The financial proposal is subject to the Court's approval

# LATAM moves forward in its Chapter 11 process and secures exit financing

- The group signed debt commitment letters with different financial entities and is awaiting the ruling of the United States Court regarding its Reorganization Plan.

**Santiago, June 11, 2022.-** After carrying out an exhaustive search process for the best available conditions for its financing to exit the Chapter 11 process, LATAM has signed debt commitment letters with various financial entities, which represents a sign of market confidence in LATAM, and allows the group to take a further step towards emerging from the Chapter 11 process during the second half of 2022 with a solid financial structure.

The exit financing is part of the restructuring contemplated in the Reorganization Plan and considers new debt of US$2,250 million, and a new revolving credit facility for US$500 million, and is subject to the approval of the United States Court. The financial entities with which the commitment letters were signed are: JPMorgan Chase Bank, N.A., Goldman Sachs Lending Partners LLC, Barclays Bank PLC, BNP Paribas, BNP Paribas Securities Corp., and Natixis, New York Branch.

*"This commitment secures us the full amount of financing required to complete our restructuring plan and, very importantly, with a degree of flexibility that allows us to optimize existing market conditions. The US$2.25 billion of debt is in addition to the US$5.4 billion of equity we secured in January of this year. This is another important step towards emerging from Chapter 11 as a strengthened airline group," said LATAM Airlines CEO Roberto Alvo.*

The exit financing commitment letters also provide for US$1,172 million in financing to be provided during the life of the Chapter 11 process (i.e., prior to exit) in the form of a debtor-in-possession (DIP) financing with a lower repayment preference than the exit financing ("Junior DIP Financing"). The financial institutions with which the commitment letter for the Junior DIP Financing was entered into are: Delta Air Lines, Inc, Lozuy S.A., Costa Verde Aeronáutica S.A., QA Investments Limited, and members of LATAM's ad hoc group of creditors represented by Evercore.

The Exit Financing has been structured as a debtor-in-possession (DIP) financing to be provided during the Chapter 11 process. Notwithstanding the foregoing, and unlike the DIP Financing currently in place (the "Existing DIP Financing"), it has been structured so that, subject to the satisfaction of certain conditions customary in this type of transaction, it will remain in place after LATAM's emergence from the Chapter 11 process. Accordingly, to the extent such conditions are met, on the exit date from the Chapter 11 process, the Exit Financing will automatically convert into a financing that will remain in place thereafter. This does not apply with respect to Junior DIP Financing, which must be fully repaid prior to the exit from the Chapter 11 Proceeding.

The proceeds from the Exit Financing and the Junior DIP Financing will be used in part to repay the Existing DIP Financing in full during the Chapter 11 process.

The exit financing has been structured as follows:

- US$500 million Exit Revolving Facility, which will accrue interest at LATAM's election, either: (i) ABR plus an applicable margin of 3.00%; or (ii) SOFR rate plus an applicable margin of 4.00%.

- US$750 million Term B Loan Facility, which will accrue interest at LATAM's choice, either: (i) ABR plus an applicable margin to be determined at time of allocation thereof; or (ii) SOFR rate plus an applicable margin to be determined at time of allocation thereof.

- US$750 million Bridge to 5Y Notes Facility Proposal

- US$750 million Bridge to 7Y Notes Facility Proposal

The interest rate for the bridge loans indicated above will be determined based on market conditions available at the time of closing, subject in all cases to certain limits established in the financing commitment letters.

LATAM is awaiting the ruling of the United States Court regarding its Reorganization Plan, which has substantial support from the creditors that represent close to 90% of the LATAM Parent unsecured claims. This was reinforced after having reached an agreement with the holders of bonds issued in Chile (including those represented by Banco Estado), the Official Committee of Valista Creditors (UCC), the Ad Hoc group of LATAM surety creditors (led by Sixth Street, Strategic Value Partners and Sculptor Capital) and the main shareholders of the group (Delta Air Lines, Qatar Airways, Grupo Cueto).

**ABOUT LATAM AIRLINES GROUP**

LATAM Airlines Group S.A. and its affiliates are the main group of airlines in Latin America with presence in five domestic markets in the region: Brazil, Chile, Colombia, Ecuador and Peru, in addition to international operations inside Latin America and between it and Europe, Oceania, 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 14 freighters, which will gradually increase to a total of up to 21 freighters by 2023.

They operate on the LATAM Airlines 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.

For LATAM press inquiries, write to comunicaciones.externas@latam.com. More financial information is available at www.latamairlinesgroup.net.

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