



LATAM Airlines Group Files Plan of Reorganization, with Support of Key Stakeholders, Paving the Way for Strengthened Capital Structure and Long-Term Sustainability

Provides platform for exit from Chapter 11 through a comprehensive Restructuring Support Agreement with Parent Ad Hoc Group and major shareholders

Plan would infuse up to approximately \$8.19 billion in new funds into the group through a mix of equity, convertible notes, and debt while complying with both U.S. and Chilean law

Plan would strengthen LATAM's balance sheet, liquidity, and capital structure for go-forward operations

Santiago, Chile, November 26, 2021 – LATAM Airlines Group S.A. (“LATAM”) (SSE: LTM) and its affiliates in Brazil, Chile, Colombia, Ecuador, Peru, and the United States today announced the filing of a Plan of Reorganization (the “Plan”), which reflects the path forward for the group to exit Chapter 11 in compliance with both U.S. and Chilean law. The Plan is accompanied by a Restructuring Support Agreement (the “RSA”) with the Parent Ad Hoc Group, which is the largest unsecured creditor group in these Chapter 11 cases, and certain of LATAM’s shareholders. The RSA documents the agreement between LATAM, the aforementioned holders of more than 70% of parent unsecured claims and holders of approximately 48% of 2024 and 2026 U.S. Notes, and certain shareholders holding more than 50% of common equity, subject to the execution of definitive documentation by the parties and the obtaining of corporate approvals by those shareholders. As they have throughout the process, all of the companies in the group are continuing to operate as travel conditions and demand permit.

“The last two years have been characterized by hardship across the globe – we have lost friends and family, colleagues and loved ones. And we have reeled as global aviation and travel were brought to a virtual standstill by the largest crisis to ever face our industry. While our process is not yet over, we have reached a critical milestone in the path to a stronger financial future,” said **Roberto Alvo, Chief Executive Officer of LATAM Airlines Group S.A.** “We are grateful to the parties who have come to the table through a robust mediation process to reach this outcome, which provides meaningful consideration to all stakeholders and a structure that adheres to both U.S. and Chilean law. Their infusion of significant new capital into our business is a testament to their support and belief in our long-term prospects. We are thankful for the exceptional team at LATAM that has weathered the uncertainty of the past two years and enabled our business to keep operating and serving our customers as seamlessly as possible.”

Plan Overview

The Plan proposes the infusion of \$8.19 billion into the group through a mix of new equity, convertible notes, and debt, which will enable the group to exit Chapter 11 with appropriate capitalization to effectuate its business plan. Upon emergence, LATAM is expected to have total debt of approximately \$7.26 billion¹ and liquidity of approximately \$2.67 billion. The group has determined that this is a conservative debt load and appropriate liquidity in a period of continued uncertainty for global aviation and will better position the group going forward.

Specifically, the Plan outlines that:

- Upon confirmation of the Plan, the group intends to launch an \$800 million common equity rights offering, open to all shareholders of LATAM in accordance with their preemptive rights under applicable Chilean law, and fully backstopped by the parties participating in the RSA, subject to the execution of definitive documentation and, with respect to the backstopping shareholders, receipt of corporate approvals;
- Three distinct classes of convertible notes will be issued by LATAM, all of which will be preemptively offered to shareholders of LATAM. To the extent not subscribed by LATAM’s shareholders during the respective preemptive rights period:

¹ Total debt expectation cited is on an “as converted” basis and excludes convertible debt.



- Convertible Notes Class A will be provided to certain general unsecured creditors of LATAM parent in settlement (*dación en pago*) of their allowed claims under the Plan;
- Convertible Notes Class B will be subscribed and purchased by the above referenced shareholders; and
- Convertible Notes Class C will be provided to certain general unsecured creditors in exchange for a combination of new money to LATAM and the settlement of their claims, subject to certain limitations and holdbacks by backstopping parties.

The convertible notes belonging to the Convertible Classes B and C will therefore be provided, totally or partially, in consideration of a new money contribution for the aggregate amount of approximately \$4.64 billion fully backstopped by the parties to the RSA, subject to receipt by the backstopping shareholders of corporate approvals;

- LATAM will raise a \$500 million new revolving credit facility and approximately \$2.25 billion in total new money debt financing, consisting of either a new term loan or new bonds; and
- The group also used and intends to use the Chapter 11 process to refinance or amend the group's pre-petition leases, revolving credit facility, and spare engine facility.

Additional Information

The hearing to approve the adequacy of the Chapter 11 Disclosure Statement and approve voting procedures is expected to be held in January 2022, with specific timing dependent on the Court's calendar. If the Disclosure Statement is approved, the group will commence solicitation during which it will seek approval of the Plan from creditors. LATAM is requesting the hearing to confirm the Plan be held in March 2022.

For more information, LATAM has created a dedicated website: www.LATAMreorganizacion.com, where stakeholders can find additional key information about this announcement. The group has also established a hotline for Chapter 11-related inquiries, which can be accessed at:

- (929) 955-3449 or (877) 606-3609 (U.S. and Canada)
- 800 914 246 (Chile)
- 0800 591 1542 (Brazil)
- 01-800-5189225 (Colombia)
- (0800) 78528 (Peru)
- 1800 001 130 (Ecuador)
- 0800-345-4865 (Argentina)

It also has a dedicated email for inquiries related to the reorganization at lataminfo@primeclerk.com.

LATAM is advised in this process by Cleary Gottlieb Steen & Hamilton LLP and Claro & Cia. as legal advisors, FTI Consulting as financial advisor, and PJT Partners as investment banker.

The Parent Ad Hoc Group, which is led by Sixth Street, Strategic Value Partners, and Sculptor Capital, is advised by Kramer Levin Naftalis & Frankel LLP, Bofill Escobar Silva, and Coeymans, Edwards, Poblete & Dittborn as legal advisors and Evercore as investment banker.

The above referenced shareholders consist of (a) Delta Air Lines, Inc., advised by Davis Polk & Wardwell LLP, Barros & Errázuriz Abogados, and Perella Weinberg Partners LP as legal counsel and investment banker, (b) the Cueto Group and the Eblen Group,² advised by Wachtell, Lipton, Rosen & Katz and Cuatrecasas as legal counsel, and (c) Qatar Airways Investment (UK) Ltd., advised by and Alston & Bird LLP, Carey Abogados, and HSBC as legal counsel and investment banker. Certain of these shareholders are advised in their individual capacity by Greenhill & Co., LLC and ASSET Chile, S.A. as co-financial advisors.

² The Cueto Group consists of Costa Verde Aeronáutica S.A. and Inversiones Costa Verde Ltda y Cia. en Comandita por Acciones, and the Eblen Group consists of Andes Aerea SpA, Inversiones Pia SpA and Comercial Las Vertientes SpA.



About LATAM Airlines Group

LATAM is the principal group of airlines in Latin America with a presence in five domestic markets in the region: Brazil, Chile, Colombia, Ecuador and Peru, in addition to international operations within Latin America and between it and Europe, the United States, and the Caribbean.

The group has a fleet of Boeing 767, 777, 787, Airbus A321, A320, A320neo and A319 aircraft.

LATAM Cargo Chile, LATAM Cargo Colombia, and LATAM Cargo Brazil are the LATAM Airlines freight subsidiaries. In addition to having access to the passenger cargo holds of LATAM Airlines Group, they have a fleet of 11 freighters, which will gradually increase to a total of up to 21 freighters by 2023. They operate on the LATAM Group network as well as international routes that are solely used for shipping. They offer modern Infrastructure, a wide variety of services and protection options to meet all customer needs.

Forward Looking Statements

This report contains forward-looking statements. Such statements may include words such as “may” “will,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “believe” or other similar expressions. Forward-looking statements are statements that are not historical facts, including statements about our beliefs and expectations. These statements are based on LATAM’s current plans, estimates and projections and, therefore, you should not place undue reliance on them. Forward-looking statements involve inherent known and unknown risks, uncertainties and other factors, many of which are outside of LATAM’s control and difficult to predict. 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 and uncertainties include in particular those described in the documents we have filed with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them, whether in light of new information, future events or otherwise.

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