

**SUPPLEMENT TO THE ANNUAL REPORT 2016 ("Annual Report")
LATAM AIRLINES GROUP S.A. ("LATAM")**

1. With respect to the "ownership structure", "12 major shareholders" and "shareholders who can appoint directors", the following is added on page 56 under the heading " Property ownership structure and main shareholders" with the following:

As of December 31, 2016, LATAM Airlines Group had a total of 1,566 shareholders on record and it is controlled by the Cueto Group.

December 31, 2016

Name or Business name	Shares paid and subscribed as of Dec 31, 2016	Percentage
1 COSTA VERDE AERONAUTICA SA	90,427,620	14.9%
2 QATAR AIRWAYS INVESTMENTS (UK) LTD	60,837,452	10.0% ¹
3 COSTA VERDE AERONAUTICA TRES SPA	35,300,000	5.8%
4 TEP CHILE S.A.	30,254,075	5.0%
5 BANCO DE CHILE POR CUENTA DE TERCEROS NO RESIDENTES	28,532,253	4.7%
6 J P MORGAN CHASE BANK	28,429,683	4.7%
7 INVERSIONES NUEVA COSTA VERDE AERONAUTICA LTDA	23,578,077	3.9%
8 BANCO ITAU CORPBANCA POR CTA DE INVERSIONISTAS EXTRANJEROS	21,157,885	3.5%
9 AXXION S.A.	18,473,333	3.0%
10 INVERSIONES ANDES SPA	17,146,529	2.8%
11 INVERSIONES HS SPA	14,894,024	2.5%
12 COSTA VERDE AERONAUTICA SPA	12,000,000	2.0%

Chart 1

December 31, 2015

Name or Business name	Shares paid and subscribed as of Dec 31, 2015	Percentage
1 COSTA VERDE AERONAUTICA SA	90.427.620	16,6%
2 TEP CHILE SA	65.554.075	12,0%
3 INVERSIONES NUEVA COSTA VERDE AERONAUTICA LTDA	23.578.077	4,3%
4 BANCO DE CHILE POR CUENTA DE TERCEROS NO RESIDENTES	22.557.207	4,1%
5 J P MORGAN CHASE BANK	21.339.756	3,9%
6 BANCO ITAU POR CUENTA DE INVERSIONISTAS EXTRANJEROS	18.653.574	3,4%
7 AXXION S A	18.473.333	3,4%

¹ Qatar owns 9.999999918% of total issued shares of LATAM.

8	INVERSIONES ANDES SPA	17.146.529	3,1%
9	INVERSIONES HS SPA	14.894.024	2,7%
10	LARRAIN VIAL S A CORREDORA DE BOLSA	12.986.050	2,4%
11	BANCHILE C DE B S A	12.416.588	2,3%
12	COSTA VERDE AERONAUTICA SPA	12.000.000	2,2%

Chart 2

	December 31 2016	December 31, 2015
Cueto Group	171,430,090	136,394,023
Qatar Airways	60,837,452	-
Eblen Group	35,945,199	35,945,199
Bethia Group	33,367,357	33,367,357
Amaro Group	30,254,075	65,554,075
ADRs	28,429,683	21,339,756
BDRs	-	2,418,235
AFPs	105,683,288	102,265,164
Foreign investors	61,744,566	51,909,593
Others	79,715,983	96,364,699
Total	606,407,693	545,558,101

Chart 3

	December 31 2016	December 31, 2015
Cueto Group	28.3%	25.0%
Qatar Airways	10.0% ²	0.0%
Eblen Group	5.9%	6.6%
Bethia Group	5.5%	6.1%
Amaro Group	5.0%	12.0%
ADRs	4.7%	3.9%
BDRs	-	0.4%
AFPs	17.4%	18.7%
Foreign investors	10.0%	9.5%
Others	13.1%	17.7%

Chart 4

Below we show the percentage controlled, directly or indirectly, by the controller and by each of its members; we also identify the natural persons that stand behind such legal persons.

1. The Cueto Group is LATAM's controlling partner, whose property owners are: Messrs. Juan José Cueto Plaza (one of our board members), Ignacio Cueto Plaza (LAN CEO), Enrique Cueto Plaza

² Qatar owns 9.99999918% of total issued shares of LATAM.

(LATAM CEO) and other members of this family. As of December 31, 2016 the Cueto Group owned 28.27% of LATAM's ordinary shares of stock through the following companies (Table 1):

RUT Taxpayer ID N°	Participant	Current number of shares	%
81.062.300-4	Costa Verde Aeronáutica S.A.	90,427,620	14.91%
76.116.741-3	Inversiones Nueva Costa Verde Aeronáutica Ltda.	23,578,077	3.89%
76.213.859-K	Costa Verde Aeronáutica SpA	12,000,000	1.98%
76.237.329-7	Inversiones Caravia Dos y Cia. Ltda.	3,553,344	0.59%
76.237.354-8	Inversiones Priesca Dos y Cía. Ltda.	3,568,352	0.59%
76.237.343-2	Inversiones El Fano Dos y Cía. Ltda.	2,704,533	0.45%
76.327.426-8	Inv. La Espasa Dos y Cia. Ltda.	252,097	0.04%
76.809.120-K	Inv. La Espasa Dos S.A.	32,324	0.01%
96.625.340-1	Inv. Mineras del Cantábrico S.A.	13,743	0.00%
76.592.181-3	Costa Verde Aeronáutica Tres SpA	35,300,000	5.82%
Group Total		171,430,090	28.27%

Table 1

2. The shareholders of **COSTA VERDE AERONÁUTICA S.A.**, are the following (Table 2):

	Shareholder	Percentage
A.	Inversiones Costa Verde Aeronáutica Limitada	77.96%
B.	TEP Chile S.A.	21.88%
C.	Inversiones Mineras del Cantábrico S.A.	0.0001%
D.	Inversiones Costa Verde Limitada y CIA in C.P.A.	0.13%
E.	Minority shareholders	0.0001%

Table 2

3. In turn, the controlling company of the above-described Costa Verde Aeronáutica S.A., is COSTA VERDE AERONAUTICS limited (A in Table 2), whose partnership structure is as follows (Table 3):

	Shareholder	Percentage
I.	Inversiones Costa Verde Limitada y CIA in C.P.A.	99,85%
II.	Inversiones Costa Verde y CIA Limitada	0,131%
III.	Inversiones Costa Verde Limitada	0,014%

Table 3

4. **The above-described INVERSIONES COSTA VERDE LIMITADA - LIMITED JOINT-STOCK PARTNERSHIP**, (I in Table 3), has the following partnership structure (Table 4):

	Shareholder	Percentage	Main partner	RUT Taxpayer ID N°
1.	Inmobiliaria e Inversiones El Fano Limitada	8%	Enrique Miguel Cueto Plaza	6.694.239-2
2.	Inmobiliaria e Inversiones Caravia Limitada	8%	Juan José Cueto Plaza	6.694.240-6
3.	Inmobiliaria e Inversiones Priesca Limitada	8%	Ignacio Javier Cueto Plaza	7.040.324-2
4.	Inmobiliaria e Inversiones La Espasa Limitada	8%	Juan Jose Cueto Plaza	7.040.325-0
5.	Inmobiliaria e Inversiones Puerto Claro Limitada	8%	Isidora Cueto, Felipe Cueto y María Emilia Cueto	18.391.071-K
6.	Inmobiliaria e Inversiones Colunga Limitada	30%	<i>Same shareholders of Inv. Mineras del Cantábrico S.A.</i>	76.180.199-6
7.	Inversiones del Cantábrico Limitada	30%	<i>Same shareholders of Inv. Mineras del Cantábrico S.A.</i>	76.006.936-1

Table 4

5. With respect to **INMOBILIARIA E INVERSIONES COLUNGA LIMITADA e INVERSIONES DEL CANTÁBRICO LTDA.** 100% owned by the Cueto Group, its final shareholders are Messrs.: (i) Juan José Cueto Plaza, previously identified; (ii) Ignacio Javier Cueto Plaza, previously individualized; (i) Juan José Cueto Plaza, previously identified; (ii) Ignacio Javier Cueto Plaza, previously identified; (iii) Enrique Miguel Cueto Plaza, previously identified; (iv) María Esperanza Cueto Plaza, RUT taxpayer ID N° 7.040.325-0, (v) Isidora Cueto Cazes, RUT taxpayer ID N° 18.391.071-k; (vi) Felipe Jaime Cueto Ruiz-Tagle, RUT taxpayer ID N° 20.164.894-7 (vii) María Emilia Cueto Ruiz-Tagle, RUT taxpayer ID N° 20.694.332-7 (viii) Andrea Raquel Cueto Ventura, RUT taxpayer ID N° 16.098.115-6 (ix) Daniela Esperanza Cueto Ventura, 16.369.342-9; (x) Valentina Sara Cueto Ventura, RUT taxpayer ID N° 16.369.343-7 (xi) Alejandra Sonia Cueto Ventura, RUT taxpayer ID N° 17.700.406-5; (xii) Francisca María Cueto Ventura, RUT taxpayer ID N° 18.637.286-7; (xiii) Juan José Cueto Ventura, RUT taxpayer ID N° 18.637.287-5; (xiv) Manuela Cueto Sarquis, RUT taxpayer ID N° 19.078.071-6; (xv) Pedro Cueto Sarquis, RUT taxpayer ID N° 19.246.907-4; (xvi) Juan Cueto Sarquis, RUT taxpayer ID N° 19.639.220-3; (xvii) Antonia Cueto Sarquis, RUT taxpayer ID N° 20.826.769-8 (xviii) Fernanda Cueto Délano, RUT taxpayer ID N° 18.395.657-4 (xix) Ignacio Cueto Délano, RUT taxpayer ID N° 19.077.273-k; (xx) Javier Cueto Délano, RUT taxpayer ID N° 20.086.836-6 (xxi) Pablo Cueto Délano, RUT taxpayer ID N° 20.086.837-4 (xxii) José Cueto Délano, RUT taxpayer ID N° 20.963.574-7; (xxiii) Nieves Isabel Alcaíno Cueto, RUT taxpayer ID N° 18.636.911-4; (xxiv) María Elisa Alcaíno Cueto, RUT taxpayer ID N° 19.567.835-9, and (xxv) María Esperanza Alcaíno Cueto, RUT taxpayer ID N° 17.701.730-2.

6. The shareholder of **Costa Verde Aeronáutica Tres SpA** is (Table 5):

	Shareholder	Percentage	Main partner
A.	Costa Verde Aeronáutica S.A.	100%	Inversiones Costa Verde Aeronáutica Limitada (77.96%)

Table 5

7. The shareholders of **INVERSIONES NUEVA COSTA VERDE AERONÁUTICA LIMITADA** are the following (Table 6):

Partners	Percentage	Main partner
A. Costa Verde Aeronáutica S.A.	99,99%	Inversiones Costa Verde Aeronáutica Limitada (99.8%)
B. Inversiones Costa Verde Aeronáutica Limitada	0,01%	Inv. Costa Verde Limitada y Cia in C.P.A.

Table 6

8. The shareholders of **COSTA VERDE AERONÁUTICA SpA** are the following (Table 7):

Shareholder	Percentage
A. Inversiones Nueva Costa Verde Aeronáutica Dos Limitada	100%

Table 7

9. The partners of **INVERSIONES PRIESCA DOS Y CIA. LTDA.** are the following (Table 8):

Shareholder	Percentage
A. Ignacio Cueto	99%
B. Others	1%

Table 8

10. The partners of **INVERSIONES CARAVIA DOS Y CIA. LTDA.** are the following (Table 9):

Shareholder	Percentage
A. Juan José Cueto	99%
B. Others	1%

Table 9

11. The partners of **INVERSIONES EL FANO DOS Y CIA. LTDA.** are the following (Table 10):

Shareholder	Percentage
A. Enrique Cueto	99%
B. Others	1%

Table 10

12. The partners of **INVERSIONES LA ESPASA DOS Y CIA. LTDA.** are the following (Table 11):

Shareholder	Percentage
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A.	Inversiones La Espasa Dos S.A.	99%
B.	María Esperanza Alcaíno Cueto Uno y Cia. Ltda.	1%

Table 11

13. The partners of **INVERSIONES LA ESPASA DOS S.A.** are the following Table 12):

	Shareholders	Percentage
A.	Inmobiliaria e Inversiones La Espasa Limitada	99%
B.	María Esperanza Alcaíno Cueto Uno y Compañía Limitada	1%

Table 12

INVERSIONES MINERAS DEL CANTÁBRICO LIMITADA, is a company 100% owned by the Cueto Group, and its final shareholders are the persons identified in paragraph 5 above.

The rest of the shareholder base is composed of a diversity of institutional investors, legal entities and natural persons. As of December 31, 2016, 4.7% of LATAM's property ownership was in the form of ADRs.

Listed below are the controlling shareholders, other main shareholders and LATAM's minority shareholders who, either in and by themselves or along with others with whom they have a standing joint action agreement, may designate at least one company board member, or weigh 10% or more of the company's voting shares.

Shareholder	Shareholding (as of December 31, 2017)	
	Number of subscribed and paid shares	Property ownership % over the subscribed and paid shares
Cueto Group ³	171,430,090	28.3%
Costa Verde Aeronáutica S.A.	90,427,620	14.9%
Costa Verde Aeronáutica Tres SpA	35,300,000	5.8%
Inversiones Nueva Costa Verde Aeronáutica Ltda.	23,578,077	3.9%
Costa Verde Aeronáutica SpA	12,000,000	2.0%
Others	10,124,393	1.7%
Qatar Airways	60,837,452	10.0% ⁴
QATAR Airways Investments (UK) LTD	60,837,452	10.0%

³ The Cueto Group, whom we also refer to as "LATAM's Controlling Shareholders", have executed a Shareholders' Agreement with the controlling shareholders of LATAM, TEP Chile and TAM, whose terms and provisions are spelled out below.

⁴ Qatar owns 9.99999918% of total issued shares of LATAM.

Shareholder	Shareholding (as of December 31, 2017)	
	Number of subscribed and paid shares	Property ownership % over the subscribed and paid shares
Amaro Group ⁵	30,254,075	5.0%
TEP Chile S.A.	30,254,075	5.0%
Eblen Group	35,945,199	5.9%
Inversiones Andes SpA	17,146,529	2.8%
Inversiones Andes II SpA	8,000,000	1.3%
Inversiones Pia SpA	5,403,804	0.9%
Comercial Las Vertientes SpA	5,394,866	0.9%
Bethia Group	33,367,357	5.5%
Axxion S.A.	18,473,333	3.0%
Inversiones HS SpA	14,894,024	2.5%
Other minority shareholders	274,573,520	45.3%
Total	606,407,693	100%

Table 13

Following the combination with TAM in 2012, the Amaro Group, which includes the Chairman of the Board of Directors, Mauricio Amaro and the former board of directors María Claudia Amaro, among others, also became the principal shareholder of LATAM Airlines Group, through TEP Chile SA (Rut No. 76.152.798-3), a company wholly owned by the Amaro Group and through the majority ownership of Holdco I, which owns 100% of TAM's common shares. During 2016, the Amaro Group decreased its stake in LATAM, being as of December 31, 2016, direct owner of 4.99% of LATAM Airlines Group common stock and 5.82% indirectly through 21.88 % ownership owned by Amaro Group in Costa Verde Aeronáutica SA, the main investment vehicle of the Cueto Group in LATAM.

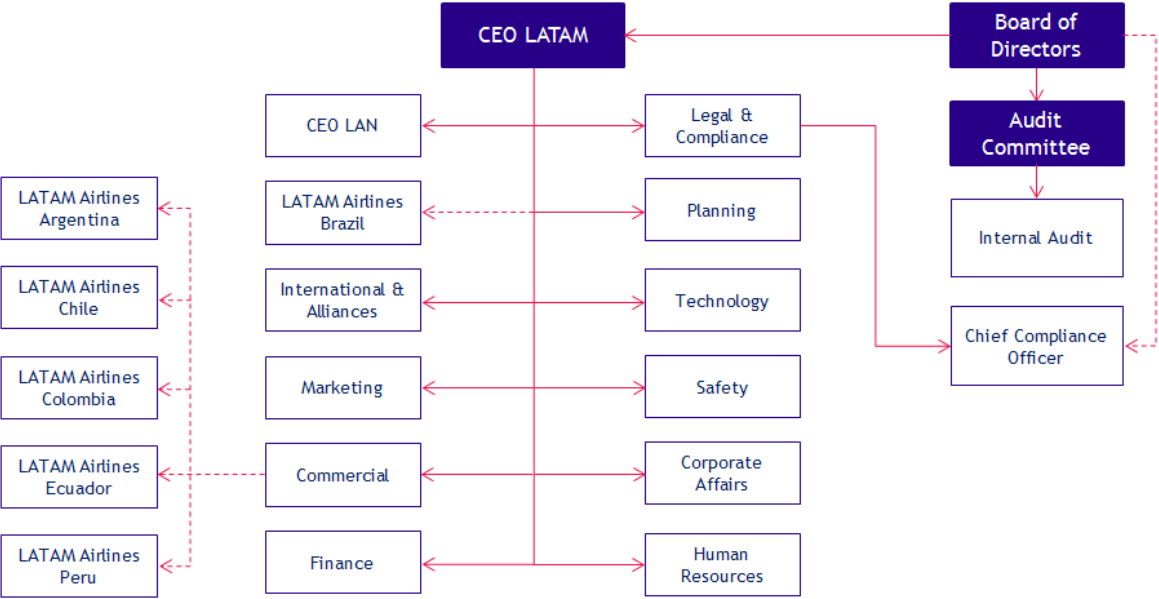
Also in 2016, on the occasion of the capital increase approved at the Extraordinary Shareholders' Meeting held on August 18, 2016, Qatar Airways entered the property of LATAM, holding at December 31, 2016, 10.0%⁶ of the total The subscribed and paid-in shares of LATAM Airlines Group through the company Qatar Airways Investments (UK) Ltd.

2. With respect to the "Administrative structure in force as of December 31, 2016", the following is added on page 47, under the heading "Organizational Chart":

⁵ The Amaro Group, whom we also refer to as "TAM's Controlling Shareholders", have executed a Shareholders' Agreement with LATAM and its controlling shareholders, whose terms and provisions are spelled out below.

⁶ Qatar owns 9.99999918% of total issued shares of LATAM.

As of December 31, 2016, the administrative structure of LATAM Airlines Group was composed as follows:



3. A schematic table showing the direct and indirect ownership relations between the parent company, subsidiaries or associates (both direct and indirect) as well as those between them, is attached as EXHIBIT N1.

EXHIBIT N1

SWORN STATEMENT

As Directors and Chief Financial Officer of LATAM Airlines Group, we declare under our responsibility on the veracity of the information contain in the Annual Report 2016 and its Supplement dated 4 July 2017.



Ignacio Cueto Plaza
Presidente



Carlos Heller Solari
Vicepresidente



Juan José Cueto Plaza
Director



Georges de Bourguignon Arndt
Director



Henri Philippe Reichstul
Director



Giles Edward Agutter
Director



Eduardo Novoa Castellón
Director



Nicolás Eblen Hirmas
Director



Antonio Luiz Pizarro Manso
Director



Ramiro Alfonsín Balza
Vicepresidente Senior Finanzas