAM S.A. and TAM Linhas Aéreas S.A. The 2017 Notes were issued pursuant to an indenture, dated April 25, 2007, among TAM Capital Inc., TAM S.A., TAM Linhas Aéreas S.A. and The Bank of New York Mellon, as trustee, transfer agent, registrar and principal paying agent. Interest on the 2017 Notes is payable semi-annually on April 25 and October 25 of each year, commencing October 25, 2007. The 2017 Notes will mature on April 25, 2017. The 2017 Notes were subject of an exchange offer for TAM Capital Inc.'s substantially similar 7.375% Senior Guaranteed Notes due 2017 (the "exchange notes"), which were registered with the SEC.

The 2017 Notes may be redeemed, in whole or in part, at the option of TAM Capital Inc. under certain circumstances. The 2017 Notes may be redeemed on any interest payment date at a redemption price equal to the greater of:

- 100% of the principal amount of the 2017 Notes to be redeemed; and
- The sum of the present values of the remaining scheduled payments of principal and interest on the 2017 Notes (exclusive of interest accrued on the redemption date) discounted to the redemption date on a semi-annual basis at the applicable treasury rate plus 50 basis points;

  plus, in either case, accrued and unpaid interest and additional amounts, if any, on the principal amount being redeemed on such redemption date.

In addition, following specific kinds of change of control, an offer to repurchase some or all of the 2017 Notes must be made, at 101% of their principal amount, plus accrued and unpaid interest up to the repurchase date.

The indenture for the 2017 Notes contains customary covenants that restrict the ability of TAM Capital Inc., TAM S.A. and TAM Linhas Aéreas S.A. to:

- consolidate or merge with, or transfer all or substantially all of their respective assets to, another person; or
- enter into transactions with affiliates.

The 2017 Notes contain customary events of default, any of which would permit holders of the 2017 Notes to accelerate the debt if not cured within applicable grace periods, if any. If an event of default has occurred and is continuing (other than with respect to certain bankruptcy related events of default), the trustee or the holders of not less than 25% of in principal amount of the 2017 Notes then outstanding may declare all unpaid principal of and accrued interest on all the 2017 Notes to be due and payable immediately.

8.375% Senior Guaranteed Notes due 2021

On June 3, 2011, TAM Capital 3 Inc. issued U.S.$500,000,000 aggregate principal amount of 8.375% Senior Guaranteed Notes due 2021 (the "2021 Notes"). The 2021 Notes are unconditionally guaranteed by TAM S.A. and TAM Linhas Aéreas S.A. The 2021 Notes were issued pursuant to an indenture, dated as of June 3, 2011, among TAM Capital 3 Inc., TAM S.A., TAM Linhas Aéreas S.A., The Bank of New York Mellon, as trustee, transfer agent, registrar and principal paying agent, and The Bank of New York Mellon (Luxembourg) S.A., as Luxembourg transfer agent. Interest on the 2021 Notes is payable semi-annually on June 3 and December 3 of each year, commencing on December 3, 2011. The 2021 Notes will mature on June 3, 2021.

The 2021 Notes may be redeemed, in whole or in part, at the option of TAM Capital 3 Inc. under certain circumstances. On or prior to June 3, 2016, TAM Capital 3 Inc. may redeem for cash all or a portion of the notes at any time or from time to time, by paying the redemption price that is equal to the greater of:

- 100% of the principal amount of the 2021 Notes then being redeemed and
- a "make whole amount," if any, together with accrued and unpaid interest to the redemption date.

After June 3, 2016, TAM Capital 3 Inc. may redeem for cash all or a portion of the 2021 Notes at any time or from time to time, by paying the following redemption prices (expressed as a percentage of their principal amount at maturity), during the 12 month period commencing on June 3, 2016 of any year set forth below:

Year	**Percentage**
2016	104.88%
2017	102.792%
2018	101.396%
2019 and thereafter	100.000%

In addition, following specific kinds of change of control, an offer to repurchase some or all of the 2021 Notes must be made, at 101% of their principal amount, plus accrued and unpaid interest up to, but not including the repurchase date.

The indenture for the 2021 Notes contains customary covenants that restrict the ability of TAM Capital 3 Inc., TAM S.A. and TAM Linhas Aéreas S.A. to:

- consolidate or merge with, or transfer all or substantially all of their respective assets to, another person; or
- enter into transactions with affiliates.

The 2021 Notes contain customary events of default, any of which would permit holders of the 2021 Notes to accelerate the debt if not cured within applicable grace periods, if any. If an event of default has occurred and is continuing (other than with respect to certain bankruptcy related events of default), the trustee or holders of not less than 25% in principal amount of the notes then outstanding may declare all unpaid principal of and accrued interest on all 2021 Notes to be due and payable immediately.

DESCRIPTION OF THE NOTES

LATAM Finance Limited (the "Issuer") will issue the notes pursuant to an indenture, to be dated as of April 11, 2017 among the Issuer, LATAM Airlines Group S.A. as guarantor (the "Guarantor") and The Bank of New York Mellon, as trustee (which term includes any successor as trustee under the indenture), transfer agent, registrar and paying agent. The trustee or any other paying agent will also act as transfer agent and registrar in the event that the Issuer issues certificates for the notes in definitive registered form as set forth in "Form of Notes — Individual Definitive Notes."

This description of the notes is a summary of the material provisions of the notes and the indenture. The indenture is not required to be qualified under the U.S. Trust Indenture Act of 1939, as amended, and will not incorporate provisions thereof. A copy of the indenture, including the form of the notes, is available for inspection during normal business hours at the office of the trustee set forth on the inside back cover page of this offering memorandum. You should refer to the indenture for a complete description of the terms and conditions of the notes and the indenture, including the obligations of the Issuer and the Guarantor and your rights.

You will find the definitions of capitalized terms used in this section under "— Certain Definitions."

General

The notes:

- will be senior unsecured obligations of the Issuer ranking equally with all of its other respective unsubordinated unsecured obligations. See "—Ranking" below;
- will initially be limited to an aggregate principal amount of U.S.$700,000,000;
- will mature on April 11, 2024 and be payable in an amount equal to the aggregate principal amount of the notes then outstanding plus accrued and unpaid interest to that date;
- will be fully, unconditionally and irrevocably guaranteed on a senior unsecured basis by the Guarantor;
- will be issued in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof; and
- will be represented by one or more registered notes in global form and may be exchanged for registered notes in definitive form only in limited circumstances.

The guarantee related to the notes will be:

- senior unsecured obligations of the Guarantor, ranking equally in right of payment with all existing and future senior unsecured obligations of the Guarantor (except those obligations preferred by operation of Chilean law, including labor and tax claims);
- effectively subordinated in right of payment to existing and future secured debt of the Guarantor, to the extent of the value of the assets securing such obligations; and
- structurally subordinated in right of payment to all existing and future debt and other liabilities, including trade payables, of the Guarantor's Subsidiaries that are not the Issuer.

Interest on the notes:

- will accrue at the rate of 6.875% per annum;
- will accrue from the date of issuance or from the most recent interest payment date;

- will be payable in cash semi-annually in arrears on April 11 and October 11 of each year, commencing on October 11, 2017;
- will be payable to the holders of record on March 28 and September 27 immediately preceding related payment date; and
- will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The notes will mature on April 11, 2024, unless earlier redeemed in accordance with the terms of the notes. See "— Optional Redemption" below.

Principal of, and interest and any Additional Amounts (as defined below) on the notes will be payable, and the transfer of notes will be registrable, at the office of the trustee, and at the offices of the paying agent and transfer agent, respectively.

The indenture will not limit the amount of debt or other obligations, including secured debt, that may be incurred by the Guarantor or any of its present or future Subsidiaries, nor will it limit the ability of the Guarantor or any of its Subsidiaries to grant liens on their assets or to enter into sale and leaseback transactions. The indenture will not contain any restrictive covenants or other provisions designed to protect holders of the notes in the event the Guarantor or any of its present or future Subsidiaries participate in a highly leveraged transaction or upon certain changes of control.

Further Issuances

The Issuer is entitled, without the consent of the holders, to issue additional notes under the indenture on the same terms and conditions (except as to the date of original issuance or the first interest payment date) as the notes being offered hereby in an unlimited aggregate principal amount. The notes and the additional notes, if any, will be treated as a single class for all purposes of the indenture, including waivers and amendments; provided, however, that unless such additional notes are issued under a separate CUSIP number, such additional notes shall be issued pursuant to a "qualified reopening" of the original series, are otherwise treated as part of the same "issue" of debt instruments as the original series or are issued with no more than a *de minimis* amount of original discount, in each case for U.S. federal income tax purposes. Unless the context otherwise requires, for all purposes of the indenture and this "Description of the Notes," references to the notes include any additional notes actually issued.

Ranking

The notes will be senior, unsecured obligations of the Issuer and the guarantee will be the senior, unsecured obligation of the Guarantor, ranking equally with all of their other unsubordinated obligations (except those obligations preferred by operation of Chilean law, including labor and tax claims). However, the guarantee will effectively rank junior to all secured debt of the Guarantor to the extent of the value of the assets securing that debt (including indebtedness relating to the Guarantor's or its affiliates' credit card receivables securitizations). The indenture will prohibit the Issuer from incurring secured debt.

As of December 31, 2016, after giving pro forma effect to the offering of the notes and the use of proceeds therefrom, the Guarantor would have had approximately U.S.$9.3 billion aggregate principal amount of indebtedness, including approximately U.S.$6.9 billion of indebtedness secured by liens on the Guarantor's assets as to which the notes are effectively subordinated to the extent of the value of such assets.

On the date of issuance of the notes, no Subsidiary of the Guarantor will guarantee the notes. A substantial portion of the operations of the Guarantor are conducted through its Subsidiaries, and therefore the Guarantor depends on the cash flow of its Subsidiaries to meets its obligations, including its obligations under the notes. The notes will be structurally subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Subsidiaries. Any right of the Guarantor to receive assets of any of its Subsidiaries upon the Subsidiary's liquidation or reorganization (and the consequent right of the holders of the notes to participate in those assets) will be effectively subordinated to the claims of that Subsidiary's creditors, except to the extent that the Guarantor is itself recognized as a creditor of the Subsidiary, in which case the claims of

the Issuer would still be subordinated in right of payment to any security in the assets of the Subsidiary and any indebtedness of the Subsidiary senior to that held by the Guarantor.

For the year ended December 31, 2016, the Guarantor's Subsidiaries generated U.S.$6.5 billion, or 72.8% of the Guarantor's consolidated operating revenues. In addition, as of December 31, 2016, the Guarantor's Subsidiaries held U.S.$6.9 billion or 35.7% of the Guarantor's consolidated total assets and U.S.$5.7 billion or 38.2% of the Guarantor's consolidated total liabilities, all of which would have been structurally senior to the notes.

Guarantee

The Guarantor will fully, unconditionally and irrevocably guarantee, on an unsecured basis, all of the obligations of the Issuer pursuant to the notes, including the full and prompt payment of principal and interest on the notes, when and as the same become due and payable, whether at maturity, upon redemption or repurchase, by declaration of acceleration or otherwise, including any Additional Amounts required to be paid in connection with certain taxes, which we refer to as the guarantee. So long as any note remains outstanding (as defined in the indenture), the Guarantor shall continue to own directly or indirectly 100% of the outstanding share capital of the Issuer.

The indenture does not require any of the Guarantor's existing or future Subsidiaries, other than the Issuer, to guarantee the notes.

The guarantee will terminate upon discharge, defeasance or repayment of the notes, as described under the captions "— Defeasance" and "—Satisfaction and Discharge."

Optional Redemption

On or after April 11, 2021, the Issuer may, at its option, redeem the notes, in whole or in part, at the following redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest to but excluding the redemption date and additional amounts, if any, on the notes redeemed to the applicable redemption date, if redeemed during the twelve-month period beginning on April 11 of the years indicated below, subject to the rights of holders of notes on the relevant record date to receive interest on the relevant interest payment date:

Year	**Percentage**
2021	103.438%
2022	101.719 %
2023 and thereafter	100.000%

Optional Redemption with Make Whole Premium

Prior to April 11, 2021, the notes will be redeemable, at the option of the Issuer at any time, in whole or in part, at a redemption price equal to (1) 100% of the principal amount of the notes to be redeemed and (2) the excess (which shall be a positive number) of (a) the present value at such redemption date of (i) the redemption price of the notes at April 11, 2021, (such redemption price being set forth in the table appearing above under the caption "Optional Redemption") plus (ii) all required interest payments due thereon through April 11, 2021 (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points, over (b) the principal amount of the notes, plus accrued and unpaid interest and additional amounts, if any, on the principal amount being redeemed to such redemption date.

"Comparable Treasury Issue" means the U.S. Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity that would be utilized, at the time

of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to April 11, 2021.

"Comparable Treasury Price" means with respect to any Date of Determination, the (A) the arithmetic average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date after excluding the highest and lowest Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the arithmetic average of all Reference Treasury Dealer Quotations for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer.

"Reference Treasury Dealer" means each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC and their respective successors and at least one additional primary U.S. government securities dealer in New York City designated by the Issuer not later than the fifth business day preceding such redemption date; *provided*, *however*, that if any of the foregoing or their affiliates shall cease to be a primary U.S. government securities dealer in New York City (a "Primary Treasury Dealer"), the Issuer will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date (the "Date of Determination").

"Treasury Rate" means, with respect to any Date of Determination, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the Date of Determination.

Optional Redemption with Proceeds from Equity Offerings

Prior to April 11, 2020 the Issuer may on any one or more occasions redeem up to 35% of the outstanding aggregate principal amount of the notes with the Net Cash Proceeds of one or more Equity Offerings at a redemption price equal to 106.875% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to but excluding the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided that*

- at least 65% of the original aggregate principal amount of the notes remains outstanding after each such redemption; and
- such redemption occurs within 90 days after the closing of such Equity Offering.

Optional Redemption Upon a Tax Event

If as a result of any change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction (as defined below under "—Additional Amounts"), or any amendment to or change in an official interpretation, administration or application of such laws, rules or regulations, or any treaties or related agreements to which the Taxing Jurisdiction is a party (including a holding by a court of competent jurisdiction), which change or amendment becomes effective or, in the case of a change in official position, is announced on or after the issue date of the notes (or, if the Taxing Jurisdiction became a Taxing Jurisdiction on a later date, such later date), (i) the Issuer or any successor to the Issuer has or will become obligated to pay additional amounts as described below under "—Additional Amounts," or (ii) the Guarantor or any successor to the Guarantor has or will become obligated to pay additional amounts as described under "—Additional Amounts", in each case, in excess of the additional amounts, if any, that would have been payable on the date that the relevant Taxing Jurisdiction became a Taxing Jurisdiction, the Issuer or any successor to the Issuer may, at its option, redeem all, but not less than all, of the notes, at a redemption price equal to 100% of their principal amount, together with accrued and unpaid interest to but

excluding the date fixed for redemption, upon publication of irrevocable notice not less than 30 days nor more than 60 days prior to the date fixed for redemption. No notice of such redemption may be given earlier than 60 days prior to the earliest date on which the Issuer, the Guarantor or a successor to the foregoing would, but for such redemption, become obligated to pay any such additional amounts were payment then due. For the avoidance of doubt, the Issuer or any successor to the Issuer shall not have the right to so redeem the notes unless (a) it is or will become obligated to pay such additional amounts or (b) the Guarantor or any successor to the Guarantor is or will become obligated to pay such additional amounts. Notwithstanding the foregoing, the Issuer or any such successor shall not have the right to so redeem the notes unless it has taken reasonable measures (including without limitation, using reasonable measures to cause payment on the notes to be made through a paying agent in a different jurisdiction or by the Issuer, its successor or another Subsidiary) to avoid the obligation to pay such additional amounts. For the avoidance of doubt, reasonable measures do not include changing the jurisdiction of incorporation of the Issuer or any successor of the Issuer.

In the event that the Issuer or any successor to the Issuer elects to so redeem the notes, it will deliver to the trustee: (1) a certificate, signed in the name of the Issuer or any successor to the Issuer by any two of its executive officers or by its attorney in fact in accordance with its bylaws, stating that the Issuer or any successor to the Issuer is entitled to redeem the notes pursuant to their terms and setting forth a statement of facts showing that the condition or conditions precedent to the right of the Issuer or any successor to the Issuer to so redeem have occurred or been satisfied; and (2) an opinion of counsel, who is reasonably acceptable to the trustee, to the effect that (i) the Issuer or any successor to the Issuer has or will become obligated to pay additional amounts or the Guarantor or any successor to the Guarantor is or will become obligated to pay additional amounts and that such obligation cannot be avoided by taking reasonable measures to avoid such obligation (including, without limitation, by causing payment on the notes to be made through a paying agent in a different jurisdiction or by a Subsidiary), (ii) such obligation is the result of a change in or amendment to the laws (or any rules or regulations thereunder) of a Taxing Jurisdiction, as described above, and (iii) that all governmental requirements necessary for the Issuer or any successor to the Issuer to effect the redemption have been complied with.

Open Market Purchases

The Issuer or its affiliates may at any time purchase notes in the open market or otherwise at any price. Any such purchased notes will not be resold, except in compliance with applicable requirements or exemptions under the relevant securities laws.

Selection and Notice

The Issuer will provide not less than 30 nor more than 60 days' notice delivered to each registered holder of the notes to be redeemed, in accordance with the provisions described under "— Notices" below. Unless the Issuer defaults in the payment of the redemption price, on and after the redemption date interest will cease to accrue on the notes or portions thereof called for redemption. In the event that any redemption date is not a business day, the Issuer will pay the redemption price on the next business day without any interest or other payment due to the delay. A redemption may be subject to one or more conditions precedent, which shall be stated in the redemption notice. If less than all of the outstanding notes are to be redeemed, the notes to be redeemed will be selected in principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. In this case, the notes will be selected by lot, pro rata or by any other method the trustee considers fair and appropriate and in accordance with applicable depositary procedures.

Payments

The Issuer will make all payments on the notes exclusively in such coin or currency of the United States as at the time of payment will be legal tender for the payment of public and private debts.

The Issuer will make payments of principal and interest on the notes to the paying agent, which will pass such funds to the trustee or to the holders.

The Issuer will make payments of interest on the notes on April 11 and October 11 of each year, commencing on October 11, 2017. Interest will be payable to the holders of record on March 28 and September 27 immediately preceding the related interest payment dates. The Issuer will pay principal upon surrender of the

relevant notes at the specified office of the trustee or the paying agent. The Issuer will pay principal on the notes to the person in whose name the notes are registered at the close of business on the 15th day before the due date for payment. Payments of principal and interest in respect of each note will be made by the paying agent by wire or by U.S. dollar check drawn on a bank in New York City and delivered to the holder of such note at its registered address. Upon application by the holder to the specified office of the paying agent not less than 15 days before the due date for any payment in respect of a note, such payment may be made by transfer to a U.S. dollar account maintained by the payee with a bank in New York City.

Under the terms of the indenture, payment by the Issuer of any amount payable under the notes on the due date thereof to the paying agent in accordance with the indenture will satisfy the obligation of the Issuer to make such payment; *provided, however*, that the liability of the paying agent shall not exceed any amounts paid to it by the Issuer or held by it, on behalf of the holders under the indenture.

All payments will be subject in all cases to any applicable tax or other laws and regulations, but without prejudice to the provisions of "— Additional Amounts." No commissions or expenses will be charged to the holders in respect of such payments.

Subject to applicable law, the trustee and the paying agent will pay to the Issuer upon request any monies held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, holders entitled to such monies must look to the Issuer for payment as general creditors. After the return of such monies by the trustee or the paying agent to the Issuer, neither the trustee nor the paying agent shall be liable to the holders in respect of such monies.

Additional Information

For so long as any notes remain outstanding, each of the Issuer and the Guarantor will make available to any noteholder or beneficial owner of an interest in the notes, or to any prospective purchasers designated by such noteholder or beneficial owner, upon request of such noteholder or beneficial owner, and in addition to the information referred to under "— Reporting Requirements" below, the information required to be delivered under paragraph (d)(4) of Rule 144A unless, at the time of such request the Issuer or the Guarantor is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act.

Form, Denomination and Title

The notes will be issued in registered form without coupons attached in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Notes sold in offshore transactions in reliance on Regulation S will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in fully registered form without coupons deposited with a custodian for and registered in the name of a nominee of DTC. Beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Euroclear and Clearstream Luxembourg. Except in certain limited circumstances, definitive registered notes will not be issued in exchange for beneficial interests in the global notes. See "Form of Notes—Global Notes."

Title to the notes will pass by registration in the register. The holder of any note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, writing on, or theft or loss of, the definitive note issued in respect of it) and no person will be liable for so treating the holder.

Transfer of Notes

Notes may be transferred in whole or in part in an authorized denomination upon the surrender of the note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the registrar or the specified office of the transfer agent. Each new note to be issued upon exchange of notes or transfer of notes will, within three business days of the receipt of a request for exchange or form of transfer,

be delivered at the risk of the holder entitled to the note to such address as may be specified in such request or form of transfer.

Notes will be subject to certain restrictions on transfer as more fully set out in the indenture. See "Transfer Restrictions." Transfer of beneficial interests in the global notes will be effected only through records maintained by DTC and its participants. See "Form of Notes."

Transfer will be effected without charge by or on behalf of the Issuer, the registrar or the transfer agent, but upon payment, or the giving of such indemnity as the registrar or the transfer agent may require, in respect of any tax or other governmental charges which may be imposed in relation to it. The Issuer is not required to transfer or exchange any note selected for redemption.

No holder may require the transfer of a note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that note.

Additional Amounts

All payments (including any premium paid upon redemption of the notes) by or on behalf of the Issuer or a successor in respect of the notes or the Guarantor or a successor in respect of the guarantee, will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments, or other governmental charges of whatever nature imposed or levied by or on behalf of Chile, the Cayman Islands, or any authority therein or thereof or any other jurisdiction in which the Issuer or the Guarantor (or in each case, their successor) are organized or doing business or from or through which payments are made in respect of the notes, or any political subdivision or taxing authority thereof or therein (any of the aforementioned being a "Taxing Jurisdiction"), unless the Issuer or the Guarantor (or their respective successor) are compelled by law to deduct or withhold such taxes, duties, assessments, or governmental charges. In such event, the Issuer or the Guarantor (or their respective successor) will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and pay such additional amounts as may be necessary to ensure that the net amounts received by registered holders of notes after such withholding or deduction shall equal the respective amounts of principal and interest (or other amounts stated to be payable under the notes) which would have been received in respect of the notes in the absence of such withholding or deduction. Notwithstanding the foregoing, no such additional amounts shall be payable:

(1) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or governmental charges in respect of such note by reason of the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of such holder, if such holder is an estate, a trust, a partnership, or a corporation) and the relevant Taxing Jurisdiction, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or present therein or having, or having had, a permanent establishment therein, other than the mere holding of the note or enforcement of rights under the indenture and the receipt of payments with respect to the note;

(2) in respect of notes surrendered or presented for payment (if surrender or presentment is required) more than 30 days after the Relevant Date (as defined below) except to the extent that payments under such note would have been subject to withholdings and the holder of such note would have been entitled to such additional amounts, on surrender of such note for payment on the last day of such period of 30 days;

(3) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply, with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with the relevant Taxing Jurisdiction of such holder, if (a) compliance is required by law or an applicable income treaty as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (b) the Issuer has given the holders at least 30 days' notice that holders will be required to provide such certification, identification, documentation or other requirement;

(4) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge, other than as provided in "—Documentary Taxes" below;

(5) in respect of any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of (including premium) or interest on the note;

(6) in respect of any tax imposed on overall net income or any branch profits tax; or

(7) in respect of any combination of the above.

Notwithstanding anything to the contrary in this section, none of the Issuer, the Guarantor, their respective successors, the paying agent or any other person shall be required to pay any additional amounts with respect to any payment in respect of any taxes imposed under Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any successor law or regulation implementing or complying with, or introduced in order to conform to, such sections, or imposed pursuant to any intergovernmental agreement or any agreement entered into pursuant to section 1471(b)(1) of the Code.

In addition, no additional amounts shall be paid with respect to any payment on a note to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, member or beneficial owner been the holder.

"Relevant Date" means, with respect to any payment on a note, whichever is the later of: (i) the date on which such payment first becomes due; and (ii) if the full amount payable has not been received by the trustee on or prior to such due date, the date on which notice is given to the holders that the full amount has been received by the trustee.

Payments on the notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation. Except as specifically provided above, neither the Issuer nor the Guarantor shall be required to pay additional amounts with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

Each of the Issuer and the Guarantor (or their respective successor) will pay any Taxes required to be deducted or withheld pursuant to applicable law and will furnish to the holders, within 60 days after the date such payment is due, either certified copies of tax receipts evidencing such payment, or, if such receipts are not obtainable, other evidence of such payments reasonably satisfactory to the holders.

In the event that additional amounts actually paid with respect to the notes described above are based on rates of deduction or withholding of withholding taxes in excess of the appropriate rate applicable to the holder of such notes, and, as a result thereof such holder is entitled to make claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title, and interest to any such claim for a refund or credit of such excess to the Issuer.

Any reference in this offering memorandum, the indenture or the notes to principal, interest or any other amount payable in respect of the notes by the Issuer or the guarantee by the Guarantor (or their successors) will be deemed also to refer to any additional amount, unless the context requires otherwise, that may be payable with respect to that amount under the obligations referred to in this subsection.

The foregoing obligation will survive termination or discharge of the indenture.

Documentary Taxes

The Issuer or the Guarantor, as applicable, will pay when due any present or future stamp, transfer, court or documentary taxes or any other excise or property taxes, charges or similar levies and any penalties, additions to tax or interest due with respect thereto imposed by Chile (or any political subdivision or governmental authority thereof or therein having power to tax) or the Cayman Islands (or any political subdivision or governmental authority

thereof or therein having power to tax) with respect to the initial execution, delivery or registration of the notes or any other document or instrument relating thereto.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control Event, the Issuer or the Guarantor will make an Offer to Purchase all outstanding notes at a purchase price equal to 101% of the principal amount plus accrued interest up to, but not including the date of repurchase; provided, that the Issuer or the Guarantor shall not be required to make such an Offer to Purchase if (i) a third party makes such an Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture with respect to an Offer to Purchase made by the Issuer or the Guarantor and (ii) such third party purchases all notes validly tendered and not withdrawn under its Offer to Purchase.

An "Offer to Purchase" must be made by written offer, which will specify the purchase price. The offer must specify an expiration date (the "expiration date") not less than 30 days or more than 60 days after the date of the offer and a settlement date for the purchase (the "purchase date") not more than five business days after the expiration date. An Offer to Purchase may be made in advance of a Change of Control and conditioned on a Change of Control occurring if a definitive agreement is in place at the time such conditional Offer to Purchase is made that, if consummated, would result in a Change of Control. The offer must include information required by the Securities Act, Exchange Act or any other applicable laws. The offer will also contain instructions and materials necessary to enable holders to tender notes pursuant to the offer.

A holder may tender all or any portion of its notes pursuant to an Offer to Purchase, subject to the requirement that any portion of a note tendered must be in a principal amount of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. Holders are entitled to withdraw notes tendered up to the close of business on the expiration date. On the purchase date, the purchase price will become due and payable on each note accepted for purchase pursuant to the Offer to Purchase, and interest on notes purchased will cease to accrue on and after the purchase date.

The Issuer and the Guarantor will comply with Rule 14e-1 under the Exchange Act (to the extent applicable) and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

Existing and future debt of the Issuer and the Guarantor may provide that a Change of Control is a default or require repurchase upon a Change of Control. Moreover, the exercise by the noteholders of their right to require the Issuer to purchase the notes could cause a default under other existing or future debt of the Issuer or the Guarantor, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer or the Guarantor. Finally, the Issuer's or the Guarantor's ability to pay cash to the noteholders following the occurrence of a Change of Control Event may be limited by the Issuer's or the Guarantor's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the notes. See "Risk Factors — Risks Related to the Notes — The Issuer and the Guarantor may not be able to finance a change of control offer required by the indenture governing the notes"

The phrase "all or substantially all," as used with respect to the assets of the Issuer and the Guarantor in the definition of "Change of Control," is subject to interpretation under applicable state law, and its applicability in a given instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Issuer or the Guarantor has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

In addition, pursuant to the terms of the indenture, the Issuer and the Guarantor are only required to offer to repurchase the notes in the event that a Change of Control results in a Ratings Decline. Consequently, if a Change of Control were to occur which does not result in a Ratings Decline, neither the Issuer nor the Guarantor would be required to offer to repurchase the notes.

Except as described above with respect to a Change of Control, the indenture will not contain provisions that permit the holder of the notes to require that the Issuer or the Guarantor purchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

The provisions under the indenture relating to the obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or amended as described in "— Amendment, Supplement and Waiver."

Covenants

The indenture contains the following covenants:

Limitations on the Issuer

The Issuer may not own any material assets or other property, other than Debt or other obligations owing to the Issuer by the Guarantor and Subsidiaries, Cash Equivalents and Marketable Securities, or engage in any trade or conduct any business other than treasury, financing, cash management, hedging and cash pooling activities and activities incidental thereto. In addition, the Issuer will not incur any material liabilities or obligations other than its obligations pursuant to the Notes and obligations pursuant to other Debt guaranteed by the Guarantor.

Limitation on Transactions with Affiliates

The Guarantor will not, nor will the Guarantor permit any of its Subsidiaries, to enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property, employee compensation arrangements or the rendering of any service) with, or for the benefit of, any Affiliate of the Guarantor, other than itself or any of its Subsidiaries, (an "Affiliate Transaction") unless the terms of the Affiliate Transaction are no less favorable to the Guarantor or such Subsidiary than those that could be obtained at the time of the Affiliate Transaction in arm's length dealings with a person who is not an Affiliate.

Limitation on Consolidation, Merger or Transfer of Assets

The Guarantor will not consolidate with or merge with or into, or sell, convey, transfer or dispose of, or lease all or substantially all of its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to, any person, unless:

(1) the resulting, surviving or transferee person (if not the Guarantor) will be a person organized and existing under the laws of Chile, Brazil, Peru or the United States of America, any State thereof or the District of Columbia, or any other country (or political subdivision thereof) that is a member country of the European Union or of the Organisation for Economic Co-operation and Development on the date of the indenture, and such person expressly assumes, by a supplemental indenture to the indenture, executed and delivered to the trustee, all the obligations of the Guarantor under the notes and the indenture;

(2) the resulting, surviving or transferee person (if not the Guarantor), if organized and existing under the laws of a jurisdiction other than Chile undertakes, in such supplemental indenture, (i) to pay such additional amounts in respect of principal (and premium, if any) and interest as may be necessary in order that every net payment made in respect of the notes after deduction or withholding for or on account of any present or future tax, duty, assessment or other governmental charge imposed by such other country or any political subdivision or taxing authority thereof or therein will not be less than the amount of principal (and premium, if any) and interest then due and payable on the notes, subject to the same exceptions set forth under "Additional Amounts" and (ii) that the provisions set forth under "Optional Redemption upon a Tax Event" shall apply to such person, but in both cases, replacing existing references in such clause to Chile with references to the jurisdiction of organization of the resulting, surviving or transferee person, as the case may be;

(3) immediately prior to such transaction and immediately after giving effect to such transaction, no Default or Event of Default will have occurred and be continuing; and

(4) the Guarantor will have delivered to the trustee an officers' certificate and an opinion of independent legal counsel, each stating that such consolidation, merger or transfer and such supplemental indenture, if any, comply with the indenture.

The trustee will accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set forth in this covenant, in which event it will be conclusive and binding on the holders.

Reporting Requirements

The Guarantor will provide the trustee with the following reports (and will also provide the trustee with sufficient copies, as required, of the following reports referred to in clauses (1) through (3) below for distribution, at their expense, to all holders of notes):

(1) an English language version of the LATAM Airlines Group S.A.'s annual audited consolidated financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 120 days after the close of its fiscal year;

(2) an English language version of LATAM Airlines Group S.A.'s unaudited quarterly financial statements prepared in accordance with IFRS promptly upon such financial statements becoming available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of its fiscal year); and

(3) without duplication, English language versions or summaries of such other reports or notices as may be filed or submitted by (and promptly after filing or submission by) the Guarantor with (a) the SVS or (b) the SEC (in each case, to the extent that any such report or notice is generally available to its security holders or the public in Chile or elsewhere and, in the case of clause (c), is filed or submitted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act, or otherwise).

Delivery of the above reports referred to in the clauses above to the trustee is for informational purposes only and the trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's or the Guarantor's compliance with any of their covenants in the indenture (as to which the trustee is entitled to rely exclusively on officers' certificates). The requirement to provide any report to the trustee shall be deemed satisfied if such report has been filed with the SEC through the Electronic Data Gathering Analysis and Retrieval (EDGAR) system (or any successor method of filing) or if such report is made available on the Guarantor's website (and the Guarantor shall provide the relevant URL to the Trustee upon request).

Events of Default

An "Event of Default" occurs if:

(1) the Issuer defaults in any payment of interest (including any related additional amounts) on any note when the same becomes due and payable, and such default continues for a period of 30 days;

(2) the Issuer defaults in the payment of the principal (including any related additional amounts) of any note when the same becomes due and payable upon acceleration or redemption or otherwise;

(3) the Issuer or the Guarantor fails to comply with any of its covenants or agreements in the notes or the indenture (other than those referred to in (1) and (2) above), and such failure continues for 60 days after the notice specified below;

(4) the Issuer, the Guarantor or any Significant Subsidiary defaults under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Debt for money borrowed by the Issuer, the Guarantor or any such Significant Subsidiary (or the payment of which is guaranteed by the Issuer, the Guarantor or any such Significant Subsidiary) whether such Debt or guarantee now exists, or is created after the date of the indenture, which default (a) is caused by failure to pay principal of or premium, if any, on such Debt after giving effect to any grace period provided in such Debt on the date of such default ("Payment Default") or (b) results in the acceleration of such Debt prior to its express

maturity and, in each case, the principal amount of any such Debt, together with the principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, totals U.S.$75 million (or the equivalent thereof at the time of determination) or more in the aggregate;

(5) one or more final judgments or decrees for the payment of money of U.S.$75 million (or the equivalent thereof at the time of determination) or more in the aggregate (determined net of any amount covered by an insurance policy or policies issued by insurance companies with sufficient financial resources to perform their obligations under such policies) are rendered against the Issuer, the Guarantor or any Significant Subsidiary and are not paid (whether in full or in installments in accordance with the terms of the judgment) or otherwise discharged and, in the case of each such judgment or decree, either (a) an enforcement proceeding has been commenced by any creditor upon such judgment or decree and is not dismissed within 30 days following commencement of such enforcement proceedings or (b) there is a period of 60 days following such judgment during which such judgment or decree is not discharged, waived or the execution thereof stayed;

(6) a decree or order by a court having jurisdiction has been entered adjudging the Issuer, the Guarantor or any Significant Subsidiary as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of or by the Issuer, the Guarantor or any Significant Subsidiary and such decree or order continues undischarged or unstayed for a period of 60 days; or a decree or order by a court having jurisdiction for the appointment of a receiver or liquidator or for the liquidation or dissolution of the Issuer, the Guarantor or any Significant Subsidiary, has been entered, and such decree or order continues undischarged or unstayed for a period of 60 days; provided that any Significant Subsidiary may be liquidated or dissolved if, pursuant to such liquidation or dissolution, all or substantially all of its assets are transferred to the Issuer, the Guarantor or another Significant Subsidiary;

(7) the Issuer, the Guarantor or any Significant Subsidiary (i) commences a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, *veedor*, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, the Guarantor or any Significant Subsidiary or for all or substantially all of the property of the Issuer, the Guarantor or any Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors;

(8) any event occurs that under the laws of Chile or any political subdivision thereof or any other country has substantially the same effect as any of the events referred to in any of clause (6) or (7);

(9) the guarantee ceases to be in full force and effect, other than in accordance with the terms of the indenture, or the Guarantor denies or disaffirms its obligations under the guarantee; or

(10) the Guarantor ceases to own directly or indirectly 100% of the outstanding share capital of the Issuer.

A Default under clause (3) above will not constitute an Event of Default until the trustee or the holders of at least 25% in principal amount of the notes outstanding notify the Issuer and the Guarantor of the Default and the Issuer or Guarantor does not cure such Default within 60 days after receipt of such notice.

If an Event of Default (other than an Event of Default specified in clause (6), (7) or (8) above) occurs and is continuing, the trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare all unpaid principal of and accrued interest on all notes to be due and payable immediately, by a notice in writing to the Issuer and the Guarantor, and upon any such declaration such amounts will become due and payable immediately. If an Event of Default specified in clause (6), (7) or (8) above occurs and is continuing, then the principal of and accrued interest on all notes will become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

As soon as possible, and in any event within 15 business days after the Issuer becomes aware of the existence of a Default or Event of Default, the Issuer shall deliver to the trustee an officers' certificate setting forth the details thereof and the action which the Issuer is taking or propose to take with respect thereto.

The trustee is not to be charged with knowledge of any Default or Event of Default or knowledge of any cure of any Default or Event of Default unless either (i) an attorney, authorized officer or agent of the trustee with direct responsibility for the indenture has actual knowledge of such Default or Event of Default or (ii) written notice of such Default or Event of Default has been given to the trustee by the Issuer or any holder. If a Default or Event of Default occurs and is continuing, and if it is known to a responsible officer of the trustee, the trustee shall mail to each holder notice of the Default or Event of Default within 90 days after a responsible officer of the trustee acquires actual knowledge of such Default or Event of Default. Except in the case of a Default or Event of Default in payment of principal of or premium, if any, or interest on any note, the trustee may withhold the notice and shall be protected from withholding the notice if and so long as a committee of its responsible officers in good faith determines that withholding the notice is in the interests of holders.

Subject to the provisions of the indenture relating to the duties of the trustee in case an Event of Default occurs and is continuing, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any of the holders, unless such holders have offered to the trustee indemnity reasonably satisfactory to the trustee. Subject to such provision for the indemnification of the trustee, the holders of a majority in aggregate principal amount of the outstanding notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

Defeasance

The Issuer or the Guarantor may at any time terminate all of its obligations with respect to the notes ("legal defeasance"), except for certain obligations, including those regarding any trust established for a defeasance and obligations to register the transfer or exchange of the notes, to replace mutilated, destroyed, lost or stolen notes and to maintain a registrar and paying agent in respect of notes. The Issuer or the Guarantor may at any time terminate its obligations under certain covenants set forth in the indenture, and any omission to comply with such obligations will not constitute a Default or an Event of Default with respect to the notes issued under the indenture ("covenant defeasance").

The Issuer or the Guarantor may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer or the Guarantor exercises its legal defeasance option, payment of the notes may not be accelerated because of an Event of Default with respect thereto. If the Issuer or the Guarantor exercises its covenant defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in clause (3), (4) or (5) under "—Events of Default."

In order to exercise either legal defeasance or covenant defeasance, the Issuer or the Guarantor must irrevocably deposit in trust, for the benefit of the holders of the notes, with the trustee money or U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants expressed in a written certificate delivered to the trustee, without consideration of any reinvestment, to pay the principal of, premium, if any, and interest on the notes to redemption or maturity and comply with certain other conditions, including the delivery of opinions of U.S., Cayman Islands and Chilean counsel as to certain tax matters (including to the effect that the holders of the notes will not recognize income, gain or loss for U.S. federal income tax purposes, Cayman Islands income tax purposes or Chilean income tax purposes, as the case may be, as a result of such deposit and defeasance and will be subject to U.S. federal income tax, Cayman Islands income tax, Chilean income tax, as the case may be, on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred, and, in the case of legal defeasance only, the opinion of U.S. counsel must be based on a ruling of the U.S. Internal Revenue Service or a change in applicable U.S. federal income tax law).

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes, as expressly provided for in the indenture) as to all outstanding notes when:

(1) either:

(a) all the notes theretofor authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes for whose payment money has theretofor been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from such trust) have been delivered to the trustee for cancellation; or

(b) all notes not theretofor delivered to the trustee for cancellation (i) have become due and payable or will become due and payable within one year or (ii) are to be called for redemption within one year under irrevocable arrangements satisfactory to the trustee for the giving of notice of redemption by the trustee in the name, and at the expense, of the Issuer, and, in each case, the Issuer has irrevocably deposited or caused to be deposited with the trustee funds or certain direct, non-callable obligations of, or guaranteed by, the United States sufficient without reinvestment to pay and discharge the entire Indebtedness on the notes not theretofor delivered to the trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of deposit (in the case of notes that have become due and payable) or to the maturity or redemption date, as the case may be, together with irrevocable instructions from the Issuer directing the trustee to apply such funds to the payment;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit after giving effect thereto;

(3) the Issuer has paid all other sums payable under the indenture and the notes by it; and

(4) the Issuer has delivered to the trustee an officers' certificate stating that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Amendment, Supplement and Waiver

Subject to certain exceptions, the indenture may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the notes then outstanding, and any past Default or Event of Default or compliance with any provision may be waived with the consent of the holders of at least a majority in principal amount of the notes then outstanding. However, without the consent of each holder of an outstanding note affected thereby, no amendment or waiver may:

(1) reduce the principal amount of or change the Stated Maturity of any payment on any note;

(2) reduce the rate of or change the time for payment of interest on any note;

(3) reduce the amount payable upon redemption of any note or change the time at which any note may be redeemed;

(4) change the place of payment for or the currency for payment of principal of, premium, if any, or interest or any additional amounts on, any note;

(5) impair the right to institute suit for the enforcement of any right to payment on or with respect to any note;

(6) waive certain payment defaults with respect to the notes;

(7) reduce the principal amount of notes whose holders must consent to any amendment or waiver;

(8) make any change in the amendment or waiver provisions which require each holder's consent;

(9) modify or change any provision of the indenture affecting the ranking of the notes in a manner adverse to the holders of the notes; or

(10) make any change in the guarantee that would adversely affect the noteholders.

The holders of the notes will receive prior notice as described under "Notices" of any proposed amendment to the notes or the indenture or any waiver described in the preceding paragraph. After an amendment or any waiver

described in the preceding paragraph becomes effective, the Issuer is required to deliver to the holders a notice briefly describing such amendment or waiver. However, the failure to give such notice to all holders of the notes, or any defect therein, will not impair or affect the validity of the amendment or waiver.

The consent of the holders of the notes is not necessary to approve the particular form of any proposed amendment or any waiver. It is sufficient if such consent approves the substance of the proposed amendment or waiver.

The Issuer, the Guarantor and the trustee may, without the consent or vote of any holder of the notes, amend or supplement the indenture or the notes for the following purposes:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to comply with the covenant described under "— Limitation on Consolidation, Merger or Transfer of Assets";

(3) to add to the covenants of the Issuer or the Guarantor for the benefit of holders of the notes;

(4) to surrender any right conferred upon the Issuer or the Guarantor;

(5) to evidence and provide for the acceptance of an appointment by a successor trustee;

(6) to provide for the issuance of additional notes;

(7) to provide for any guarantee of the notes, to secure the notes or to confirm and evidence the release, termination or discharge of any guarantee of the notes when such release, termination or discharge is permitted by the indenture; or

(8) make any other change that does not materially and adversely affect the rights of any holder of the notes or to conform the indenture to this "Description of the Notes";

(9) to comply with any applicable requirements of the SEC.

Notices

For so long as notes in global form are outstanding, notices to be given to holders will be given to the depositary in accordance with its applicable policies as in effect from time to time. If notes are issued in certificated form, notices to be given to holders will be deemed to have been given upon the mailing by first class mail, postage prepaid, of such notices to holders of the notes at their registered addresses as they appear in the trustee's records.

Trustee

The Bank of New York Mellon will be appointed as trustee under the indenture.

The indenture will contain provisions for the indemnification of the trustee and for its relief from responsibility. The obligations of the trustee to any holder will be subject to such immunities and rights as are set forth in the indenture.

Except during the continuance of an Event of Default, the trustee needs to perform only those duties that will be specifically set forth in the indenture and no others, and no implied covenants or obligations will be read into the indenture against the trustee. In case an Event of Default has occurred and is continuing, the trustee shall exercise those rights and powers vested in it by the indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. No provision of the indenture will require the trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

The Issuer, the Guarantor and their respective affiliates may from time to time enter into normal banking and trustee relationships with the trustee and its affiliates.

Governing Law and Submission to Jurisdiction

The notes and the indenture will be governed by the laws of the State of New York.

Each of the parties to the indenture will submit to the jurisdiction of the U.S. federal and New York State courts located in the Borough of Manhattan, City and State of New York for purposes of all legal actions and proceedings instituted in connection with the notes and the indenture. The Issuer and the Guarantor will appoint Law Debenture Corporate Services Inc., as its authorized agent upon which process may be served in any such action.

Currency Indemnity

U.S. dollars are the sole currency of account and payment for all sums payable by the Issuer and the Guarantor under or in connection with the notes, including damages. Any amount received or recovered in a currency other than dollars (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any holder of a note in respect of any sum expressed to be due to it from the Issuer or the Guarantor will only constitute a discharge to the Issuer or the Guarantor to the extent of the dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that dollar amount is less than the dollar amount expressed to be due to the recipient under any note, the Issuer and the Guarantor will indemnify such holder against any loss sustained by it as a result; and if the amount of United States dollars so purchased is greater than the sum originally due to such holder, such holder will, by accepting a note, be deemed to have agreed to repay such excess. In any event, the Issuer and the Guarantor will indemnify the recipient against the cost of making any such purchase.

For the purposes of the preceding paragraph, it will be sufficient for the holder of a note to certify in a satisfactory manner (indicating the sources of information used) that it would have suffered a loss had an actual purchase of dollars been made with the amount so received in that other currency on the date of receipt or recovery (or, if a purchase of dollars on such date had not been practicable, on the first date on which it would have been practicable, it being required that the need for a change of date be certified in the manner mentioned above). These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantor, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any holder of a note and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any note.

Certain Definitions

The following is a summary of certain defined terms used in the indenture. Reference is made to the indenture for the full definition of all such terms as well as other capitalized terms used herein for which no definition is provided.

"Affiliate" means, with respect to any specified Person, (a) any other Person which, directly or indirectly, is in control of, is controlled by or is under common control with such specified Person or (b) any other Person who is a director or officer (i) of such specified Person, (ii) of any subsidiary of such specified Person or (iii) of any Person described in clause (a) above. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Capital Stock" means, with respect to any Person, any and all shares of stock, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated, whether voting or nonvoting), such person's equity including any preferred stock, but excluding any debt securities convertible into or exchangeable for such equity.

"Cash Equivalents" means:

(1) Chilean pesos, United States dollars, or money in other currencies received in the ordinary course of business that are readily convertible into United States dollars;

(2) any evidence of Debt with a maturity of one year or less issued or directly and fully guaranteed or insured by the Republic of Chile or the United States of America or any agency or instrumentality thereof, provided that the full faith and credit of the Republic of Chile or the United States of America is pledged in support thereof;

(3) (i) demand deposits, (ii) time deposits and certificates of deposit with maturities of one year or less from the date of acquisition, (iii) bankers' acceptances with maturities not exceeding one year from the date of acquisition, and (iv) overnight bank deposits, in each case with any bank or trust company organized or licensed under the laws of the Republic of Chile or any political subdivision thereof or the United States or any state thereof having capital, surplus and undivided profits in excess of U.S.$500.0 million whose long-term debt is rated "AA-" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined under Rule 436 of the Securities Act);

(4) (repurchase obligations with a term of not more than seven days for underlying securities of the type described in clauses (2) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above;

(5) commercial paper rated at least F-1 by Fitch or A-1 by S&P and maturing no later than one year after the date of acquisition; and

(6) money market funds at least 95% of the assets of which consist of investments of the type described in clauses (1) through (5) above.

"Change of Control" means:

(1) the direct or indirect sale or transfer of all or substantially all the assets of LATAM Airlines Group S.A. and its Subsidiaries, taken as a whole, to any transferee Person other than the Permitted Holders, other than a transaction in which such transferee Person becomes the obligor in respect of the notes and a Subsidiary of the transferor of such assets; or

(2) the consummation of any transaction (including, without limitation, by merger, consolidation, acquisition or any other means) as a result of which any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) other than the Permitted Holders is or becomes the "beneficial owner" (as such term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of LATAM Airlines Group S.A.

"Change of Control Event" means the occurrence of both a Change of Control and a Ratings Decline.

"Debt" means, with respect to any Person, without duplication:

(1) the principal of and premium, if any, in respect of (a) indebtedness of such Person for money borrowed and (b) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(2) all Finance Lease Obligations of such Person;

(3) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(4) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit

securing obligations (other than obligations described in clauses (1) through (3) above) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth business day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(5) all Hedging Obligations of such Person;

(6) all obligations of the type referred to in clauses (1) through (4) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee (other than obligations of other Persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such Person does not, or is not required to, make payment in respect thereof);

(7) all obligations of the type referred to in clauses (1) through (5) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured; and

(8) any other obligations of such Person which are required to be, or are in such Person's financial statements, recorded or treated as debt under IFRS.

"Default" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"Equity Offering" means a private or public offering for cash by the Guarantor or any direct or indirect parent of the Guarantor, as applicable, of its Capital Stock (in the case of any direct or indirect parent of the Guarantor, to the extent such cash proceeds are contributed to the Guarantor), other than (x) public offerings with respect to the Guarantor's or any such direct or indirect parent's, as applicable, Capital Stock registered on Form S-4, F-4 or S-8, or (y) an issuance to any Subsidiary or (z) any offering of Capital Stock issued in connection with a transaction that constitutes a Change of Control.

"Finance Lease Obligations" means, with respect to any Person, any obligation which is required to be classified and accounted for as a finance lease on the face of a balance sheet of such Person prepared in accordance with IFRS; the amount of such obligation will be the capitalized amount thereof, determined in accordance with IFRS; and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"Fitch" means Fitch Ratings, Ltd. and its successors.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person pursuant to any interest rate swap agreement, foreign currency exchange agreement, interest rate collar agreement, option or futures contract or other similar agreement or arrangement designed to protect such Person against changes in interest rates or foreign exchange rates.

"holder" means the Person in whose name a note is registered in the register.

"IFRS" means the International Financial Reporting Standards as issued by the International Accounting Standards Board.

"Lien" means any mortgage, pledge, security interest, encumbrance, conditional sale or other title retention agreement or other similar lien.

"Marketable Securities" means publicly traded debt with a maturity or remaining maturity of one year or less that is listed for trading on a national securities exchange and that was issued by a corporation with debt securities rated at least "AA-" from S&P or "AA-" from Fitch.

"Net Cash Proceeds" with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultants and other fees incurred in connection with such issuance or sale.

"Permitted Holders" means any of (i) Enrique Cueto Plaza, Ignacio Cueto Plaza and Juan Jose Cueto Plaza; (ii) any spouse, descendent, heir, trust or estate of Enrique Cueto Plaza, Ignacio Cueto Plaza or Juan Jose Cueto Plaza; or (iii) any Person as to whom more than 50% of the total voting power of the Voting Stock of such Person is beneficially owned (as such term is used in Rule 13d-3 under the Exchange Act) by one or more of the Persons specified in clauses (i) and (ii).

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Rating Agency" means Standard & Poor's or Fitch; or if Standard & Poor's or Fitch, or both, are not making rating of the notes publicly available, an internationally recognized U.S. rating agency or agencies, as the case may be, selected by us, which will be substituted for Standard & Poor's or Fitch, or both, as the case may be.

"Ratings Decline" means that at any time within 90 days (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by either Rating Agency) after the date of public notice of a Change of Control, or of our intention or that of any Person to effect a Change of Control, the then-applicable rating of the notes is decreased by each Rating Agency; *provided* that any such Ratings Decline results from a Change of Control.

"Significant Subsidiary" means any Subsidiary of LATAM Airlines Group S.A. (or any successor) which at the time of determination either (a) had assets which, as of the date of LATAM Airlines Group S.A.'s (or such successor's) most recent quarterly consolidated balance sheet, constituted at least 10% of LATAM Airlines Group S.A.'s (or such successor's) total assets on a consolidated basis as of such date, or (b) had revenues for the 12-month period ending on the date of LATAM Airlines Group S.A.'s (or such successor's) most recent quarterly consolidated statement of income which constituted at least 10% of LATAM Airlines Group S.A.'s (or such successor's) total revenues on a consolidated basis for such period.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

"Subsidiary" means, in respect of any specified Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of Capital Stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person; *provided* that TAM S.A. and its Subsidiaries shall be deemed to be Subsidiaries of the Guarantor for so long as the Guarantor is required to consolidate TAM S.A. and its Subsidiaries in the Guarantor's consolidated financial statements pursuant to International Financial Reporting Standards ("IFRS") or any other accounting standards applicable to the Guarantor, as in effect from time to time.

"SVS" means the Chilean Securities Commission (*Superintendencia de Valores y Seguros*).

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

FORM OF THE NOTES

Notes sold in offshore transactions in reliance on Regulation S will be represented by a permanent global note or notes in fully registered form without interest coupons (the "Regulation S Global Note") and will be registered in the name of a nominee of DTC and deposited with a custodian for DTC. Notes sold in reliance on Rule 144A will be represented by a permanent global note or notes in fully registered form without interest coupons (the "Restricted Global Note" and, together with the Regulation S Global Note, the "global notes") and will be deposited with a custodian for DTC and registered in the name of a nominee of DTC.

The notes will be subject to certain restrictions on transfer as described in "Transfer Restrictions." On or prior to the 40th day after the later of the commencement of this offering and the closing date of this offering, a beneficial interest in the Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Note only upon receipt by the principal paying agent of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made to a person whom the transferor reasonably believes to be a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction (a "Restricted Global Note Certificate"). After such 40th day, this certification requirement will no longer apply to such transfers. Beneficial interests in the Restricted Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before, on or after such 40th day, only upon receipt by the principal paying agent of a written certification from the transferor (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act (a "Regulation S Global Note Certificate"). Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for as long as it remains an interest.

Except in the limited circumstances described under "— Global Notes," owners of the beneficial interests in global notes will not be entitled to receive physical delivery of individual definitive notes. The notes are not issuable in bearer form.

Global Notes

Upon the issuance of the Regulation S Global Note and the Restricted Global Note, DTC will credit, on its internal system, the respective principal amount of the individual beneficial interests represented by such global note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the initial purchasers. Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC ("DTC Participants") or persons who hold interests through DTC Participants. Ownership of beneficial interests in the global notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC Participants) and the records of DTC Participants (with respect to interests of persons other than DTC Participants).

So long as DTC, or its nominee, is the registered owner or holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such global note for all purposes under the indenture and the notes. Unless DTC notifies us that it is unwilling or unable to continue as depositary for a global note, or ceases to be a "clearing agency" registered under the Exchange Act, or any of the notes becomes immediately due and payable in accordance with "Description of the Notes — Events of Default," owners of beneficial interests in a global note will not be entitled to have any portions of such global note registered in their names, will not receive or be entitled to receive physical delivery of notes in individual definitive form and will not be considered the owners or holders of the global note (or any notes represented thereby) under the indenture or the notes. In addition, no beneficial owner of an interest in a global note will be able to transfer that interest except in accordance with DTC's applicable procedures (in addition to those under the indenture referred to herein and, if applicable, those of Euroclear and Clearstream, Luxembourg).

Investors may hold interests in the notes through Euroclear or Clearstream, Luxembourg, if they are participants in such systems. Euroclear and Clearstream, Luxembourg will hold interests in the notes on behalf of

their account holders through customers' securities accounts in their respective names on the books of their respective depositaries, which, in turn, will hold such interests in the notes in customers' securities accounts in the depositaries' names on the books of DTC.

Payments of the principal of and interest on global notes will be made to DTC or its nominee as the registered owner thereof. Neither we nor the trustee nor any initial purchaser will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We anticipate that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a global note representing any notes held by its nominee, will credit DTC Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global note as shown on the records of DTC or its nominee. We also expect that payments by DTC Participants to owners of beneficial interests in such global note held through such DTC Participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC Participants.

Transfers between DTC Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests in a global note to such persons may be limited. Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of indirect participants, the ability of a person having a beneficial interest in a global note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical individual definitive certificate in respect of such interest. Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions available to the notes described above, cross-market transfers between DTC participants, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg account holders, on the other hand, will be effected at DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be, by its respective depositary; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the Regulation S Global Note in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Euroclear and Clearstream, Luxembourg account holders may not deliver instructions directly to the depositaries for Euroclear or Clearstream, Luxembourg.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg account holder purchasing an interest in a global note from a DTC Participant will be credited during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, Luxembourg, as the case may be) immediately following the DTC settlement date and such credit of any transactions in interests in a global note settled during such processing day will be reported to the relevant Euroclear or Clearstream, Luxembourg accountholder on such day. Cash received in Euroclear or Clearstream, Luxembourg as a result of sales of interests in a global note by or through a Euroclear or Clearstream, Luxembourg account holder to a DTC Participant will be received for value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day following settlement in DTC. DTC has advised that it will take any action permitted to be taken by holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more DTC Participants to whose account or accounts with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such DTC Participant or DTC Participants has or have given such direction. However, in the limited circumstances described below, DTC will exchange the global notes for individual definitive notes (in the case of notes represented by the Restricted Global Note, bearing a restrictive legend), which will be distributed to its participants. Holders of indirect interests in the global notes through DTC Participants have no direct rights to enforce such interests while the notes are in global form.

The giving of notices and other communications by DTC to DTC Participants, by DTC Participants to persons who hold accounts with them and by such persons to holders of beneficial interests in a global note will be governed by arrangements between them, subject to any statutory or regulatory requirements as may exist from time to time.

DTC has advised as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC Participants and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include security brokers and dealers, banks, trust companies and clearing corporations and may include certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to the foregoing procedures in order to facilitate transfers of interests in the Regulation S Global Note and in the Restricted Global Note among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance of DTC, Euroclear or Clearstream, Luxembourg or their respective participants, indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

Individual Definitive Notes

If (1) DTC or any successor to DTC is at any time unwilling or unable to continue as a depositary and a successor depositary is not appointed by us within 90 days or (2) any of the notes has become immediately due and payable in accordance with "Description of the Notes — Events of Default," the Issuer will issue individual definitive notes in registered form in exchange for the Regulation S Global Note and the Restricted Global Note, as the case may be. Upon receipt of such notice from DTC or the paying agent, as the case may be, the Issuer will use its best efforts to make arrangements with DTC for the exchange of interests in the global notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the registrar for delivery to holders. Persons exchanging interests in a global note for individual definitive notes will be required to provide the registrar with (a) written instruction and other information required by us and the registrar to complete, execute and deliver such individual definitive notes and (b) in the case of an exchange of an interest in a Restricted Global Note, certification that such interest is not being transferred or is being transferred only in compliance with Rule 144A under the Securities Act. In all cases, individual definitive notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by DTC.

In the case of individual definitive notes issued in exchange for the Restricted Global Note, such individual definitive notes will bear, and be subject to, the legend described in "Transfer Restrictions" (unless we determine otherwise in accordance with applicable law). The holder of a restricted individual definitive note may transfer such note, subject to compliance with the provisions of such legend, as provided in "Description of the Notes." Such legend will only be removed at the option of the Issuer or, in the case of Regulation S notes, 40 days after the later of (a) the date the notes are offered to persons other than distributors (as defined in Regulation S) and (b) the original issuance date of the notes. Before any individual definitive note may be transferred to a person who takes delivery in the form of an interest in any global note, the transferor will be required to provide the principal paying agent with a Restricted Global Note Certificate or a Regulation S Global Note Certificate, as the case may be.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear, Clearstream, Luxembourg or DTC.

TAXATION

The following discussion, subject to the limitations set forth below, describes material Cayman Islands and United States tax considerations relating to your ownership and disposition of notes. This discussion does not purport to be a complete analysis of all tax considerations in the Cayman Islands, Chile and the United States, and does not address tax treatment of holders of notes under the laws of other countries or taxing jurisdictions. Holders of notes who are resident in countries other than the Cayman Islands and the United States along with holders that are resident in those countries, are urged to consult with their own tax advisors as to which countries' tax laws could be relevant to them.

Prospective investors should consult their professional advisers on the possible tax consequences of buying, holding or selling any notes under the laws of their country of citizenship, residence or domicile.

Cayman Islands Tax Considerations

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands laws, payments of interest and principal on the notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the notes, nor will gains derived from the disposal of the notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the notes. An instrument of transfer in respect of a note is stampable if executed in or brought into the Cayman Islands.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has applied for and obtained an undertaking from the Governor in Cabinet of the Cayman Islands in the following form:

The Tax Concessions Law
2011 Revision
Undertaking as to Tax Concessions

In accordance with Section 6 of The Tax Concession Law (2011 Revision), the Governor in Cabinet undertakes with LATAM Finance Limited (the "Issuer").

1. That no law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Issuer or its operations.

2. In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

   2.1 on or in respect of the shares, debentures or other obligations of the Issuer; or

   2.2 by way of the withholding in whole or part, of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (2011 Revision).

3. These concessions shall be for a period of twenty years from the 8th day of November, 2016.

Chilean Tax Considerations

The following is a general summary of the material consequences under Chilean tax law, as currently in effect, of an investment in the notes made by a Foreign Holder (as defined below). The summary which follows does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of notes by a Foreign Holder and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Holders of notes are advised to consult their own tax advisors concerning the Chilean and other tax consequences of the ownership of the notes.

For purposes of this summary, the term "Foreign Holder" means either (i) in the case of an individual, a person who is not resident or domiciled in Chile (for purposes of Chilean taxation, (a) an individual holder is resident in Chile if he or she has remained in Chile for more than six consecutive months in one calendar year, or a total of more than six consecutive months in two consecutive fiscal years and (b) an individual is domiciled in Chile if he or she resides in Chile with the actual or presumptive intent of staying in Chile (such intention to be evidenced by circumstances such as the acceptance of employment in Chile or the relocation of one's family to Chile)); or (ii) in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless the notes are assigned to a branch or a permanent establishment of such entity in Chile.

The summary that follows is based on Chilean law, as in effect on the date of this offering memorandum, and is subject to any changes in these or other laws occurring after such date, possibly with retroactive effect. Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may be amended only by another law. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of the Chilean Income Tax Law. Chilean tax may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations and interpretations, but Chilean tax authorities may change their rulings, regulations and interpretations in the future.

Payments of interest, principal or premium made by the guarantor

In the case the guarantor is required to make payments under the notes (including principal, interest and premium) to a Foreign Holder, such payments may be exempt of withholding tax under Article 6 of Decree-Law No. 2,564 of 1979. In the event the payments do not qualify under the referred provision, such payments may be subject to a withholding tax of up to 35%.

In the event the guarantor is required to made any payment in connection with the notes to a Foreign Holder, the guarantor has agreed, subject to specific exceptions and limitations, to pay to the Foreign Holders of the notes certain additional amounts in respect of the Chilean withholding taxes mentioned above in order that the interest or premium the Foreign Holder receives, net of such taxes, equals the amount which would have been received by such Foreign Holder in the absence of such withholding taxes. See "Description of the Notes—Additional Amounts."

Stamp Tax

The initial issuance of the notes is not subject to Chilean stamp tax.

U.S. Income Tax Considerations

The following summary describes certain U.S. federal income tax consequences of the acquisition, ownership and disposition of a note by a U.S. Holder (as defined below) whose functional currency is the U.S. dollar that acquires the note in the initial offering from the initial purchasers at the issue price of the notes (the first price at which a substantial amount of the notes is sold for money to investors) and holds it as a capital asset.

This summary does not address all aspects of U.S. federal income taxation that may be applicable to particular U.S. Holders, including, among others, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, U.S. Holders (as defined below) that have a "functional currency" other than the U.S. dollar, persons holding Notes as part of a hedging, integrated, conversion or

constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities or currencies, traders that elect to mark-to-market their securities and certain expatriates, former long-term residents of the United States, or U.S. Holders that own (directly or through attribution) 10% or more of the stock, by vote or value, of the Issuer. In addition, this summary does not address the Medicare tax or alternative minimum tax consequences, or the consequences under the tax laws of any state, locality or other political subdivision of the United States or other countries and jurisdictions, to U.S. Holders of the acquisition, ownership and disposition of a note.

The discussion below is based on the Internal Revenue Code of 1986, as amended, U.S. Treasury regulations thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this offering memorandum and any of which may at any time be repealed, revoked or modified or subject to differing interpretations, potentially retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. In addition, there can be no assurances that the Internal Revenue Service (the "IRS") would not assert, or that a U.S. court would not uphold, positions concerning the U.S. federal income tax consequences of a U.S. Holder's acquisition, ownership or disposition of a note that are contrary to the discussion below.

As used herein, the term "U.S. Holder" means a beneficial owner of a note that is for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or any political subdivision thereof or therein; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; (iv) a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more United States persons for U.S. federal income tax purposes have authority to control all substantial decisions of the trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds a note, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Therefore, such a partnership holding a note and its partners should consult their own tax advisors regarding the U.S. federal income tax consequences of the acquisition, ownership and disposition of a note.

Prospective purchasers should consult their own tax advisors as to the particular tax considerations relevant in their particular circumstances relating to the purchase, ownership and disposition of the notes, including the applicability of any U.S. federal, state, or local tax laws, or non-U.S. tax laws, any changes in applicable tax laws and any pending or proposed legislation or regulations.

Prospective purchasers of the notes should consult their tax advisors concerning the tax consequences of holding notes in light of their particular circumstances.

Characterization of the Notes

Although the issue is not free from doubt, the Issuer and Guarantor intend to treat the notes as indebtedness for U.S. federal income tax purposes. This position is binding on a U.S. Holder under the Code unless such U.S. Holder discloses its contrary position in a manner required by applicable U.S. Treasury regulations. However, this position is not binding on the IRS, and if the IRS were successfully to take a different position, then the timing and character of a U.S. Holder's income inclusions with respect to the notes may be different than those described herein. In such a case, depending on (among other things), whether the Issuer is classified as a "passive foreign investment company" for U.S. federal income tax consequences, U.S. Holders may be subject to adverse U.S. federal income tax consequences, potentially including additional taxes on gain from the sale of the notes, and certain additional information reporting obligations. U.S. Holders should consult their tax advisors regarding the potential consequences if the notes are characterized for U.S. federal income tax purposes as other than debt of the Issuer. The remainder of this discussion assumes that the notes are properly treated as debt of the Issuer.

Taxation of interest and additional amounts

In general, interest paid or payable on a note (including Additional Amounts, if any) will be taxable to a U.S. Holder as ordinary interest income as received or accrued, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Foreign tax credit

A U.S. Holder may, subject to certain limitations, be eligible to claim a credit or deduction in respect of any non-U.S. taxes that are withheld from payments on the notes for purposes of computing its U.S. federal income tax liability. Interest received or accrued on the notes and Additional Amounts generally will constitute foreign source of income to U.S. Holders for U.S. foreign tax credit purposes. The rules relating to foreign tax credits are complex and U.S. Holders should consult their own tax advisors with regard to the availability of foreign tax credits and the application of the foreign tax credit rules to their particular situation. See discussion above under "Chilean Tax Consequences—Payments of interest, principal or premium made by the guarantor" regarding whether Chilean withholding tax may apply.

Sale, exchange, redemption, retirement at maturity or other taxable disposition of the notes

Upon the sale, exchange, redemption, retirement at maturity or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount of cash and the fair market value of any property received on the disposition (except to the extent the cash or property received is attributable to accrued and unpaid interest not previously included in income, which is treated like a payment of interest) and the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the amount paid for the note.

Gain or loss that a U.S. Holder recognizes upon the sale, exchange, redemption, retirement or other disposition of a note generally will be U.S. source capital gain or loss and will be long term capital gain or loss if, at the time of the disposition, the U.S. Holder's holding period for the note is more than one year. The deductibility of capital losses by corporate and non-corporate U.S. Holders is subject to limitations. Prospective investors should consult their own tax advisors as to the U.S. federal income tax and foreign tax credit implications of such sale, redemption, retirement or other disposition of a note.

Information reporting and backup withholding

Information returns may be filed with the IRS in connection with payments of principal and interest in respect of, and the proceeds from certain sales of, notes held by a U.S. Holder unless the U.S. Holder establishes that it is exempt from the information reporting rules. If a U.S. Holder does not establish that it is exempt from these rules, the U.S. Holder may be subject to backup withholding on these payments if it fails to provide its taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Specified foreign financial assets

U.S. Holders should consult their own tax advisors regarding any reporting obligations they may have as a result of their acquisition, ownership or disposition of notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in a purchase agreement between us and the initial purchasers named in the table below, the Issuer has agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from the Issuer, the principal amount of the notes that appears opposite its name in the table below.

Initial purchasers	Principal amount of notes
Merrill Lynch, Pierce, Fenner & Smith Incorporated	U.S.$303,800,000
Credit Suisse Securities (USA) LLC	U.S.$303,800,000
Banco BTG Pactual S.A. – Cayman Branch	U.S.$23,100,000
BNP Paribas Securities Corp.	U.S.$ 23,100,000
Natixis Securities Americas LLC	U.S.$ 23,100,000
Santander Investment Securities Inc.	U.S.$ 23,100,000
Total	U.S.$700,000,000

The purchase agreement provides that the obligations of the initial purchasers to purchase the notes offered hereby are subject to certain conditions precedent and that the initial purchasers will purchase all of the notes offered hereby if any of the notes are purchased. The purchase agreement also provides that if an initial purchaser defaults, the purchase commitments of the non-defaulting initial purchasers may be increased or the offering may be terminated. The initial purchasers may offer and sell notes through certain of their affiliates. Banco BTG Pactual S.A. – Cayman Branch is not a broker dealer registered with the SEC, and therefore may not make sales of any notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A. – Cayman Branch intends to effect sales of the notes in the United States, it will do so only through BTG Pactual US Capital, LLC or one or more U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

The Issuer and the Guarantor have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of any of these liabilities. The representatives have advised us that the initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and other selling terms of the notes.

The notes offered hereby have not been and will not be registered under the Securities Act or any state securities laws. Each initial purchaser has agreed that it will offer or sell the notes only in transactions not requiring registration under the Securities Act or any state securities laws, including resales (a) in the United States to persons that it reasonably believes are qualified institutional buyers in reliance on Rule 144A or (b) in offshore transactions to non-U.S. persons in reliance on Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

No Sale of Similar Securities

The Issuer and the Guarantor have agreed that, during the period commencing on the date of this offering memorandum and ending on the date of delivery of the notes, the Issuer and the Guarantor will not, without the prior written consent of the initial purchasers, offer, sell, contract to sell, pledge, dispose of or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Issuer or the Guarantor or any of our affiliates or any person in privity with the Issuer or the Guarantor or any of our affiliates, directly or indirectly, or

announce the offering, any debt securities issued or guaranteed by the Issuer or the Guarantor (other than (i) the notes or (ii) any equipment notes, pass through certificates, equipment trust certificates or equipment purchase certificates secured by aircraft owned by the Guarantor (or rights relating thereto)).

New Issue of Securities

The notes are a new issue of securities with no established trading market. The initial purchasers may make a market in the notes after completion of the offering, but will not be obligated to do so, and may discontinue any market-making activities at any time without notice. Neither we nor the initial purchasers can provide any assurance as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

Stabilization Transactions

In connection with the offering of the notes, the initial purchasers or persons acting on their behalf may engage in over-allotment and stabilizing transactions. Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchaser. Stabilizing transactions involve bids to purchase the notes in the open market for the purpose of pegging, fixing or maintaining the price of the notes. If the initial purchasers engage in stabilizing covering transactions, they may discontinue them at any time. Stabilizing transactions may cause the price of the notes to be higher than it would otherwise be in the absence of those transactions.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Relationships with the Initial Purchasers

Some of the initial purchasers and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with LATAM Airlines Group and its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of LATAM Airlines Group and its affiliates. If any of the initial purchasers or their affiliates has a lending relationship with LATAM, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these initial purchasers and their affiliates would hedge such exposure by entering into transactions which

consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby.

The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside the United States

None of the Issuer, the Guarantor or the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the SVS, the notes may be privately offered in Chile to certain "qualified investors" identified as such by SVS Rule 336 (which in turn are further described in Rule N°. 216, dated June 12, 2008, of the SVS).

SVS Rule 336 requires the following information to be provided to prospective investors in Chile:

1. Date of commencement of the offer: March 30, 2017. The offer of the notes is subject Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile* or "SVS").

2. The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the SVS, nor with the foreign securities registry (*Registro de Valores Extranjeros*) of the SVS, due to the notes not being subject to the oversight of the SVS.

3. Since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile.

4. The notes shall not be subject to public offering in Chile unless registered with the relevant Securities Registry of the SVS.

Información a los Inversionistas Chilenos

De conformidad con la ley N° 18.045, de mercado de valores y la Norma de Carácter General N° 336 (la "NCG 336"), de 27 de junio de 2012, de la Superintendencia de Valores y Seguros de Chile (la "SVS"), los bonos pueden ser ofrecidos privadamente a ciertos "inversionistas calificados," a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N° 216, de 12 de junio de 2008, de la SVS.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

1. *La oferta de los bonos comienza el 30 de Marzo de 2017, y se encuentra acogida a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la SVS.*

2. *La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de esa Superintendencia.*

3. *Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos.*

4. *Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.*

Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of notes described in this offering memorandum may not be made to the public in that relevant member state prior to the publication of a prospectus in relation to the notes that has been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in that relevant member state, all in accordance with the Prospectus Directive, except that, with effect from and including the relevant implementation date, an offer to the public of the notes may be made in that relevant member state at any time:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the initial purchasers nominated by the Issuer for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided, that no such offer of notes shall require the Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For purposes of this provision, the expression an "offer to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe the securities, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state. The expression "Prospectus Directive" means Directive 2003/71/EC as amended by Directive 2010/73/EU, and includes any relevant implementing measure in the relevant member state.

The sellers of the notes have not authorized and do not authorize the making of any offer of notes through any financial intermediary on their behalf, other than offers made by the initial purchasers with a view to the final placement of the notes as contemplated in this offering memorandum. Accordingly, no purchaser of the notes, other than the initial purchasers, is authorized to make any further offer of the notes on behalf of the sellers or the initial purchasers.

United Kingdom

This offering memorandum is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to(d) of the Order (each such person being referred to as a "relevant person"). This offering memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

The Republic of Italy

The offering of the notes has not been cleared by CONSOB pursuant to Italian securities legislation. Accordingly, no notes may be offered, sold or delivered, directly or indirectly, nor may copies of this offering memorandum or any other document relating to the notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of February 24, 1998, as amended (the "Italian Securities Act"), as implemented by Article 26, paragraph 1, letter (d) of CONSOB Regulation No. 16190 of October 27, 2007, as amended ("Regulation 16190"), pursuant to Article 34-*ter*, paragraph 1, letter (b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended ("Regulation 11971"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Securities Act and its implementing CONSOB regulations, including Regulation No. 11971.

Any such offer, sale or delivery of the notes or distribution of copies of this offering memorandum or any other document relating to the notes in the Republic of Italy must be in compliance with the selling restriction under (i) and (ii) above and:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Securities Act, Regulation No. 16190 and Legislative Decree No. 385 of September 1, 1993, as amended (the "Italian Banking Act");

(b) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the notes is solely responsible for ensuring that any offer or resale of the notes by such investor occurs in compliance with the applicable Italian laws and regulations.

Please note that in accordance with Article 100-bis of the Italian Securities Act, either the subsequent resale on the secondary market in Italy of the notes (which were part of a public offer made pursuant to an exemption from the obligation to publish a prospectus) or the subsequent systematic resale on the secondary market in Italy to investors that are not qualified investors within 12 months of completion of the offer reserved to qualified

investors only, constitutes a distinct and autonomous offer that must be made in compliance with the public offer and the prospectus requirement rules provided under the Italian Securities Act and Regulation No. 11971, unless an exemption applies. Failure to comply with such rules may result in the subsequent resale of such notes being declared null and void and in the liability of the intermediary transferring the notes for any damages suffered by the investors.

Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered for exchange to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Peru

The notes and this offering memorandum have not been, and will not be, registered with or approved by the Superintendency of the Securities Market (*Superintendencia del Mercado de Valores*) or the Lima Stock Exchange (*Bolsa de Valores de Lima*). Accordingly, the notes cannot be offered or sold in Peru, except if such offering is considered a private offering under the securities laws and regulations of Peru.

Colombia

Neither the notes nor this offering memorandum have been or will be registered with or approved by the Superintendency of Finance of Colombia (*Superintendencia Financiera de Colombia*) or the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). Accordingly, the notes cannot be offered or sold in Colombia except in compliance with the applicable Colombian securities regulations.

Brazil

The notes have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Brazilian capital markets. The issuance of the notes has not been nor will be registered with the CVM. Any public offering or distribution, as defined under Brazilian laws and regulations, of the notes in Brazil is not legal without prior registration under Law No. 6,385/76, as amended, and Instruction No. 400, issued by the CVM on December 29, 2003, as amended. Documents relating to the offering of the notes, as well as information contained therein, may not be supplied to the public in Brazil (as the offering of the notes is not a public offering of securities in Brazil), nor be used in connection with any offer for subscription or sale of the notes to the public in Brazil. The notes will not be offered or sold in Brazil, except in circumstances which do not constitute a public offering, placement, distribution or negotiation of securities in the Brazilian capital markets regulated by Brazilian laws and regulations. Persons wishing to offer or acquire the notes within Brazil should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. The notes will not be offered or sold in Hong Kong other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been issued or will be issued in Hong Kong or elsewhere other than with respect to securities which are or are intended to be disposed of only to persons outside of Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The notes offered in this offering memorandum have not been registered under the Financial Instruments and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except: (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law; and (ii) in compliance with any other applicable requirements of Japanese law.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offering may not be circulated or distributed, nor may the notes be offered, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act (Chapter 289) (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the notes are subscribed for under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, then securities, debentures and units of securities and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Cayman Islands

No invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the notes unless the Issuer is listed on the Cayman Islands Stock Exchange.

TRANSFER RESTRICTIONS

The notes are subject to restrictions on transfer as summarized below. By purchasing notes, you will be deemed to have made the following acknowledgements and representations to, and agreements with, us and the initial purchasers:

You acknowledge that:

- the notes have not been registered, and will not be registered, under the Securities Act or any other securities laws and are being offered for sale in transactions that do not require registration under the Securities Act or any other securities laws; and

- unless so registered, the notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth below.

You represent that either:

- you are a qualified institutional buyer (as defined in Rule 144A) and are purchasing the notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the notes to you in the reliance on Rule 144A; or

- you are neither a U.S. person (as defined in Regulation S) nor are you purchasing the notes for the account or benefit of a U.S. person, and you are purchasing notes in an offshore transaction in accordance with Regulation S.

You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers has made any representation to you with respect to us or the offering of the notes, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the notes. You agree that you have had access to such financial and other information concerning us and the notes as you have deemed necessary in connection with your decision to purchase notes, including an opportunity to ask questions and request information from us.

You represent that you are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree, and each subsequent holder of the notes by its acceptance of the notes will agree, that the notes may be offered, sold or otherwise transferred only:

- to the Issuer;

- to a person whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer or buyers in a transaction meeting the requirements of Rule 144A;

- in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S;

- pursuant to an exemption from registration under the Securities Act (if available); or

- pursuant to an effective registration statement under the Securities Act;

- and, in each case, in accordance with the applicable securities laws of the states of the United States and other jurisdictions.

As a condition to registration of transfer of the notes, we may require delivery of any documents or other evidence that we, in our discretion, deems necessary or appropriate to evidence compliance with such exemption referred to in the fourth bullet point of the immediately preceding paragraph.

You acknowledge that:

- the above restrictions on resale will apply from the issue date until the date that is one year (in the case of Rule 144A notes) or 40 days (in the case of Regulation S note) after the later of the issue date and the last date that we or any of our affiliates was the owner of the notes (the "resale restriction period"); and

- each Rule 144A note will contain a legend substantially to the following effect:

NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO LATAM FINANCE LIMITED, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL NOTE IN ACCORDANCE WITH CLAUSE (4) ABOVE, LATAM FINANCE LIMITED, LATAM AIRLINES GROUP S.A. OR THE TRUSTEE MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR OTHER EVIDENCE THAT IT, IN ITS ABSOLUTE DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH SUCH EXEMPTION.

THIS LEGEND MAY BE REMOVED SOLELY IN THE DISCRETION AND AT THE DIRECTION OF LATAM FINANCE LIMITED.

- each Regulation S note will contain a legend substantially to the following effect:

NEITHER THIS GLOBAL NOTE NOR ANY BENEFICAL INTEREST HEREIN HAS BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS GLOBAL NOTE NOR ANY BENEFICIAL INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION.

THE FOREGOING LEGEND MAY BE REMOVED FROM THIS GLOBAL NOTE AFTER 40 DAYS BEGINNING ON AND INCLUDING THE LATER OF (A) THE DATE OF WHICH THE NOTES ARE OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) AND (B) THE ORIGINAL ISSUE DATE OF THE NOTES.

The relevant resale restriction period may be extended, in the Issuer's discretion, in the event of one or more issuances of additional notes, as described under "Description of the Notes—Further Issuances." The above legend (including the restrictions on resale specified therein) may be removed solely in the Issuer's discretion.

You acknowledge that the Issuer, the Guarantor, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations and agreements you are deemed to have made by your purchase of notes is no longer accurate, you will promptly notify the Issuer, the Guarantor and the initial purchasers. If you are purchasing any notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgements, representations and agreements on behalf of each account.

VALIDITY OF THE SECURITIES

We are being represented as to matters of New York law by Clifford Chance US LLP, New York, New York and as to matters of Cayman Islands law by Maples and Calder. Certain legal matters relating to this offering will be passed upon for the initial purchasers by Cleary, Gottlieb, Steen & Hamilton LLP, New York, New York and Philippi Prietocarrizosa & Uria, Santiago, Chile.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The financial statements incorporated in this offering memorandum by reference to the Annual Report on Form 20-F for the year ended December 31, 2016 and the effectiveness of internal control over financial reporting as of December 31, 2016 have been audited by PricewaterhouseCoopers Consultores, Auditores SpA, an independent registered public accounting firm, as stated in their report incorporated herein.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is an exempted company incorporated with limited liability in the Cayman Islands. The Guarantor is a publicly held corporation organized under the laws of Chile. None of our directors or executive officers are residents of the United States and all or a substantial portion of our assets and the assets of these persons are located outside the United States. As a result, except as explained below, it may not be possible for investors to effect service of process within the United States upon such persons, or to enforce against them or us in United States courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States or otherwise obtained in U.S. courts.

Cayman Islands

The Issuer is an exempted company limited by shares incorporated under the laws of the Cayman Islands. As a result, it may not be possible for investors to effect service of process on the Issuer within the United States, or to enforce against the Issuer in the United States courts, judgments predicated upon the civil liability provisions of the securities laws of the United States. The Issuer has been informed by Maples and Calder, its legal advisor in the Cayman Islands, that there is no statutory or other specific regime for the enforcement in the Cayman Islands of judgments obtained in the United States, or other foreign jurisdictions, save that there are reciprocal arrangements for the enforcement of judgments between the Cayman Islands and certain states in Australia. However, in general terms, the courts of the Cayman Islands will recognize and enforce a foreign judgment of a court of competent jurisdiction, provided that the judgment is final, not in respect of taxes or other charges of a like nature, or in respect of a fine or other penalty and is not obtained in a manner, and is not of a kind the enforcement of which is contrary to the public policy of the Cayman Islands. Accordingly, it is likely that any penal liability imposed under the United States securities laws may be unenforceable in the Cayman Islands.

Subject to these limitations, the courts of the Cayman Islands will enforce a foreign judgment for a liquidated sum, based on the common law principle that a judgment of a foreign court imposes on the judgment debtor an obligation to pay the sum for which judgment has been given, and might also, in an appropriate case, give effect in the Cayman Islands to other kinds of foreign judgments, such as declaratory orders, orders for specific performance of contracts and injunctions. Enforcement of foreign judgments in this way will be subject to other conditions, for example that the judgment debtor was, at the time the relevant proceedings were instituted, present in the foreign country. Presence, in this context, will differ according to whether the judgment debtor was a corporation or an individual. Similarly, the foreign court will be regarded as having jurisdiction if the judgment debtor voluntarily submitted to the jurisdiction of the foreign court. In the case of foreign judgments and orders in insolvency proceedings, these might be enforceable in the Cayman Islands without regard to the common law principles of jurisdiction.

Chile

No treaty exists between the United States and Chile for the reciprocal enforcement of judgments. Chilean courts, however, have enforced final judgments rendered in the United States by virtue of the legal principles of reciprocity and comity, subject to the review in Chile of the U.S. judgment in order to ascertain whether certain basic principles of due process and public policy have been respected without reviewing the merits of the subject

matter of the case. If a United States court grants a final judgment in an action based on the civil liability provisions of the federal securities laws of the United States, enforceability of this judgment in Chile will be subject to the obtaining of the relevant "exequatur" (*i.e.*, recognition and enforcement of the foreign judgment) according to Chilean civil procedure law in force at that time, and consequently, subject to the satisfaction of certain factors. Currently, the most important of these factors are:

- the existence of reciprocity;
- the absence of any conflict between the foreign judgment and Chilean laws (excluding for this purpose the laws of civil procedure) and public policies;
- the absence of a conflicting judgment by a Chilean court relating to the same parties and arising from the same facts and circumstances;
- the absence of any further means for appeal or review of the judgment in the jurisdiction where judgment was rendered;
- the Chilean courts' determination that the United States courts had jurisdiction;
- that service of process was appropriately served on the defendant and that the defendant was afforded a real opportunity to appear before the court and defend its case; and
- that enforcement would not violate Chilean public policy.

In general, the enforceability in Chile of final judgments of United States courts does not require retrial in Chile but a review of certain relevant legal considerations (*i.e.*, principles of due process and public policy). However, there is doubt:

- as to the enforceability in original actions in Chilean courts of liabilities predicated solely on the United States federal securities laws; and
- as to the enforceability in Chilean courts of judgments of United States courts obtained in actions predicated solely upon the civil liability provisions of the federal securities laws of the United States.

In addition, foreign judgments cannot be enforced in any way against properties located in Chile, which, as a matter of Chilean law, are subject exclusively to Chilean law and to the jurisdiction of Chilean courts.

We have appointed Law Debenture Corporate Services Inc. as our authorized agent upon which service of process may be served in any action which may be instituted against us in any United States federal or state court having subject matter jurisdiction in the State of New York, County of New York arising out of or based upon the notes, the indenture or the purchase agreement.

U.S.$700,000,000

LATAM Finance Limited

6.875% Senior Notes due 2024

Guaranteed by LATAM Airlines Group S.A.

OFFERING MEMORANDUM

April 6, 2017

Global Coordinators and Joint Book-Running Managers

BofA Merrill Lynch **Credit Suisse**

Joint Book-Running Managers

BNP PARIBAS **BTG Pactual** **Natixis** **Santander**