LATAM

INTEGRATED REPORT 2020

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Presentation

The LATAM Integrated Report 2020 presents, transparently and objectively, the main results and challenges faced by the business on the economic, social, and environmental fronts. The publication covers all the companies in the group in the period between January 1 and December 31, 2020. It has been prepared in accordance with two international reporting benchmarks: the guidelines from the Global Reporting Initiative (GRI) and the integrated reporting principles of the International Integrated Reporting Council (IIRC).

The group's financial statements are an integral part of the report. LATAM Airlines Group S.A.and most of its affiliates maintain their accounting records and prepare their financial statements in US dollars; some use Chilean pesos, Colombian pesos, or Brazilian reals. LATAM Airlines Group S.A. consolidated financial statements include the results of these affiliates translated into US dollars. The International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), require assets and liabilities to be translated at period-end exchange rates, while revenue and expense accounts are translated at the exchange rate of each transaction date, although a monthly rate may also be used if exchange rates do not vary widely.

Conventions adopted

* Unless the context otherwise requires, references to "LATAM Airlines Group" are to LATAM Airlines Group S.A., the unconsolidated operating entity, and references to "LATAM," "the group", "we," "us", or the "Company" are to LATAM Airlines Group S.A. and its consolidated affiliates: Transporte Aéreo S.A. ("LATAM Airlines Chile"), LAN Perú S.A. ("LATAM Airlines Peru"), Aerolane, Líneas Aéreas Nacionales del Ecuador S.A. ("LATAM Airlines Ecuador"), LAN Argentina S.A.("LATAM Airlines Argentina," formerly Aero 2000 S.A.), Aerovías de Integración Regional, Aires S.A. ("LATAM Airlines Colombia"), TAM S.A. ("TAM" or "LATAM Airlines Brazil"), LAN Cargo S.A. ("LATAM Cargo") and the two regional cargo affiliates: Linea Aerea Carguera de Colombia S.A. ("LANCO") in Colombia and Aerolinhas Brasileiras S.A. ("ABSA") in Brazil.

- Other references to "LATAM", as the context may require, are to the LATAM brand, which was launched in 2016 and brings together, under one internationally recognized name, 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.

- 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 combination between LAN Airlines S.A. and TAM S.A.

- Unless the context otherwise requires, references to "TAM" are to TAM S.A., and its consolidated affiliates, including TAM Linhas Aereas S.A. ("TLA"), which operates under the name "LATAM Airlines Brazil", Fidelidade Viagens e Turismo Limited ("TAM Viagens"), and Transportes Aéreos Del Mercosur S.A. ("TAM Mercosur").

- Throughout the text, the GRI indicators are mentioned between brackets, ordered in the GRI contents index, in the Methodology chapter.

Enjoy your reading!

Any suggestions, comments, or questions regarding the report may be submitted via e-mail to **investorrelations@latam.com** and **sostenibilidad@latam.com**. 102-53

CONNECTING PEOPLE AND REGIONS

During the pandemic, LATAM's role took on even greater relevance in the logistics of South America

Over **160 thousand** stranded people were transported back to their place of origin, 20% of them on flights exclusively for repatriation

86 flights from China to South America with medical materials and equipment, such as face masks and respirators

Transport of **1,000 tons of medical materials** and Covid-19 detection tests to the countries of South America

Supply to isolated regions of Brazil, Chile, Colombia, Ecuador, and Peru

SOLIDARY AIRPLANE PROGRAM

The group's experience in passenger and cargo transport brings support, care, and hope to those in need

1.3 thousand tickets donated to healthcare professionals on the frontlines against the pandemic and to patients under treatment for other diseases

39.5 tons of medical materials transported

129.2 tons of humanitarian aid for the region of San Andres (Colombia), affected by hurricane Iota

Transport of stem cells, organs, and tissue for transplants

Assistance against the fires in Pantanal (Brazil)

STRENGTH IN FACE OF ADVERSITY

LATAM responded quickly and responsibly to the greatest crisis in the history of aviation

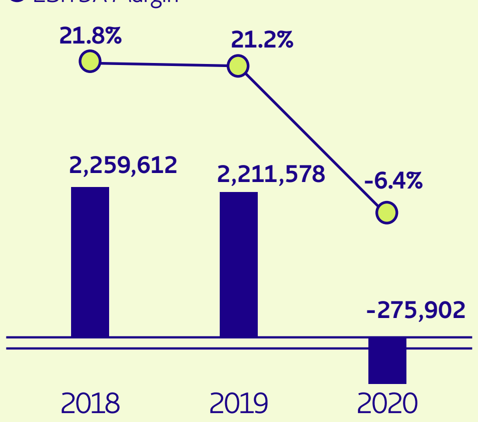
DIP (Debtor In Possession) FINANCING

It gained access up to **US$2.45 billion** to prepare its restructure

NEW DIGITAL EXPERIENCE

Services and information for easy and fast access to the customer's preferred platform (app, website, or message)

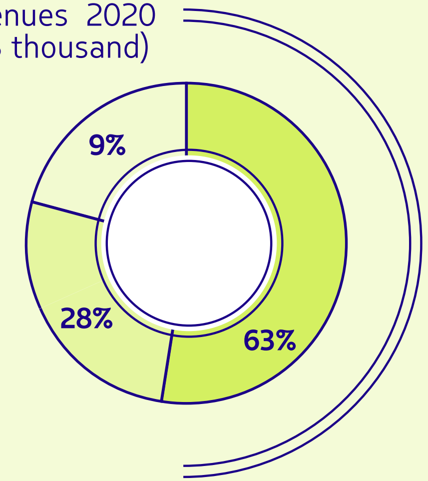
EBITDA (US$ thousand)



EBITDA: earnings before interest, taxes, depreciation, amortization, and aircraft leasing.

The values from 2018 were discloses pursuant to IFRS 2016 accounting standards.

Revenues 2020 (US$ thousand)



- Passengers: 2,713,774
- Cargo: 1,209,892
- Others: 411,002

Total: 4,334,668

None of this would be possible without the people who make up LATAM

María José Bravo-de-Rueda Alarcón
Cabin Crew Trainee –In-Flight Service
Lima, Peru
3 years at LATAM

Seeing the airport empty, the airplanes parked, stores and restaurants closed, everyone wearing a face mask, feeling people's fear of becoming infected and not being able to get as close as before to one's coworkers and passengers was tough and sad. Not flying for nearly 6 months was even harder. The day when they said that the Jorge Chavez [Lima, Peru] airport was opening its doors again was a day of joy. We were finally back! Putting on my uniform after such a long time was exciting. I was returning to "my office", I was returning to do what I love so much.

I hope we will come out of this bigger and stronger after the pandemic. Both we and LATAM had plans that were forced into pause, and I hope that they can be restarted soon.

Esteban Tonini
Cabin Crewmember –In-Flight Service
Quito, Ecuador
2 years at LATAM

The hardest thing in the last year has been seeing how the pandemic affected LATAM in terms of operation, closing and decreasing frequencies, and even closing subsidiaries. The most beautiful thing is that it generated acts of solidarity. In Ecuador, LATAM was one of the airlines that provided support for humanitarian flights and, with the Solidary Airplane, allowed the transfer of essentials and medical supplies throughout the region, making it possible to help millions of people when they needed it most.

The company also kept us abreast of the situation. They were always transparent and sincere. Communication was always open, which showed respect for us, generating a job motivation that influenced the commitment to our work.

Maria Fernanda Castro
Senior In-flight Service Manager
Quito, Ecuador
20 years at LATAM

I took this photo on a flight from New York (United States) to Guayaquil (Ecuador). When I operated several humanitarian flights, I was filled with joy to see hundreds of passengers whom we were able to transport to their homes. The union of all of us who make up LATAM, in those months, was very valuable. We all did our best to come through.

I have already had the opportunity to take a group of children with cancer to the Galapagos. Seeing their young faces with such excitement at realizing their dream of traveling is indescribable. Transporting a stretcher on board from the Galapagos to Guayaquil was another rewarding experience. The beauty in these experiences is seeing passengers' gratitude and having the feeling of adding something positive to the lives of these people.

Juan Carlos Szenkman
Head of Maintenance Department (Miami – New York – Los Angeles – Orlando Line)
Miami, United States
20 years at LATAM

The hardest thing experienced in 2020 was when the CEO announced that staff reductions would have to be made and many families would be affected. Seeing that we had to stop most of the passenger fleet and that we would be entering Chapter 11, something we never thought could happen. This hit us hard because of the uncertainty we were facing.

But it has been wonderful to see people react in a very positive way giving the best of each to come through, hearing gratitude comments towards the company in different areas and teams for looking for ways to keep jobs, seeing how, in a short time, passenger operations resumed, which required a lot of effort and teamwork.

Laura Gherardi Binaghi
Staff Services Manager
Santiago, Chile
23 years at LATAM

We have experienced mergers, natural disasters such as earthquakes and floods; but in all those situations we relied rather on our actions to get through. This time, we faced something unknown; we lived through a situation of vulnerability that we had never felt. But, as everything in life is bittersweet, it left us a great lesson: humility and the way of understanding that in the face of great monsters like a pandemic, we are this small and that all that's left is to come together to face it, use our creativity, get out of our comfort zone.

We are the people who build this organization. Our diversity in age, culture, experiences, our flexibility, have allowed us as a whole to seek creative, efficient, and agile ways out.

Andrés Zagabria
Special Services Executive
Buenos Aires, Argentina
18 years at LATAM

In Argentina, the pandemic meant the paralyzing of the entire economy for several consecutive months. The cessation of domestic operations in Argentina was a very harsh blow that not only filled me with uncertainty, but also marked the end of a cycle, a great sense of loss. Despite this, LATAM maintained communication with all its officials virtually, providing us with information and the opportunity to clarify all our questions. Despite everything, I also set out to get positive things out of the crisis. It was very gratifying to have been considered to continue in a new cycle, reunite with some of my colleagues, have the chance to venture into other areas, and see the company from a different perspective.

Sebastián Antonio Millar Ulloa

Head of Ground Operations
South America South – LATAM Cargo
Santiago, Chile
12 years at LATAM

One day, in mid-April, I got a call from my boss: "We need you to go to China, do you dare to go?" My answer: "When do we leave?" Five days later, we were on our way to China for the first time, with a LATAM aircraft and the urgent task of filling it with everything necessary to distribute and supply people in South American countries. I spent practically two months touring the world to transport medical supplies from China to South America.

I was able to see in several countries the joy in people's eyes when we landed and unloaded the products that were needed. Hearing the sincere "thank you," that's a sign of how people see us as company. More than a form of transportation, we allow dreams to reach their destination and transport a hope for life.

María Camila Pérez

First Officer
Bogota, Colombia
3 years at LATAM

It was very hard to be apart from my family and have a constant sense of uncertainty about what would happen, as the pandemic was something new for everyone. The best thing about 2020 was learning to value every moment when I flew and know that we are connecting people with their loved ones. I feel enormous joy every time I see passengers boarding our planes, now that we are flying again.

LATAM is the airline that has seen me grow, it was the first company where I worked, and I feel proud to belong to this family. We have the best talents working day after day, we support each other, and never lose faith that we will become stronger from this moment on. I want us to continue to grow, gaining strength and doing our best to be one of the top ten airlines in the world.

Bruna Montolar Westphal

Sales executive
Lisbon, Portugal
5 years at LATAM

LATAM is much more to me than a job or a source of income; it helps people realize their dreams. In the last year, the group had to make difficult decisions to survive; it went into bankruptcy proceedings (Chapter 11), carried out a major restructure, and cut costs. Very competent and beloved colleagues left the company. But in the midst of this, it was very nice to see the employees' efforts to help the company get through the crisis. We stayed close to customers, listening to them, being transparent and empathetic, and striving to find the best solution for each one. When all this is over and we fly again as before, I am sure our customers will remember LATAM for the good relationship we built.

Otávio Meneguette

Director of Domestic Markets - LATAM Cargo
São Paulo, Brazil
5 years at LATAM

We essentially felt the team spirit in 2020 and 2021. Making the China project feasible, reconfiguring the Boeing 777 and 787 to carry more cargo, adapting passenger flights to carry only cargo, adjusting our network, was only possible thanks to the individual effort for the collective good, with a lot of empathy, resilience, and care. Another gesture occurred in January 2021, when we saw the collapse of the health system in Manaus (Amazonas) and were able to donate time, effort, attention, and excitement to send cylinders, respirators, and concentrators oxygen through the Solidary Airplane.

The changes, reductions, and expansions, at the rate at which they happened, make me see how brave, strong, and capable we are to meet the countless challenges of this industry.

Letter from the CEO 102-14

The Covid-19 pandemic represented the greatest challenge in history for the airline industry and for LATAM in 2020. The impact of this crisis brought entire economies to a standstill for months and the restrictions on movement and social distancing imposed by the vast majority of countries led to the near-total cease of the group's operations. Between mid-to-late March, in just 15 days, we were forced to halt virtually all of our passenger operation and, during the second quarter of the year, we flew at 6% of our original capacity. In the second half of 2020, we experienced a slow and erratic recovery, ending December with less than 40% of our planned operation.

During most of the year, our efforts focused on strengthening the group and creating the necessary conditions to cope with the crisis, including painful decisions, such as letting employees go, reducing operations, canceling routes, adjusting our fleet, and asking our workers to voluntarily reduce their compensation. One of the most complex decisions that we faced, in May 2020, was to begin the voluntary restructuring process under Chapter 11 of the U.S. Bankruptcy Act. Today, an important part of our focus is on preparing a new stage for LATAM through a reorganization plan that we will submit to the New York Court.

Beyond this unprecedented crisis, we did not neglect the long-term view, and have worked to improve our service. We recently launched a new digital experience for our customers in Ecuador, Colombia, Chile, and Brazil, allowing passengers themselves to have control over their itinerary for most of their trip. At the same time, we have worked on listening more to our customers to understand how we can improve and offer a closer, more transparent, and simpler service.

Despite the impact of the pandemic, our effort to execute our operations impeccably has paid off. In 2020, we achieved the highest on-time performance indices in our history—higher than those of previous years in which we had already been acknowledged as the most punctual airline group in the world. We also achieved the highest satisfaction ratings from our customers, measured by the Net Promoter Score (NPS) indicator, since its implementation in 2008. Passengers rated the safety measures taken since the start of the pandemic, the in-flight service, and flight punctuality.

While, given the extraordinary circumstances, our financial results showed a sharp slowdown compared to previous years, they also made it clear that we are on the right track, with a strong and agile company, able to adapt to the new scenarios. We closed the year with US$3 billion in liquidity (US$1.7 billion in cash and US$1.3 billion in a DIP financing facility)—a solid position to address the pandemic. At the same time, we made significant efforts to reduce the group's cost structure, resulting in an annual decrease of 38.1% compared to 2019.

The pandemic led us to play a role, with great dedication and effort, in contributing to the countries where we operate. During 2020, we repatriated more than 160,000 people, in coordination with the authorities of various countries and, through our Solidarity Plane program, managed to keep South America connected to the world, even in the midst of border closures. We transported over 440 tons of medical supplies benefiting Argentina, Brazil, Chile, Colombia, Ecuador, and Peru. We mobilized more than 1,100 organs and tissues within South America, and completed the transfer of stem cells for eight people with blood cancer, who received a second chance at life. Finally, we supported the transport of over 900 health professionals for different needs related to Covid-19.

For the first time, we flew to China and made about 100 flights. We did this to bring ventilators, protective masks, Covid-19 diagnostic tests, medications, vaccines, and other supplies to the South American continent. We also ensured the continuity of operations in various export industries and prevented shortages in isolated regions. And at the end of the year, our flights had become synonymous with hope for the population as we transported Covid-19 vaccines to South America and distributed them at no cost within the countries where we operate.

I am proud of what we have achieved as a group and how our people have been able to cope with this crisis. We never stopped flying, keeping alive our purpose of ensuring that our customers' dreams reach their destination.

Although faced with an adverse scenario, we took advantage of this time as an opportunity to review our future outlook. We have come from a process of deep reflection on what kind of group we want to be when the pandemic ends and demand is reactivated. We put all paradigms, emotions, and beliefs as a group on the table and realized that our role must go beyond the operations of an airline. We want to be a social player in the societies where we participate. We conducted 29 dialogues in Brazil, Colombia, Ecuador, and Chile on topics as diverse as climate change management, gender equality, and consumer relations, among others. We listened to 145 experts on these issues and, of course, to our customers and our own teams, as well.

And we have taken action on these conversations. We are sowing the seeds of this transformation, which will make us an even more connected group with the demands of our customers, with the aspirations of society, and with the socio-environmental challenges of today. We want to be a better group of post-Chapter 11 airlines.

I want to take this opportunity to thank, once again, all the team members that make up LATAM. We are almost 30 thousand people from 46 different nationalities, spread across 21 countries. We were certainly heavily affected by the pandemic, but we rolled up our sleeves so that LATAM could keep flying. It has been a privilege to share this path with such a committed team, and I am proud of the group we have, despite the difficulties.

Without a doubt, the best witnesses to what this year has been, are our employees. That is why, at the beginning of this Integrated Report, in the space traditionally dedicated to the summary of the year, we have chosen to include testimonies from some of these professionals, who relate their experiences and their expectations for the future. In this way, we show a small sample of this great group of people, talent, and hope that make LATAM the group that it is.

The only thing left to say is that we are laying the groundwork for a better LATAM and, at the same time, we are prepared to do what we love again, to continue connecting people and Latin America with the world.

Together, we are LATAM, and we will emerge strengthened from this crisis.

Roberto Alvo Milosawlewitsch
LATAM Airlines Group CEO

Constanza Toro and Carmen Pérez, both coordinators of Ground Operations, next to Roberto Alvo on the airport tarmac.

PROFILE

Profile

Who we are 102-1, 102-2, 102-6, 102-7 and 102-10

LATAM group is the main airline group in Latin America, present in the domestic markets of Brazil, Chile, Colombia, Ecuador, and Peru, and with international passenger and air cargo operations. The group is a benchmark for connectivity, given its broad destination network (117, considering passenger and cargo operations), flight frequency, and connection possibilities, boosted in South America through the hubs in São Paulo (Brazil), Santiago (Chile), and Lima (Peru). LATAM Group stands out for its commitment to punctuality, security, and operating excellence, which is part of the ongoing effort to improve the experience of all its passengers, whether they travel for business or pleasure, companies in South America exporting their products to other continents, and clients coming from countries that transport their products.

In 2020, LATAM faced the greatest challenge in its history, following the impact of Covid-19, which forced the borders of countries worldwide to be shutdown, triggering deep effects in the aviation sector. As a result of the unprecedented effect of the pandemic on passenger and cargo operations, LATAM Airlines Group S.A. and its affiliates in Chile, Peru, Colombia, Ecuador, the US, and Brazil filed for voluntary bankruptcy protection under the financial reorganization statute of the US Chapter 11. This reorganization process provides LATAM with the opportunity to work with the group's creditors and other stakeholders to reduce its debt, convert its costs, access new sources of financing, and continue operating, even as it enables the group to adapt its business to the new reality. The group seeks to ensure financial sustainability and continue to generate shared value for its stakeholders: employees, suppliers, clients, shareholders, investors, communities, and society. (Read more about the process in Financial Results, on page 44).

Despite the adverse scenario, LATAM maintained connectivity in the region. On the group's flights, over 160 thousand citizens, stranded as a result of the restrictive measures by the authorities, were able to return home. Of this total, 20% were transported on flights exclusively for repatriation. LATAM also enabled the transportation of medical supplies and healthcare professionals to deal with the pandemic, and it guaranteed the supply of essential products to various regions, even as it supported the export of perishable products from South America. As the restrictions were removed, LATAM was able to resume its passenger operations.

LATAM Pass 102-2

The group runs the LATAM Pass frequent flyer program, the fourth largest in the world, with 38 million members. The points accrued can be exchanged for airfare tickets or other services, which vary between categories, such as cabin upgrades and checked baggage.

LATAM Airlines Group S.A.'s shares are currently traded on the Santiago Stock Exchange (Chile). Due to the Chapter 11 financial restructuring proceedings, the group's ADRs (American Depositary Receipts) were delisted from the New York Stock Exchange (NYSE), but they continue to trade in the OTC (over the counter) market in the US.

Find out more:
- Legal incorporation and Group's purpose: page 106;
- Physical structure (property, units, and equipment): pages 106 and 107;
- Company information: page 107.

Main impacts in 2019:

- LATAM group's activities represented nearly 1% of the GDP in South America and supported **1.9 million indirect jobs**.
- **US$33.2 billion** contributed to 13 economic sectors.
- Indirect jobs: **US$13.5 billion** in compensation to workers in those chains, and **US$5.4 billion** in fiscal revenue.

Economic boost for the region 203-2

According to the Oxford Economics study "The economic impact of LATAM Airlines in South America", published in May 2020, LATAM's operation drives the economy of various industries in the countries where it operates. The group's activities contributed US$33.2 billion in 2019 to the GDP (Gross Domestic Product) of 13 sectors in those countries: industry, mining, commerce, transportation and storage, bonds and insurance, food and lodging services, health, and entertainment, among others. The calculation considers the direct and indirect impacts, and those derived from the operations, as well as the benefit generated by the spending of passengers transported in the six countries where LATAM had affiliates in 2019.

Each job at LATAM group generates another 46 indirect jobs, totaling 1.9 million jobs in 2019. The most benefited sectors were tourism (with 502.7 thousand jobs), commerce (321.7 thousand jobs), and personal services, including entertainment (277.1 thousand jobs).

Sectoral dialogue

LATAM group fosters the development of South America through its participation in various associations and representative entities in Brazil, Chile, Colombia, Ecuador, and Peru (see the full list on page 108).

1
To materialize its business, LATAM uses capitals of various natures that serve as an input for work.

INPUTS

Human Capital
Employees

Industrial capital
Fleet | Maintenance Base | Hangars

Intellectual capital
Knowledge of the region and business | Operating license and slot rights at airports | Management systems (environmental; safety) | Analytics (customer experience personalization)

Social and relational capital
Frequent flyer programs | LATAM Brand | Relations with authorities and the industry

Financial capital
Revenues | Capital | Assets

Natural capital
Aircraft Fuel

2
Through its **activities**, LATAM transforms those **inputs** into **results and impacts**.

ACTIVITIES

What we do and how we do it

GOVERNANCE AND MANAGEMENT
- Ethics
- Financial liability
- Safety and efficiency
- Developing employees

SUSTAINABILITY
- Solidary Airplane Program
- Climate change
- Environmental management and eco-efficiency

CUSTOMER FOCUS
- Digital experience and innovation
- Flexible sales model
- Commercial agreements and associations
- Loyalty program

3
The results are the most visible facet of the operation; the materialization of the work done.

RESULTS

- Broad destination network
- Financial results
- Diversity in the client base
- Operating excellence
- Organizational health and development opportunities

IMPACTS

IMPACTS	For LATAM	For stakeholders
Customer-focused value proposition	Different profiles and segments Revenue diversification	Access Autonomy Freedom of choice
Connectivity	Market share Leadership in the region	Mobility Economic drive
Safety and Security	Credibility	Trust
Eco-efficiency	Competitive spread Cost reduction	Natural resource economy Less environmental impact and noise
Commitment to the region	Being a relevant player in society Identity and purpose	Economic development Social strengthening Care of the environment
Strategic debate	Knowledge exchange Sector development Compliance	Joint construction Agenda of the various stakeholders' interests

4
However, the company's main value delivery lies in its capacity to generate positive long-lasting impacts for the business and its stakeholders.

Timeline

1929
Linea Aerea Nacional de Chile (LAN) founded by Comandante Arturo Merino Benítez.

1946
First LAN international flight: Santiago (Chile) – Buenos Aires (Argentina).

1956
Start of LAN services to Lima (Peru).

1958
Start of LAN services to Miami (United States).

1961
TAM – Taxi Aéreo Marília created by five charter flight pilots.

1970
LAN begins flights to Europe.

1975
Foundation of TAM – Transportes Aéreos Regionais by capitan Rolim Adolfo Amaro.

1976
Launch of TAM services in brazilian cities, especially Mato Grosso and São Paulo.

1983
Constitution of Linea Aerea Nacional – Chile Limitada, through CORFO.

1985
LAN becomes a joint stock company.

1986
TAM acquired Brasil Central Linhas Aéreas VOTEC, a regional airline that served the North and Central West regions of Brazil.

1989
Start of privatization of LAN: the Chilean government sells a 51% stake to local investors and Scandinavian Airlines System (SAS).

1990
Brasil Central renamed TAM – Transportes Aéreos Meridonais.

1993
Launch by TAM of TAM Fidelidade, Brazil's first frequent flyer program.

1994
Privatization of LAN completed with the acquisition of a 98.7% stake by its current controllers and other shareholders.

1998

Arrival of first A330; first TAM international flight from São Paulo (Brazil) to Miami (United States).

1999

LAN's expansion begins: start of operations of LAN Perú.

1997

LAN lists on the New York Stock Exchange, becoming the first Latin American airline to trade ADRs on this important market.

2000

LAN joins the **one**world® alliance.

1996

- Acquisition by TAM of Lapsa Airline from the Paraguayan government and creation of TAM Mercosur.
- Start of São Paulo (Brazil) – Asuncion (Argentina) flights.

2001

- LAN Alliance with Iberia and inauguration of Miami (United States) cargo terminal.
- Creation of TAM Technology Center and Service Academy in São Paulo (Brazil).

2002

LAN Alliance with Qantas and Lufthansa Cargo.

2003

LAN continues its expansion plan: start of operations of LAN Ecuador.

2008

- Completion of renewal of LAN's short-haul fleet with aircraft from the Airbus A320 family.
- TAM receives its first Boeing 777-300ER.

2004

- Launch of the new executive class for flights to Paris (France) and Miami (United States).
- Launch of new corporate image as LAN Airlines S.A.
- Start of TAM flights to Santiago (Chile).

2007

- Start of TAM flights to Milan (Italy) and Córdoba (Spain).
- Authorization from Brazil's National Civil Aviation Agency (ANAC) to start flights to Madrid (Spain) and Frankfurt (Germany).
- Implementation of low-cost model in domestic markets.
- Capital increase of US$320 million.

2005

- Further step in LAN's regional expansion plan: start of operations of LAN Argentina.
- TAM S.A. lists on the Bovespa Stock Market.
- Start of flights to New York and Buenos Aires.

2006

- Start of flights to London (United Kingdom) and, through agreement with Air France, to Zurich and Geneva (Switzerland).
- Launch of new LAN Premium Business Class.
- TAM S.A. lists on the NYSE.

2009

- Start of cargo operations in Colombia and domestic passenger operations in Ecuador.
- Launch of Multiplus Fidelidade.

2010

- Acquisition of Colombia's Aires airline.
- TAM officially joins Star Alliance.

2011

LAN and TAM sign binding agreements related to the business combination of the two airlines.

2012

- LATAM Airlines Group is born as a result of the business combination between LAN and TAM.
- Issuance of 2.9 million shares.

2013

Capital increase for America. US$940.5 million

2014

- TAM joins **one**world® alliance, which becomes LATAM Airlines Group global alliance.
- LATAM launches its 2015–2018 Strategic Plan.

2015

- LATAM is born: the New Brand for LAN Airlines, TAM Airlines and Affiliates.
- EETC structured bond issue for MMUS$1,020: first in Latin Capital increase for America.

2016

Capital increase of US$608 million with which Qatar Airways acquires 10%[1] of the total of paid and subscribed shares of LATAM.

2017

Implementation of the new travel model by the affiliates of the domestic markets.

2018

- Inauguration of the first flight to Asia.
- New sales model comes to international flights.

2019

- Announcement of strategic agreement with Delta Air Lines to provide more and better options to passengers through a complementary network of connections between Latin and North America.
- LATAM announces its exit from the **one**world alliance as of May 1st, 2020.

2020

- LATAM Airlines Group S.A. and its affiliates in Chile, Peru, Colombia, Ecuador, the US, and Brazil enter the financial restructuring process under Chapter 11 of the US Law, and gains access to up to US$2.45 billion in DIP (Debtor In Possession) financing.
- Launch of the E-Business unit, in order to improve customers' digital experience.
- Implements various initiatives to support the fight against Covid-19 in South America.
- Solidary plane: 1,374 tickets donated (health professionals, patients, and others); 1,174 organs, tissues, and stem cells transported for transplants; over 524t of cargo to support health and humanitarian aid initiatives.

1 Qatar holds 9.999999918% of LATAM's total subscribed and paid-in shares.

Fleet

LATAM closed 2020 with a total fleet of 300 aircraft, keeping 296 in the operational fleet. In its international operations, LATAM has 59 aircraft, 10 of which are Airbus A350-900 and 22 are Boeing 787 Dreamliner (versions 8 and 9). The models are world benchmarks of efficient fuel consumption and reduction of greenhouse gas (GHG) emissions and noise. For the domestic and regional operations in South America, LATAM mainly uses narrow-body aircraft, of which it has 137 Airbus airplanes; most are from the Airbus family, A320, A321, and A320-Neo. The latter consumes 15% less fuel and generates 50% less noise than the equivalent model of the previous generation. LATAM Cargo and the cargo affiliates in Colombia and Brazil have 11 Boeing 767 available.

In 2021, LATAM announced a three-year growth plan for the cargo fleet that includes the conversion by Boeing of up to eight Boeing 767-300ER, following which the group would increase its combined cargo capacity by nearly 80%. Through this plan, it seeks to expand its service options and take advantage of the synergies of operating a homogenous fleet of cargo planes.

The growth will take place in two gradual stages. The first stage is based on four confirmed orders with Boeing for conversions between 2021 and 2022. With these Boeing 767–300BCF (Boeing Converted Freighter), LATAM group's cargo operators will go on to have a total of 15 cargo aircraft. The second, on the other hand, comprises four conversion options with Boeing between 2022 and 2023, with which the carriers would total a fleet of 19 Boeing 767-300ER cargo planes.

Maintenance

In Chile and Brazil, LATAM has Maintenance, Repair, and Operation (MRO) bases, certified to service the Boeing and Airbus fleet. The units give maintenance to the group's aircraft, plan and execute the airplane returns, in line with the group's fleet plan, and occasionally give maintenance services to third parties.

The Chilean base is located in Santiago and has the capacity to simultaneously serve two narrow body aircraft and one wide body aircraft. In Brazil, the maintenance base is located in São Carlos, within São Paulo, and it can service up to eight aircraft at the same time.

Both of LATAM's MRO bases performed 315 maintenance services throughout the year, which translates into 86% of the maintenance of the total fleet. The remaining aircraft were serviced by external suppliers. The services performed on the company's own units totaled 1,000,000 man-hours worked.

The line maintenance network (smaller, preventive, and corrective tasks) is distributed among the LATAM hangars in Santiago (Chile); São Carlos, Congonhas/São Paulo, and Brasilia (Brazil); Lima (Peru), Aeroparque/Buenos Aires (Argentina), and Miami (USA), among others. The network offers a series of automated and integrated services that ensure compliance with all safety requirements and local and international regulations.

Operating Fleet

AT DECEMBER 31, 2020	OFF BALANCE	ON BALANCE	TOTAL
Passenger fleet			
Airbus A319-100	7	37	44
Airbus A320-200	38	94	132
Airbus A320-Neo	6	6	12
Airbus A321-200	19	19	38
Airbus A350-900	7	3	10
Boeing 767- 300	-	17	17
Boeing 777-300 ER	6	4	10
Boeing 787-8	4	6	10
Boeing 787-9	10	2	12
Total	97	188	285
Cargo fleet			
Boeing 767-300F	1	10	11
Total	1	10	11
Total operating fleet	98	198	296
SUBLEASES			
Airbus A320-200	-	2	2
Airbus A350-900	-	1	1
Boeing 767-300F	-	1	1
Total subleases	-	4	4
TOTAL FLEET	98	202	300

Alcance

	LENGTH (M)	WINGSPAN (M)	SEATS	CRUISE SPEED (KM/H)	MAXIMUM TAKE-OFF WEIGHT (KG)
Short-haul fleet/ narrow-body aircraft					
Airbus A319-100	33.8	34.1	144	830	70,000
Airbus A320-200	37.6	34.1	156-168-174	830	77,000
Airbus A320-200-Neo	37.6	34.1	174	830	77,000
Airbus A321-200	44.5	34.1	220	830	89,000
Long-haul fleet/ wide-body aircraft					
Airbus A350-900	66.8	64.8	348	903	280,000
Boeing 767-300	54.9	47.6	221-238	851	186,880
Boeing 777-300 ER	73.9	64.8	379	894	346,500
Boeing 787-8	56.7	60.2	247	903	227,900
Boeing 787-9	62.8	60.2	313	903	252,650

Cargo fleet

	LENGTH (M)	WINGSPAN (M)	SEATS	CRUISE SPEED (KM/H)	MAXIMUM TAKE-OFF WEIGHT (KG)
Boeing 767-300 F	54.9	47.6	445.3	851	186,880

Passenger operation 102-6

International market

The international passenger operation includes regional flights and long-haul flights towards other continents, covering 17 destinations through its own flights and 178 through code-sharing. Affected by the pandemic, the operation was reduced to around 5% of the group's capacity (measured in available seat kilometers or ASK) in April, and following a gradual recovery, LATAM ended the year at 38.3% of its operation, compared to the same period in the previous year.

Greater connectivity

In November, LATAM Airlines Brazil and LATAM Airlines Colombia announced a code-share agreement with Aeromexico, and once they have the necessary approvals, the offer of flights to Mexico and the connectivity offered to customers will be increased.

Throughout the year, 28.3 million passengers traveled with LATAM group to international destinations—61.8% fewer than in 2019.

Passenger demand, measured in RPK (revenue passenger kilometers), which is equivalent to the number of paying passengers by the distance flown, decreased 53.6% compared to 2019. Supply or capacity, measured in ASK, which is equivalent to the number of seats available, multiplied by the distance flown, decreased 70.6% compared to the previous year. Load factor was 73.8%, 11.1 percentage points lower than in 2019.

Domestic market

Domestic passenger transportation is done in five countries: Brazil, Chile, Colombia, Ecuador, and Peru. The operations of LATAM Airlines Argentina were suspended indefinitely as of June, as a result of the challenging scenario for the aviation sector in the country, which was worsened due to the pandemic.

As was the case for international flights, domestic operations decreased until April. Demand rose gradually throughout the year, particularly in the second half of the year, and LATAM Airlines Argentina ended the year operating at 46.9% of its capacity compared to 2019.

Agreement with Azul

LATAM Brazil signed a code-share agreement with Azul, boosting the connectivity of both airlines, and the value proposition for passengers. The alliance includes various routes and considers the accumulation of points on both frequent flyer programs.

LATAM group transported 24.3 million people on its domestic flights in 2020, a 58.1% decrease compared to the previous year. Passenger demand, measured in RPK, decreased by 62.2% in Spanish-speaking countries (SSC), while supply, as measured in ASK, showed a decrease of 59.9%, and the load factor corresponded to 76.1%, 4.7 percentage points less than in 2019. In the Brazilian domestic market, demand fell by 50.1%, and supply by 48.5%. Load factor was down 2.5 percentage points compared to 2019 settling at 80.0%.

In the consolidated figure for the year, LATAM remained the market leader in Chile and Peru, with 61% and 66% market share, respectively. In Brazil and Colombia, it had the second largest operation.

LATAM IN SOUTH AMERICA AND IN THE WORLD 102-4, 102-6 and 102-7

DOMESTIC OPERATION

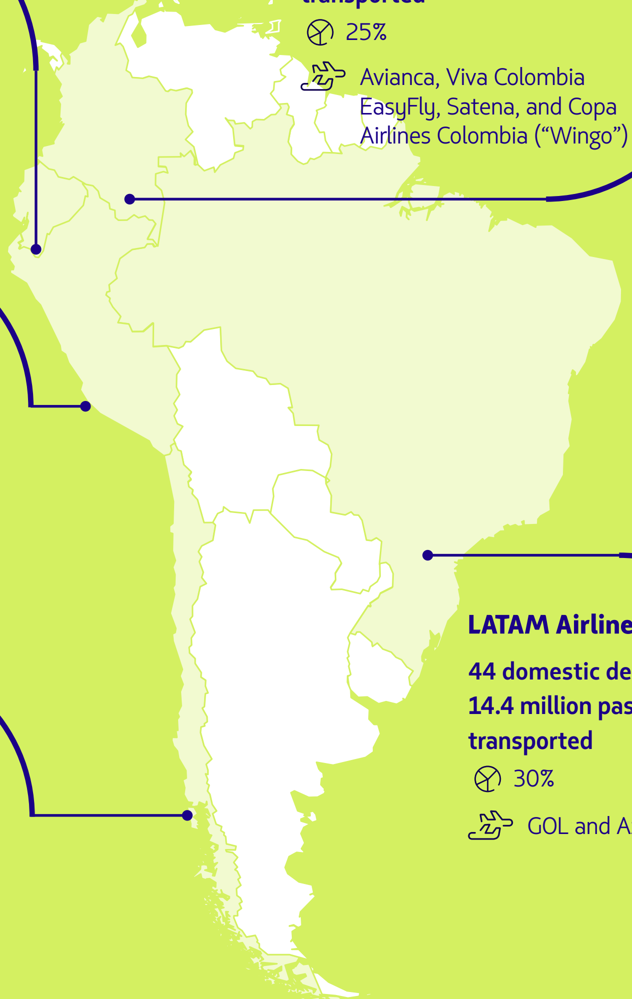
24.3 million passengers

94 domestic destinations

Consolidated traffic (RPK)
25 million RPK
SSC: 8.3 million
Brazil: 16.7 million

Capacity (ASK)
31.8 million
SSC: 11.0 million
Brazil: 20.8 million

Occupancy rates-domestic market
SSC: 76.1%
Brazil: 80.0%



LATAM Airlines Ecuador
7 domestic destinations
0.5 million passengers transported
75%
TAME and Avianca

LATAM Airlines Colombia
12 domestic destinations
2.2 million passengers transported
25%
Avianca, Viva Colombia EasyFly, Satena, and Copa Airlines Colombia ("Wingo")

LATAM Airlines Peru
19 domestic destinations
3.1 million passengers transported
66%
Sky Airlines Peru, Viva Airlines Peru, Star Peru and Avianca

LATAM Airlines Chile
12 domestic destinations
3.6 million passengers transported
61%
Sky and JetSmart

LATAM Airlines Brasil
44 domestic destinations
14.4 million passengers transported
30%
GOL and Azul

INTERNATIONAL OPERATION

4 million passengers

17 destinations LATAM

178 code shares

Consolidated traffic (RPK)
17.6 million RPK

Capacity (ASK)
23.9 million ASK

Occupancy rates-international market
73.8%

North America
5 12

Latin America and the Caribbean
8

Europe
4 52

Asia and Australasia
21 (Asia)
17 (Australasia)

Africa
8

Market share
Main competitors
Destinations (LATAM codes)
Code shares

LATAM Cargo

2020 Results

In the consolidated figures for 2020, 785 thousand tons of cargo were transported — a 13.2% decrease, compared to the previous year. Cargo revenues increased by 13.7% compared to 2019 and accounted for 27.9% of the group's total. In the period, revenues per ATK (available ton-kilometers) increased by 53.5%, cargo capacity decreased by 26% and load factor reached 65% — an increase of 9.9 percentage points compared to 2019.

LATAM Cargo S.A. and the cargo affiliates in Colombia and Brazil is the main cargo air carrier in Latin America, and thanks to the synergies between the company's cargo and passenger operations, the group offers its clients transportation in 117 destinations and 20 countries. During the pandemic, it played an important role in guaranteeing local supplies and exports gained greater relevance.

To meet the demand, cargo operators bolstered the fleet of 11 cargo planes with the adaptation of passenger planes for the operation. The group's fast reaction was essential for the region's producers. To serve the demand from the salmon industry, for instance, LATAM Cargo came to operate more than 35 weekly flights from Santiago (Chile) to Miami (US), being responsible for transporting over half of the annual salmon exports. Meanwhile, for flower exports, flight frequencies between Bogota (Colombia) and Miami (US) increased from six to 18 per week. Fruit-producing industries in Chile and asparagus producers in Peru are other examples of productive sectors that benefited.

Additionally, the operation also helped to prevent shortages of food and medication in difficult to reach regions, such as the Colombian Amazonia and the Peruvian Amazonia, the Galapagos Islands (Ecuador), the State of Arce (Brazil), and the Chiloe archipelago in Chile.

Fight against the pandemic

LATAM Cargo S.A. and the cargo affiliates in Colombia and Brazil played an active role in facing the pandemic, transporting ventilators, facemasks, Covid-19 detection tests, medication, and other materials from China to South America. LATAM landed in China, for the first time, on April 15, completing 86 flights to that destination throughout 2020.

At yearend, the first lot of coronavirus vaccines to be used in Chile was transported and, through the Solidary Plane Program, vaccines were distributed for free throughout the country by air in 2021. The program also transported vaccines free of charge to 24 states in Brazil early in March 2021.

Broad portfolio

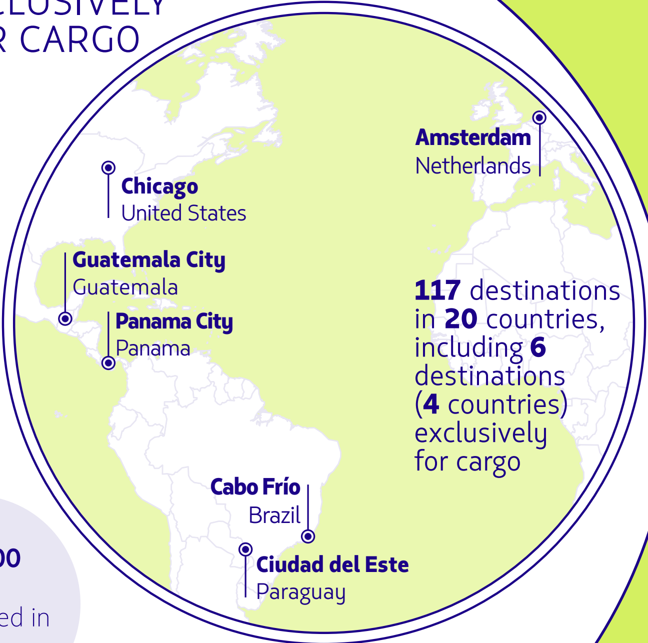
LATAM Cargo and the cargo affiliates in Colombia and Brazil perform the personalized transportation of various types of cargo: perishables — e.g., fruit, flowers, and fish — medication and vaccines, large volume cargoes, high-value goods and merchandise, dangerous merchandize (such as flammable or corrosive substances), postal cargo, and live animals, among others.

CEIV Pharma

LATAM Cargo and the cargo affiliates in Colombia and Brazil were the first airlines in the American continent to be certified in the Center of Excellence of Independent Validators (CEIV Pharma) program, from the International Air Transport Association (IATA). In 2020, the year when the transport of pharmaceutical products with temperature control took on a relevant role, the company successfully renewed this certification. CEIV Pharma guarantees international and national compliance with safeguarding the product's integrity all the way to its final destination, and it also tackles the specific needs of air cargo.

LATAM CARGO AND THE CARGO AFFILIATES IN COLOMBIA AND BRAZIL OFFER TRANSPORTATION

DESTINATIONS EXCLUSIVELY FOR CARGO



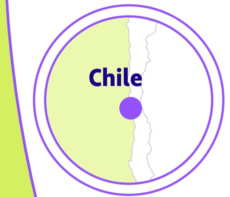
117 destinations in **20** countries, including **6** destinations (**4** countries) exclusively for cargo

785,000 tons transported in 2020

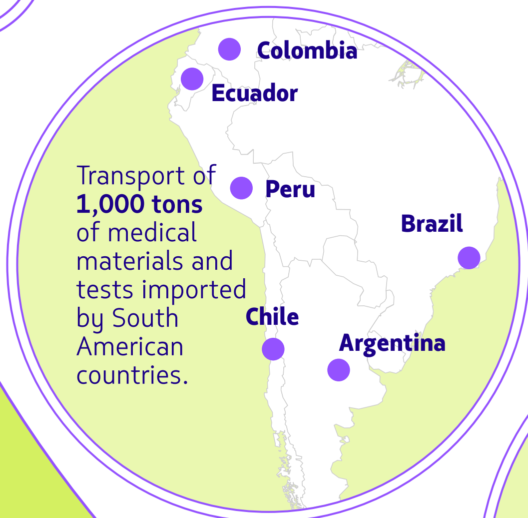
28% of LATAM group's total revenues

11 cargo freighter planes

COVID-19 OPERATION

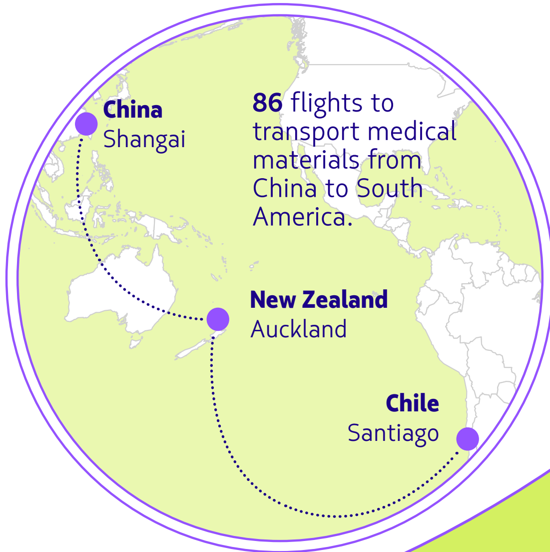


Transport of the first doses of the **vaccine** against coronavirus to Chile.



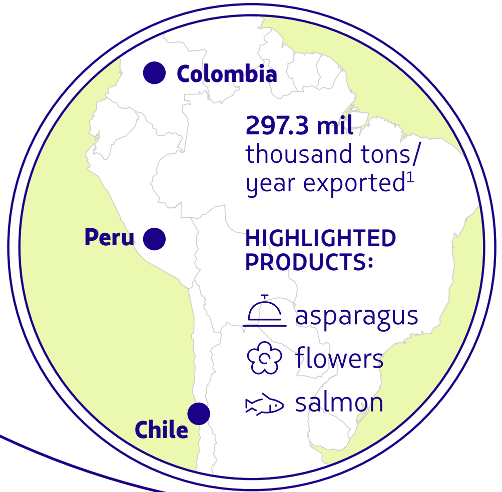
Transport of **1,000 tons** of medical materials and tests imported by South American countries.

Guaranteeing **supply** to difficult to reach regions during the pandemic.



86 flights to transport medical materials from China to South America.

SUPPORT TO KEY INDUSTRIES IN SOUTH AMERICA

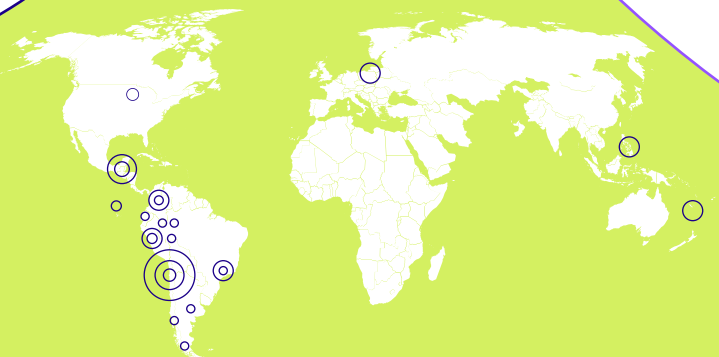


297.3 mil thousand tons/year exported[1]

HIGHLIGHTED PRODUCTS:
- asparagus
- flowers
- salmon

207.2 mil thousand tons/year imported

HIGHLIGHTED PRODUCTS:
Industrial machinery, telecommunications and technology equipment, auto parts[1]



1. According to the study "Economic Impact of LATAM Airlines in South America", carried out by Oxford Economics and published in May 2020.

Awards and recognition

In 2020, LATAM was once again recognized for the service rendered to its clients and for its commitment to sustainability.

- OAG (OFFICIAL AIRLINE GUIDE) 2020: recognized as the most punctual among the 20 largest airlines in the world in number of flights scheduled.

- CIRIUM ON-TIME PERFORMANCE REVIEW 2020: voted the most punctual airline in the world (1st place in the Global Airlines—Network category).

- WORLD TRAVEL AWARDS 2020 (WTA): winner of the awards to Leading Airline in South America and Leading Airline Brand in the region.

- APEX 2020 (AIRLINE PASSENGER EXPERIENCE ASSOCIATION): Best Service on Board and Best Entertainment on Board in South America.

- THE SUSTAINABILITY YEARBOOK 2021: selected in the Silver category. The publication is prepared by S&P Global.

CORPORATE GOVERNANCE

Policies and practices 102-5 and 102-16

LATAM Airlines Group S.A. is a Joint Stock Corporation, registered before Chile's Financial Market Council (CMF, for its Spanish acronym) under registration number 306, and its shares are traded on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange, and on the OTC (over the counter) market in the US as ADRs. Its corporate governance model is in line with Securities Market Act (nº 18.045) and Corporations Act (nº 18.046), and with the rules of the CMF in Chile, as well as with US regulation from the Securities and Exchange Commission (SEC), and the specific regulation of the countries where the group operates.

A series of corporate guidelines direct employees' behavior, based on standards of ethics, transparency, compliance and integrity, accountability, and fight against illicit acts (corruption, bribery, antitrust, and money-laundering). The Compliance Program, managed by the Legal Affairs and Compliance Vice-Presidency, guides the monitoring and control processes and its ongoing evolution.

Ethics channel

the ethics channel receives reports on breaches of laws and internal rules, such as breaches of the Code of Conduct, labor irregularities, discrimination, moral and sexual harassment, fraud, corruption, and bribery, among others. The channel is guaranteed to be confidential, and is managed by an external specialized provider, that performs the initial assessment of all records. When necessary, the cases are transferred to the Code of Conduct Management Committee in each country (comprised of representatives from various areas), which is responsible for ensuring that the cases are channeled as required.

[+] For further information on the guidelines for LATAM's corporate governance, visit **this website**.

Related-party transactions

LATAM has a Policy to Control Transactions with Related Parties applicable to LATAM and all its affiliates, which states that all transactions with a related party must adhere to the law, contribute to benefit society, and be carried out under market conditions. It also establishes the cases in which, in accordance with the law, it is appropriate to submit such operations for evaluation by the Directors Committee and for the approval of the Board or the Shareholders' Meeting, as appropriate.

Transactions carried out in 2020 between LATAM and its subsidiaries are included in the consolidated financial statements for the financial year ended on December 31, 2020.

[+] For further information, please refer to note 33 of the **Financial Statements**.

Political contributions

The Policy on Political Contributions establishes the guidelines regarding eventual financial aid to parties and candidates during electoral campaigns in each of the countries where the group operates. Contributions must adhere to current local legislation and be in line with LATAM's Code of Conduct. Since the creation of the policy, in late 2016, the group has made no political contributions. 415-1

Relations with authorities 102-40

The aviation sector is regulated and supervised by the National Civil Aviation Agency (ANAC) in Brazil, and by the General Directorate of Civil Aviation (DGAC) and the Civil Aviation Board (JAC) in Chile. Ethics and integrity are the frame of LATAM's interaction with those agencies and other regulatory entities. All meetings held are recorded on a platform monitored by the Compliance department.

[+] For further information on the Regulatory Framework, please refer to the **Appendices**.

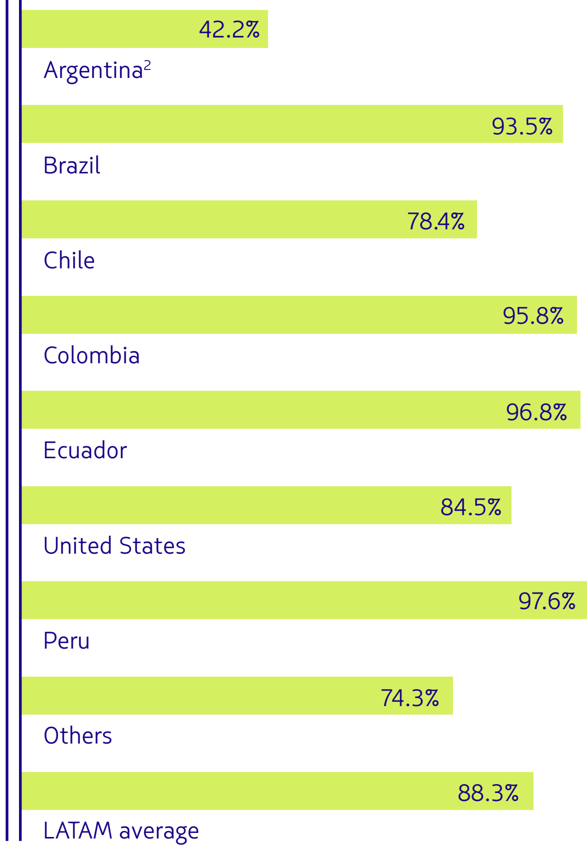
Training on ethics and compliance

Training sessions on topics regarding ethics, compliance, prevention of corruption, and fair practices are part of LATAM's annual agenda; training on the Code of Conduct is compulsory and must be renewed every two years. The onboarding process for new employees also follows the guidelines related to integrity and compliance.

In 2020, 88.3% of the total employees and 94.7% of the executives and members of the Board successfully completed the e-learning on the Code of Conduct, and the test to assess the effectiveness of the course.

The contracts and purchase orders contain information regarding anticorruption. Among suppliers, 75.9% were informed of the anticorruption procedures by accepting the Supplier Code of Conduct.

Training on the Code of Conduct[1] 205-2



1 Annual percentage of employees trained in the Code of Conduct in each country where LATAM operates. The total includes all employees on extended medical leave.

2 Considering trainings held between January and June, when the domestic operations in the country were suspended.

Governance structure 102-18

The main governing body in LATAM Airlines Group S.A. is the Board of Directors, which defines and monitors the group's strategic guidelines. It is comprised of nine directors, elected individually for 2-year terms, through an accumulative voting system. Each shareholder has one vote per share and may cast all their votes in favor of a single candidate or distribute them among several. This practice ensures that shareholders of 10% of the shares on the market may choose at least one representative.

The Board holds regular monthly meetings and, whenever necessary, extraordinary meetings. In 2020, attendance averaged 97.7% attendance to the 44 ordinary and extraordinary sessions. Board members Carlos Heller, Eduardo Novoa, and Patrick Horn attended 95.5% of the meetings, Enrique Cueto and Sonia Villalobos attended 97.7%, and the other members of the Board attended 100%.

Directors' Committee

The Directors' Committee also acts as Audit Committee, and it is comprised of Board members. This composition meets the requirements of the Chilean Corporations Act (LSA, for its Spanish acronym), the standards of the Sarbanes-Oxley Act, and the guidelines of the US Securities and Exchange Commission (SEC).

As of December 31, 2020, the members of the Directors' Committee, Eduardo Novoa Castellón, Nicolás Eblen Hirmas, and Patrick Horn García were considered independent, pursuant to article 10A of the US Securities Exchange Act. For purposes of Chile's LSA, which requires that the Board include two independent members, Mr. Nicolás Eblen Hirmas does not qualify for independent board member status.

In Chile, the independence of directors is defined by the LSA. A board member is considered independent when, among other characteristics, he or she has no links, interests, economic, professional, credit, or commercial dependence of any relevant nature or volume on the company, the other subsidiaries of the group, its controller, or the main executives, nor any family ties with the latter.

The Directors' Committee is charged mainly with reviewing and assessing the reports by external auditors and other financial statements and proposing to the Shareholders' Meeting the names of external auditors and risk rating agencies, among other duties.

Board Committees

The Board is supported by four committees in its decision-making processes: Strategy and Sustainability, Leadership, Finance, and Clients. Moreover, the Directors Committee was assigned the supervision of the implementation of the Risk Pillar in LATAM's strategic plan, and particularly, to monitor the Group's risk management and ensure the structuring of a corporate risk matrix and its management.

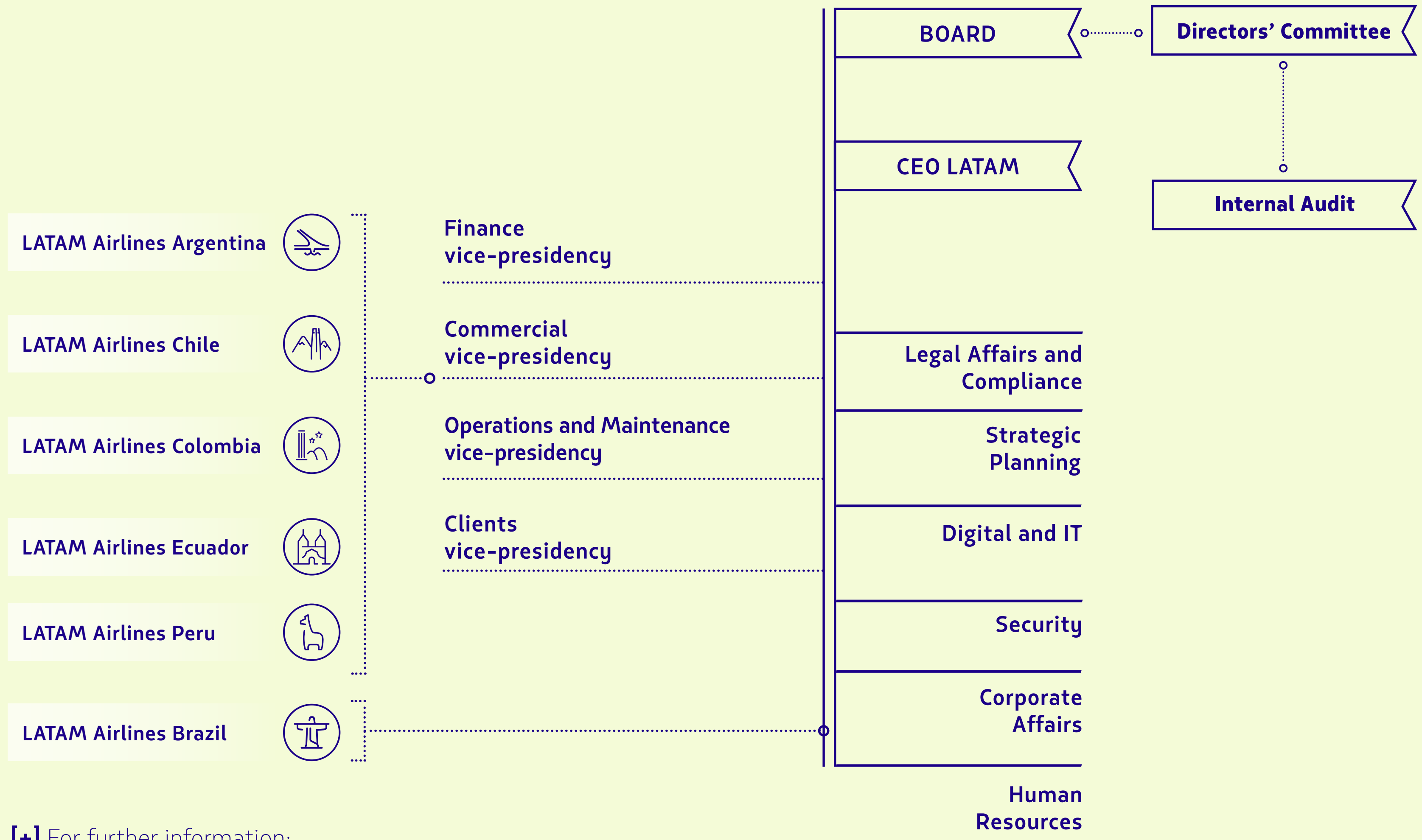
Executive sphere

The executive sphere is divided into four large areas: Clients; Operations; Commercial, and Finance, with clearly divided responsibilities to execute and monitor the strategy. The executives in those four areas and the vice-presidents of Legal Affairs and Compliance and of Corporate Affairs form an Executive Committee, which meets on a weekly basis with the CEO. The Strategic Planning areas support the Executive Committee and other vice-presidents participate in the meetings to discuss specific topics.

The Security, Legal Affairs and Compliance, Corporate Affairs, Audit, Technology, and Strategic Planning departments are transversal.

Each affiliate has a CEO who is in charge of the subsidiary's operation.

Organizational chart



[+] For further information:
- Board composition, résumés and experience: page 109;
- Annual Report on the Board's Management: page 112;
- Composition of the senior management sphere and résumés of its members: page 119.

Compensation (US$) – 2020

NAME	POSITION	BOARD STIPEND	DIRECTORS' COMMITTEE STIPEND	SUBCOMMITTEE STIPEND	TOTAL
Ignacio Cueto	Chairman	29,328.64	-	8,373.9	37,702.04
Enrique Cueto Plaza	Vice-chairman	10,967.97	-	6,854.19	17,822.16
Henri Philippe Reichstul	Board member	10,689.95	-	6,970.61	17,660.56
Patrick Horn Garcia	Board member	14,664.32	19,552.43	5,237.93	39,454.68
Enrique Ostalé Cambiaso	Board member	7,997.93	-	7,507.00	15,504.93
Eduardo Novoa Castellón	Board member	14,664.32	19,552.43	8,373.39	42,590.14
Nicolás Eblen Hirmas	Board member	14,664.32	19,552.43	8,811.67	43,028.42
Sonia Villalobos	Board member	10,689.95	-	6,425.50	17,115.45
Alexander Wilcox	Board member	2,302.68	-	956.81	3,259.49
Juan José Cueto Plaza	Former board member	3,696.35	-	1,519.20	5,215.56
Carlos Heller Solari	Former board member	1,899.00	-	-	1,899.00
Giles Agutter	Former board member	7,294.50	-	2,602.72	9,897.22

Compensation (US$) – 2019

NAME	POSITION	BOARD STIPEND	DIRECTORS' COMMITTEE STIPEND	SUBCOMMITTEE STIPEND	TOTAL
Ignacio Cueto	Chairman	42,238.87	-	16,895.54	59,134.41
Carlos Heller Solari	Vice-chairman	21,208.20	-	3,224.35	24,432.55
Eduardo Novoa Castellón	Board member	23,320.31	31,093.75	18,656.25	71,244.60
Giles Agutter	Board member	10,574.56	-	5,971.80	16,546.36
Henri Philippe Reichstul	Board member	16,842.44	-	12,202.34	29,044.78
Juan José Cueto Plaza	Board member	19,216.76	-	17,006.80	36,223.56
Nicolás Eblen Hirmas	Board member	23,320.31	31,093.75	18,656.25	73,070.30
Sonia Villalobos	Board member	16,842.44	-	13,473.96	30,316.40
Patrick Horn Garcia	Board member	16,643.54	22,191.39	11,625.14	50,460.08
Georges Antoine de Bourguignon Arndt	Former board member	6,676.77	8,902.36	5,341.41	20,920.53

Board Compensation

The value of figures reported below represents a monthly stipend for the Board and the Directors' Committee, approved in the Ordinary Shareholders' Meeting held on April 30, 2020. During 2020, the Board and Directors' Committee had no additional expenses from advisory services.

Executives compensation

In 2020, LATAM's top executives received a total of US$18,436,960, in addition to US$13,343,991, as a share of results, in March. Gross compensation totaled US$31,780,951. In 2019, US$26,498,537 were paid as compensation and US$10,332,268 related to the share of results, totaling US$36,830,805 as gross compensation.

Compensation plans

Compensation plans implemented through the awarding of stock options to buy and pay for shares offered by LATAM Airlines Group to the employees of the Company and its affiliates are acknowledged in the Financial Statements pursuant to IFRS 2 "Share-Based Payments". These plans report the effect of the fair value on the options awarded as a linear charge to remunerations between the date when said options are granted and the date when they become irrevocable.

a) LP3 compensations plan (2020–2023)

The company implemented a program for a group of executives, lasting until March 2023, with a vesting period between October 2020- and March 2023, where the collection percentage is annual accumulative.

The bonus is activated if the price target of the stock, defined each year, is met. Should the bonus be accrued, until the last year, the total shall be doubled (if the stock price is activated). This compensation plan has not been provisioned yet, as the callable stock price stands below the initial target.

Ownership structure

Ownership

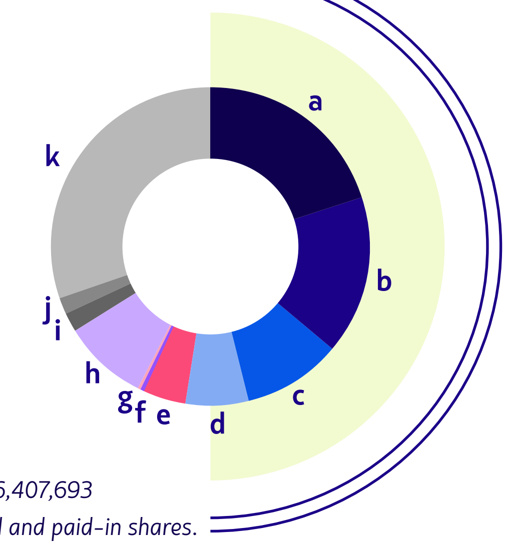
The goal of LATAM Airlines Group is to maintain a suitable level of capitalization that will enable it to ensure safe access to financial markets to develop its medium- and long-term objectives, optimizing returns to its shareholders and maintaining a sound financial position.

The Company's paid-in capital at December 31, 2020, totaled ThUS$3,146,265 divided among 606,407,693 nominative, and ThUS$3.146.265 divided among 606,407,693 of these same shares at December 31, 2019. There are no special series of shares, nor privileges. The form of the stock certificates, their issuance, exchange, disablement, loss, replacement, and any other circumstance concerning them, as well as the transfer of shares, will be ruled by the provisions included in the Chilean Corporations Act and its Regulations.

At December 31, 2020, the Company had no controlling shareholder.

SHAREHOLDER STRUCTURE (%) 102-10

2020[1]



Total: 606,407,693 subscribed and paid-in shares.

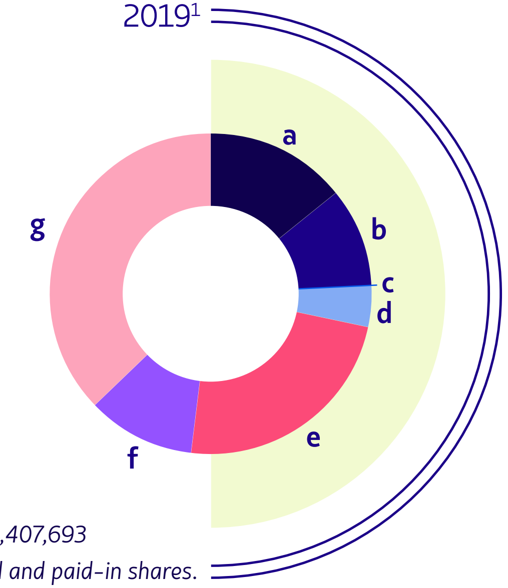
MAIN SHAREHOLDERS	TOTAL SHARES	%
a - Delta Air Lines	121,281,538	20.00
b - Cueto Group	99,381,777	16.39
c - Qatar Airways[2]	60,640,768	10.00
d - Amaro Group[3]	38,792,870	6.40
e - Eblen Group	27,644,702	4.56
f - Hirmas Group	1,488,971	0.25
g - Bethia Group	1,000,000	0.16
h - ADRs	53,057,983	8.75
i - AFPs	10,803,877	1.78
j - Foreign investors	9,939,708	1.64
k - Others	182,375,499	30.07
Total	606,407,693	100

1 The figures of the Cueto Group's stake in this table no longer consider the 21.88% stake held by the Amaro Group in Costa Verde Aeronáutica S.A., after the transfer of these shares to a new company, owned by Grupo Amaro, TEP Aeronáutica S.A.

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

3 The figures of the Amaro Group's stake in this table consider the addition of TEP Aeronáutica S.A.

2019[1]



Total: 606,407,693 subscribed and paid-in shares.

MAIN SHAREHOLDERS[1]	TOTAL SHARES	%
a - Cueto Group	86,012,057	14.18
b - Qatar Airways[2]	60,640,768	10.00
c - Hirmas Group	1,488,971	0.25
d - ADRs	25,266,673	4.17
e - AFPs	141,957,014	23.41
f - Foreign investors	65,507,452	10.80
g - Others	225,534,758	37.19
Total	606,407,693	100

1 At the end of 2019, the market was preparing to participate in Delta Airlines' public offering of shares, so it is possible that several shareholders had their shares in a broker to participate.

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

Main shareholders as at December 31, 2020

NAME	SUBSCRIBED AND PAID-IN SHARES AT 12/30/2020	%
Delta Airlines Inc.	121,281,538	20.00%
Costa Verde Aeronáutica S.A.	82,376,937	13.58%
Qatar Airways Investments (UK) Ltd.[1]	60,640,768	10.00%
Banchile Corredores de Bolsa S.A.	53,835,781	8.88%
JP Morgan Chase Bank	53,057,983	8.75%
Santander Corredores de Bolsa Limitada	30,845,675	5.09%
TEP Aeronáutica S.A.	26,783,613	4,42%
BCI Corredores de Bolsa S.A.	19,042,479	3.14%
Inversiones Andes SpA	13,187,037	2.17%
Consorcio Corredores de Bolsa S.A.	12,502,262	2.06%
TEP Chile S.A.	12,009,257	1.98%
Costa Verde Aeronáutica SpA	9,228,949	1.52%

All shares are part of the same series. LATAM has only one series of shares.

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

Main shareholders as at December 31, 2019

NAME	SUBSCRIBED AND PAID-IN SHARES AT 12/30/2020	%
Santander Corredores de Bolsa Limitada	97,716,892	16.1
Costa Verde Aeronáutica S.A.	67,878,651	11.2
Qatar Airways Investments (UK) Ltd.[1]	60,640,768	10.0
BCI Corredores de Bolsa S.A.	26,194,579	4.3
JP Morgan Chase Bank	25,266,673	4.2
Consorcio Corredores de Bolsa S.A.	24,966,247	4.1
Itaú Corredores de Bolsa Limitada	23,162,008	3.8
Banco Itaú Corpbanca por cuenta de inversionistas extranjeros	21,316,631	3.5
Banco Santander por cuenta de inversionistas extranjeros	21,033,689	3.5
Banchile Corredores de Bolsa S.A.	18,812,790	3.1
Inversiones Nueva Costa Verde Aeronautica Ltda.	18,133,406	3.0

All shares are part of the same series. LATAM has only one series of shares.

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

[+] The Shareholder Agreement is in the **Appendices**.

Dividends

LATAM Airlines Group S.A. determined that the dividends should be equal to the minimum required by law; that is, equivalent to 30% of the profits, pursuant to the current regulation. This does not prevent dividends above said mandatory minimum from eventually being paid, depending on the particularities and circumstances that may arise throughout the year.

Dividends for the 2019 profits were not paid during 2020, as a result of the financial reorganization process.

Investor relations

LATAM maintains an ongoing dialogue with its shareholders and other players of the capital market. On the Investor Relations website, which contains updated financial statements and quarterly reports, the group offers details on the corporate governance structure, and other relevant data to assist shareholders, investors, and market analysts in their decision-making process. All the stages of the restructuring plan under the US law's Chapter 11 proceeding are also published on the site. The contents are available in English, Spanish, and Portuguese.

[+] To learn more, please visit: **latamairlinesgroup.net** y **latamreorganizacion.com**.

Policies

Financing policy

The scope of LATAM's Financing Policy is to cover the Company's financing needs, including the acquisition of fleet assets, such as aircraft and engines, financing non-fleet investments, and financing working capital.

During the year, within the context of the restructuring proceedings under Chapter 11 of the US Bankruptcy law that are ongoing, the Company obtained a Debtor In Possession financing for US$2.45 billion maturing on April 8, 2022. Of this sum, US$1.15 billion was drawn on October 8, 2020. Thus, the Company was able to support and strengthen the operation of LATAM and all its subsidiaries.

Moreover, the Company had, at the beginning of the period, a syndicated loan with 12 banks for US$600 million (Revolving Credit Facility – RCF). This line is guaranteed by a collateral consisting of aircraft, spare engines, and spare parts. During the year, as a result of the impact from the Covid pandemic, LATAM drew 100% of this line.

This year, LATAM has reduced most of its recurring investments, which usually pertain to the fleet acquisition programs. Normally, LATAM finances between 70% and 85% of the value of the assets through bank loans, covered bonds from export promotion agencies, or commercial loans, capital investments, or through its own funds. The payment schedules of the various aircraft financing structures are mostly for 12 years. Moreover, LATAM contracts a large percentage of its fleet purchase commitments through operating leases as an additional source of financing.

During 2020, LATAM did not acquire new airplanes, and it has focused its resources on maintaining the operation and adjusting the size of the fleet in accordance with the current demand and the demand projected for the next few years, considering the effects of the pandemic on the industry. Therefore, and given the current restructuring process, LATAM has devoted significant efforts to reviewing its fleet contracts with the aim of restructuring them as well.

One of the main objectives of the Financing Policy is to ensure a stable debt maturity and leasing commitment profile, including debt servicing and the payments on fleet leasing, which should be consistent with LATAM's operating cash flow generation, considering the effect of the pandemic on the company.

Market risk policy

Given the nature of its operations, LATAM Airlines Group is subject to market risks, such as: (i) fuel price risk, (ii) interest rate risk, and (iii) exchange rate risk. In order to hedge fully or partially against these risks, LATAM uses financial derivatives to reduce the adverse effects that these risks could cause. Market Risk is managed integrally and considers the correlation with each market factor to which the Company is exposed. In order to operate with each counterpart, the Company must have an approved line and a framework signed with it.

Fuel price risk: Variations in fuel prices depend significantly on oil supply and demand in the world, as well as on the decisions made by the Organization of the Petroleum Exporting Countries (OPEC), the refining capacity worldwide, inventory levels, and the occurrence or absence of climatic phenomena or geopolitical factors. LATAM purchases aircraft fuel, known as Jet Fuel. In order to execute fuel hedges, there is a benchmark index on the international market for this core asset, which is Jet Fuel 54 US Gulf Coast. This index was mainly used by LATAM Airlines Group for its hedges during 2020. LATAM also undertook hedging through NYMEX Heating Oil, whose core index is included in the Fuel Risk Hedging Policy, given the high correlation between this core index and Jet Fuel 54.

The Fuel Hedging Policy sets a minimum and a maximum hedging range for the Company's fuel consumption, based on the capacity to pass through fuel price variations to airfares, anticipated sales, and the competition scenario. Moreover, this Policy sets hedging zones, a premiums budget, and other strategic restrictions that are assessed and presented periodically before the LATAM Finance Committee.

With regard to fuel hedging instruments, the Policy makes it possible to contract combined Swaps and Options only for hedging purposes, and does not allow the net sale of options.

Interest rate risk on cash flows: Interest rate variations depend largely on the state of the global economy. An improvement in the long-term economic outlook pushes long-term rates upwards, whereas a drop causes a decline due to market effects.

However, considering government intervention, during periods of economic contraction, reference rates are usually cut in order to boost aggregate demand by making credit more affordable and increasing production (just as there are hikes in the reference rates during periods of economic expansion).

The uncertainty surrounding how the market and the governments will behave, and thus, how the interest rate will change, leads to a risk related to LATAM's debt subject to variable interest, its investments, and the new issuances it may make. Interest rate risk on existing debt materializes in the impact on future cash flows related to financial instruments, given the interest rate fluctuations. Thus, a higher interest rate could translate into a higher cash flow from interest payments, and vice versa.

LATAM's exposure to the risk from market interest rate fluctuations is mainly related to long-term obligations with variable rates.

In order to reduce the risk from an eventual hike in interest rates, LATAM Airlines Group can use interest rate swap contracts or other derivatives. These positions were closed in advance by the corresponding counterparts, once the company entered the Chapter 11 restructuring process.

Exchange rate risks: The functional currency used by the parent Company is the US dollar. There are two types of exchange risks: Cash flow and balance sheet risks.

Cash flow risk is a consequence of the net revenue position and costs in currencies other than US dollars. LATAM sells most of its services in US dollars, in local currencies, and in prices indexed to the US dollar. In the international passenger business, most of the fares are linked to the US dollar and, to a lesser extent, the Euro. In the domestic businesses, most fares are in local currency without any sort of indexation to the US dollar, except for the domestic businesses of Peru and Ecuador, where both fares and sales are recorded in US dollars. On the other hand, a major part of the group's expenses is denominated in US dollars or equivalent to the USD, particularly fuel costs, aviation taxes, aircraft leases, insurance, and aircraft components and accessories. Other expenses, such as compensation, are denominated in local currencies.

Thereby, LATAM is exposed to the fluctuations in various currencies, but mainly the Brazilian Real. LATAM Airlines Group has hedged against exchange rate risks involving the Brazilian Real mainly through forwards contracts and currency options during 2020. However, these positions were closed in advance by the corresponding counterparts, once the company entered the Chapter 11 restructuring process. Therefore, at December 31, 2020, LATAM had no active hedges for any currency.

On the other hand, balance sheet risks appear when entries in the balance sheet are exposed to exchange rate fluctuations, given that said entries are expressed in a currency unit other than the functional currency. While LATAM may sign hedging derivatives contracts to protect against the impact of a potential currency appreciation or depreciation vs. the functional currency used by the parent Company, during 2020, LATAM made no hedges against balance sheet risk.

The main mismatch factor is seen in TAM S.A., whose functional currency is the Brazilian Real, and as most of its liabilities are stated in US dollars; however, its assets are stated in local currency. At December 31, 2020, TAM S.A.'s liabilities surpassed its assets by US$150 million.

Financial policy

The Corporate Finance Department is responsible for managing the Company's Financial Policy. This Policy makes it possible to effectively face changes in conditions outside the business' normal operation and thus maintain and anticipate a stable flow of funds to ensure the operation's continuity and fulfilment of the financial obligations.

Moreover, the Finance Committee, comprising the Vice-Presidency and members of LATAM's Board, meets periodically to review and propose to the Board the approval of issues that are not regulated by the Financial Policy. LATAM Airlines Group's Financial Policy aims to achieve the following goals:

- To preserve and maintain suitable cash flow levels to ensure the requirements of the operations, to support growth, and to fulfill the group's financial obligations.

- To maintain a suitable level of credit lines with local and foreign banks to gain access to additional liquidity to face contingencies.

- To maintain an optimal debt level, diversify financing sources, manage the debt maturity profile, and minimize the cost of financing.

- Capitalize excess cash flow through financial investments that will guarantee a risk and liquidity level consistent with the Financial Investment Policy.
- To reduce the effects of market risks, such as variations in fuel prices, exchange rates, and interest rates on the Company's net margin and cash position.
- To manage counterparty risk through the diversification and limits on investments and transactions with counterparties.
- To maintain, at all times, a long-term visibility of the Company's projected financial situation to anticipate situations of low liquidity, deterioration of the financial ratios agreed with rating agencies, etc.
- The Financial Policy delivers guidelines and restrictions to manage Liquidity and Financial Investment transactions, Financing Activities, and Market Risk Management.

Liquidity and financial investment policy

LATAM seeks to maintain a suitable liquidity position to safeguard from potential external shocks, and the volatility and cycles inherent to the industry. In this sense, it ended 2019, as of December 31st, with suitable liquidity, and a 19.7% liquidity ratio over total revenues earned in the last 12 months. This liquidity considered cash at hand and short-term liquid investments, in addition to a revolving credit facility (the "RCF") for a total of US$600 million with 12 financial institutions, both local and international.

During 2020, as a result of the pandemic caused by Covid-19, the aviation industry in general was severely affected. Specifically, revenues from passengers decreased sharply, at the same time requests for refunds increased. To deal with the situation initially, LATAM drew the "RCF" in full between March and April.

Later, on May 26, LATAM Airlines Group and some of its subsidiaries entered into the judicial proceeding under Chapter 11 of the US Bankruptcy Law. On July 9, LATAM Airlines Brazil and some of the group's other affiliates joined the process as well. Within this process, LATAM obtained a financing known as Debtor In Possession, or DIP, whose hallmark is that it provides its creditors with priority of payment over the company's other unsecured obligations. On October 8, 2020, LATAM closed the DIP, which has a committed facility worth US$2.45 billion with different investors. On that same day, it made its first draw of US$1.15 billion, whereby this facility was left with US$1.30 billion committed and available to be withdrawn, based on the company's needs. Measured as cash plus DIP available as a percentage of the total revenues for 2020, LATAM ended the year with a liquidity index of 68%.

With regard to the Financial Investment Policy, the goal is to centralize investment decisions to optimize profitability, adjusted for currency risk, subject to maintaining suitable security and liquidity levels. Moreover, the aim is to manage risk through the diversification of counterparties, maturities, currencies, and instruments. In terms of interest rates, 2020 was a year globally marked by very low interest rates. Moreover, the Chapter 11 proceeding, paragraph 345(b), regulates the holding of cash from companies under a restructuring process. In compliance with this norm, at the end of the year, LATAM held most of its deposits in depository banks authorized by the US Trustee of the Southern District of the New York Bankruptcy Court.

OUR BUSINESS

Industry context

In order to analyze the economic environment in which the group operates, below we present a brief explanation of the situation and evolution of the main economies that affect it nationally, regionally, and worldwide.

Even though the economy is starting to leave behind the lower levels of activity that were seen in the first months of 2020, during the year, the Covid-19 pandemic has had a huge impact on the whole world. To protect people's lives and enable the healthcare systems to deal with the situation, countries have resorted to isolation, confinement, and generalized shutdowns to contain the spread of the virus. This caused the growth of the global economy to slowdown throughout 2020.

Although the world growth forecast is subject to great uncertainty, for 2020, the International Monetary Fund (IMF)[1] expects the global economy to contract 3.5%, 0.9 percentage points higher than the previous estimate, given an improvement that took place in the second half of the year, before it was expected. The IMF is expecting global growth in 2021 to reach 5.5%, 0.3 percentage points higher than previously estimated, due to the same acceleration seen in late 2020, and positive expectations related to the vaccination process worldwide, together with additional fiscal relief announced by various governments.

For the US, the IMF estimated a 3.4% contraction for 2020 and 5.1% growth for 2021 (2.0 percentage points more growth than previously expected for 2021). Likewise, the IMF's transversal estimates for the European Union's countries have dropped, with a 7.2% contraction in 2020 and 4.2% growth in 2021 (1.0 percentage point less of growth than formerly expected for 2021).

On the other hand, it estimated a 7.4% contraction for the Latin American economy in 2020, and 4.1% growth for 2021, 0.5 percentage points more growth compared to the previous IMF estimates for 2021. Brazil's economy is expected to grow 3.6% in 2021, and as for Chile, the Central Bank expects the economy to expand between 5.5% and 6.5% in 2021.

[+] Other relevant information is available in the **Appendices**: **Regulatory framework**; **Material facts**.

1 According to report published in January 2021: **https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update.**

Financial results

At December 31, 2020, the controller reported a negative result of ThUS$4,545,887, translating into a negative variation of ThUS$4,736,317 compared to the ThUS$190,430 profit from the previous year. Net margin went from 1.8% in 2019 to -104.9% during 2020.

Operating result for 2020 totaled a loss of ThUS$1,665,288 which, compared to the ThUS$741,602 profit as at December 31, 2019, shows a negative variation equivalent to 324.6%, whereas operating margin reached -38.4%, 45.5 percentage points below the figures for 2019.

Operating revenues for the twelve months of 2020 decreased by 58.4% compared to 2019, settling at ThUS$4,334,669. This decrease is largely due to a 69.9% drop in Passenger revenues; on the other hand, Cargo revenues and the Other revenues item increased by 13.7% and 13.9%, respectively. The effect of the Brazilian real's depreciation represents lower ordinary revenues worth around US$360 million.

In June 2020, LATAM Airlines Argentina S.A.'s operations were indefinitely suspended, due to the conditions of the local industry, worsened by the Covid-19 pandemic, whereby 12 destinations are no longer operated. By the end of 2019, LATAM Airlines Argentina S.A. reported US$229 million in its individual Operating revenue results.

Passenger revenues totaled ThUS$2,713,774 which, compared to the ThUS$9,005,629 of the twelve months of 2019, represents a 69.9% decrease. This variation is mainly due to the 62.7% drop in capacity measured in ASK, as well as an 18.8% decrease in RASK, as a result of a 7 percentage-point decrease in load factor, together with a 12% drop in yields compared to the previous year. The drop in load factor is explained by the implementation of quarantines, travel restrictions, and lower demand as a result of the Covid-19 outbreak.

At December 31, 2020, Cargo revenues totaled ThUS$1,209,893, which translates into a 13.7% increase from 2019, despite the 12.7% drop in traffic measured in RTK and a 25.9% decline in capacity measured in ATK. Yields increased 30.2%, mainly driven by the change in the competitive scene, due to the Covid-19 crisis. Moreover, passenger plane cabins were refurbished for cargo transportation, and the frequencies and destinations of cargo flights were increased.

The Other income line item shows an increase of ThUS$50,138, mainly due to ThUS$62,000 received as compensation from Delta Air Lines Inc. for the cancellation of four A350 aircrafts and ThUS$9,240 from the anticipated return of planes leased to Qatar Airways, both in the second half of 2020.

At December 31, 2020, Operating costs totaled ThUS$5,999,957 which, compared to 2019, translate into ThUS$3,689,368 lower costs, equivalent to a 38.1% drop, whereas unit cost per ASK increased by 65.8%. Furthermore, the effect of the Brazilian Real's depreciation on this line item translates into lower costs by roughly US$440 million. Item variations are explained as follows:

a) Compensations and benefits decreased by ThUS$832,702 due to the voluntary salary reduction, agreed upon in March, for over 90% of the employees. This resulted in around US$130 million in savings, together with the drop in the average provision and the depreciation of local currencies, particularly the Brazilian real and the Chilean peso.

b) Fuel decreased by 64.3% equivalent to ThUS$1,883,665. This drop is mainly the result of a 22.8% reduction in unhedged prices, and a 53.9% decrease in consumption measured in gallons. During 2020, the company reported a loss of ThUS$14,316 from fuel hedges, compared to the ThUS$23,110 loss from the twelve months of 2019.

c) Commissions present a ThUS$129,974 decrease as a result of the drop in passenger traffic.

d) Depreciation and Amortization declined by ThUS$80,590 at December 31, 2020. This variation is mainly explained by the drop in maintenance depreciation, as a result of the decrease in flight hours of the passenger fleet during the last nine months of 2020.

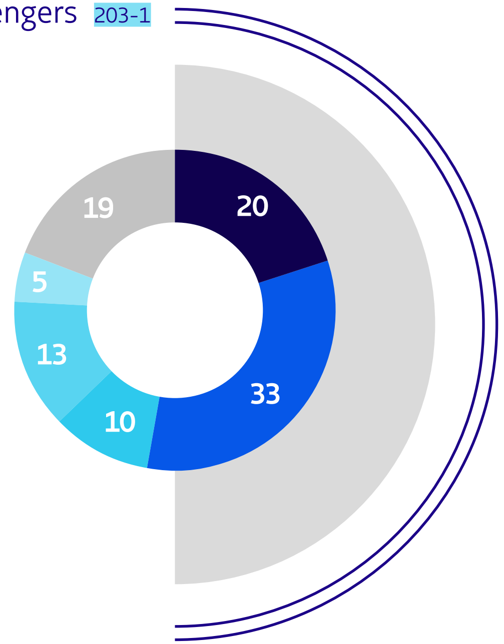
e) Other Leases and Landing Fees decreased by ThUS$555,854, mainly in airport and handling service fees, impacted by the decreased operation.

f) Passenger Services decreased by ThUS$163,642, translating into a 62.6% variation, mainly explained by a 61,9% reduction in the number of passengers.

g) Maintenance costs increased by ThUS$27,771, equivalent to a 6.2% rise. Despite the decrease in operation, during the last months of 2020, necessary costs were incurred for the preservation of the grounded aircraft. In addition, in the fourth quarter, the values of commitments from scheduled returns of leased aircrafts were updated.

h) Other Operating Costs show a decrease of ThUS$70,712, mainly due to lower crew costs and reservations systems as a result of the decreased operations and demand.

Indirect economic impact — economic contribution generated by passengers 203-1



- Argentina: 20%
- Brazil: 33%
- Chile: 10%
- Colombia: 13%
- Ecuador: 5%
- Peru: 19%

Total: US$855,649,857

In 2020, LATAM transported nearly 855.3 thousand passengers on international flights to South America. Based on the average spend per tourist reported by the tourism and statistics agencies[1] in Argentina, Brazil, Chile, Colombia, Ecuador, and Peru, travelers contributed US$855.7 million to the economies of the region.

1 Sources consulted:
yvera.tur.ar
dadosefatos.turismo.gov.br
subturismo.gob.cl
banrep.gov.co
turismo.gob.ec
promperu.gob.pe

SNAPSHOT

MAIN INDICATORS 102-7	2018[1]	2019	2020
Financial (US$ thousand)			
Operating income	10,368,214	10,430,927	4,334,668
Operating expenses	(9,663,095)	(9,689,325)	(5,999,957)
Operating result	886,984	741,602	-1,665,289
Operating Margin	8.8%	7.1%	-38.4%
Net Profit	181,935	190,430	-4,545,887
Net Margin	1.8%	1.8%	-104.9%
EBITDA	2,259,612	2,211,578	-275,903
EBITDA Margin	21.8%	21.2%	-6.4%
Cash and cash equivalents[2]/revenues last 12 months	19.3%	19.7%	39.0%
Leveraging[3]	3.9x	4.0x	NM
Operations			
Passenger Operations			
Capacity (ASK) — million	143,265	149,116	55,718
Consolidated traffic (RPK) — million	119,077	124,521	42,624
Load factor (ASK)	83.1%	83.5%	76.5%
Revenue/ASK (US$ cents)	6.1	6.5	4.9
Total PAX transported (thousands)	68,806	74,189	28,299
Cargo Operations			
Capacity (ATK) — million	6,498	6,357	4,708
Consolidated traffic (RPK) — million	3,583	3,526	3,078
Load factor (ATK)	55.1%	55.5%	65.4%
Revenue/ATK (US$ cents)	18.3	17.1	25.7
Tons transported (thousands)	921	903.8	785.0

1 2018 values have been restated in observance of the 2016 International Financial Reporting Standards (IFRS).

2 Includes the revolving credit facility.

3 Adjusted net debt/EBITDAR (last 12 months).

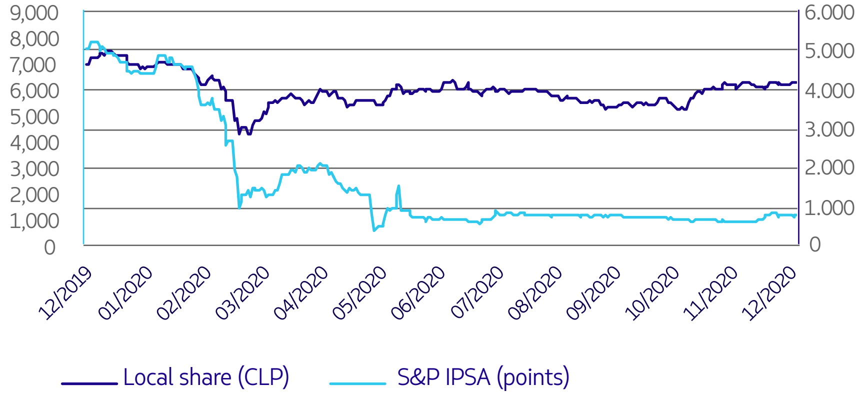
NM: not meaningful.

Stock information

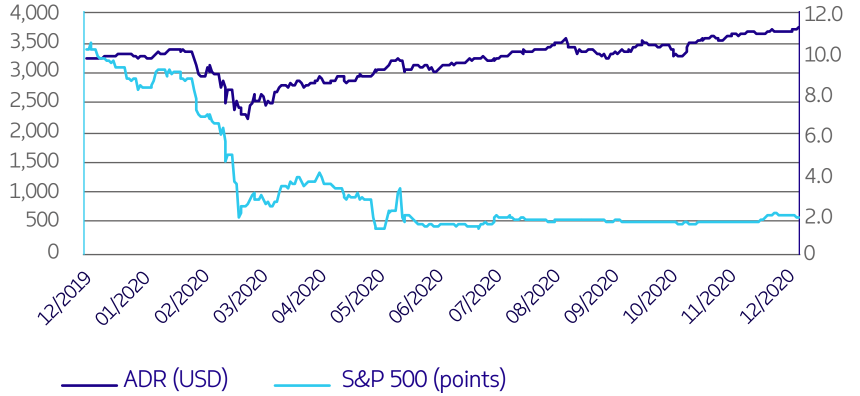
LATAM Airlines Group S.A. is an open Joint Stock Corporation registered before the Financial Market Commission under no. 306, whose shares are traded on the Chilean Electronic Exchange—Stock market, and the Santiago Stock Exchange in Chile. As a result of filing for Chapter 11 protection, LATAM was delisted from the NYSE on June 10. Since then, LATAM's ADRs are traded in the United States of America on the OTC markets.

The ADR's price series (and annual return) consider the ADR prices on the NYSE and later, on the OTC market.

Local share – 2020



ADR – 2020



ANNUAL RETURN

ADR	S&PX Index	Local stock	IPSA Index
-83.17%	16.26%	-83.22%	-10.55%

VOLUMES TRADED BY QUARTER—LOCAL STOCK (SANTIAGO STOCK EXCHANGE)

2020	N° OF SHARES TRADED	AVERAGE PRICE (CLP)	TOTAL VALUE (MILLION CLP)
First quarter	77,877,242	4,437.42	345,574.22
Second quarter	488,890,208	1,535.04	750,464.40
Third quarter	72,951,392	1,264.02	92,211.73
Fourth quarter	30,303,763	1,220.17	36,975.86

VOLUMES TRADED BY QUARTER—ADR

2020	N° OF SHARES TRADED	AVERAGE PRICE (CLP)	TOTAL VALUE (MILLION CLP)
First quarter	85,039,681	5.82	397,141.56
Second quarter	599,335,086	2.12	1,036,566.93
Third quarter	31,326,685	1.56	37,878.90
Fourth quarter	10,251,935	1.68	12,615.68

Risk management

LATAM's risk management is based on the guidelines of the Corporate Risk Policy, which defines the main aspects to be monitored, the mitigation instruments, action plans, and the roles and responsibilities of those involved in the process. By late 2020, the Risks and Internal Audit areas came together under the Audit and Internal Control Directorate, which reports directly to the Directors' Committee.

In the year, the risk matrix, which considers the likelihood of incidence against the risk's potential impact on the operation, comprised 55 transversal and emerging risks, distributed among 14 categories (financial, environmental, operational, safety, and regulatory, among others). Specific areas, such as Procurement and Safety, have their own matrixes.

Among the emerging risks identified are cybersecurity and the slow recovery of the aviation industry as a result of the pandemic and possible resurgences of Covid-19.

Agility

To vest the decision-making process with greater speed and assertiveness in this pandemic period and given the drafting of LATAM's reorganization plan, the group increased the frequency of the meetings with leaders and vice-presidents of the various areas. The Risk Board was temporarily suspended and will be reactivated in 2021. It will contain the lessons learned under the new format, including scenarios where various risks materialize simultaneously and the analysis of the related impacts.

In 2020, the updating of the LATAM risk map began, with the participation of all the vice-presidencies. The process will be completed in 2021, and includes an analysis of the effectiveness of the action plans set in motion in 2020.

Information security

Information security is a strategic issue for LATAM group: it represents a reputational risk and it may cause significant financial losses. The Information Security Management, linked to the Information Technology Directorate, is responsible for the processes, tools, and policies, in a coordinated task with other teams. The topic is also discussed by a committee dedicated to analyzing technological risks, comprised by representatives from different areas: Internal Control, Legal Affairs and Compliance, among others.

The ongoing improvement of protection mechanisms was fundamental in 2020 when, despite an increase recorded in the number of attempted cyberattacks, there were no significant breaches of customer data.

[+] The full list of the main risk factors is in the **Appendix** section.

PCI DSS Certification

LATAM received the recertification pursuant to the PCI DSS international standard, a benchmark in the payment channel industry, that certifies that the group has all the controls to protect the data of credit and debit card holders and reduce/ prevent related frauds. The process expanded the scope of the previous certification, with the inclusion of LATAM's digital platform and of the Brazilian operation of the frequent flyer program.

General Data Protection Law

Since September 2020, the General Data Protection Law (LGPD for its Spanish acronym) has been in place in Brazil, with the guidelines that should guide the companies and other agents regarding the handling of personal data from clients, employees, suppliers, and other stakeholders.

With the support of the Information Security area, LATAM Airlines Brazil adapted its processes to guarantee compliance with the law and its alignment with the best practices.

Additional information

Aviation insurance:LATAM has Aviation, Hull, and Legal Liability Insurance, which covers all risks inherent to commercial aviation, such as the loss or damage of aircraft, engines, spare parts, and third-party liability (passengers, cargo, baggage, airports, etc.).

After the association between LAN and TAM, LATAM group's insurance is jointly managed with IAG (which comprises British Airways, Iberia and its subsidiaries, and franchisees). The increase in business volumes translated into better coverage and lower operating costs.

General insurance: covering various risks that could affect the company's equity, which is protected by a multi-risk insurance (including risk of fire, theft, information equipment, security remittances, and others, based on the coverage of all risks), car insurance, air and maritime transport insurance, and civil liability insurance. Moreover, the company has life and accident insurance contracts covering its staff.

Customers: none of LATAM's clients individually represents over 10% of its sales.

Suppliers: in 2020, eight suppliers individually represented over 10% of their category: Orbital and Acciona Airports Americas SpA (airport), Unilode Aviation Solutions (local administration), Gate Gourmet (supply), Kuehne Nagel (transportation), Google Inc. and Facebook (Marketing), Hotel Miami BL Partners (hotels), CAE (employee services), and Everfit S.A. (uniforms).

Trademarks and patents: the group uses various trademarks, which are duly registered before the relevant bodies in the various countries where they carry out their operations or which are their origin and/or destination, in order to distinguish and market their products and services in said country. Among the main brands are: LATAM Airlines, LATAM Airlines Brazil, LATAM Airlines Chile, LATAM Airlines Colombia, LATAM Airlines Ecuador, LATAM Airlines Peru, LATAM Cargo, LATAM PASS, and LATAM Travel, to name a few. 102-2

Investment plan

LATAM's capital expenditures are related to the acquisition of aircraft, aircraft-related equipment, IT equipment, support infrastructure, and the funding of pre-delivery deposits. LATAM's capital expenditures totaled US$324.3 million in 2020, US$1.27 billion in 2019 and US$660.7 million in 2018, and purchases of intangible assets totaled US$140.2 million in 2019, US$96.2 million in 2018 and US$87.3 million in 2017.

The following chart sets forth the Company's estimated capital expenditures for 2021, which are subject to change and may differ from the actual capital expenditures.

ESTIMATED CAPITAL EXPENDITURES (MMUS$)	2021
Fleet commitments[1]	773
PDPs[2]	259
Other expenditures[3]	822

1 The amount of Fleet Commitments presented includes all the committed deliveries with estimates regarding (i) changes in scheduled delivery dates; (ii) conversion of certain aircraft types; and (iii) aircraft for which we do not expect to take delivery, regardless of the financing arrangement upon arrival, thus representing the sum of aircraft capex and future sale and leasebacks.

2 Represents pre-delivery payments (PDPs) made by LATAM, or inflows received by LATAM after the delivery of the aircraft is made. All unpaid PDPs are assumed to be payable during 2021.

3 Other Expenditures include estimates of capital expenditures on spare engines and parts, maintenance of on balance fleet, projects, and others, plus purchases of intangible assets.

At this time, LATAM is not able to fully determine the adjusted levels of estimated capital expenditures in light of the lower demand for air travel. The actual amount and timing of future capital expenditures may be materially lower than the Company's estimates as a result of the impact of the Covid-19 pandemic on demand for air travel in the regions where LATAM operates.

SUSTAINABILITY

Strategy and commitments

102-9 and 102-12

The LATAM Corporate Sustainability Policy is based on the principles that should guide executives in defining and executing the strategies and initiatives for sustainable development, strengthening the risk management and accountability processes. Its contents are aligned with various external standards, commitments, and principles, such as the United Nations' Global Compact and the Sustainable Development Goals (SDG), the Guiding Principles on Companies and Human Rights, and the Global Reporting Initiative (GRI).

The document is the basis for the Board and Executive Committee to make decisions regarding the sustainability issues. In 2020, sustainability became one of the five priorities for LATAM, after a thorough analysis of its way of generating value and relating with its stakeholders. Changes in the industry and the growing social and environmental challenges worldwide supported this analysis, together with LATAM's commitment for the future.

This ongoing process, seeks to strengthen the links with clients, employees, suppliers, communities, sectoral and civil society organizations, public organizations and regulatory bodies. For this purpose, LATAM has encouraged dialogues with external stakeholders, such as specialists and representatives of non-government organizations in the five countries where it has domestic operations, with the participation of the group's CEO and VPs.

Within this framework, LATAM reviewed its sustainability strategy focused on growing sustainably in the long term and generating and sharing value with all its stakeholders. In addition to expanding the positive impacts on society, the new guidelines have the potential to generate a competitive advantage for the group and consolidate it as a relevant asset in all the communities where it operates.

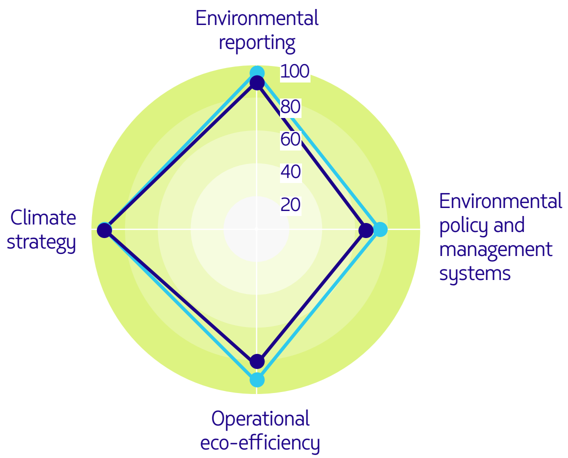
The strategy was approved by the Board at yearend and will be launched in 2021, when the goals and concrete initiatives to meet such goals will be disclosed.

Dow Jones Sustainability Index

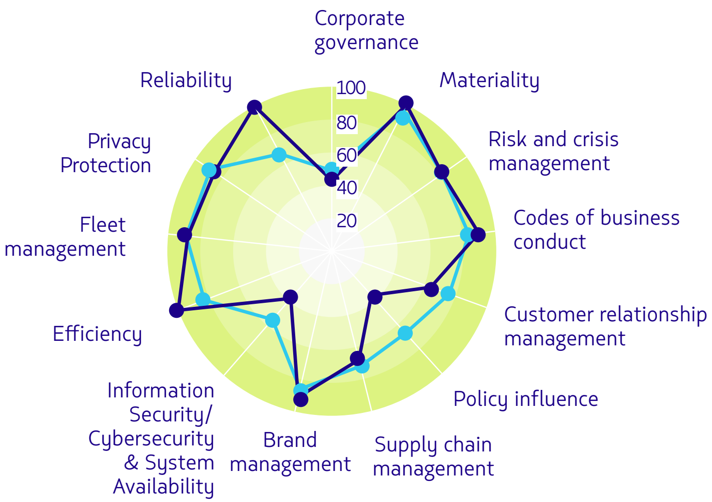
LATAM uses the Dow Jones Sustainability Index (DJSI), one of the main standards to evaluate organizations' performance in terms of sustainability, as an internal management, measurement, and benchmark tool. Annually, the DJSI selects publicly-traded companies with the best performance in financial-economic, social, environmental, governance & compliance, and customer relations topics, and lists them in various indices.

For six consecutive years, the group was selected as one of the most sustainable in the world, being included in the World index. In 2020, despite having performed well (see graphs), LATAM was not included in the list of selected companies because the index excludes companies undergoing a financial restructuring process. Nonetheless, the group will continue to use the result of the analysis as a guideline to implement improvements in its processes.

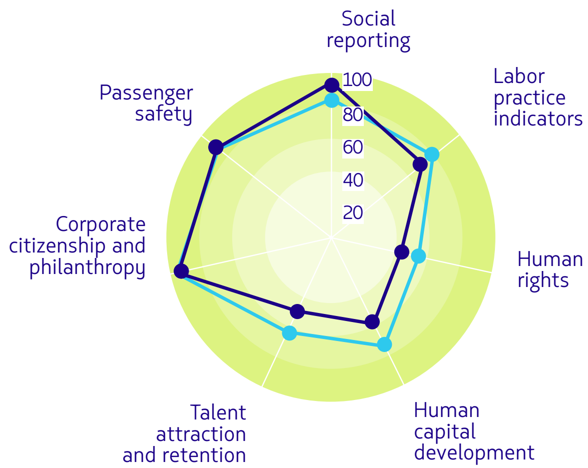
Environmental dimension



Economic dimension



Social dimension



● LATAM ● Industry average

Financial Times Stock Exchange (FTSE)

For the second consecutive year, LATAM was included in the FTSE4Good, which comprises the series of indices of the London stock market’s Financial Times Stock Exchange (FTSE). The FTSE4Good evaluates close to 300 indicators related to environmental, social, and corporate governance topics. It was created in 2001, through the alliance formed by the FTSE, the United Nations’ Children’s Fund (Unicef), and the Ethical Investment Research Service (EIRIS), and it lends support to the decision-making of members of the financial markets interested in investing in organizations committed to sustainability.

Alignment with the SDGs

The group maintains its commitment to the UN's Sustainable Development Goals (SDG), since the launch of the global agenda in 2015, and in 2019, it selected the SDGs and goals that are most related to its activities and the business' strategic guidelines.

Below, we present the main initiatives that LATAM advanced in 2020, and that contribute to the achievement of 22 of the 169 goals in the covenant.

	GOAL FOR 2030[1]	LATAM INITIATIVE
7 Affordable and clean energy	**7.2** Increase the share of renewable energy within the global energy grid	• Support and monitor the agenda that seeks to foster the production of fuels with a lower environmental impact, such as biofuels or green hydrogen (page 65)
8 Decent work and economic growth	**8.4** Improve the efficiency of global resources and decouple economic growth from environmental degradation **8.7** Eradicate bonded labor, contemporary slavery, human trafficking, and eliminate child labor **8.8** Protect labor rights and foster safe work environmentss	• Focus on value generation for all stakeholders (page 52) • Decent work practices and commitment to salary equality (page 77) • Matrix of risks related to human rights, applied by the operations and sponsoring action plans (page 56)
9 Industry, innovation, and infrastructure	**9.** Modernize infrastructure and make industries sustainable (more efficient and with clean technologies and industrial processes)	• LATAM Fuel efficiency program, to optimize jet fuel consumption, reducing the operation's environmental impacts (page 63)

1 The wording of the goals has been edited; the full sentence is available at: **https://www.un.org/sustainabledevelopment/sustainable-development-goals/**

		GOAL FOR 2030[1]	LATAM INITIATIVE
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible production and consumption	**12.2** Sustainable management and efficient use of natural resources **12.4** Chemical product and waste management throughout their lifecycle **12.5** Reduce waste generation	• Reduction and offset of GHG emissions; proper waste management and rational use of natural resources (pages 62 to 69)
13 CLIMATE ACTION	Climate action	**13.1** Resilience and ability to adapt to climate change **13.2** Incorporate measures related to climate change into national policies, strategies, and plans **13.3** Improve education, sensitization, and human and institutional capacity regarding climate change	• Identification of related risks and opportunities (page 65) • Adhesion to sectoral initiatives (page 63) • Efficient use of jet fuel (page 63) • GHG emissions offset (page 66)
15 LIFE ON LAND	Life on land	**15.5** Reduce the degradation of natural habitats, halt the loss of biodiversity; protect and prevent the extinction of threatened species	• Solidary Plane program – Environment (page 57)

1 The wording of the goals has been edited; the full sentence is available at: **https://www.un.org/sustainabledevelopment/sustainable-development-goals/**

Human rights

In its Human Rights Commitment Declaration, LATAM defines the guidelines for action in its operations and relations, such as rejection of child labor, bonded labor, and slave labor, and situations of moral, physical, and sexual harassment; and the commitment to union freedom, to health and safety, to fair compensation and adequate work conditions, regardless of gender, race, age, sexual orientation, or nationality.
The document, drafted in observance of the international standards, such as the Universal Declaration of Human Rights, the United Nations Charter, and the Fundamental Principles and Rights at Work of the World Trade Organization (WTO), also includes the consequences established in case of any breach of these principles.

To manage this, LATAM is identifying and classifying, based on impact and likelihood of occurrence, risks related to human rights throughout the operation. This work began in Peru, with the creation of a risk matrix, the definition of priorities, and the establishment of plans of action.

One of the measures adopted by LATAM Airlines Peru was the creation of a committee to deal specifically with the issue of harassment. This is a committee of peers, and has representatives appointed by management and by the employees. They also held talks to generate awareness among the leaders of the commercial area. This work was interrupted due to the pandemic, and should be resumed in 2021, adding other teams.

In 2020, the methodology allowed for the creation of a risk matrix on Human Rights in LATAM Airlines Ecuador and LATAM Airlines Colombia. The work will be extended to the operations in Brazil and Chile in 2021.

The document is available at **https://www.latamairlinesgroup.net/system/files-encrypted/nasdaq_kms/assets/2019/07/18/16-31-44/Declaration%20of%20Human%20Rights.pdf.**

Solidary Plane program

In order to add value to the South American community through LATAM group's expertise the Solidary Plane offers its air transportation services, free of charge, to benefit society when it needs it most.

Through the Solidary Plane program, LATAM offers its services and the structure, connectivity, and capacity of both its business lines (cargo and passengers) free of charge to society. The program is enhanced through agreements with various organizations, foundations, and government agencies, and it represents one of the main contributions that the company can make.

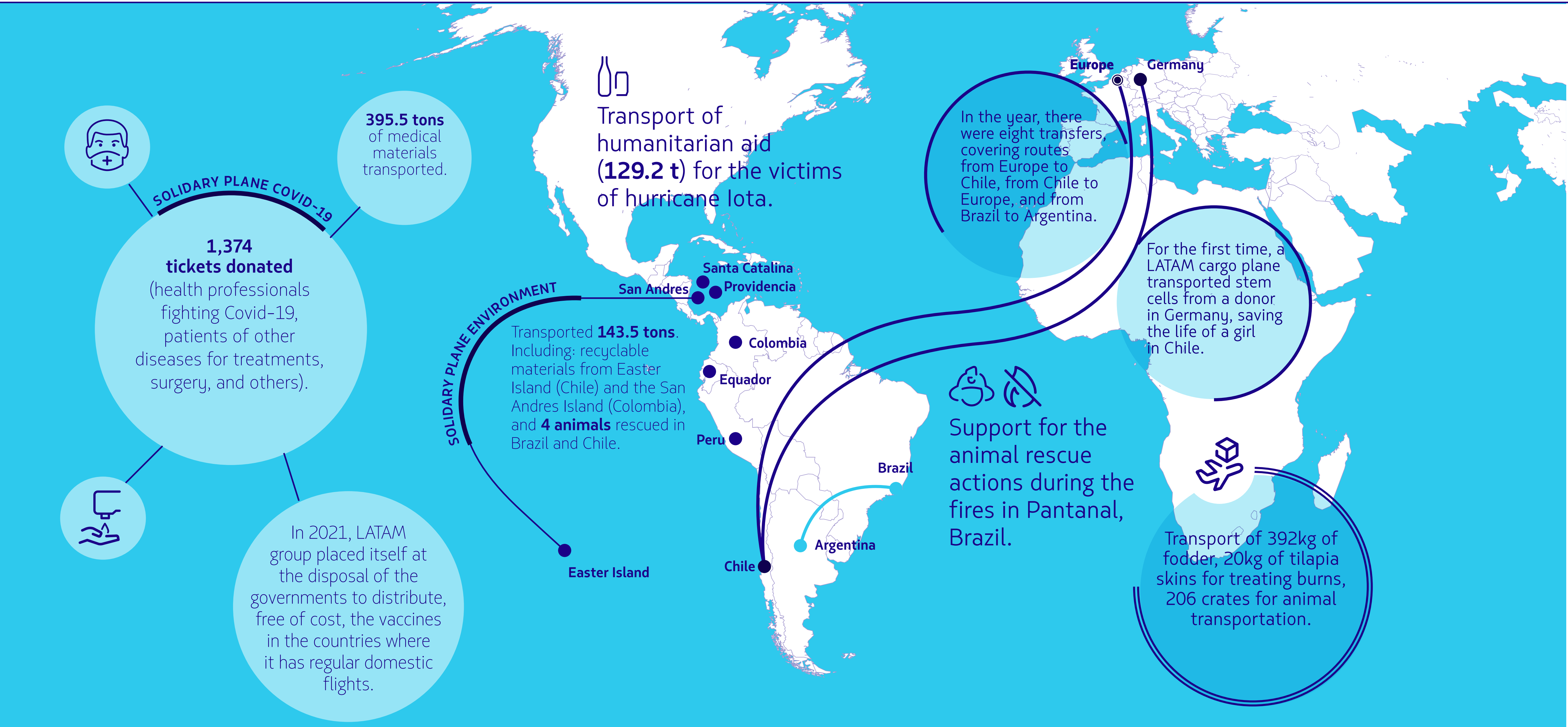
There are three lines of action:

- Health: the company has unique characteristics in the region that enable it to offer solutions to the communities to address various health needs, by either transporting passengers, health professionals, or medical materials, or connecting a diseased person with a donor, transporting organs, tissues, and stem cells, which allows others to get a second chance at life.

- Environment: transporting scientists and members of environmental NGOs, traveling for professional reasons, such as research, or transporting animals in vital risk, danger of extinction, or that need rehabilitation. Moreover, the program transports waste materials from remote areas to destinations where they can be recycled.

- Natural disasters: transporting affected victims, professionals in offering support after the catastrophe, and humanitarian aid in case of floods, fires, earthquakes, tsunamis, mudslides, or volcano eruptions.

The Solidary Plan has been in existence since 2012, and in 2020, it was active in the five countries where LATAM's affiliates have domestic operations: Brazil, Chile, Colombia, Ecuador, and Peru.



395.5 tons of medical materials transported.

1,374 tickets donated (health professionals fighting Covid-19, patients of other diseases for treatments, surgery, and others).

In 2021, LATAM group placed itself at the disposal of the governments to distribute, free of cost, the vaccines in the countries where it has regular domestic flights.

Transport of humanitarian aid (**129.2 t**) for the victims of hurricane Iota.

Transported **143.5 tons**. Including: recyclable materials from Easter Island (Chile) and the San Andres Island (Colombia), and **4 animals** rescued in Brazil and Chile.

In the year, there were eight transfers, covering routes from Europe to Chile, from Chile to Europe, and from Brazil to Argentina.

For the first time, a LATAM cargo plane transported stem cells from a donor in Germany, saving the life of a girl in Chile.

Support for the animal rescue actions during the fires in Pantanal, Brazil.

Transport of 392kg of fodder, 20kg of tilapia skins for treating burns, 206 crates for animal transportation.

Flights that cannot wait

In April, during the height of the Covid-19 infections in South America and amid the shutdown of borders for passengers, the LATAM Solidary Plane spread its wings to transport, from Frankfurt (Germany) to Santiago (Chile), stem cells so that a 9-year-old girl with leukemia could receive stem cells to keep fighting her disease. This milestone is within the framework of the LATAM alliance with Fundación DKMS, an organization that has a bone marrow donors bank worldwide.

The flight was planned by a multidisciplinary team comprising over 30 people. The whole crew was trained following international protocols for the transport and handling of stem cells. The pilot of the flight was responsible for ensuring the preservation of the genetic material.

During the year, there were nine transfers of stem cells that gave a second chance at life to patients with cancer in Chile, Argentina, and Europe.

Dealing with health needs

In 2020, the Solidary Plane program transported doctors and other health professionals to different locations in South America to serve the needs related to Covid-19 and other diseases. In total, 1,374 tickets were donated for doctors and patients.

In Brazil, 1,165 organs and tissues were transported thanks to the alliance between LATAM Airlines Brazil and the Health Ministry, formed in 2013. By yearend 2020, LATAM Airlines Group signed a cooperation agreement with the Health Ministry in Chile. In the future, the airline hopes to complete similar alliances in the other countries where it operates.

Transport of recyclable materials

LATAM group transports recyclable materials from Easter Island, six hours away by plane from Santiago (Chile), and from the San Andres archipelago, in the Colombian Caribbean. This action is a contribution to the local waste management in vulnerable habitats.

Due to the cancellation of passenger flights to Easter Island as a result of the pandemic, the initiative was interrupted. Through LATAM Cargo, which guaranteed supplies for isolated regions during the pandemic (read more on page 25), it was possible to continue transporting the recycled materials. The revenues generated through the commercialization of the recyclables are reinvested in environmental preservation projects on the Island.

Overall, during 2020, the Solidary Plane focused on the environment transported 143.5 tons, including recyclables and rescued animals.

Hurricane Iota: humanitarian aid for San Andres

In mid-November, the Colombian archipelago of San Andres, Providencia, and Santa Catalina was severely affected by category 5 Hurricane Iota. Thanks to the Solidary Plane and the commitment of the LATAM teams, over 70 tons, including food, water, and facemasks, were transported on three flights, made by a LATAM Cargo Boeing 767 plane, and by two LATAM Airlines Colombia Airbus A320 planes. The passenger cabins on the Airbus planes were adapted for transporting cargo.

The materials were gathered by Fundación Pro-Archipiélago and by the Colombian National Disaster Risk Management Unit. This was the first time that a cargo plane landed on the island.

Fighting the fires in the Brazilian Pantanal

The Solidary Plane program was also activated to fight the forest fires that affected the Brazilian Pantanal in mid-2020. Through the alliance signed with NGO Ampara Animal/Ampara Silvestre, which coordinated the *Pantanal en Llamas campaign* (Pantanal on Fire), LATAM took to the region 392 kilos of animal feed and 20 kg of tilapia skins, used to treat burns, and 206 animal transport crates.

This region is considered natural world heritage by Unesco (United Nations Education, Science, and Culture Organization). Pantanal is the largest marshland in the world, rich in plant and animal life, and is the home to animals in danger of extinction, including the jaguar.

The transport of animals to sanctuaries—Animal Rescue program—is a regular activity for the Solidary Plane, focused on the environment. In 2020, four animals were transported.

SNAPSHOT

SOLIDARY PLANE	2018	2019	2020
Health			
Air tickets donated	4,606	4,149	1,374
Organs, tissues, and stem cells transported	598	807	1,174
Medical materials (t) –Covid-19	NA	NA	395.5
Natural disasters			
Cargo transported as humanitarian aid (t)	16	87	524.7
Environment			
Animals transported	25	93	143.5
Recyclable materials and animals transported (t)[1]	170	204	

NA: information not available.

1 Since 2020, both indicators are reported in a consolidated manner.

Even during the pandemic, the Solidary Plane did not stop, and it continued to sail across the South American skies to support health, environment, and humanitarian aid initiatives.

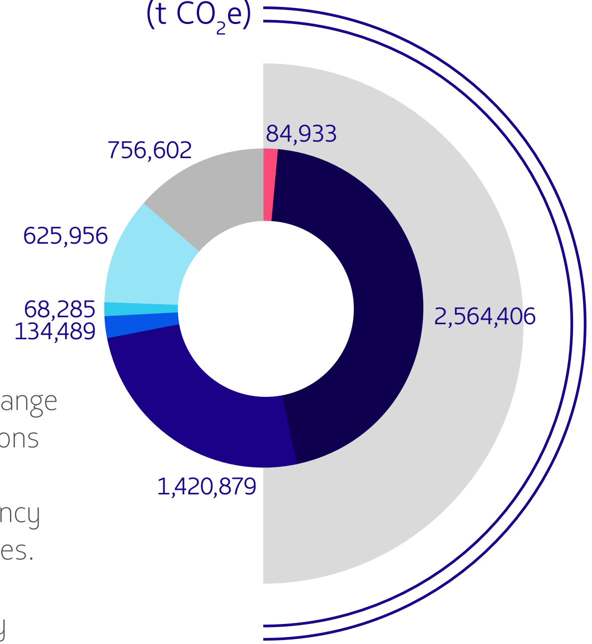
Climate change

305-1, 305-2, 305-3, 305-4 and 305-5

According to the Intergovernmental Panel on Climate Change (IPCC), aviation represents 3% of greenhouse gas emissions (GHG). To reduce its impact on climate change, LATAM is working on two priority topics: improving fuel use efficiency and compensating its emissions through various initiatives.

Annually, the group performs its GHG emission inventory based on the guidelines established in ISO 14.064. Given the decrease in flights during the pandemic, LATAM's total carbon footprint was 5,655,551 tons of CO_2e, a 54% reduction compared to 2019. The net carbon footprint represented 5,521,062 tons of CO_2e—a 55% decrease compared to the previous year's performance.

Total carbon footprint ($t\ CO_2e$)



Total: 5,655,551 t CO_2e

- LATAM Airlines Argentina[1]
- LATAM Airlines Brazil
- LATAM Airlines Group
- LATAM Airlines Colombia
- LATAM Airlines Ecuador
- LATAM Airlines Perú
- LATAM Cargo

1. Regarding emissions up to June 2020, when the group closed down its domestic operations in the country.

Total carbon footprint
5,655,551 t CO_2e
Total net carbon footprint
5,521,062 t CO_2e
Intensity of air emissions
81 kg CO_2e per 100 RTK
Intensity of total net emissions
79.7 kg CO_2e per 100 RTK

[+] Detailed information on the greenhouse gas (GHG) inventory, available starting on **page 175**, in the Appendix section.

[+] For information regarding the emission of gases that affect the ozone layer, nitrogen oxide (NOx) and sulfur oxide (SOx), view **page 175**.

Scientific base

Early in 2020, LATAM was the first airline group in the Americas to adhere to the Science Based Target initiative (SBTi), a coalition formed by the Global Compact, Carbon Disclosure Project (CDP), World Resources Institute (WRI), and World Wide Fund for Nature (WWF).

The coalition advocates the use of scientific bases in defining the goals that contribute towards the achievement of the Paris Agreement: Limit the increase of the planet's temperature to 1.5°C above preindustrial levels, as recommended in the fifth IPCC report from 2013.

Throughout the year, the SBTi was devoted to developing specific calculation tools for the aviation industry. LATAM participated in public consultations held. With the tools defined, the group will set its goals and validate them with the coalition.

CORSIA: the aviation industry's commitment

The aviation industry, coordinated by IATA and the International Civil Aviation Organization (ICAO), has taken a series of steps to tackle the increase in emissions, including CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), the only one of its kind worldwide. CORSIA regulates the greenhouse gas emissions of international civil aviation, and its purpose is to achieve the carbon-neutral growth goal as of 2020, and reduce emissions by 50% over 2005 levels by 2050. The agreement is only applicable to international flights, which are responsible for 60% of the total emissions from aviation; the other 40% is due to domestic flights.

LATAM is guided by CORSIA to define its commitments. The scheme was endorsed by the 191 member states of ICAO and will be implemented in two stages. The domestic operations of LATAM's affiliates have not yet adhered to the voluntary participation stage (phase 1), which begins in 2021. The mandatory phase (phase 2) will begin in 2027.

Jet fuel 302-4 and 305-5

LATAM Fuel Efficiency is the corporate program for the efficient use of fuel, which has a positive impact on the reduction of the carbon footprint and of costs, as fuel is the most important operating cost for the whole aviation sector. Since 2012[1], the program has increased the group's efficiency by 6.52%.

The 2020[1] results were impacted by the new procedures implemented during the pandemic: greater use of auxiliary power units (APU) on activities on the ground, increase in ground times for sanitization; use of air conditioning throughout disembarking to ensure the renewal of the cabin air. All the group's airplanes have an air recirculation system and HEPA (High-Efficiency Particulate Arrestor) filters, that remove 99.97% of the particles, viruses, and bacteria.

Throughout the year, LATAM continued to invest in new efficiency initiatives. It concluded the retrofitting project on narrow-body planes. This adjustment allows the use of a single engine when taxiing at airports, and prevents the use of APUs.

The efforts to optimize the amount of fuel established for each route also continued, reducing the total weight of the aircraft. Barring LATAM Airlines Brazil, the fleet's APUs were also renewed. By yearend, an analytics tool was launched, which will make it possible to crosscheck and analyze data to support the decisions regarding the ideal amount on each flight.

The gross savings achieved in 2020 totaled 32.1 million gallons of fuel (4,207 TJ of energy), equivalent to US$63.8 million. The figures are smaller than in previous years, as a result of the pandemic, but in percentage terms, the group's level of efficiency increased by 0.52 percentage points compared to 2019.

1 Although the program has been in existence since 2010, LATAM only has externally verified information as of 2012

LATAM Fuel Efficiency 302-3 y 302-4

Balance 2012–2020

- A **6.52%** gain in fuel efficiency;
- Avoided consumption of **353,377,266 million** gallons of fuel, equivalent to **3,370,583 tons** of greenhouse gases;
- **US$853,267,247** saved.

IATA TARGET	LATAM PERFORMANCE
Increase fuel efficiency by 1.5% annually in the 2005-2020 period.	15% in fuel use per 100 RTK in 2012[1], with an annual average of 2%.

1 While the IATA target sets 2005 as the base year, LATAM compares against 2012 to monitor its progress.

With responsibility, scientific information, and a sense of urgency, the group collaborates to face climate change.

Risks and opportunities 201-2

LATAM assesses the risks and opportunities in a world moving towards a low-carbon economy. One of the most important risks is the adoption of restrictive laws and regulations in the countries where the group operates, with the implementation of taxes for organizations that cannot compensate their greenhouse gas emissions (GHG), as is already the case in Colombia.

In 2020, LATAM Airlines Colombia neutralized 100% of the emissions of its domestic aviation operations, guaranteeing exemption from the US$5 charge per ton of CO_2 emitted. In Europe, some countries are already taxing the emission of gases that affect the ozone layer, such as NOx (nitrogen oxide), whereas in Latin America, Brazil and Chile are making progress in the discussions regarding the matter.

Another mapped risk is extreme weather phenomena, such as cyclones and hurricanes, caused by the increase in the Earth's temperature. Those events can cause flight cancellations, temporary interruptions of operations and, in the medium term, a decrease in demand for flights to the affected region.

On the outlook regarding opportunities, the group's performance in the face of climate change may represent a competitive advantage impacting passengers' preference, new investments in the companies that manage the ESG aspects, as well as fostering a sense of pride and belonging in people.

Biofuels

Brazil is considered a benchmark worldwide in terms of biofuel, given its geographic extension, its consolidated agriculture sector, and its expertise in the production of sugarcane-based ethanol.

LATAM Airlines Brazil participates actively in the discussions on the large-scale production of biofuels for aviation, both individually and through the *Associação Brasileira de Empresas Aéreas* (ABEAR, the Brazilian Association of Airline Companies). The goal is to foster that clean energy source.

The group also monitors the National Green Hydrogen Strategy, launched by the Chilean Energy Ministry in November 2020, with the aim to boost green hydrogen production for the next few years.

Legal momentum

Brazil has a national policy (RenovaBio) to promote the production of biofuels. Currently, fossil fuel distributors in the country follow the emission reduction goals and are compelled to buy the so-called decarbonization credits (CBIOs), operated by the Brazilian Stock Exchange (B3).

Emissions offsetting

In 2020, given the sector's context amid the Covid-19 pandemic, the investment in offsetting projects was limited to LATAM Airlines Colombia, with the neutralization of 143.1 thousand tons of CO_2. The branch is carbon neutral in ground and domestic aviation operations. The projects developed in the year were:

- Reforestation of 2,234 hectares in the Mapiripán, Puerto Gaitán, and Puerto López municipalities of the Meta department, and
- Recovery of degraded soils through financial incentives in the center and east of Colombia.

SNAPSHOT

CLIMATE CHANGE 302-3 and 305-4	2018	2019	2020
Total emissions (t CO_2e)	11,535,117	12,386,323	5,655,551
Net emissions (t CO_2e)	11,178,625	12,253,203	5,521,062
Emissions intensity in air operations (kg CO_2e/100 RTK)	80.1	82.1	81.0
Net emissions intensity in total operations (kg CO_2e/100 RTK)	77.9	82.8	79.7
Energy intensity (MWh/100 RTK)[1]	0.3	0.4	0.6
Rational fuel use (reduction compared with IATA average)[2]	7.9%	5.7%	7.2%
LATAM fuel efficiency (liters/100 RPK)	31.8	32.6	32.0
Passenger Operations	3.0	3.0	3.2
Cargo Operations	19.8	21.7	20.7
Energy consumption (TJ)[3]	340,440	383,583	218,521

1 Considering internal and external consumption.

2 Based on average consumption in 2019, according to IATA data, which represents 80% of the global air traffic.

3 Includes ground and air operations.

Environmental management and eco-efficiency

LATAM Group has implemented an internal environmental management system (SGA), and it has externally certified systems in three units.

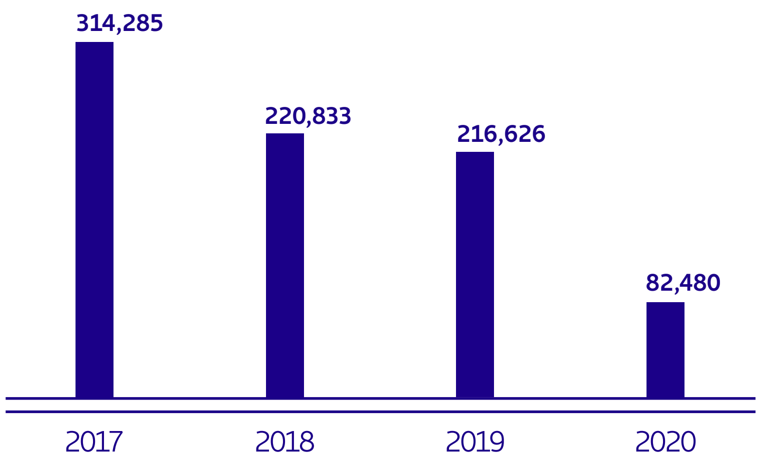
- LATAM Cargo in Miami (USA) is certified under standard ISO 14001/2015.
- LATAM Airlines Chile and LATAM Airlines Colombia have a IEnvA (IATA Environmental Assessment) certificate, created by IATA for the aviation sector. Adhesion is voluntary and comprises two stages. The first one covers the scope of the ESG, top management's commitment, and the mapping of relevant legal environmental requirements and of the environmental aspects and impacts of the activities. The second, and more advanced stage, includes defining goals, audits, operational programs and controls, and training of the teams.
- LATAM Airlines Chile has the IEnvA stage 2 certificate for its international operations and LATAM Airlines Colombia is certified under stage 1, considering domestic and international operations, administrative offices, and the Maintenance Base.

Eco-efficiency

The group seeks to reduce its environmental impacts, focusing on the rational consumption of water and energy, and on reducing and eliminating waste.

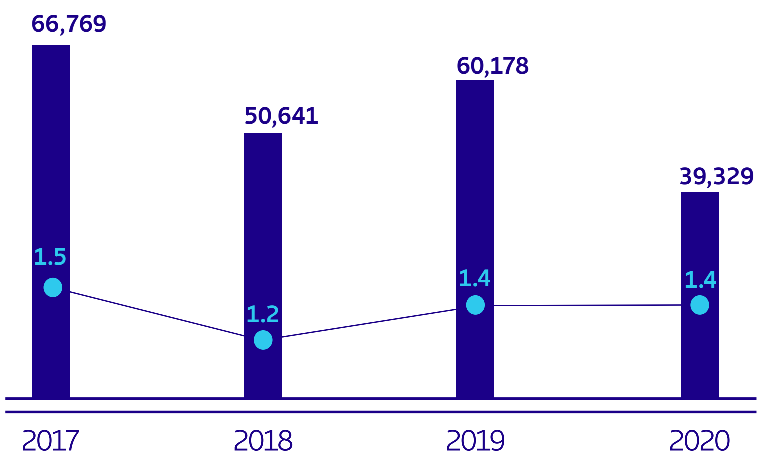
In 2020, water consumption decreased 62% compared to 2019, while energy consumption decreased by 35%. The variation in both is due to a drop in operations, caused by the pandemic.

Water consumption (m³)[1] 303-1



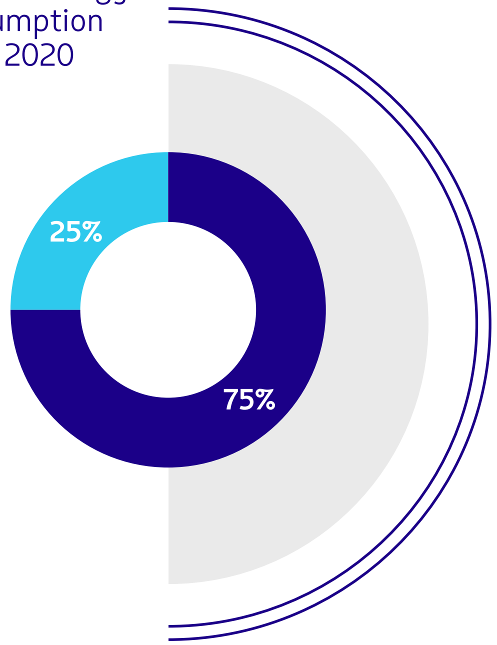
1 Supply comes through the municipal networks of the various countries of operation, without LATAM's direct water harvesting. The indicator covers 100% of the operation.

Electric energy consumption (MWh) and energy intensity (MWh/FTE)[2]



2 FTE: Full time employee.

Electric energy consumption (%) – 2020



● Renewable sources

● Non-renewable sources

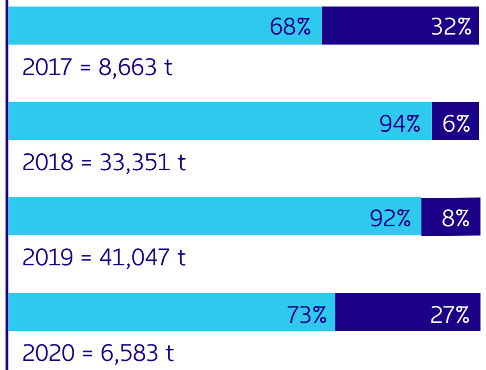
Total: 39,329 MWh

The information regarding total energy consumption is found in the **Appendix**.

Waste disposal

In 2020, LATAM registered an 84% decrease in the generation of waste compared to 2019. The total settled 31% below 2015, the base year for the reduction target (10%) defined by the group.

Waste (%) 306-3



Note: The indicator covers 100% of the operations.

Hazardous
Non-hazardous

Destination of waste (t) 2020 306-3, 306-4 and 306-5

WASTE TO BE DIVERTED FROM DISPOSAL	
Hazardous waste	120
Recycling	120
Non-hazardous waste	642
Recycling	642
Total waste to be diverted from disposal	742
WASTE DIRECTED TO DISPOSAL	
Hazardous waste	4,699
Incineration (with energy recovery)	177
Incineration (without energy recovery)	76
Landfilling	38
Other disposal operations	4,408
Non-hazardous waste	1,122
Incineration (with energy recovery)	4
Landfilling	1,016
Other disposal operations	103
Total waste directed to disposal	6,583

Recycle Your Trip

Recycle Your Trip is the group's global program that enables it to sustainably manage the waste generated on flights. Crew and passengers participate in the selective collection of product wrappers from Mercado LATAM, in-flight sales program, allowing for the recycling of plastics, aluminum, and glass. The initiative began in 2019 on the domestic flights in Chile, but was suspended in March 2020, in order to meet the new safety protocols arising from the pandemic, and which led to less interaction between the crew and passengers. The program is expected to resume in Chile's domestic operations in 2021, and to be implemented on the domestic flights of LATAM Airlines Brazil, LATAM Airlines Colombia, LATAM Airlines Ecuador, and LATAM Airlines Peru in 2022.

SNAPSHOT

ENVIRONMENTAL MANAGEMENT AND ECO-EFFICIENCY	2018	2019	2020
Units with EMS implemented	94%	91%	91%
Units with certified EMS	3%	3%	3%
Water consumption (m^3)	220,833	216,626	82,480
Waste disposal (t)	33,351	41,047	6,583

SECURITY

Everyone's commitment

The safety of passengers, employees, and communities is one of LATAM's fundamental values, and it is guided by the Safety, Quality, and Environment Policy, which follows the parameters established by the International Civil Aviation Organization (ICAO). The ongoing fine-tuning of procedures, the constant monitoring of performance, and the teams' commitment comprise the group's safety culture.

Indicators of safety on flights, maintenance and cargo activities, ground operations, and those regarding airport infrastructure are monitored by the Safety vice-presidency, reported monthly to the CEO, and are part of the Board's agenda.

Internal campaigns generate awareness in the teams regarding the importance of safe behaviors and an online platform receives notices of incidents and deviations. The information is used for risk-mapping and improvement plans. In 2020, the platform received an average of 5.6 reports per 100 flights.

Managing safety

The Safety Management System is comprised of a set of tools, programs, and audit processes that enable the group to monitor its safety performance on every front, identify risk situations in advance, and make decisions to minimize them in a fast and coordinated manner. The matrix of risk factors and criticality levels is updated systematically, considering both the data from internal analyses and the information on episodes outside the company.

Opportunities for improvement are also sought by monitoring monthly goals established based on the six best results achieved in the last two years.

Tools

An informatics system captures 96% of the information from each flight, automatically processes the data to identify deviations from the operating procedures, and preventively indicates maintenance actions. LATAM analyzes in detail the causes of the deviations and adopts rectification plans.

Since its implementation in 2016, it has continued to be improved: coverage increased from 1,280 to 3,000 parameters per second, measurements became more precise, and the time between the plane's landing and the processing of the information decreased. On the planes that have Wi-Fi/3G coverage (close to 40% of the fleet in 2020), the processing is immediate. For the remainder, 80% of the flight information is available in a period of up to three days—less than half the time required four years ago.

Technology in favor of safety

In 2020, LATAM started the Safety II project, which uses advanced analytics tools to crosscheck and process information regarding various aspects of safety, such as: human factors, weather conditions, and aircraft maintenance. This information will also make it possible to improve the predictive model for managing operational safety.

With a broad database and automated analysis of the relations between the different variables, it will be possible to identify more precisely the factors that could have a positive effect on performance, as well as those that raise risks or must be managed.

The data feeds the safety monitoring dashboard, where it is possible to see performance per route, airport, fleet, type of deviation, and other categories. The reports are sent on a weekly basis to the people in charge of each fleet. There is also information segmented by pilot, whose data is available through the Pilot LATAM app. Through it, the pilot can view the details on their performance, compare them with the average of the fleet they are in, and have access to incidents identified during the flights. Data per pilot is treated with absolute confidentiality.

Programs 403-7

Focused on the psychological wellbeing of pilots and copilots, LATAM has the SeguraMente program, which offers support for cases of personal and family problems, through medical consultation and psychological support. The program exists for the passenger and cargo operations in the Brazil, Colombia, and Chile affiliates, and it will be implemented in the Ecuador, Peru, and Paraguay affiliates in 2021.

LATAM Airlines Brazil also has the ProAjuda program, which offers support in case of addictions. In addition to pilots and copilots, other crew members and employees that work in maintenance, flight dispatch, and baggage loading and unloading can also have access to it. We should note that LATAM has an alcohol and drug check at all its affiliates through sample testing done without prior notice. In 2020, the guidelines of the process in LATAM Airlines Chile were updated, in line with the changes defined by the country's legal authorities.

Audits

LATAM's Safety Management System is also comprised of audits divided in three groups.

1. Periodic internal audits, that evaluate the maturity of the operational processes implemented.

2. Internal audits based on the guidelines of IOSA (IATA Operational Safety Audit), whose goal is to guarantee that all the affiliates meet the parameters for certification.

3. IOSA recertification audits, that can be performed every two years, if on-site, or annually if done remotely. All LATAM affiliates have been certified since 2007.

Fatigue control

LATAM uses a specific software to structure pilots' and copilots' work shifts, preventing them from operating when they have high levels of fatigue. This technology crosschecks variables of the Circadian cycle (wake and sleep states) with the team planning. Based on the results, they arrive at an ideal composition of the shifts.

SNAPSHOT

EMERGENCY RESPONSE	2018	2019	2020
Members of the emergency team	2,954	3,787	2,814
People trained	991	1,563	746

Airport security

LATAM works in line with national and international airport security standards. The group invests in ongoing improvements of the processes so the cargo and passengers transported reach their destinations safely, without being affected by complications.

With the Covid-19 pandemic, LATAM adjusted some of its procedures, as described below.

- The directives related to disruptive passengers now included specific guidelines on how to address clients who refuse to wear their individual protective gear.
- To prevent passenger inadmissibility situations in the destination airports, the team's guidelines regarding the health requirements for boarding were strengthened.
- The safety procedures for remote check-in were created and validated with the aviation authorities, and are available in airports of Brazil and Chile.
- Temperature control and other biosecurity procedures were adopted in various of the group's facilities, such as hangars, cargo warehouses, and offices.
- In the cargo operations, in line with the new US directive, LATAM started scanning 100% of the cargo shipped to the United States.
- The remote monitoring system was adopted in the warehouses, strengthening security for high-value cargo.

Emergency response plan

The Emergency Response Plan defines the resources and groups of people that are to be activated in case of an aviation emergency, considered as an accident with deaths. The goal of that plan is to support the affected people and their families, assist the aviation authorities in their inquiries, maintain communication with the various stakeholders, and guarantee the continuation of the operation.

Emergency Committees, workgroups of ground teams, and volunteers are activated to assist the affected people and their families. There are local committees in eight of the group's affiliates: Chile, Brazil, Peru, Colombia, Ecuador, United States, Paraguay, and Spain.

Emergency drills and trainings are held annually in all the affiliates under the framework of the Safety Weeks. As a result of the pandemic, in 2020, LATAM was forced to reduce this event to a single day and trained over 700 employees.

LATAM GROUP EMPLOYEES

Joint challenge

In its 91 years of history, 2020 stood out as the most challenging for LATAM as a result of the global context. At the height of the pandemic, the group decreased its operations up to 5% of its capacity. Domestic routes were reduced in all the countries of operation; international ones were kept for flights originating in Brazil and Chile, while at other affiliates, international operations remained shut down due to health restrictions. This drastic drop in demand required that the group take austerity measures in management, where its employees' support was fundamental.

In negotiating with the local workers' unions, and under the legal framework of each country, flexibilization measures were agreed, such as a reduction of the workday with a pay cut and the granting of non-remunerated leave.

In March, the companies in LATAM group proposed a voluntary pay cut for employees for a period of three months, which was accepted by 95% of the employees. The strategy was adjusted over the following months, given that the group was gradually able to resume operations, it began its restructuring process, and due to the external scenario. By the end of 2020, the decrease was 15%.

Turnover

These initiatives were essential to reducing the group's operating expenses, but they were not enough to preserve all the jobs. Given the expanse of the pandemic and the significant decrease in demand—mainly in the international operation—LATAM was forced to lay off close to 15,262 thousand employees throughout the year. The turnover rate settled at 53.7% in 2020—in 2019, it stood at 13.7%. 401-1

In the process of shutting down the domestic operations of LATAM Airlines Argentina in June, 1,522 employees accepted the voluntary retirement plan, while 193 had to be dismissed.

The layoff process adhered to the labor law and was accompanied by careful work to mitigate the impact for the dismissed employees (see figure) and keep the staff committed.

Support for professional relocation

To support the job relocation of the dismissed professionals, the group designed an initiative called Talent Market. The people management teams introduced and referred former employees to human resource consultancy firms and other companies.

In addition, LATAM launched a web platform, with information and the CVs of these people, that other companies and consultancy firms can access. Tutorials and other support tools for the professional reintegration of former workers in Brazil, Chile, Colombia, Ecuador, Peru, and Argentina were also included. By November 2020, there had been over 125 thousand visits to the site.

[+] View detailed information on staff turnover in the **Appendices**.

To address the great challenge of 2020, LATAM had the commitment of its more than 28,000 employees. With strength and determination, each one collaborated to pull the group through and keep connecting people and regions.

Internal movements

Throughout the year, of the vacancies in middle management (heads and analysts), 91% of the executive positions were covered through internal movements.

Organizational climate

Despite the challenges that the group faced, the Organizational Health Index (OHI) rose one point to 75—the best result for the group since it started using this methodology, in 2014. The survey measures the teams' perception on various dimensions, such as coordination and control, and innovation and learning, and 75% employees participated in it.

Dialogue and transparency

In this exceptional scenario, LATAM bet on an ongoing dialogue with its employees. Leaders intensified internal communications and meetings with their teams to keep them informed, answer questions and concerns, and strengthen the relationship of trust.

The tools for dialogue and engagement, already systematized in the group, supported the process, with virtual meetings, as home office was generally adopted by the administrative teams when the first cases of the disease began. Among the tools, we find:

- LATAM News: Weekly meeting between leaders and teams;
- Extended: Periodic meetings hosted by the vice-presidents;
- 1 : 1 Accompaniment: specific conversations between the employee and their leader, supporting the individual development process; and
- Recognition Platform: leaders and colleagues can publicly acknowledge employees with an outstanding performance.

SALARY COMPARISON WOMEN/MEN[1]	
Board Members[2]	1.00
Top management: CEO, vice-presidents, directors, and senior management	0.76
Managers and assistant managers (considering financial incentives as well as the base salary)	0.91
Managers and assistant managers (only base salary)	0.93
Middle management (heads and analysts) and other employees	1.01

1 The calculation uses the average salary for women/average salary for men.

2 The Board's salary is determined by the Shareholders' Meeting. It is equal for all board members, except the chairman, and it is based solely on their participation in the meetings.

Team development

Investments in training were decreased in the year, totaling US$13.6 million. The average hours of training decreased from 37.1 in 2019 to 30.9 in 2020. 404-1

In Brazil, with most of the teams working under the home office model, LATAM Airlines Brazil signed alliances to offer self-development courses online, such as English as a foreign language and stress management.

TRAINING (h) PER PROFESSIONAL	2018	2019	2020[1]
By professional category			
Management	0.7	11.2	20.3
Maintenance	25.2	41.2	31.7
Operations	178.4	32.4	36.0
Command crew	11.1	66.4	10.1
Cabin crew	50.7	52.7	43.2
Sales	5.0	18.0	11.2
By gender			
Men	30.3	36.5	30.2
Women	42.5	38.2	32.0
Total	35.0	37.1	30.9

1 The figures include the Argentina affiliate, whose operations were closed down in June 2020.

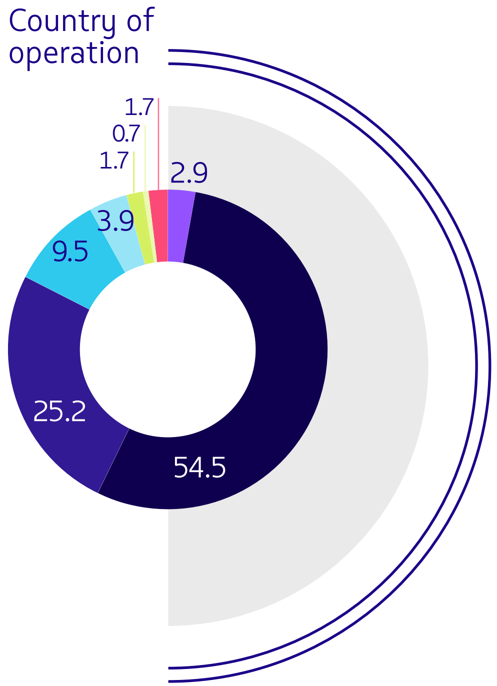
To strengthen its commitment to salary equality and non-discrimination for gender, LATAM approved its Compensations Policy in 2019. In 2020, women's average salary went from 76% to 101% of men's average salary.

SNAPSHOT

PEOPLE MANAGEMENT	2018	2019	2020
Total employees 102-7	41,170	41,729	28,396
Turnover rate	14.2%	13.7%	53.7%
Average hours of training	35.5	37.1	30.9
Internal movements			
Middle management (heads and analysts)	71%	74%	84%
Executives	87%	91%	91%
OHI survey			
Result	64	74	75
Quartile	3	1	1

Who makes up LATAM group

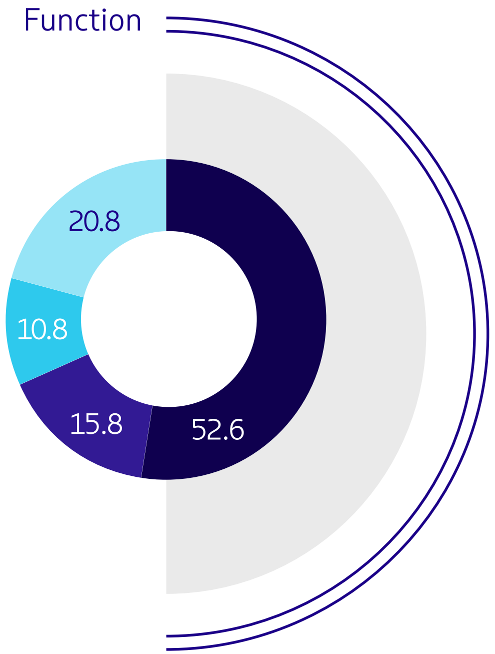
LATAM group and its affiliates 102-8



- Argentina: 2.9%
- Brazil: 54.5%
- Chile: 25.2%
- Peru: 9.5%
- Colombia: 3.9%
- Ecuador: 1.7%
- United States: 0.7%
- Others: 1.7%

Total: 28,396 employees

Note: 98.9% of the contracts are permanent and 99.4% of employees work full time.



- Operations: 14,947 | 52.6%
- Support: 4,475 | 15.8%
- Pilots and co-pilots: 3,056 | 10.8%
- Other crew members: 5,918 | 20.8%

LATAM group and affiliates

TOTAL EMPLOYEES (2020)	TOTAL	%
By gender		
Men	17,638	62.1
Women	10,758	37.9
By age group		
Up to 30 years	6,338	22.3
From 31 to 40 years old	11,931	42.0
From 41 to 50 years old	7,324	25.8
From 51 to 60 years old	2,420	8.5
Over 61 years old	383	1.3
By seniority		
Up to 3 years	6,805	24.0
From 3 years and a day to 6 years	3,872	13.6
From 6 years and a day to 9 years	4,461	15.7
From 9 years and a day to 12 years	4,648	16.4
More than 12 years and a day	8,610	30.3
Total	28,396	100.0%

MANAGEMENT LEVEL EMPLOYEES[1] (2020)	TOTAL	%
By gender		
Men	475	69.6
Women	207	30.4
By age group		
Up to 30 years	27	4.0
From 31 to 40 years old	341	50.0
From 41 to 50 years old	224	32.8
From 51 to 60 years old	79	11.6
Over 61 years old	11	1.6
By seniority		
Up to 3 years	66	9.7
From 3 years and a day to 6 years	94	13.8
From 6 years and a day to 9 years	172	25.2
From 9 years and a day to 12 years	97	14.2
More than 12 years and a day	253	37.1
Total	682	100.0

1 Management level: includes assistant manager, manager, senior manager, director, and vice-president.

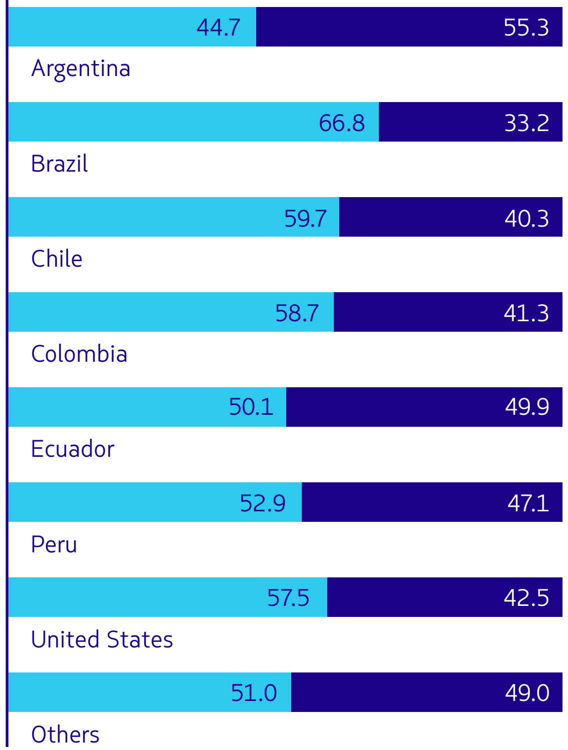
BOARD (2020)	TOTAL	%
By gender		
Men	8	98.9
Women	1	11.1
By age group		
Up to 30 years	0	0
From 31 to 40 years old	1	11.1
From 41 to 50 years old	1	11.1
From 51 to 60 years old	4	44.4
Over 61 years old	3	33.3
By seniority		
Up to 3 years	5	55.6
From 3 years and a day to 6 years	3	33.3
From 6 years and a day to 9 years	1	11.1
From 9 years and a day to 12 years	0	0
More than 12 years and a day	0	0
Total	9	100

LATAM group and affiliates

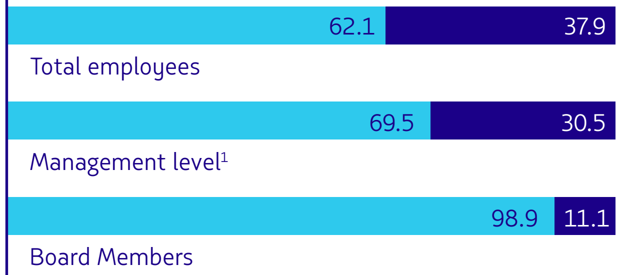
DISTRIBUTION BY GENDER IN THE COUNTRIES (2020) 102-8	WOMEN	MEN
Total employees		
Argentina	456	369
Brazil	5,138	10,330
Chile	2,885	4,270
Colombia	457	649
Ecuador	237	238
United States	88	119
Peru	1,266	1,423
Others	231	240
Management level employees[1]		
Argentina	4	7
Brazil	56	111
Chile	114	279
Colombia	6	16
Ecuador	2	5
United States	12	26
Peru	8	16
Others	5	15
Board Members		
Chile	2	22,2
Brazil	6	66,7
UK	1	11,1

1 Management level: includes assistant manager, manager, senior manager, director, and vice-president.

Gender – by country (%)



Gender (%)



1. Management level: includes assistant manager, manager, senior manager, director, and vice-president.

Men
Women

DIVERSITY IN THE WORKFORCE – 2020 (%)	
Women (% of total employees)	37.9
Women in management positions (% of management positions)	34.0
Managers and assistant managers	28.7
Vice-presidents and CEO	5.3
Women in revenue generation positions (Sales managers and assistant managers)	32.5

Team safety 403-9

100% of the operations are in line with the noise limits, defined in Chapter IV of the International Civil Aviation Organization (ICAO).

Risks considered critical

Risks that can cause people's death or permanent disability in the workplace are considered critical risks. These are:

- Working at height;
- Work in confined spaces;
- Operation of mobile equipment;
- Exposure to noise;
- Handling aircraft engines; and
- Handling hydraulic systems.

To minimize teams' exposure to these risks, inherent to the operation and to more complex activities, LATAM has defined "golden rules" that must be adopted and observed by all.

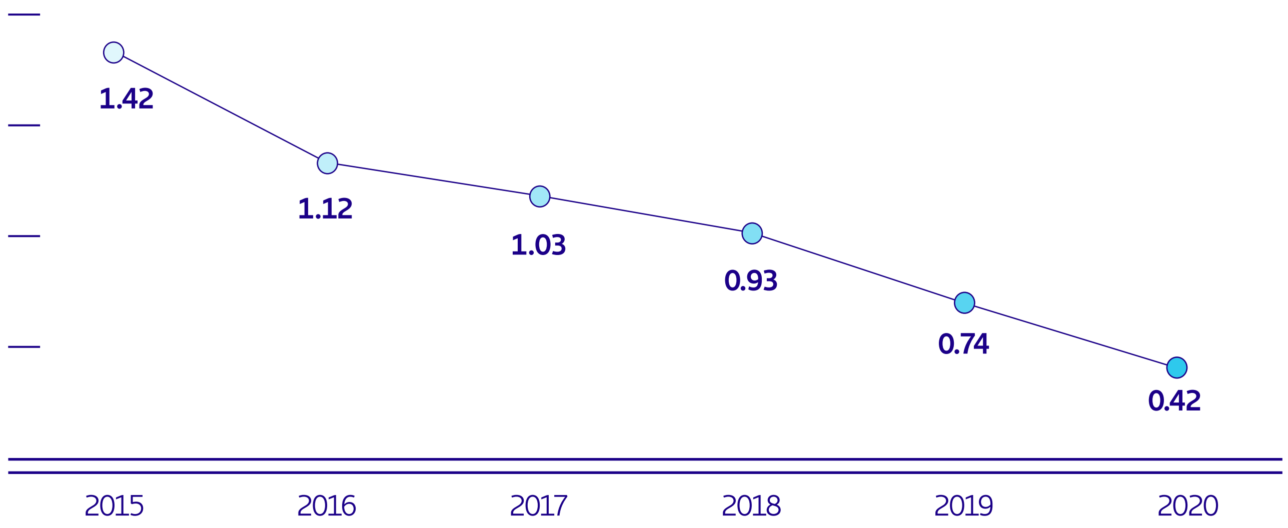
Employee safety is a priority for LATAM and its management involves awareness programs, risk analysis, key indicator monitoring, prevention and mitigation plans, and periodic inspections and audits.

The group identifies and creates control measures for operating risks and harmful agents for employees' health, such as personal or collective protective systems. The safety inspections, the risk management system report, and the peer committees, which include representatives from the employee base and from LATAM, collaborate to identify the dangers.

2020 Results

LATAM showed positive performance in safety indicators in 2020. The rate of days lost, which measures work interruptions due to accidents, dropped 52.1% compared to 2019. The rate of injuries remained on the same downtrend seen in the last few years. The indicator stood at 0.42, with a 43.2% decrease compared to the previous year, and 70.4% in the last five years.

Injury rate[1]



1 Total accidents with lost time/average no. of employees x 100.

SNAPSHOT

OCCUPATIONAL HEALTH AND SAFETY 403-9	2018	2019	2020
Number of accidents[1]	390	310	148.5
Injury rate[2]	0.93	0.74	0.42
Days lost[3]	6,164	5,232	1,943
Lost days rate[4]	14.7	12.5	5.47
Deaths (total | rate)	0 | 0	0 | 0	0 | 0
Injuries due to work accidents with large consequences (total | rate)[5]	NA	NA	3 | 0.01
Recordable injuries due to work accidents (total | rate)[6]	NA	NA	145.5 | 0.41

NA: information not available.

1 Accidents related to some critical risk and high-impact events (accidents resulting in over 100 days lost) represent 1.5 of the total calculation.

2 Total injuries with work interruptions/average no. of employees x 100.

3 The days lost are computed in accordance with the local legislation in each country. Argentina, Colombia and the United States start to count from the day after the accident; the other countries count from the day when the accident occurred. The indicators do not cover commuting accidents.

4 Total days lost / average no. of employees x 100. Includes work interruptions related to occupational diseases, accidents, or deaths.

5 The calculation does not include deaths. The calculation of the rate uses the formula injuries/average employees x 100. This GRI indicator started to be monitored in 2020.

6 The calculation does not include deaths. The calculation of the rate uses the formula injuries/average employees x 100. This GRI indicator started to be monitored in 2020.

Preventive measures against the pandemic

In order to reduce the risk of infection by coronavirus among workers, LATAM implemented a series of preventive initiatives. Among them, we should note:

- Strengthening of the cleaning and sanitation measures;
- Identification of professionals in at-risk groups;
- Monitoring of the areas in the company and the regions with increases in cases and performance of tests to detect the disease: in Chile, the test was done on all the Operations team;
- The supply of personal protective equipment (PPE);
- Taking temperature upon accessing the LATAM facilities; and
- Internal communication with information on the disease.

In addition, a team was appointed permanently to serve and guide whoever was suspected of being infected. Employees with a confirmed diagnosis were monitored until they were given a medical release.

In the second half of the year, on-site work was resumed at the administrative offices following specific protocols.

[+] Indicators by gender and country of operation are available in the **Appendices**.


LATAM GROUP CUSTOMERS


Connecting people

Air quality

The whole LATAM fleet's ventilation systems have HEPA filters, that remove 99.97% of the viruses and bacteria. In addition to cleansing the air, they renew it every three minutes, mixing a portion of filtered air in the cabin with air extracted directly from the atmosphere.

The aviation industry was one of the most affected sectors by the Covid-19 pandemic, following the sharp drop in demand and the restrictive measures on people's movement worldwide. Despite the adverse scenario, LATAM group remained faithful to its purpose of connecting people and regions, enabling essential transfers in the countries where it operates.

Following the start of the health contingency, the group focused on guaranteeing the return of passengers to their place of origin with the maximum safety and speed. Over 162 thousand people were repatriated, in a coordinated effort with various governments.

In turn, LATAM provided its clients with greater commercial flexibility, extending the validity of the tickets with trip start dates in 2020 until December 2021, and enabling them to be rescheduled, without fines or additional charges.

Safety

With regard to the safety and protection of its passengers and crew, LATAM follows all the recommendations from the World Health Organization (WHO), the regulations established by the health authorities of the countries where it operates, and the International Air Transport Association (IATA). In addition, it has a comprehensive safety protocol covering the check-in, boarding, in-flight, and disembarking.

Among the measures implemented by the LATAM teams to guarantee customer security, we find:

- Since May 2020, mandatory use of facemasks by passengers and crew on all flights; LATAM was the first airline group in the region to announce this measure;
- Availability of sanitizing gel on all flights;
- Distancing measures on boarding and disembarking;
- Temporary suspension of on-board services on domestic and short-haul flights;
- Decrease in the number of interactions between the crew and passengers on long-haul flights and the premium business class; and
- Segmentation of employee transportation to the airports.

In turn, LATAM launched an innovative sanitation process developed by the team at the Maintenance Base in São Carlos (São Paulo), in Brazil. This is an autonomously-operating robot that applies ultraviolet light to sanitize surfaces, such as folding chairs and tables, thus reducing the use of chemical products. The efficacy of this technology was proven by microbiology specialists from the São Paulo University (USP).

LATAM group's On-time performance

2020 was an extremely challenging year from an operational viewpoint. Due to the pandemic, LATAM had to adjust various operational processes, such as cleaning and disinfecting its aircraft, boarding and disembarking passengers and checking in, among others. Despite these adjustments, LATAM maintained its commitment to flight punctuality by obtaining 90% DEP15 punctuality during 2020 (a standard that measures industry punctuality). This result placed the group 3 percentage points above its 2019 results, when it was recognized as the most punctual airline group in the world by consultancy firms OAG and Cirium, global benchmarks in information and analytics for the airline industry.

Satisfaction

Concerned for its passengers, LATAM constantly monitors its levels of perception of the operation and service. Proactively, the group carries out several surveys within the "Voice of the Customer" program. These are activated at various points of interaction with the client, and mainly measure the Net Promoter Score (NPS) and satisfaction regarding different processes.

Within the aspects considered are Digital Experience, In-flight experience, and Contact Center, which makes it posible to understand strengths, weaknesses, and generate ongoing process improvements.

The results for 2020 were positive. Our NPS achieved a 7-point hike vs. 2019, reaching 40 points, and when only looking at 2H20, it reached 45 points, settling 10 points above the same period of the previous year.

In the context of the pandemic, a new question was included in the post-flight survey, whose goal is to gauge the level of protection that passengers feel when traveling with LATAM. Since its implementation in May, up to December 2020, it managed to improve by 11 pp, reaching levels of 30 pp.

Among the attributes explaining the hikes in our customers' satisfaction, based on their own comments, they highlighted the service rendered, the kindness of our teams, on-time performance on our flights, and the preventive measures implemented due to the pandemic.

The survey was taken by 8% of the passengers traveling with LATAM group in 2020.

LATAM Cargo and the cargo affiliates also use the NPS methodology to gauge customer satisfaction. In 2020, as a result of the pandemic, the operation was affected, which was reflected in a 14-point decrease. Nonetheless, this remains a positive result, with more promoters than detractors. Moreover, the company's customers in Latin America valued the role that it played in transporting products amid the health crisis.

Cabin transformation

As part of the ongoing improvements for the travel experience, LATAM continued with the modernization of the aircraft cabins to offer greater flexibility and customization and better serve the various needs of its passengers. Until December 2020, the cabins on 84 airplanes had been refurbished, following an investment of US$105 million. Given the extraordinary conditions due to the pandemic, the project was temporarily interrupted, while the group remains focused on its clients with other innovation and care initiatives.

Faced with the pandemic, it became necessary to shift gears downward and maintain distancing, but LATAM stayed close to its clients, offering safe transport for those who needed to return home, perform essential activities, or connect with faraway places.

More digital travel experience

With the new digital experience, 28% of the check-ins were done automatically in 2020. This share is expected to increase as the project progresses throughout the operation.

The changes with passengers in mind gained momentum in 2020, with the launch of the new LATAM digital experience, which seeks to simplify the processes so passengers can access information or the service they need directly from their phones or their preferred devices (app, website, WhatsApp, or SMS).

An example of this was the elimination of the check-in process for domestic flights. Passengers no longer need to reconfirm their flight 48 hours before, but the ticket is now automatically updated and the most recent information is provided as the takeoff time approaches, such as boarding gate, seat selection, and any schedule modifications.

The new LATAM digital experience was taken to some airports, with the renovation of the facilities, prioritizing the self-service kiosks.

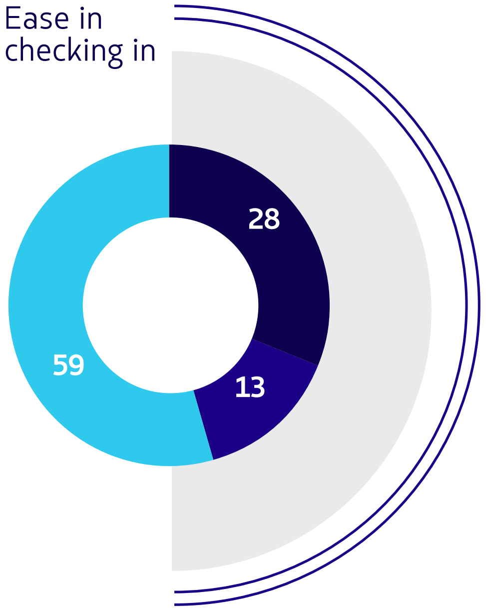
This transformation began in the Chile and Ecuador affiliates, and by late 2020, it reached Colombia and Brazil. The launch in Peru is scheduled for 2021.

The efforts focused on improving passengers' digital experience gave rise to LATAM group's E-Business unit.

Remote check-in at airports

LATAM was the first airline group in Latin America to offer remote assistance in airports. Through this measure, already operational in Brazil and Chile, passengers interact with an agent via a digital screen. The initiative strengthened passenger safety during the pandemic and increased the service level offered. Without needing to be physically present at a service point, agents can easily be relocated, based on the demand variations at the various airports.

Ease in checking in



- 28% automatic check-ins
- 13% check-ins done by an agent at the airports
- 59% digital check-ins (via App, website, or self-service kiosks)

Analytics

Analytics tools enable improvements in over 30 processes, such as more assertively directing campaigns, based on passenger profile and identifying potential fraud attempts on the LATAM Pass program. They are also used to cross-check information from aircrafts and maintenance centers to identify and manage in advance the factors that could affect the operation's on-time performance.

LATAM reinvents itself and bets on a digital experience to make the whole process of customers' interaction with the company even more simple and accessible, from choosing a flight to disembarking.

Other solutions

Self-bag drop: In December 2020, the service was available at nine airports: São Paulo, Brasilia, Río de Janeiro, and Salvador de Bahía (Brazil), Puerto Montt (Chile), Bogotá (Colombia), Quito (Ecuador), London (England), and Lima (Peru).

Facial recognition through biometrics during boarding: with this technology, passengers present their documents only once to the police authorities. LATAM is testing this technology at the airports of Montevideo (Uruguay), Santiago (Chile), Orlando and New York (USA), and Florianopolis (Brazil).

Augmented reality tool: available through the App, it enables passengers to confirm whether their carry-on baggage meets the dimensions allowed on board.

LATAM Play platform: App that gives access to series, films, news, and other entertainment content in flight.

SNAPSHOT

CUSTOMERS	2018	2019	2020
LATAM Pass[1] (registered)	30 million	30 million	38 million
Technology			
LATAM app users	5,468,600	8,052,136	NA
Easy check-in	78.5%	79.4%	87%
Automatic check-in[2]	-	-	28%
Digital self-service check-in (app, website, or kiosk)	78.5%	79.4%	59%
On-time performance			
OTP 15	82%	88%	90%
Satisfaction[3]			
NPS – Passenger	23	33	40
NPS – Cargo	23	32	18

1 2018 considers the sum of both programs run at the time by the group: LATAM Fidelidade (in Brazil), LATAM Pass (in the other countries).

2 The function was implemented in 2020.

3 The NPS methodology uses a scale from -100 to +100.

NA: information not available.

LATAM GROUP SUPPLIERS

Partner network

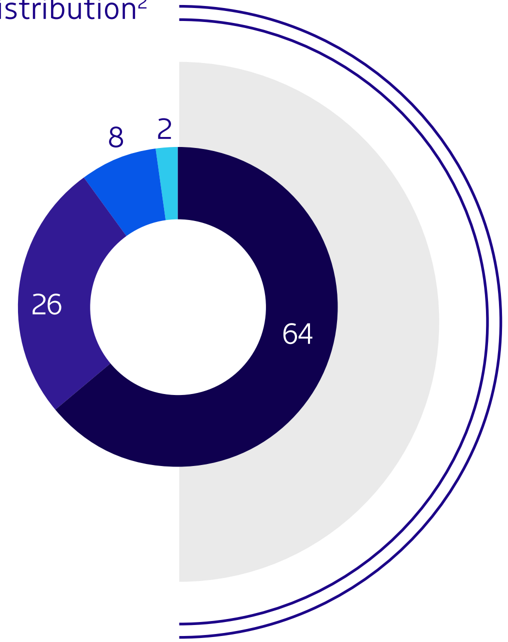
LATAM group does business with 9 thousand suppliers, with a total acquisition volume of around US$3.82 billion in 2020. These companies are mainly in South America (see image), where the supply chain linked to the operation involved over 28 thousand workers[1] in 2019. Supplier relations are based on transparency, commitment, and the search for joint evolution.

With the start of the voluntary restructuring process (see page 44), all payments pending were temporarily suspended, remaining subject to the US court's approval. To prevent supply interruptions, the LATAM teams reached agreements with suppliers, and thus, the relationship of trust made it possible to continue operating.

With the approval of the DIP financing and the reception of the funds, LATAM was able to finalize some negotiations.

The US court also authorized payment to the micro, small, and medium sized companies.

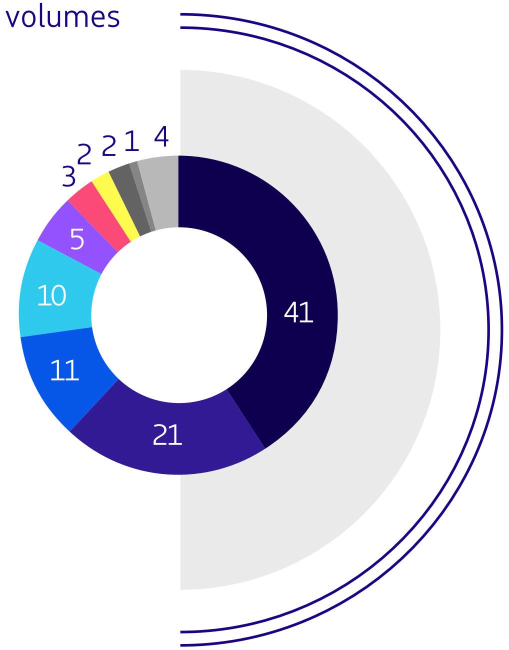
Geographic distribution[2]



- 64% Brazil, Chile, Colombia and Peru
- 26% Other countries in America
- 8% Europe and Africa
- 2% Asia and Oceania

9,013 suppliers

Purchase volumes



- 41% Fuel
- 21% Engines, fleet, financiers and LATAM Travel
- 11% Other non-technical purchases
- 10% Technical purchases
- 5% Ground handling[3]
- 3% Technology and systems
- 2% Infrastructure
- 2% Supply and catering
- 1% Management
- 4% Others

US$3.82 billion

1 Source: Economic Impact of LATAM Airlines in South America, a study done by Oxford Economics in May 2020.
2 Based on the location of the company's headquarters.
3 Ground handling services for aircrafts, passengers, and cargo.

Actions during the pandemic

The business' allies were fundamental in the logistics to supply isolated regions and transport medical materials (see page 25). The work implied the coordination with suppliers in various areas, and was supported by their relationship of trust in LATAM.

It is also worth noting the work done by companies that target customers, such as catering, for instance. Together with LATAM, those suppliers developed new safety protocols for in-flight service, to prevent the risks of the disease and communicate an even greater feeling of safety to passengers.

Chain profile 102-9

Product and service suppliers are divided into 21 categories, between technical and non-technical purchases.

Purchases related to operations are considered technical, such as suppliers of fuel; fleet and engines; engineering services; consumables and spare parts; PMA (Part Manufacturer Approval); wheels, brakes, tires and avionics; in-flight entertainment; seats, materials and trim; sales; larger components, such as landing gear; repair, exchange, and rental of certain components made available via a pool system by the suppliers; and non-pool purchases (tools and other types of components).

The non-technical purchases category includes: airport suppliers; administration; supply and catering; infrastructure; hotels and uniforms; marketing; professional services; technology and systems; and transportation.

Main suppliers

LATAM's main suppliers are aircraft manufacturers: Airbus and Boeing. Suppliers of aircraft accessories, spare parts, and aircraft components are also relevant partners, including: Pratt & Whitney, MTU Maintenance, Rolls-Royce, Pratt and Whitney Canada, CFM International, General Electric Commercial Aviation Services Ltd., General Electric Celma, General Electric Engines Service, Honeywell, Israel Aerospace Industries (engines and auxiliary power units– APU); Zodiac Seats US, Recaro, Thompson Aero Seating (seats); Honeywell and Rockwell Collins (avionics and APU); Air France / KLM, Lufthansa Technik (maintenance, repair, and operations components- MRO); Zodiac Inflight Innovations, Panasonic and Thales (in-flight entertainment); Safran Landing Systems, AAR Corporation (landing trains and brakes); UTC Aerospace and Nordam (engine mount).

Among fuel suppliers, the main ones are: Raízen, Petrobras, Air BP-Copec, World Fuel Services, AirBP PBF, YPF, Terpel, Repsol, CEPSA, and Vitol.

Good practices

Supplier management follows the guidelines of quality and regularity in supply, competitive prices, legal compliance, and good social and environmental practices.

Fuel suppliers, ground handling, supply and catering undergo periodic audits and the group encourages the alignment of the whole chain to its principles and values.

Audits

In 2020, LATAM audited 122 suppliers, which resulted in 717 improvement plans, to be monitored over the next year.

Participants in bidding processes must adhere formally to the Supplier Code of Conduct, which discusses anticorruption and antitrust practices, access to privileged information, privacy, security of confidential and client data, digital and cybernetic crime, financial and money-laundering crimes, and socioenvironmental, labor, and human rights issues.

Engagements are ruled by the Corporate Procurement Policy, which is aligned to the group's Anticorruption Policy and establishes the financial, social, and environmental requirements for the partners. Moreover, all contracts have a specific clause demanding the communication of environmental incidents or damages.

Third-party intermediaries

For third-party intermediaries (TPIs), suppliers that interact on behalf of LATAM with national and international public officials, there is a due diligence process before engaging them. The contract also includes anticorruption and antibribery clauses and, during the life of the contract, these suppliers are asked to prove their adherence to the Code of Conduct and Anticorruption Policy.

Risk management 308-2 and 414-2

The chain's risk matrix includes economic, social, and environmental criteria for all the product and service categories. To identify risks of unfair competition, corruption, child or slave labor, financing to terrorism and drug trafficking, and environmental nonconformities, LATAM uses an international database lookup system. All suppliers undergo a preventive analysis in the engagement stage and active suppliers are monitored on a monthly basis.

LATAM verifies in detail all cases of alert in the system, and if the risk or legal breach is confirmed, it defines the measures to be taken, including suspension of the contract.

In 2020, nearly 6.7 thousand suppliers were subjected to evaluation; in 3% of them, risks were found and mitigation plans were designed. No contracts were interrupted.

SNAPSHOT

SUPPLY CHAIN	2019	2020
Total LATAM suppliers	15,341	9,013
Most representative suppliers[1]		
Share of the supplier base	13%	11%
Share in the acquisitions volume	69%	89%
Identification of potential risks 308-2 and 414-2		
% of categories subjected to sustainability risk analysis	100%	100%
Preventive analyses carried out in the international database systems (% of the total base)	9,427 (61%)	6,680 (74%)
Suppliers considered as high risk in sustainability aspects (% of those analyzed)	110 (1.1%)	178 (3%)
Detailed evaluations based on the system alerts (% of the high-risk group)	110 (100%)	178 (100%)
Monitoring and management		
Audits performed	249	122
Suppliers with agreed mitigation plans (% of the audited group)	192 (77%)	112 (92%)
Action plans	1,616	717
Contracts terminated due to noncompliance	0	0

1 Includes companies with contracts worth over US$1 million, interacting with government agencies on behalf of LATAM or supplying the operation with essential or difficult to replace elements. The information released in the 2019 Report was adjusted to that definition.

Note: as an exception, it is not possible to present the historical 3-year series, given that the calculation formula for the total supplier base was corrected in 2019, which makes it impossible to compare to 2018.

METHODOLOGY

Construction of the report

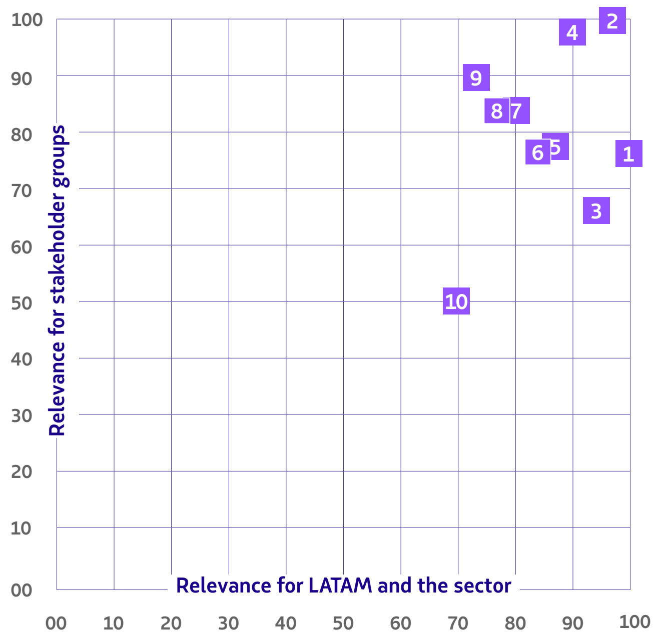
102-40, 102-42, 102-43, 102-46, 102-47, 102-50, and 102-54

The LATAM 2020 Integrated Report covers all the companies in the LATAM Airlines Group and the period from January 1 to December 31, 2020. The publication has been prepared in accordance with the Global Reporting Initiative (GRI) standards, Core option and the integrated reporting principles of the International Integrated Reporting Council (IIRC), as well as with the legal and accounting standards for annual financial result reports.

The contents and indicators linked to the GRI standards have been subjected to external verification by Deloitte (see page 103). PwC (see page 181) was responsible for auditing the Consolidated Financial Statements of LATAM Airlines Group and its affiliates, which include the consolidated financial statements as at December 31, 2019 and 2020, available starting on page 180. 102-56

The content selection considered the coverage of the 10 topics deemed as the most relevant for the group and its stakeholders.

LATAM Materiality matrix 102-47



1 Health and safety in the air and on the ground
2 Ethics and anti-corruption
3 On-time performance
4 Economic and financial sustainability
5 Developing employees
6 Mitigating climate change
7 Customer focus
8 Developing the destination network to offer greater connectivity
9 Relations with authorities
10 Sustainable tourism

Definition of materiality

The process of defining the material topics for LATAM, which concluded in early 2018, analyzed the main economic, environmental, and social impacts of the business, as well as the expectations of LATAM's main shareholders. Nearly 2,400 responses from individuals, employees, clients, and suppliers were considered.

Below, we have prioritized the most relevant (material) topics, obtained from the evaluation of the degree of relevance and impact. The consolidated view of the external publics and the group's leaders comprises the materiality matrix, validated by the CEO.

STAKEHOLDER GROUP[1] 102-40 and 102-42	CONSULTATION METHODOLOGY
Employees	Online survey
Customers	Online survey
Suppliers	Online survey
Investors and shareholders	Research into the sustainability topics incorporated into the investment policies of the group's seven main investors and shareholders[2]
Society (civil society organizations and the press)	Research into the sustainability topics in the publications of 14 organizations[3] with whom LATAM maintains relations and sustainability topics involving LATAM published in the press in the course of 2017
Authorities	Research into the sustainability topics raised in the publications of ten regulatory authorities[4]
Aviation industry	Research into the sustainability topics raised in the publications of six competitors[5], ten industry associations[6], and three specialists[7]

1 The selection of the stakeholders consulted was conducted in accordance with LATAM's Sustainability Policy. The groups with which LATAM interacts directly or indirectly and that are impacted positively or negatively by its activities were taken into consideration.

2 Banco de Chile (Citi in the US); JP Morgan; Deutsche Bank; Santander; Larraín Vial; Raymond James; and BTG Pactual.

3 América Solidaria; TECHO; Chilenter; Fundacion la Nacion; Fundación Sí; Cimientos; SAFUG (Sustainable Aviation Fuel Users Group); Junior Achievement; Amigos do Bem; Make a wish; Instituto Rodrigo Mendes; Operación Sonrisa Colombia; Operación Sonrisa Peru; and Fundación Pachacutec.

4 AC Chile (Civil Aeronautics Board); Nuevo Pudahuel – Chile; Easter Island Municipality – Chile; ANAC Argentina (Administración Nacional de Aviación Civil); ANAC Brasil (Agência Nacional de Aviação Civil); SAC Brasil (Secretaria Nacional de Aviação Civil); INFRAERO Brasil; Aerocivil Colômbia (Aeronautica Civil – Unidad Administrativa Especial); CNAC Ecuador (Consejo Nacional de Aviación Civil); and DGAC Peru (Dirección General de Aeronáutica Civil).

5 China Airlines; Gol; Lufthansa; ANA (All Nippon Airways); Delta Airlines; and Airfrance/KLM.

6 IATA (International Air Transport Association); ALTA (Latin American and Caribbean Air Transport Association); Amcham Chile (American Chamber of Commerce); Idea (Instituto para el Desarrollo Empresarial de la Argentina); JURCA (Cámara de las Compañías Aéreas em Argentina); ABEAR (Associação Brasileira das Empresas Aéreas); ABRABA (Aliança Brasileira Para Biocombustíveis de Aviação); ATAC (Asociación del Transporte Aéreo en Colombia); ARLAE (Asociación de Representantes de Líneas Aéreas en el Ecuador); and AETAI Peru (Asociación de Empresas de Trasporte Aéreo Internacional).

7 SASB (Sustainability Accounting Standards Board) – Airlines Materiality Map; GRI (Global Reporting Initiative) — Sustainability Topics for Sectors: *What do stakeholders want to know?* – Air Transportation – Airlines; and DJSI Company Benchmark Report.

Material topic 102-44 and 103-1	Stakeholder group indicating relevance of topic	BOUNDARIES		CHAPTER OF THE INTEGRATED REPORT
		Where does The impact occur?	Organization's involvement	
Health and safety in the air and on the ground	Government, customers, employees and suppliers	The impact is seen inside the organization, mainly affecting the aircraft, airports, and other operational facilities.	LATAM determines different levels of management according to the type of event. There is a dedicated team that prepares the organization to manage emergencies on an ongoing basis.	Employees Security
Ethics and anti-corruption	Press, customers, employees, suppliers and investors	The impact is seen inside the organization, affecting all employees and third parties, as well as the overall society.	LATAM has implemented a wide-ranging compliance program to manage impacts and minimize risks.	Corporate governance
On-time performance	Customers, employees and suppliers	The impact is on LATAM's main activity; that is, the flights it operates, affecting passenger perceptions and the business as a whole.	LATAM can manage a significant portion of the impacts, such as delays due to maintenance, managing air crews, and others. Some impacts are external to the organization, such as weather conditions, air traffic limitations, and congestion at airports.	Clients
Economic and financial sustainability	Press, customers, employees, suppliers and investors	The main impact is seen inside LATAM, and it can affect the brand, the loyalty program, the implementation of the business strategy, commercial relations, and others.	LATAM can adjust or restructure its strategy, even if most of the factors are beyond its control. The Group has a policy to manage and mitigate financial risks	Our business
Employee development	Customers, employees and suppliers	The impact is throughout LATAM's operations. Human resources management is directly linked with corporate performance.	LATAM manages employee talent and fosters commitment to corporate strategy.	Employees
Mitigating climate change	Customers, employees and suppliers	The main impact is on the environment and comes mainly from the use of fuel, which contributes to overall greenhouse gas emissions and, to a lesser extent, to the worsening of local air quality.	The impact is the result of the Group's operations, which is the reason why LATAM has a strategy for monitoring and managing climate change. Moreover, the Group is attentive to opportunities to incorporate new technologies and best practices that influence this issue.	Sustainability
Customer focus	Press, customers, employees and suppliers	The impact occurs inside LATAM and with its customers, affecting market share and customer spending on the Group.	LATAM plays a key role in managing this impact, mainly with regard to its capacity to anticipate existing risks.	Clients
Destination network and connectivity	Press, customers, employees and suppliers	The development and growth of the destination network benefits the cities served, generating economicdevelopment through the reduced cost of doing business and transporting cargo, as well as increasing tourism.	LATAM plays a key role in managing and monitoring the factors that may influence this issue.	Profile
Relations with authorities	Civil society organizations, industry associations, customers, employees, suppliers and investors	The impact from a change in the regulatory environment is seen inside the organization, affecting all the operations, and outside the organization, affecting the sector as a whole.	LATAM's role is to identify and monitor how decisions by public authorities may affect the Group's development and the airline industry, as well as connectivity in a country or region, and consumers.	Profile Corporate governance
Sustainable tourism	Customers and employees	The impact is on the destinations served by LATAM.	The capacity to manage this question varies in accordance with LATAM's share in the totalpassenger traffic to a determined location. The Group strives to play an active role in promot- ing a balance between tourism and the preser- vation of the local culture and environment.	Sustainability

GRI content index 102-55

GRI 101: FOUNDATION 2016

GRI 102: GENERAL DISCLOSURES 2016

DISCLOSURE	PAGE/ANSWER
102-1 Name of the organization	15 and 106
102-2 Activities, brands, products, and services	The main services offered are the transportation of passengers and cargoes, and the frequent flier program; there are no cases of banned services in any of the markets operated. A full description is included on pages 15, 49 and 106.
102-3 Location of headquarters	Chile, page 106.
102-4 Location of operations	24 and 106
102-5 Ownership and legal form	106
102-6 Markets served	15, 23 and 24
102-7 Scale of the organization	15, 24, 46 and 47
102-8 Information on employees and other workers	78 and 80
102-9 Supply chain	90
102-10 Significant changes to the organization and its supply chain	15 and 35
102-11 Precautionary Principle or approach	LATAM does not formally adopt the precautionary principle, but it does incorporate potential operational impacts and risks to consumers and society into its planning. All Group services—routes, itineraries, maintenance activities, and loyalty programs—comply with current legislation.

GRI 101: FOUNDATION 2016

GRI 102: GENERAL DISCLOSURES 2016

DISCLOSURE	PAGE/ANSWER
102-12 External initiatives	52
102-13 Membership of associations	108
102-14 Statement from senior decision-maker	12
102-16 Values, principles, standards, and norms of behavior	29
102-18 Governance structure	31
102-40 List of stakeholder groups	30 and 94
102-41 Collective bargaining agreements	64% of employees are unionized and 86% are covered by collective bargaining agreements.
102-42 Identifying and selecting stakeholders	93 and 94
102-43 Approach to stakeholder engagement	In addition to the approach described in Construction of the Report, LATAM's management of its relations with its stakeholders is presented in the Sustainability, Employees, Customers, and Suppliers chapters.
102-44 Key topics and concerns raised	95
102-45 Entities included in the consolidated financial statements	All the subsidiaries were covered by the report.
102-46 Defining report content and topic boundaries	93
102-47 List of material topics	93
102-48 Restatements of information	Cases of restatement are clearly indicated.
102-49 Changes in reporting	None.
102-50 Reporting period	From January 1 to December 31, 2020.
102-51 Date of most recent report	April 2020.
102-52 Reporting cycle	Annual.
102-53 Contact point for questions regarding the report	investorrelations@latam.com and sostenibilidad@latam.com.
102-54 Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55 GRI content index	96
102-56 External assurance	103

GRI STANDARD	DISCLOSURE	PAGE/ANSWER
Material topic: Health and safety in the air and on the ground		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	71 and 81
	103-3 Evaluation of the management approach	71 and 81
GRI 403: Occupational health and safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72
	403-9 Work-related injuries	82
Material topic: Ethics and anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	29 and 30
	103-3 Evaluation of the management approach	29 and 30
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	30
	205-3 Confirmed incidents of corruption and actions taken	No relevant cases on the matter. We should note that LATAM uses the definition of corruption from the Foreign Corrupt Practices Act (FCPA), according to which an act of corruption is incurred when there is an offer, promise, or authorization of payment, or a payment in fact, made to a public official, with the aim to induce the receiver to abuse their position, regardless of whether the corrupt act succeeds in its purpose.
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no significant fines; that is, worth over US$50 million, or that could paralyze the operation or affect the group's image.
GRI 417: Marketing and labeling	417-3 Incidents of non-compliance concerning marketing communications	There were no significant fines; that is, worth over US$50 million, or that could paralyze the operation or affect the group's image.
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	There were no significant fines; that is, worth over US$50 million, or that could paralyze the operation or affect the group's image.

GRI STANDARD	DISCLOSURE	PAGE/ANSWER
Material topic: On-time performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	85
	103-3 Evaluation of the management approach	85
Not applicable	On-time performance (OTP)	87
Material topic: Economic and financial sustainability		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	44 and 45
	103-3 Evaluation of the management approach	44 and 45
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts	16
Material topic: Developing employees		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	75
	103-3 Evaluation of the management approach	75
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	177
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	77
Material topic: Mitigating climate change		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	62, 63, 65, 66, 67 and 69
	103-3 Evaluation of the management approach	62, 63, 65, 66, 67 and 69
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	65

GRI STANDARD	DISCLOSURE	PAGE/ANSWER
Material topic: Mitigating climate change		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	176
	302-3 Energy intensity	64 and 68
	302-4 Reduction of energy consumption	63 and 64
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	62 and 175
	305-2 Energy indirect (Scope 2) GHG emissions	62 and 175
	305-3 Other indirect (Scope 3) GHG emissions	62 and 175
	305-4 GHG emissions intensity	62 and 175
	305-5 Reduction of GHG emissions	62 and 175
	305-6 Emissions of ozone-depleting substances (ODS)	175
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	175
GRI 306: Waste 2020	306-3 Waste generated	69
	306-4 Waste diverted from disposal	69
	306-5 Waste directed to disposal	69
Material topic: Customer focus		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	85, 86 and 87
	103-3 Evaluation of the management approach	85, 86 and 87
Not applicable	Net Promoter Score (NPS)	87

GRI STANDARD	DISCLOSURE	PAGE/ANSWER
Material topic: Destination network		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	23 and 25
	103-3 Evaluation of the management approach	23 and 25
Not applicable	Connectivity	24 and 26
Material topic: Relations with authorities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	30
	103-3 Evaluation of the management approach	30
GRI 415: Public policy 2016	415-1 Political contributions	30
Material topic: Sustainable tourism		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	95
	103-2 The management approach and its components	16 and 45
	103-3 Evaluation of the management approach	16 and 45
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	45 and 58
Other GRI standards monitored		
GRI 303: Water and effluents 2018	303-3 Water withdrawal	68
GRI 308: Supplier environmental assessments 2016	308-2 Negative environmental impacts in the supply chain and actions taken	91
GRI 414: Supplier social assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	91

Global Compact

LATAM is a signatory to the Global Compact, a United Nations Organization (UN) initiative aimed at mobilizing the international business community to adopt, in their business practices, a series of fundamental and internationally accepted values in the areas of human rights, labor relations, the environment, and anticorruption.

The table shows the location, within this document, of the main actions developed.

Human rights

1 Support and respect the protection of internationally proclaimed human rights. (page 56)

2 Ensure non-complicity in human rights abuses (page 56)

Labor

3 Uphold the freedom of association and the effective recognition of the right to collective bargaining (page 96)

4 Support the elimination of all forms of forced and compulsory labor (pages 56, 90 and 91)

5 Support the effective abolition of child labor (pages 56, 90 and 91)

6 Eliminate discrimination in respect of employment and occupation (pages 29 and 77)

Environment

7 Support a precautionary approach to environmental challenges (from the page 62 to 69)

8 Undertake initiatives to promote greater environmental responsibility (pages 62 to 69)

9 Encourage the development and diffusion of environmentally friendly technologies (pages 63, 64 and 65)

Anti-corruption

10 Work against corruption in all its forms, including extortion and bribery (pages 29 and 30)

Deloitte.

102-56

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INDEPENDENT REVISION OF LATAM INTEGRATED REPORT 2020

Mr.
Juan José Tohá
Director of Corporate Affairs and Sustainability
Present

Dear Mr. Tohá,

Please find herein the outcomes of the revision of LATAM´s Integrated Report 2020 according to the following aspects:

Scope

Limited assurance engagement of the adherence of the contents and indicators included in the 2020 Integrated Report to the Global Reporting Initiative (GRI) Standards, regarding the organization's profile and material indicators arising from the materiality process that the Company carried out following said Standards related to the economic, social, and environmental dimensions.

Standards and Assurance Process

We have carried out our task in accordance with the guidelines of the International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standard Board (IAASB) of the International Federation of Accountants (IFAC).

Our review has consisted in an inquiry process involving different LATAM units and management areas, involved in the process of developing the Report, as well as in the application of analytic procedures and verification tests, which are described in the following items:

- Meeting with Sustainability management.
- Requirements and review of evidence with the areas participating in the preparation of the 2020 Integrated Report.
- Analysis of the adherence of the contents of the 2020 Integrated Report to the GRI Standards: Core option, and review of the indicators included in the report in order to verify that they are aligned with the protocols established in the Standards, and whether the fact that some indicators are not applicable or not material is justified.
- Verification, through tests of quantitative and qualitative information corresponding to the GRI Standards indicators included in the 2020 Report, and its adequate gathering from the data provided by LATAM information sources.

Conclusions

- The assurance process was based on the indicators established in the materiality process carried out by LATAM. Once those indicators were identified, prioritized, and validated, they were included in the report. The reported and verified indicators appear in the following table:

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-12, 102-13, 102-14, 102-16, 102-17, 102-18, 102-40, 102-41, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56, 103-1, 103-2, 103-3, 201-2, 203-1, 203-2, 205-2, 205-3, 206-1, 302-1, 302-3, 302-4, 303-1, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-3, 306-4, 306-5, 308-2, 401-1, 403-7, 403-9, 414-2, 415-1, 417-3, 419-1

- Regarding the verified indicators, we can say that no aspect has arisen to lead us to believe that the Integrated Report 2020 LATAM has not been prepared in accordance with the GRI Standards in those areas identified in the scope.

LATAM Management and Deloitte Responsibilities

- The drafting of the 2020 Integrated Report, as well as its contents are under LATAM responsibility, which is in charge of the definition, adaptation, and maintenance of the management and internal control systems from who the information is obtained.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared exclusively by LATAM's request, in accordance with the terms established in the Engagement Letter.
- We have developed our work according to the standards of Independence established in the Code of Ethics of the IFAC.
- The conclusions of the verification made by Deloitte apply to the latest version of the LATAM Integrated Report received on March 23, 2021.
- The scope of a limited assurance engagement is essentially inferior to a reasonable assurance engagement, thus, we are not hereby providing opinion about the 2020 LATAM Integrated Report.

Fernando Gaziano
Partner
March 24, 2021

ABEAR: Brazilian Airlines Association
ADR: American Depositary Receipt
AENOR: Spanish Standards and Certification Association
AFP: Chilean Pension Fund Managers
ALTA: Latin American and Caribbean Air Transport Association
ANAC: National Civil Aviation Agency — Brazil
API: Action Plan Index
APU: Auxiliary Power Unit (engines and auxiliary power units)
ASK: available seat-kilometers — equivalent to the number of seats available multiplied by the distance flown
ATAC: Colombian Air Transportation Association
ATAG: Air Transport Action Group
ATK: available ton-kilometers — equivalent to the capacity available in tons multiplied by the distance flown
B3: Brazilian Stock Exchange
CEIV Pharma: Center of Excellence of Independent Validators Pharma
CEO: Chief Executive Officer
CMF: Financial Market Commission (Chile)
CORSIA: Carbon Offsetting Reduction Scheme for International Aviation
CVM: Brazilian Securities Commission
DIP: Debtor In Possession, financing mechanism provided in Chapter 11 of the US Bankruptcy law, where creditors of the loan take precedence to receive the securities.
EBITDA: Earnings before interest, taxes, depreciation and amortization
EBITDAR: Earnings before interest, tax, depreciation, amortization, and aircraft rentals
EMS: Environmental Management
GEI: Greenhouse gases
GLP: Liquefied petroleum gas
GRI: Global Reporting Initiative
HEPA: High-Efficiency-Particulate Arrestors, high-efficiency filters that retain particles. They are used in air circulation systems on aircraft and remove over 99.9% of impurities, such as virus and bacteria, from the air.
IAG: International Airlines Group
IASB: International Accounting Standards Board
IATA: International Air Transport Association
ICAO: International Civil Aviation Organization
IEnvA: IATA Environmental Assessment
IFRS: International Financial Reporting Standard
IIRC: International Integrated Reporting Council
ILO: International Labour Organization
IOSA: IATA Operational Safety Audit
IPCC: Intergovernmental Panel on Climate Change
JBA: Joint Business Agreement
LSA: Chilean Corporations Act
MRO: Maintenance, Repair, and Operation
NPS: Net Promoter Score
NYSE: New York Stock Exchange
OCDE: Organization for Economic Co-operation and Development
OHI: Organizational Health Index
OPA: Public tender offer
OPEC: Organization of Petroleum Exporting Countries
OTC: Over-the-counter market, where financial instruments are traded directly between the parties concerned, outside the organized markets.
OTP: on-time performance
PMA: Parts Manufacturer Approval
RASK: revenue per available seat-kilometer – gauges the efficiency of the airline; it is obtained by dividing the operating income by the ASK
RPK: revenue passenger-kilometers – total paying passengers and cargo multiplied by distance traveled
RTK: revenue ton-km— ton transported multiplied by the distance traveled
SDG: Sustainable Development Goals
SEC: Securities and Exchange Commission
SSC: Spanish-speaking countries
TDLC: Chilean Antitrust Court
TPI: third-party intermediary
UN: United Nations

APPENDICES

Who we are 102-1, 102-2, 102-3, 102-4 and 102-5

LATAM Airlines Group S.A.

RUT: 89.862.200-2

Address: Santiago

Trade names: “LATAM Airlines”, “LATAM Airlines Group”, “LATAM Group”, “LAN Airlines”, “LAN Group” and/or LAN”.

LATAM Airlines Group S.A. is ruled by the standards applicable to open stock companies, and registered to this effect under Nº 0306, dated January 22, 1987, in the Securities Register of the Financial Market Commission (Comisión para el Mercado Financiero or CMF), formerly the Superintendence of Securities and Insurance (SVS).

Legal incorporation

It was established as a limited liability company via a public deed dated December 30, 1983 before Notary Eduardo Avello Arellano; an excerpt of this deed is recorded in the Santiago Commerce Registry on page 20,341 number 11,248 of the year 1983, and published in the Official Gazette on December 31, 1983.

Pursuant to the public deed dated August 20, 1985, granted by Notary Miguel Garay Figueroa’s Office, the company became a joint-stock corporation known as Línea Aérea Nacional Chile S.A. (now, LATAM Airlines Group S.A.) which, by express provision of Law N° 18,400, has the quality of legal follower of the state-owned company created in the year 1929 under the name Línea Aérea Nacional de Chile, pursuant to the aeronautical and radio communications concessions, traffic rights, and other administrative concessions.

Company purpose

a) To market air and/or ground transportation in any of its forms, be it for passengers, cargo, mail, and anything directly or indirectly related to that activity within or outside the country, on its own behalf or for third parties;

b) To render services related to the maintenance and repair of its own or third parties’ aircraft;

c) To develop and operate other activities derived from and/or related, connected, contributing, or complementary to the company’s corporate purpose;

d) Trade and development of activities related to travel, tourism, and lodging; and

e) To participate in partnerships of any kind that will enable the company to fulfill its goals.

Property, plant and equipment

Chile

- **Headquarters:** LATAM’s main facilities in Chile are located near the Comodoro Arturo Merino Benítez International Airport in Santiago. The compound has offices, meeting rooms, training areas, dining rooms, and simulation cockpits used in the processes to instruct the crew. In turn, the corporate offices are located in the central region of the capital, Santiago.

- **Maintenance Base:** part of the International Airport in Santiago. It includes a hangar for airplanes, warehouses, and offices, as well as parking space for airplanes with capacity for 30 short-haul and 10 long-haul aircrafts.

- For more information regarding the activities carried out, see page 15.

- **Other Facilities:** LATAM also has a flight training center and a recreational area for employees, created with the aid of Airbus. Both are located near the Santiago airport.

Brazil

- **Headquarters:** The main facilities of LATAM Airlines Brazil are located in the city of São Paulo, in hangars located in the Congonhas Airport and its surroundings, which are leased from Infraero, the local airport administrator. The Service Academy is also near the airport; this is where the selection, training, and simulation processes, as well as medical care, are carried out.

- **Maintenance Base:** The MRO base is in São Carlos, within São Paulo. Its activities and capacity are described on page 21. In addition to that unit, LATAM Brazil also has spaces for aircraft maintenance, acquisition, and logistics of aeronautical materials within the hangars of the Congonhas airport.

- **Other Facilities:** commercial branch, uniforms building, Morumbi Office Tower building, Contact Center building, and offices of the LATAM Travel subsidiary, all located within the city of São Paulo.

Other localities

LATAM also has facilities in the Miami International Airport (US), leased by the airport through a concession agreement. These include a corporate building, cargo warehouses, a refrigerated area, an aircraft parking platform, and a maintenance hangar with workshops, warehouses, and its own offices.

In Argentina, Colombia, Ecuador, and Peru, LATAM's affiliates have leasing contracts for administrative and commercial offices, hangars, and maintenance areas through airport concessions.

Corporate information

Headquarters

5711 Presidente Riesco Ave., 19th floor
Las Condes, Santiago, Chile
Phone: (56) (2) 2565 2525

Maintenance base

Arturo Merino Benitez Airport
Santiago, Chile
Phone: (56) (2) 2565 2525

Ticker symbol

LTM CI – Santiago Stock Exchange
LTM US – New York Stock Exchange

Investor relations

Investor Relations | LATAM Airlines Group S.A.
5711 Presidente Riesco Ave., 20th floor
Las Condes, Santiago, Chile
Phone: (56) (2) 2565 2525
E-mail: investorRelations@LATAM.com

Shareholder queries

Central Securities Depository
1730 Los Conquistadores Ave., 24th floor, Providencia
Santiago, Chile
Phone: (56) (2) 2393 9003
E-mail: atencionaccionistas@dcv.cl

ADR depositary bank

JPMorgan Chase Bank, N.A.
P.O. Box 64504
St. Paul, MN 55164-0504
General phone: (800) 990-1135
Phone: Outside the US (651) 453-2128
Phone: Global Invest Direct (800) 428-4237
E-mail: jpmorgan.adr@wellsfargo.com

ADR custodian bank

Banco Santander Chile
Bandera 140, Santiago
Custody Department
Phone: (56) (2) 2320 3320

Independent auditors

PwC
2711 Andrés Bello Ave., 5th floor
Santiago, Chile
Phone: (56) (2) 2940 0000

Further information about LATAM Airlines Group
www.latamairlinesgroup.net
www.latam.com

Membership of associations 102-13

Brazil
- Asociación Internacional de Transporte Aéreo (IATA)
- Associação Brasileira de Agências de Viagens (Abav)
- Associação Brasileira de Anunciantes (ABA)
- Associação Brasileira de Comunicação Empresarial (Aberje)
- Associação Brasileira dos Consolidadores de Passagens
- Aéreas e Serviços de Viagens (AirTKT)
- Associação Brasileira das Empresas Aéreas (Abear)
- Associação Brasileira de Agências de Viagens Corporativas (Abracorp)
- Associação Brasileira das Empresas do Mercado de Fidelização (Abemf)
- American Chamber of Commerce (Amcham Brasil)
- Flight Safety Foundation (FSF)
- G100 Brasil
- Junta de Representantes das Companhias Aéreas Internacionais do Brasil (Jurcaib)
- Oficina de Convenciones de Sao Paulo – Fundação 25 de Janeiro
- Sindicato Nacional das Empresas Aéreas (SNEA)

Chile
- Acción Empresas
- Asociación Chilena de Aerolíneas (ACHILA)
- Asociación Internacional de Transporte Aéreo (IATA)
- Asociación Latinoamericana y del Caribe de Transporte
- Aéreo (ALTA)
- Cámara Chileno Norteamericana de Comercio (Amcham – Chile)
- Cámara de Comercio Chileno-Argentina
- Cámara de Comercio Chileno-Peruana
- Cámara de Comercio de Santiago
- Cámara Oficial Española de Comercio de Chile
- Centro de Estudios Públicos
- Corporación de Estudios para Latinoamérica (Cieplan)
- Federación de las Empresas de Turismo de Chile (Fedetur)
- Fundación Chilena del Pacífico
- Instituto Chileno de Administración Racional de Empresas (ICARE)
- Pacto Global
- Sociedad de Fomento Fabril (SOFOFA)

Colombia
- Asociación de Transporte Aéreo de Colombia (ATAC)
- Asociación de Aerolínea Internacionales en Colombia (ALAICO)

Ecuador
- Asociación de Representantes de Líneas Aéreas del Ecuador (ARLAE)
- Cámara de Industrias de Guayaquil
- Cámara de Industrias y Producción de Quito

Peru
- Asociación de Empresas de Transporte Aéreo Internacional (AETAI)
- Asociación Peruana de Empresas Aéreas (APEA)
- Cámara de Comercio Americana del Perú (AmCham)
- Cámara Nacional de Turismo (CANATUR)
- Confederación Nacional de Instituciones Empresariales Privadas (CONFIEP)
- Sociedad de Comercio Exterior del Perú (COMEX PERÚ)
- Perú 2021

Governance structure

BOARD: composition and résumés

Ignacio Cueto Plaza
Chairman of the Board
RUT: 7.040.324-2

Mr. Ignacio Cueto has served as a member of LATAM Airlines Group's board of directors and as Chairman since April 2017 and was re-elected to the board of directors of LATAM in April 2019 and April 2020. Mr. Cueto's career in the airline industry extends over 30 years. In 1985, Mr. Cueto assumed the position of Vice president of Sales at Fast Air Carrier, a national cargo company of that time. In 1985, Mr. Cueto became Service Manager and Commercial Manager for the Miami sales office. Mr. Cueto later served on the board of directors of Ladeco (from 1994 to 1997) and LAN (from 1995 to 1997). Mr. Cueto served as President of LAN Cargo from 1995 to 1998, as Chief Executive Officer-Passenger Business from 1999 to 2005, and as President and Chief Operating Officer of LAN since 2005 until the combination with TAM in 2012. Mr. Cueto later served as LAN's CEO until April 2017. Mr. Cueto also led the establishment of the different affiliates that the Company has in South America, as well as the implementation of key aliances with other airlines. Mr. Cueto is a member of the Cueto Group. As of February 28, 2021, Mr. Cueto shared in the beneficial ownership of 99,381,777 common shares of LATAM Airlines Group (16.39% of LATAM Airlines Group's outstanding shares) held by the Cueto Group.

Enrique Cueto Plaza
Vice-Chairman of the Board
RUT: 6.694.239-2

Mr. Enrique Cueto has served as a member of LATAM Airlines Group's board of directors since April 2020. Formerly, he held the position of LATAM Airlines Group's Chief Executive Officer ("CEO"), since the combination between LAN and TAM in June 2012. From 1983 to 1993, Mr. Cueto was Chief Executive Officer of Fast Air, a Chilean Cargo airline. From 1993 to 1994, Mr Cueto was a member of the board of LAN Airlines. Thereafter, Mr. Cueto held the position of CEO of LAN until June 2012. Mr. Cueto is member of the International Air Transport Association ("IATA") Board of Governors. He is also member of the Board of the Endeavor foundation, an organization dedicated to the promotion of entrepreneurship in Chile, and Executive Member of the Latin American and Caribbean Air Transport Association ("ALTA"). Mr. Cueto is the brother of Mr. Ignacio Cueto, Chairman of the board. Mr. Cueto is also a member of the Cueto Group. As of February 28, 2021, Mr. Cueto shared in the beneficial ownership of 99,381,777 common shares of LATAM Airlines Group (16.39% of LATAM Airlines Group's outstanding shares) held by the Cueto Group.

Enrique Ostalé Cambiaso
Director
RUT: 8.681.278-9

Mr. Enrique Ostalé joined LATAM Airlines Group's Board of Directors in April 2020. He is also Chairman of the Board of Walmart Mexico and Central America SBA, and Walmart Chile S.A. Prior to this role, he was Executive Vice president and Regional Chief Executive Officer – U.K, Latin America and Africa, at Walmart International. Mr. Ostalé assumed this expanded regional role in April 2017 after serving previously as CEO of Walmart Latin America, India and Africa (2016-17), as CEO of Walmart Mexico, Central America and Latin America (2013-16) and President and CEO of Walmart Chile (2006-13), when he led the successful transition of D&S S.A into what is today Walmart Chile, following its acquisition by Walmart Inc. in 2009. Mr. Ostalé holds an undergraduate degree in economics and business administration from Adolfo Ibáñez University and a Master of Science in Accounting and Finance from the London School of Economics.

Governance structure
BOARD: composition and résumés

Nicolás Eblen Hirmas
Director
RUT: 15.336.049-9

Mr. Nicolás Eblen has served on LATAM's board of directors since April 2017 and was re-elected to the board of directors of LATAM in April 2019 and April 2020. Mr. Eblen currently serves as CEO of Inversiones Andes SpA, a position he has held since 2010. In addition, he serves on the board of directors of Granja Marina Tornagaleones S.A., Río Dulce S.A., Patagonia SeaFarms Inc., SalmonChile A.G., and Sociedad Agrícola La Cascada Ltda. Mr. Eblen holds a Bachelor's degree in Industrial Engineering, major in Computer Science from Pontificia Universidad Católica de Chile and a Master in Business Administration from Harvard Business School. As of February 28, 2021, the Eblen Group had the beneficial ownership of 27,644,702 common shares of LATAM Airlines Group (4.56% of LATAM Airlines Group's outstanding shares).

Henri Philippe Reichstul
Director
RUT: 48.175.668-5

Mr. Henri Philippe Reichstul joined LATAM's board of directors in April 2014 and was reelected to the board of directors of LATAM in April 2019 and April 2020. Mr. Reichstul is a Brazilian citizen and has served as President of Petrobras and the IPEA (Institute for Economic and Social Planning) and Executive Vice president of Banco Inter American Express S.A. Currently, in addition to his roles as Administrative Board member of TAM and LATAM Group, he is also a member of the board of directors of Repsol and chairman of the board of Fives, among others. Mr. Reichstul is an economist with an undergraduate degree from the Faculty of Economics and Administration, University of São Paulo, and postgraduate work degrees in the same discipline—Hertford College—Oxford University.

Patrick Horn
Director
RUT: 6.728.323-6

Mr. Patrick Horn has served on LATAM Airlines Group's board of directors since April 2019 and was reelected in April 2020. He is currently a Member of the Economic Council of the Universidad de los Andes and director of non-profits such as Aportes Chile. He has more than 35 years' experience as an executive, both in Chile and abroad, in companies including British American Tobacco Co., Unilever, Compañía Sudamericana de Vapores and Grupo Ultramar, where he was also director of subsidiaries. Mr. Horn graduated as an Industrial Civil Engineer from the Pontificia Universidad Católica de Valparaiso and holds a Master of Science in Industrial Engineering from the Georgia Institute of Technology, U.S. He has participated in executive programs at the training centers of British American Tobacco Co. and Unilever in London, and at Kellogg Business School. He also completed a business management program (PADE) at the Universidad de los Andes business school (ESE).

Governance structure
BOARD: composition and résumés

Alexander Wilcox
Director
RUT: foreigner

Mr. Alexander Wilcox has served on LATAM Airlines Group's board of directors since October 2020. Mr. Wilcox resides in the United States and has broad experience in the aviation industry where he held executive positions in several airlines between 1996 and 2005. Mr. Wilcox is a cofounder and the CEO of JSX, a public charter commuter air carrier in the U.S. Mr. Wilcox attended the University of Vermont and earned a BA in Political Science and English.

Eduardo Novoa
Director
RUT: 7.836.212-K

Mr. Eduardo Novoa has served on LATAM's board of directors since April 2017 and was reelected to the board of directors of LATAM in April 2019 and April 2020. In addition, Mr. Novoa serves on the board of directors of Cementos Bio-Bio, Grupo Ecomac, ESSAL and is a member of the advisory board of STARS and Endeavor. He was also a member of the board of directors of Esval, Soquimich, Grupo Drillco, Techpack, Endesa-Americas, Grupo Saesa, Grupo Chilquinta, and several companies in the region that were subsidiaries of Enersis and AFP Provida. He has also been a member of the board of Am-cham-Chile, the Association of Electric Companies, YPO-Chile, Chile Global Angels and several Start-Ups. Between 1990 and 2007 he was an executive of several companies such as Corp-Group, Enersis, Endesa, Blue Circle, PSEG and Grupo Saesa. Mr. Novoa has a Bachelor of Business and Administration from the Universidad de Chile and a Master in Business Administration from the University of Chicago. He has participated in executive programs at Harvard, Stanford and Kellogg and was professor of finance and economics at several universities in Chile.

Sonia Villalobos
Director
RUT: 21.743.859-4

Mrs. Sonia J.S. Villalobos joined the Board of LATAM Airlines in August 2018 and was reelected to the board of directors of LATAM in April 2019 and April 2020. Mrs. Villalobos is a Brazilian citizen and a regular member of the board of directors of Petrobras and Telefónica Vivo. She is a founding partner of the company Villalobos Consultoria since 2009 and a professor of post-graduate courses in finance at Insper since 2016. Between 2005 and 2009, she was the Manager of Funds in Latin America, in Chile, managing mutual and institutional funds of Larrain Vial AGF. From 1996 to 2002, she was responsible for Private Equity investments in Brazil, Argentina and Chile for Bassini, Playfair & Associates, LLC. As of 1989 she was Head of Research of Banco Garantia. She graduated in Public Administration from EAESP/FGV in 1984 and obtained a Master in Finance from the same institution in 2004. She was the first person to receive the CFA certification in Latin America, in 1994. As a volunteer, she participates in the Board of the CFA Society Brazil, a non-profit association that brings together nearly 1,000 professionals who hold the CFA (Chartered Financial Analyst) certification in Brazil.

Governance structure

ANNUAL REPORT OF THE BOARD COMMITTEE'S ADMINISTRATION

Pursuant to item number 5 of section 8 of article 50 bis of Law N° 18046 Regarding Stock Corporations, the Board Committee of LATAM Airlines Group S.A. (the "Company" or "LATAM") proceeds to issue the following annual report of its administration for 2020.

I. Composition of the directors' committee

The Company's Directors' Committee comprises Messrs. Eduardo Novoa Castellón, Patrick Horn García, and Nicolás Eblen Hirmas, who are deemed independent members under US legislation. Under Chilean legislation, the former two are deemed independent members. The Directors' Committee is chaired by Mr. Eduardo Novoa Castellón.

The members were chosen in the Ordinary Shareholders' Meeting held on April 30, 2020, for a two-year term, pursuant to provisions in the Company's bylaws.

II. Committee's activity report

During 2020, the Directors' Committee met 41 times, in order to exercise their powers and fulfill their duties, pursuant to article 50 Bis of Law no. 18046 on Stock Corporations, as well as to review or evaluate any other affairs that the Directors' Committee deemed necessary which, in a year marked mainly by the Covid-19 pandemic, focused mostly on issues regarding the Company's entering Chapter 11 proceedings in the US, and securing financing to deal with the drop in revenues as a result of the decrease in operations.

Below, is a report of the main issues discussed.

Examination and Review of Balance Sheet and Financial Statements

The Directors' Committee examined and reviewed the Company's financial statements as at December 31, 2019, as well as at the end of the quarters ended on March 31, June 30, and September 30, 2020, in extraordinary Committee meetings on March 3, May 29, August 18, and November 6, 2020, respectively, including the examination of the corresponding reports from the Company's external auditors, as explained below. In the 4 sessions, *PriceWaterhouseCoopers Consultores, Auditores y Cía. Limitada* ("PWC") participated to issue their opinion as the Company's External Auditors.

Review of Reports on Impairment of Cash Generating Units

In the meetings held on March 3, April 6, May 28, October 15, and December 21, 2020, the Directors' Committee discussed topics related to the impairment test and analysis of signs of impairment of certain assets included in the financial statements in the Air Transportation cash generating unit.

In detail, they discussed the results of the impairment test as at December 2019, the analysis of evidence of impairment as at March 31, 2020, the impairment test as at March 31, analysis of evidence as at September 30, 2020, and preliminary calculations of the test as at December 31, 2020, respectively, concluding that there is no evidence of impairment warranting the need for the Company to conduct additional tests at such dates, or carry out an asset accounting adjustment in addition to the one made in March 2020.

Executive and Workers' Compensation Systems

In the session held on January 20, 2020, the Committee reviewed existing remuneration systems and policies and compensation plans for the Company's chief executives and the workers.

Internal Audit

At the regular Directors' Committee sessions held on January 20 , March 9, May 4, June 8, July 13, August 10, September 7, and December 21, 2020, issues relating to the Internal Audit were reviewed. The status of the Internal Audit Plan carried out during 2019 was revised, highlighting the number of projects that were addressed, the relevant aspects in the work carried out, and the presentation of audit reports analyzing the highest risks, as well as the presentation and approval of the 2020 work plan and the progress of the work on that plan.

Audits under SOX regulations

The Directors' Committee sessions on March 3 and June 8, 2020, set forth the planning to be followed with regard to SOX regulations for the 2020 certification. They also discussed the results obtained in the SOX certification during 2019, the most relevant issues to be considered during 2020, the Company's projects that, because of their relevance, can generate an impact regarding SOX regulations, the main impacts on the control environment of the Covid-19 and Chapter 11 contingencies, and a schedule to be followed in connection with this certification during 2020.

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ANNUAL REPORT OF THE BOARD COMMITTEE'S ADMINISTRATION

External Audit Services

External Audits Work Plan

- In the session held on July 13, 2020, External Auditors PWC presented the work plan to be followed in the field of External Auditing throughout 2020, addressing issues related to the regulatory requirements in terms of communication and deliverables of the work, the composition of the PWC team that renders services to the Company, the consolidated audit approach, the progress made during the year in the internal control review, and the schedule of activities and communications to be followed with the members of the Committee.

- In the regular session held on November 9, 2020, the External Auditors Ernst & Young ("EY"), in charge of the external audit of LATAM Brazil, presented on the team, scope, and schedule of work of said audit, the results of the limited review up to September 30, 2020, the main issues to be addressed during 2020, the internal control issues–SOX and the next steps to be taken.

Corporate Risk Management

In the session held on September 7, 2020, the Company's risk map in the new environment of low activity, Covid-19 pandemic, and Chapter 11 was reviewed.

Safety and Security

In the Directors' Committee sessions held on 6 April, September 7, and October 5, 2020, a number of information security issues were discussed, including the PCI *Compliance* certification process, which validates the protection that the company gives to its customers' credit and debit card information, and a presentation on cybersecurity. The session held on July 13, 2020, covered issues relating to on-board medical safety and Covid-19 protocols.

Compliance

In the regular sessions held on January 20 and September 7, 2020, The Directors' Committee received the reports of the current Compliance program and its main contents, including the commitment of senior management, the rules and laws most relevant to the Organization, the development of policies and standards, training and communications, the country controls of the status of the Third Party Intermediaries ("TPIs"), the identification and management of Compliance risks, and the Compliance report at the corporate level.

In the session held on November 9, 2020, the MC Compliance team made a presentation to the Committee regarding the criminal liability of legal entities and reported and issued certification on the new crimes established by law.

LATAM policies

In the session held on January 20, 2020, the proposal for a new policy to select external audit services was discussed. In that session, the Committee was tasked with assessing the proposed policy in detail. Subsequently, in the session held on March 9, 2020, this new policy was approved.

Examination of reports pertaining to the Related-Party Transactions Policy (RPT)

In the committee session held on June 8, 2020, the reporting obligation set forth in the RPT Policy was fulfilled; the administration informed the Directors' Committee on: (i) the usual transactions held by the LATAM group with those subsidiaries where its stake is less than 95%, (ii) the main transactions held among the LATAM group companies in general, and (iii) those transactions disclosed in the note in the financial statements on related-party transactions.

Specifically, in the Committee session held on on April 6, 2020, Qatar's request to defer payment on the subletting of five Airbus A350 aircraft that LATAM had subleased to it was discussed. After analyzing the matter, it was decided to recommend to the Board to make a counterproposal to Qatar consisting of transferring to it the conditions that the aircraft lessee had proposed to LATAM, the details of which were deemed convenient for the Company and adjusted to reasonable market terms and conditions, given the circumstances at the time.

In the session held on May 11, the Committee was informed that Qatar had replaced the request for deferral in the lease payment indicated above with a proposal for early return of the five Airbus A350 aircraft that LATAM had sublet to it, plus a compensatory payment as a result of the early return. After analyzing the proposal, the Committee decided to propose its approval to the Board, as it was convenient for LATAM and the prices, terms, and conditions were reasonable and in line with the market, given the prevailing conditions.

In the May 4 session, the JBA with Delta was discussed in the context of Article 147 of Law No. 18046 on Joint Stock Corporations as Delta joined as a shareholder of the Company. After a detailed analysis, it was concluded that the JBA with Delta Airlines is convenient for the Company, among other reasons, for the following considerations: (i) Delta's very good connectivity in the United States of America; (ii) the elimination of "double marginalization" to improve fares; (iii) the implementation of a *"profit sharing"* plan to incentivize and share all the efficiencies achieved in a more competitive environment; (iv) the low overlap in the route network of both companies; and (v) the possibility of improving the offer to customers with competitive prices, a better network of flights with lower delays in connections, better customer service, and a more robust FFP program. Considering that the transaction contributes to the company's interest and conforms to reasonable and market terms and conditions, it was agreed to submit to the Board the recommendation to approve the JBA with Delta under the terms and conditions described.

Subsequently, in the November 9, 2020 session, and because the Company was in the midst of the Chapter 11 proceeding, the Committee was informed that a motion of acceptance of the JBA with Delta was submitted to the court that knows of the Chapter 11, including certain easing clauses related to the implementation and termination of said Agreement, considering the circumstances that LATAM was in; all of the above, in the context of Article 147 of Law No. 18046 on Joint Stock Corporations. The members of the Committee again agreed to submit to the Board the recommendation to approve the motion regarding the JBA with Delta.

In addition, in the May 24, 2020, session, the Committee discussed the proposal to cancel in advance the contract for the sale of Airbus A350 airplanes to Delta, with a cancellation penalty that Delta would pay to LATAM. In the administration's view, said fine represented a fair value with regard to the market prices of the planes. It was further noted that, although low risk, not accepting the transaction would call jeopardize the reception of outstanding balances from Delta. It was concluded that the transaction contributed to the company's interest and provided for reasonable and market price, terms, and conditions, in view of the special circumstances at the time. As a result of the above, the Committee agreed to submit to the Board the recommendation to approve the early cancellation of the contract for the sale of the Airbus A 350 airplanes to Delta on the terms indicated.

Background Review concerning the DIP (Debtor In Possession) Financing under the Chapter 11 Proceeding.

In the Directors' Committee sessions held on on May 25, 24 June, 4 July, 7 July, 8 July, 15 July, 24 July, 27 July, 28 July, 29 July, 2 August, 10 August, 11 September, 13 September, September 14, September 15, September 16, September 16 , October 8, and November 9, 2020, the Directors' Committee reviewed and analyzed the background presented with regard to the DIP (Debtor In Possession) Financing under the Chapter 11 Proceeding, complying with the regulations on related-party transactions, in the relevant cases.

In the session held on May 25, 2020, it is noted that it is necessary to comply fully with the RPT regulations to move forward with the DIP Financing. The Committee concludes that the signing of the term sheet Tranche B (current Tranche C) is in the company's interest and is under conditions comparable to market conditions.

In the session held on May 29, 2020, the committee analyzed the background received from the Costa Verde and Qatar shareholders regarding the DIP financing structure. It is taken into account that The Tranche C financing: (a) is open to all shareholders, (b) provides that better options/alternatives can arise, and (c) that everything must be approved by the judge involved in the Chapter 11 proceeding, who can directly receive alternative proposals until the time of making the ruling. It is set forth that, the DIP Financing under analysis considers reasonable and market price, terms, and conditions for this very particular type of transaction.

In the July 4, 2020 session, they discussed the Support Agreement with Delta, and since it is believed to contribute to the company's interest and consider market prices, terms, and conditions for such transactions, they agreed to recommend its approval to the Board.

In the session held on July 8, 2020, the Committee discussed the proposal for the DIP Funding for Tranche A. In this regard, the Committee concluded that the signing of the Tranche A of the DIP Financing agreement with Oaktree is in the company's interest, since it allows LATAM access to the financing that it requires to overcome the crisis caused by the Covid-19 pandemic, and is in conditions comparable to current market conditions, as it has been the best option after a detailed selection process among several bidders.

In the session held on July 28, 2020, the Committee reviewed an alternative financing proposal for Tranche C, which contains

Governance structure
ANNUAL REPORT OF THE BOARD COMMITTEE'S ADMINISTRATION

improvements on the first offer, and concludes that this transaction (Tranche C of the DIP financing by Costa Verde shareholders, which also considers the Amaro Group and the Eblen Group, and Qatar) contributes to the company's interest, and is key to the continuity of the business. In addition, it provides for reasonable and market price, terms, and conditions for this very particular type of transaction since, on this occasion, it has also been possible to compare it to another competitive alternative and has proven to be, the most beneficial for the Company.

In the sessions held on July 29 and August 2, 2020, the Committee analyzed certain changes and improvements to the alternative offer and decided to maintain the recommendation made in the session held on July 28, 2020.

In the September 11, 2020 session, the Committee was informed of the New York Bankruptcy Court's ruling, as it decided not to approve the DIP Financing proposal. However, the same ruling also notes that the terms of the DIP Financing are fair and reasonable, session the standard of being entirely fair (*entire fairness*), and reflect LATAM's exercise of prudent business judgment, consistent with its fiduciary duties.

In the September 16, 2020 session, after reviewing a new DIP Financing proposal involving the shareholders headed by Costa Verde and Qatar and other investors, headed by Jefferies/Knighthead Capital, the Committee commented on the new DIP Financing proposal regarding the requirements of the Joint Stock Corporations Act, concluding that this DIP Financing transaction contributes to the company's interest, as it is key to the continuity of the business. In addition, it provides for a reasonable and market price, terms, and conditions for this very particular type of transaction.

Corporate governance practices

In the sessions held on January 20 and November 9, 2020, the Directors' Committee reviewed the work plan and the necessary adjustments to the questionnaire provided for in Appendix I to CMF General Standard (NCG, for its Spanish acronym) No. 385, under which LATAM's corporate governance practices for the period are analyzed, for the subsequent remittance of this document to the CMF with a view to complying with those regulations.

Directors' Committee Recommendations

On the other hand, the Board Committee issued the recommendations stated further ahead in this annual report regarding the appointment of the Company's external auditors and private risk rating agencies for 2020.

Report of Activities by Board Committee Session

The Directors' Committee met and discussed the opportunities described below, with a brief example of the topics examined at each of these sessions:

1) Ordinary session N°206 01/20/2020

- Remuneration Systems and Compensation Plans for Executives and Workers of the Company.
- Accounting analysis associated with transaction with Delta Airlines.
- Analysis of new policy for the selection of external audit services.
- Corporate Topics (proposal of external auditors and private risk rating agencies for 2020, and approval of Appendix No. 1 to comply with the CMF's NCG No. 385).
- Compliance matters.
- Status of the Internal Audit Plan 2019.

2) Extraordinary session N°79 03/03/2020

- Impairment test of the Air Transportation cash generating unit (at 12.31.19).
- SOX certification.
- Review of financial statements as at 12.31.2019.

3) Ordinary session N°207 03/09/2020

- HR presentation regarding the exit of the CEO.
- Annual report of the Directors' Committee's administration.
- Approval of the new policy for the selection of external audit services. Proposal of external auditors and private risk rating agencies for 2020.
- Internal Audit reports.

4) Ordinary session N°208 04/06/2020

- Signs of impairment with regard to the Financial Statements as at 03.31.2020.

Governance structure

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- Deferral of aircraft lease with Qatar Airways Q.E.S.C. ("Qatar").
- Treatment of purchases that are not made through the Procurement area.
- PCI Compliance 2020 Project.

5) Ordinary session N°209 05/04/2020
- Installing and election of the Committee Chairman.
- Trans-American Joint Business Agreement ("JBA") with Delta Air Lines ("Delta").
- Internal Audit reports.

6) Extraordinary session N°80 05/11/2020
- Early return of aircraft leased by Qatar.

7) Extraordinary session N°81 05/24/2020
- Early cancellation of the contract for the sale of A350 aircraft to Delta.

8) Extraordinary session N°82 05/25/2020

Recommendation concerning the approval and signing of the Term Sheet for the so-called Tranche B) of the DIP Financing (Debtor In Possession) in the framework of the Chapter 11 Proceeding.

9) Extraordinary session N°83 05/29/2020
- Impairment test of the Air Transportation cash generating unit (at 03.31.20).
- Review of Financial Statements up to March 31, 2020.

10) Ordinary session N°210 06/08/2020
- Internal audit plan 2020.
- SOX plan 2020.
- Presentation of tax issues and reporting obligations for compliance with the Related-Party Transactions Policy.

11) Extraordinary session N°84 06/24/2020
- Analysis of the DIP Financing proposal by shareholders Costa Verde Aeronáutica S.A. ("Costa Verde") and Qatar.

12) Extraordinary session N°85 07/04/2020
- Analysis of progress on the DIP Financing of Tranche A and the Support Agreement with Delta.

13) Extraordinary session N°86 07/07/2020
- Analysis of progress on the DIP Financing of Tranche A.

14) Extraordinary session N°87 07/08/2020
- Analysis of the DIP Financing of Tranche A and recommendation to the Board.

15) Ordinary session N°211 7/12/2020
- Internal Audit reports.
- Protocols for on-board medical safety and Covid-19 requirements.
- External auditor PWC plan for 2020.
- Monitoring of a tax issue.

16) Extraordinary session N°88 07/15/2020
- Analysis of a new proposal received for Tranche C of the DIP financing.

17) Extraordinary session N°89 07/24/2020
- Analysis of a new proposal received for Tranche C of the DIP financing.

18) Extraordinary session N°90 07/27/2020
- Analysis of progress on Tranche C of the DIP Financing.

19) Extraordinary session N°91 07/28/2020
- Analysis of progress on Tranche C of the DIP Financing and recommendation to the Board.

20) Extraordinary session N°92 07/29/2020
- Analysis of news on Tranche C of the DIP Financing.

21) Extraordinary session N°93 07/29/2020
- Analysis of news on Tranche C of the DIP Financing.

22) Extraordinary session N°94 08/02/2020
- Analysis of news on Tranche C of the DIP Financing and recommendation to the Board.

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23) Ordinary session N°212 08/10/2020
- Analysis of news on Tranches A and C of the DIP Financing.
- Relevant accounting topics related to the Financial Statements as at June 30, 2020.
- Internal Audit reports and work plan.

24) Extraordinary session N°95 08/18/2020
- Review of Financial Statements up to June 30, 2020.
- Review of the Monthly Operating Report (MOR) for June 2020 in the framework of compliance with obligations under the Chapter 11 Proceeding.

25) Extraordinary session N°96 08/28/2020
- Review of the MOR for July 2020 in the framework of compliance with obligations under the Chapter 11 Proceeding.

26) Ordinary session N°213 09/07/2020
- Compliance matters.
- PCI Compliance certification.
- Corporate Risk Management.
- Internal Audit work plan.

27) Extraordinary session N°97 09/11/2020
- Analysis of news on the DIP Financing.

28) Extraordinary session N°98 09/13/2020
- Analysis of news on the DIP Financing.

29) Extraordinary session N°99 09/14/2020
- Analysis of news on the DIP Financing.

30) Extraordinary session N°100 09/15/2020
- Analysis of news on the DIP Financing.

31) Extraordinary session N°101 09/16/2020
- Analysis of news on the DIP Financing and recommendation to the Board.

32) Extraordinary session N°102 09/29/2020
- Review of the MOR for August 2020 in the framework of compliance with obligations under the Chapter 11 Proceeding.

33) Ordinary session N°214 10/05/2020
- Review status of internal audit carried out on the commercial area of LATAM Airlines Brazil Presentation on Cybersecurity.
- Presentation on Digital XP.

34) Extraordinary session N°103 10/08/2020
- Analysis of news on the DIP Financing.

35) Extraordinary session N°104 10/15/2020
- Analysis of signs of Impairment of air transport cash generating unit (as at 09.30.20).

36) Extraordinary session N°105 10/30/2020
- Review of the MOR for September 2020 in the framework of compliance with obligations under the Chapter 11 Proceeding.

37) Extraordinary session N°106 11/06/2020
- Review of Financial Statements up to September 30, 2020.

38) Ordinary session N°215 11/09/2020
- Analysis of news on the DIP Financing and fleet negotiation.
- Presentation by firm EY.
- Motion for acceptance of the JBA with Delta Airlines and recommendation to the Board.
- Revision of Appendix No. 1 to the CMF's NCG No. 385 and recommendation to the Board.
- Presentation by MC Compliance concerning criminal liability of legal entities.

39) Extraordinary session N°107 11/30/2020
- Review of the MOR for October 2020 in the framework of compliance with obligations under the Chapter 11 Proceeding.

40) Ordinary session N°216 12/21/2020
- Review conclusions on the internal audit report carried out on the commercial area of LATAM Airlines Brazil.
- Update of fleet negotiations.
- Impairment test as at December 31, 2020.

- Provisions for Financial Statements as at December 31, 2020.

- Update on internal audit topics.

41) Extraordinary session N°108 12/29/2020

- Review of the MOR for November 2020 in the framework of compliance with obligations under the Chapter 11 Proceeding.

III. Directors' committee compensation and expenditures

The Company's Ordinary Shareholders' meeting held on April 30, 2020, agreed that each member of the Directors' Committee should receive the equivalent to *80 Unidades de Fomento* (development units, or UF for its Spanish acronym) as a monthly stipend for attending the Directors' Committee's sessions, regardless of the number of sessions. This proposal meant maintaining the compensation approved for the previous financial year.

For the operation of the Directors' Committee and their advisers, Law No. 18046 on Joint Stock Corporations provides that its expenditure budget shall be at least equal to the sum of the annual compensation of the members of the Committee. In this regard, the Ordinary Shareholders' Meeting approved a budget of 2,880 UF. During 2020 this expenditure budget was not used.

As a result, the Directors' Committee's spending is related to the monthly stipend for attending the sessions, and for fees for any counseling that the Directors' Committee determine.

IV. Directors' committee recommendations

IV.1 Proposal for Appointment of External Auditors

In the session of the Directors' Committee held on March 9, 2020, and in accordance with the provisions of item (2) of article 50 Bis of Law No. 18046 on Joint Stock Corporations, it is agreed to propose to the company's Board of Directors, based on an analysis of the work of the external auditors and the performance assessment 2019 of the audit firms submitted by the Administration, to continue with the external auditors already elected and ratified at the Company's Ordinary Shareholders' Meeting held on April 25, 2019, which is PWC for the parent company, EY for Brazil, and PWC for SSCs (in English, other Spanish-speaking countries where LATAM operates), further considering that the contract signed with PWC is currently in force as a result of the tendering of External Audit services carried out in 2018 by the Company, and which includes the rendering of those services for the years 2019, 2020, and 2021.

IV.2 Proposal for Private Risk Rating Agencies

In the Board Committee's session held on April 9, 2020, and pursuant to the provisions of item 2), section eight of Article 50 Bis of Law N° 18.046 on Joint Stock Corporations, the Directors' Committee agreed to propose to the Board the Risk Rating Agencies for the Company's Ordinary Shareholders' Meeting, to be held on April 30, 2020. In this regard, the Committee decided to propose to the Company's Board the appointment of the following local Risk Rating firms: Fitch Chile Clasificadora de Riesgo Limitada, Feller-Rate Clasificadora de Riesgo Limitada, and International Credit Rating (ICR) Compañía Clasificadora de Riesgo Limitada. With regard to the international risk rating agencies, the Directors' Committee agreed to propose to the Board the appointment of the following firms: Fitch Ratings, Inc., Moody's Investors Service, and Standard & Poor's Ratings Services.

Governance structure
MAIN EXECUTIVES

Roberto Alvo
CEO LATAM Airlines Group
RUT: 8.823.367-0

Mr. Roberto Alvo is LATAM's Chief Executive Officer ("CEO"), a position he holds since March 31, 2020, prior to which he worked as LATAM's Chief Commercial Officer ("CCO"), since May 2017, and was responsible of the Group's passenger and cargo revenue management, with all the commercial units reporting to him. Previously, he was Vice president of International and Alliances at LATAM Airlines since 2015, and Vice president of Strategic Planning and Development since 2008. Mr Alvo joined LAN Airlines in November 2001, where he served as Chief Financial Officer of LAN Argentina, as Manager of Development and Financial Planning at LAN Airlines, and as Deputy Chief Financial Officer of LAN Airlines. Before 2001, Mr. Alvo held various positions at Sociedad Química y Minera de Chile S.A., a leading Chilean non-metallic mining company. He is a civil engineer, and holds an MBA from IMD in Lausanne, Switzerland.

Ramiro Alfonsín
Chief Financial Officer
RUT: 22.357.225-1

Mr. Ramiro Alfonsín is LATAM's Chief Financial Officer ("CFO"), a position he holds since July 2016. Over the past 16 years, before joining LATAM, he worked for Endesa, a leading utility company in Spain, Italy and Chile, having served as Deputy Chief Executive Officer and Chief Financial Officer for their Latin American operations. Before joining the utility sector, he worked for five years in Corporate and Investment Banking for several European banks. Mr. Alfonsín holds a degree in business administration from Pontificia Universidad Católica.

Martin St. George
Chief Commercial Officer
RUT: foreigner

Mr. Martin St. George joined LATAM Airlines Group in 2020 as Chief Commercial Officer after a 30+ year career in the airline industry in both North America and Europe. Prior to joining LATAM, he operated an airline strategy consulting practice, where he served airline and travel-industry clients in the United States, the Caribbean and Europe, including a role as interim Chief Commercial Officer at Norwegian Air Shuttle ASA. From 2006 to 2019, he worked for JetBlue Airways, filling roles in marketing, network and ultimately serving as Chief Commercial Officer at JetBlue. Mr. St. George holds a degree in Civil Engineering from the Massachusetts Institute of Technology.

Paulo Miranda
Customers Vice president
RUT: foreigner

Mr. Paulo Miranda is LATAM's Customers Vice president, a position he holds since May 2019. Mr. Miranda has over 20 years of experience in the aviation industry with different positions first at Delta Air Lines in the United States and then at Gol Linhas Aereas in Brazil. In his last role, Mr. Miranda was responsible for customer experience, having previously worked in finance, alliances as well as on the negotiation and implementation of joint ventures. Mr. Miranda holds a Business Administration degree from the Carlson School of Management at the University of Minnesota, USA.

Governance structure
MAIN EXECUTIVES

Hernán Pasman
Chief Operating Officer
RUT: 21.828.810-3

Mr. Hernán Pasman has been the Vice president of Operations, Maintenance and Fleet of LATAM airlines group since October, 2015. He joined LAN Airlines in 2005 as a head of strategic planning and financial analysis of the technical areas. Between 2007 and 2010, Mr. Pasman was the Chief operating officer of LAN Argentina, then, in 2011 he served as Chief Executive Officer for LAN Colombia. Prior to joining the company, between 2001 and 2005, Mr. Pasman was a consultant at McKinsey & Company in Chicago. Between 1995 and 2001, Hernan held positions at Citicorp Equity Investments, Telefonica de Argentina and Argentina Motorola. Mr. Pasman holds a Civil Engineering degree from ITBA (1995) and an MBA from Kellogg Graduate School of Management (2001).

Emilio Del Real
Human Resources Vice president
RUT: 9.908.112-00

Mr. Emilio del Real is LATAM's Vice president of Human Resources, a position he assumed in August 2005. Between 2003 and 2005, Mr. del Real was the Human Resources Manager of D&S, a Chilean retail company. Between 1997 and 2003 Mr. del Real served in various positions at Unilever, including Human Resources Manager of Unilever Chile, and Manager of Training and Recruitment and Management Development for Latin America. Mr. del Real has a degree in Psychology from the Universidad Gabriela Mistral.

Juan Carlos Menció
Vice president of Legal Affairs and Compliance
RUT: 24.725.433-1

Mr. Juan Carlos Menció is Vice president of Legal Affairs and Compliance for LATAM Airlines Group a position he holds since September 1, 2014. Mr. Menció previously held the position of General Counsel for North America for LATAM Airlines Group and its related companies, as well as General Counsel for its worldwide Cargo Operations, both since 1998. Prior to joining LAN, he was in private practice in New York and Florida representing various international airlines. Mr. Menció obtained his Bachelor's Degree in International Finance and Marketing from the School of Business at the University of Miami and his Juris Doctor Degree from Loyola University.

Ownership structure
SHAREHOLDERS' AGREEMENTS

Following the combination of LAN and TAM in June 2012, TAM S.A. continues to exist as a subsidiary of Holdco I and a subsidiary of LATAM, and LAN Airlines S.A. has been redesignated as "LATAM Airlines Group S.A."

Prior to the consummation of the business combination, LATAM Airlines Group, the Cueto Group, today a major shareholder, entered into several shareholders' agreements with TAM, the Amaro Group (acting through TEP Chile) and Holdco I, establishing agreements and restrictions relating to corporate governance in an attempt to balance LATAM Airlines Group's interests, as the owner of substantially all of the economic rights in TAM, and those of the Amaro Group by prohibiting the taking of certain specified material corporate actions and decisions without prior supermajority approval of the shareholders and/or the board of directors of Holdco I or TAM. These shareholders' agreements also set forth the parties' agreement regarding the governance and management of the LATAM Airlines Group following the consummation of the combination of LAN and TAM.

Governance and Management of LATAM Airlines Group

We refer to the shareholders' agreement among the Cueto Group and the Amaro Group (acting through TEP Chile), which sets forth the parties' agreement concerning the governance, management and operation of the LATAM Airlines Group, and voting and transfer of their respective LATAM Airlines Group common shares and TEP Chile's voting shares of Holdco I, as the "Cueto Amaro shareholders' agreement." We refer to the shareholders' agreement between LATAM Airlines Group S.A. and TEP Chile, which sets forth agreements concerning the governance, management and operation of the LATAM Airlines Group, as the "LATAM Airlines Group-TEP shareholders' agreement." The Cueto Amaro shareholders' agreement and the LATAM Airlines Group-TEP shareholders' agreement set forth the parties' agreement on the governance and management of the LATAM Airlines Group following the effective time.

This section describes the key provisions of the Cueto Amaro shareholders' agreement and the LATAM Airlines Group-TEP shareholders' agreement. The description of the LATAM Airlines Group-TEP shareholders' agreement summarized below and elsewhere in this annual report on Form 20-F is qualified in its entirety by reference to the full text of such shareholders' agreements, which has been filed as exhibit to this annual report on Form 20-F.

Composition of the LATAM Airlines Group Board

Since April 2017, there are no restrictions in the Cueto Amaro shareholders' agreement nor in the LATAM Airlines Group-TEP shareholders' agreement regarding the composition of LATAM Airlines Group's board of directors. Therefore, once elected in accordance with Chilean regulation, members of the LATAM Airlines Group's board of directors have the right to appoint any member as the chairman of LATAM Airlines Group's board of directors, from time to time, in accordance with the LATAM Airlines Group's by-laws. Accordingly, on May, 2017, on May 14, 2019 and on April, 30, 2020, Mr. Ignacio Cueto Plaza was elected as President of the Board.

On April 1, 2020 and on April 17, 2020 respectively Mr. Juan José Cueto Plaza and Mr. Carlos Heller Solari resigned from the LATAM Airlines Group's board of directors, and as their replacements, the board of directors appointed Mr. Enrique Cueto Plaza and Mr. Enrique Ostalé Cambiaso respectively. Both of them were elected by the shareholders on the Ordinary Meeting of April, 30th 2020.

Recently, on September 7, 2020 Mr. Giles Agutter resigned from the LATAM Airline's Group's board of directors, and as his replacement, the board of directors appointed Mr. Alexander D. Wilcox on October 6, 2020 until the next Ordinary Shareholders' Meeting of LATAM which should take place during the first quarter of 2021, instance in which the election and renewal of the whole Board of Directors will take place.

Management of the LATAM Airlines Group

On September 10, 2019, LATAM announced that Enrique Cueto Plaza, Chief Executive Officer of LATAM ("CEO LATAM") since June 2012, who left this position as of March 31, 2020, was being replaced as of such date by Mr. Roberto Alvo, current Chief Commercial Officer of LATAM. The CEO LATAM is the highest ranked officer of LATAM Airlines Group and reports directly to the LATAM board of directors. The CEO LATAM is charged with the general supervision, direction and control of the business of the LATAM Airlines Group and certain other responsibilities set forth in the LATAM Airlines Group-TEP shareholders' agreement. After any departure of the current CEO LATAM, our board of directors will select his or her successor after receiving the recommendation of the Leadership Committee.

The head office of the LATAM Airlines Group continues to be located in Santiago, Chile.

Ownership structure
SHAREHOLDERS' AGREEMENTS

Governance and Management of Holdco I and TAM

We refer to the shareholders' agreement between us, Holdco I and TEP Chile, which sets forth our agreement concerning the governance, management and operation of Holdco I, and voting and transfer of voting shares of Holdco I, as the "Holdco I shareholders' agreement" and to the shareholders' agreement between us, Holdco I, TAM and TEP Chile, which sets forth our agreement concerning the governance, management and operation of TAM and its subsidiaries following the effective time, as the "TAM shareholders' agreement." The Holdco I shareholders' agreement and the TAM shareholders' agreement set forth the parties' agreement on the governance and management of Holdco I, TAM and its subsidiaries (collectively, the "TAM Group") following the combination of LAN and TAM.

This section describes the key provisions of the Holdco I shareholders' agreement and the TAM shareholders' agreement. The description of the Holdco I shareholders' agreement and the TAM shareholders' agreement summarized below and elsewhere in this annual report on Form 20-F are qualified in their entirety by reference to the full text of the aforementioned shareholders' agreements, which have been filed as exhibits to this annual report on Form 20-F.

Composition of the Holdco I and TAM Boards

The Holdco I shareholders' agreement and TAM shareholders' agreement generally provide for identical boards of directors and the same chief executive officer at Holdco I and TAM, with LATAM appointing two directors and TEP Chile appointing four directors (including the chairman of the board of directors).

The Cueto Amaro shareholders' agreement provides that the persons elected by or on behalf of the Cueto Group or the Amaro Group to our board of directors must also serve on the boards of directors of both Holdco I and TAM.

Management of Holdco I and TAM

The day-to-day business and affairs of Holdco I will be managed by the TAM Group CEO under the oversight of the board of directors of Holdco I. The day-to-day business and affairs of TAM will be managed by the TAM Diretoria under the oversight of the board of directors of TAM. The TAM Diretoria will be comprised of the TAM Group CEO, the TAM CFO, the TAM COO and the TAM CCO, currently the CEO of TAM, will be the initial CEO of Holdco I and TAM, or the "TAM Group CEO" and any successor CEO will be selected by LATAM from three candidates proposed by TEP Chile. The TAM Group CEO will have general supervision, direction and control of the business and operations of the TAM Group (other than the international passenger business of the LATAM Airlines Group) and will carry out all orders and resolutions of the board of directors of TAM. The initial chief financial officer of TAM, or the "TAM CFO," has been jointly selected by LATAM and TEP Chile and any successor CFO will be selected by TEP Chile from three candidates proposed by LATAM. The chief operating officer of TAM, or the "TAM COO," and chief commercial officer of TAM, or the "TAM CCO," will be jointly selected and recommended to the TAM board of directors by the TAM Group CEO and TAM CFO and approved by the TAM board of directors.

These shareholders' agreements also regulate the composition of the boards of directors of subsidiaries of TAM.

Following the combination, TAM continues to be headquartered in São Paulo, Brazil.

Supermajority Actions

Certain actions by Holdco I or TAM require supermajority approval by the board of directors or the shareholders of Holdco I or TAM which effectively require the approval of both LATAM and TEP Chile before the specified actions can be taken. Actions that require supermajority approval of the Holdco I board of directors or the TAM board of directors include, as applicable:

- to approve the annual budget and business plan and the multi-year business (which we refer to collectively as the "approved plans"), as well as any amendments to these plans;
- to take or agree to take any action which causes, or will reasonably cause, individually, or in the aggregate, any capital, operating or other expense of any TAM Company and its subsidiaries to be greater than (i) the lesser of 1% of revenue or 10% of profit under the approved plans, with respect to actions affecting the profit and loss statement, or (ii) the lesser of 2% of assets or 10% of cash and cash equivalents (as defined by IFRS) as set forth in the approved plan then in effect, with respect to actions affecting the cash flow statement;
- to create, dispose of or admit new shareholders to any subsidiary of the relevant company, except to the extent expressly contemplated in the approved plans;

Ownership structure
SHAREHOLDERS' AGREEMENTS

- to approve the acquisition, disposal, modification or encumbrance by any TAM company of any asset greater than $15 million or of any equity securities or securities convertible into equity securities of any TAM Company or other company, except to the extent expressly contemplated in the approved plans;
- to approve any investment in assets not related to the corporate purpose of any TAM company, except to the extent expressly contemplated in the approved plans;
- to enter into any agreement in an amount greater than $15 million, except to the extent expressly contemplated in the approved plans;
- to enter into any agreement related to profit sharing, joint ventures, business collaborations, alliance memberships, code sharing arrangements, except as approved by the business plans and budget then in effect, except to the extent expressly contemplated in the approved plans;
- to terminate, modify or waive any rights or claims of a relevant company or its subsidiaries under any arrangement in any amount greater than $15 million, except to the extent expressly contemplated in the approved plans;
- to commence, participate in, compromise or settle any material action with respect to any litigation or proceeding in an amount greater than $15 million, relating to the relevant company, except to the extent expressly permitted in the approved plans;
- to approve the execution, amendment, termination or ratification of agreements with related parties, except to the extent expressly contemplated in the approved plans;
- to approve any financial statements, amendments, or any accounting, dividend or tax policy of the relevant company;
- to approve the grant of any security interest or guarantee to secure obligations of third parties;
- to appoint executives other than the Holdco I CEO or the TAM Director or to re-elect the then current TAM CEO or TAM CFO; and to approve any vote to be cast by the relevant company or its subsidiaries in its capacity as a shareholder.

Actions requiring supermajority shareholder approval include:

- to approve any amendments to the by-laws of any relevant company or its subsidiaries in respect to the following matters: (i) corporate purpose; (ii) corporate capital; (iii) the rights inherent to each class of shares and its shareholders; (iv) the attributions of shareholder regular meetings or limitations to attributions of the board of directors; (v) changes in the number of directors or officers; (vi) the term; (vii) the change in the corporate headquarters of a relevant company; (viii) the composition, attributions and liabilities of management of any relevant company and (ix) dividends and other distributions;
- to approve the dissolution, liquidation, or winding up of a relevant company;
- to approve the transformation, merger, spin-up or any kind of corporate re-organization of a relevant company;
- to pay or distribute dividends or any other kind of distribution to the shareholders;
- to approve the issuance, redemption or amortization of any debt securities, equity securities or convertible securities;
- to approve a plan or the disposal by sale, encumbrance or otherwise of 50% or more of the assets, as determined by the balance sheet of the previous year, of Holdco I;
- to approve the disposal by sale, encumbrance of otherwise of 50% or more of the assets of a subsidiary of Holdco I representing at least 20% of Holdco I or to approve the sale, encumbrance or disposition of equity securities such that Holdco I loses control;
- to approve the grant of any security interest or guarantee to secure obligations in excess of 50% of the assets of the relevant company; and
- to approve the execution, amendment, termination or ratification of acts or agreement with related parties but only if applicable law requires approval of such matters.

Voting Agreements, Transfers and Other Arrangements

Voting Agreements

The Cueto Group and TEP Chile have agreed in the Cueto Amaro shareholder's agreement to vote their respective LATAM Airlines Group common shares as follows:

- the parties agree to vote their LATAM Airlines Group common shares to assist the other parties in removing and replacing the directors such other parties elected to the LATAM Airlines Group board of directors;
- the parties agree to consult with one another and use their good faith efforts to reach an agreement on all actions (other than actions requiring supermajority approval under Chilean law) to be taken by the LATAM board of directors or the LATAM shareholders, and if unable to reach such agreement, to follow the proposal made by our board of directors;
- the parties agree to maintain the size of the LATAM Airlines Group board of directors at a total of nine directors and to maintain the quorum required for action by the LATAM Airlines Group board of directors at a majority of the total number of directors of the LATAM Airlines Group board of directors; and
- if, after good faith efforts to reach an agreement with respect to any action that requires supermajority approval under Chilean law and a mediation period, the parties do not reach such an agreement, then TEP Chile has agreed to vote its shares on such supermajority matter as directed by the Cueto Group, which we refer to as a "directed vote."

The parties to the Holdco I shareholder's agreement and TAM shareholders agreement have agreed to vote their voting shares of Holdco I and shares of TAM so as to give effect to the agreements with respect to representation on the TAM board of directors discussed above.

Transfer Restrictions

Pursuant to the Cueto Amaro shareholders' agreement, the Cueto Group and TEP Chile are subject to certain restrictions on sales, transfers and pledges of the LATAM Airlines Group common shares and (in the case of TEP Chile only) the voting shares of Holdco I beneficially owned by them. Except for a limited amount of LATAM Airlines Group common shares, neither the Cueto Group nor TEP Chile were permitted to sell any of their LATAM Airlines Group common shares, and TEP Chile was not permitted to sell its voting shares of Holdco I, until June 2015. Since then, sales of LATAM Airlines Group common shares by either party are permitted, subject to (i) certain limitations on the volume and frequency of such sales and (ii) in the case of TEP Chile only, TEP Chile satisfying certain minimum ownership requirements. On or after December 31, 2021, TEP Chile may sell all of its LATAM Airlines Group common shares and voting shares of Holdco I as a block, subject to (x) approval of the transferee by the LATAM board of directors, (y) the condition that the sale not have an adverse effect, and (z) a right of first offer in favor of the Cueto Group, which we refer to collectively as "block sale provisions." An "adverse effect" is defined in the Cueto Amaro shareholder's agreement to mean a material adverse effect on our and Holdco I's ability to own or receive the full benefits of ownership of TAM and its subsidiaries or the ability of TAM and its subsidiaries to operate their airline businesses worldwide. The Cueto Group has agreed to transfer any voting shares of Holdco I acquired pursuant to such right of first offer to LATAM for the same consideration paid for such shares.

In addition, TEP Chile may sell all LATAM Airlines Group common shares and voting shares of Holdco I beneficially owned by it as a block, subject to satisfaction of the block sale provisions, if a release event (as described below) occurs or if TEP Chile is required to make two or more directed votes during any 24-month period at two meetings (consecutive or not) of the shareholders of LATAM Airlines Group held at least 12 months apart and LATAM Airlines Group has not yet fully exercised its conversion option described below. A "release event" will occur if (i) a capital increase of LATAM Airlines Group occurs, (ii) TEP Chile does not fully exercise the preemptive rights granted to it under applicable law in Chile with respect to such capital increase in respect of all of its restricted LATAM Airlines Group common shares, and (iii) after such capital increase is completed, the individual designated by TEP Chile for election to the board of directors of LATAM Airlines Group with the assistance of the Cueto Group is not elected to the board of directors of LATAM Airlines Group.

In addition, after December 31, 2021 and after the occurrence of the full ownership trigger date TEP Chile may sell all or any portion of its LATAM Airlines Group common shares, subject to (x) a right of first offer in favor of the LATAM Controlling Shareholders and (y) the restrictions on sales of LATAM Airlines Group common shares more than once in a 12-month period.

In addition, after December 31, 2021 and after the occurrence of the full ownership trigger date, TEP Chile may sell all or any portion of its LATAM Airlines Group common shares, subject to (x) a right of first offer in favor of the Cueto Group and (y) the restrictions on sales of LATAM Airlines Group common shares more than once in a 12-month period.

The Cueto Amaro shareholders agreement provides certain exceptions to these restrictions on transfer for certain pledges of LATAM Airlines Group common shares made by the parties and for transfers to affiliates, in each case under certain limited circumstances.

Restriction on transfer of TAM shares

LATAM agreed in the Holdco I shareholders' agreement not to sell or transfer any shares of TAM stock to any person (other than our affiliates) at any time when TEP Chile owns any voting shares of Holdco I. However, LATAM will have the right to effect such a sale or transfer if, at the same time as such sale or transfer, LATAM (or its assignee) acquires all the voting shares of Holdco I beneficially owned by TEP Chile for an amount equal to TEP Chile's then current tax basis in such shares and any costs TEP Chile is required to incur to effect such sale or transfer. TEP Chile has irrevocably granted us the assignable right to purchase all of the voting shares of Holdco I beneficially owned by TEP Chile in connection with any such sale.

Conversion Option

Pursuant to the Cueto Amaro shareholders' agreement and the Holdco I shareholders' agreement, we have the unilateral right to convert our shares of non-voting stock of Holdco I into shares of voting stock of Holdco I to the maximum extent allowed under law and to increase our representation on the TAM and Holdco I boards of directors if and when permitted in accordance with foreign ownership control laws in Brazil and other applicable laws if the conversion would not have an adverse effect. In February 2019, we completed the procedures for the exchange of shares of Holdco I S.A., through which LATAM Airlines Group SA increased its indirect participation in TAM S.A., from 48.99% to 51.04%. This transaction was undertaken pursuant to the Provisional Measure 863/2018 of December 13, 2018, through which the participation of up to 100% of foreign capital in airlines in Brazil is permitted.

On or after December 31, 2021, and after we have fully converted all of our shares of non-voting stock of Holdco I into shares of voting stock of Holdco I as permitted by Brazilian law and other applicable laws, we will have the right to purchase all of the voting shares of Holdco I held by the controlling shareholders of TAM for an amount equal to their then current tax basis in such shares and any costs incurred by them to effect such sale, which amount we refer to as the "sale consideration." If we do not timely exercise our right to purchase these shares or if, after December 31, 2021, we have the right under applicable law in Brazil and other applicable law to fully convert all the shares of non-voting stock of Holdco I beneficially owned by us into shares of voting stock of Holdco I and such conversion would not have an adverse effect but we have not fully exercised such right within a specified period, then the controlling shareholders of TAM will have the right to put their shares of voting stock of Holdco I to us for an amount equal to the sale consideration.

Acquisitions of TAM Stock

The parties have agreed that all acquisitions of TAM common shares by LATAM Airlines Group, Holdco I, TAM or any of their respective subsidiaries from and after the effective time of the combination will be made by Holdco I.

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Below is a brief reference to the material effects of aeronautical and other regulations in force in the relevant jurisdictions in which LATAM group operates. LATAM group is subject to the jurisdiction of various regulatory and enforcement agencies in each of the countries where we operate. We believe we have obtained and maintain the necessary authority, including authorizations and operative certificates where required, which are subject to ongoing compliance with statutes, rules and regulations pertaining to the airline industry, including any rules and regulations that may be adopted in the future.

The countries where the group does most of its operations are contracting states and permanent members of the ICAO, an agency of the United Nations established in 1947 to assist in the planning and development of international air transportation. The ICAO establishes technical standards for the international aviation industry. In the absence of an applicable local regulation concerning safety or maintenance, the countries where LATAM group operates have incorporated by reference the majority of the ICAO's technical standards. LATAM group deems that it is in material compliance with all such relevant technical standards.

Environmental and Noise Regulation

There are no material environmental regulations or controls imposed upon airlines, applicable to aircraft, or that otherwise affect us, except for environmental laws and regulations of general applicability.

In Argentina, Brazil, Colombia, Ecuador, Peru and the United States, aircraft must comply with certain noise restrictions. LATAM's aircraft substantially comply with all such restrictions. Chilean authorities are planning to pass a noise-related regulation governing aircraft that fly to and within Chile, observing a standard known as "Stage 3 requirements." Our fleet already complies with such standards, so we do not believe that enactment of the proposed standards would impose a material burden on us.

In 2016, the ICAO adopted a resolution creating the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), providing a framework for a global market-based measure to stabilize CO_2 emissions in international civil aviation (i.e., civil aviation flights that depart in one country and arrive in a different country). With the adoption of this framework, the aviation industry became the first industry to achieve an agreement with respect to its CO_2 emissions. The scheme, which defines a unified standard to regulate CO_2 emissions in international flights, will be implemented in various phases by ICAO member states starting in 2020.

Safety and Security

Our operations are subject to the jurisdiction of various agencies in each of the countries where we operate, which set standards and requirements for the operation of aircraft and its maintenance.

In the United States, the Aviation and Transportation Security Act requires, among other things, the implementation of certain security measures by airlines and airports, such as the requirement that all passenger bags be screened for explosives. Funding for airline and airport security required under the Aviation Security Act is provided in part by a US$5.60 per segment passenger security fee, subject to a US$11.20 per roundtrip cap; however, airlines are responsible for costs in excess of this fee. Implementation of the requirements of the Aviation Security Act has resulted in increased costs for airlines and their passengers. Since the events of September 11, 2001, the United States Congress has mandated, and the TSA has implemented, numerous security procedures and requirements that have imposed and will continue to impose burdens on airlines, passengers and shippers.

Below are some specific aeronautical regulations related to route rights and pricing policy in the countries where we operate.

Chile

Aeronautical Regulation

Both the DGAC and the Junta de Aeronáutica Civil ("JAC") oversee and regulate the Chilean aviation industry. The DGAC reports directly to the Chilean Air Force and is responsible for supervising compliance with Chilean laws and regulations relating to air navigation. The JAC is the Chilean civil aviation authority. Primarily on the basis of Decree Law No. 2,564, which regulates commercial aviation, the JAC establishes the main commercial policies for the aviation industry in Chile and regulates the assignment of international routes and the compliance with certain insurance requirements, while the DGAC regulates flight operations, including personnel, aircraft and security standards, air traffic control and airport management. We have obtained and maintain the necessary authority from the Chilean government to conduct flight operations, including authorization certificates from the JAC and technical operative certificates from the DGAC, the continuation of which is subject to the ongoing compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any rules and regulations that may be adopted in the future.

Chile is a contracting state, as well as a permanent member, of the ICAO. Chilean authorities have incorporated ICAO's technical standards for the international aviation industry into Chilean laws and regulations. In the absence of an applicable Chilean regulation concerning safety or maintenance, the DGAC has incorporated by reference the majority of the ICAO's technical standards. We believe that we are in material compliance with all such relevant technical standards.

Route Rights

Domestic Routes: Chilean airlines are not required to obtain permits in order to carry passengers or cargo on any domestic routes, but only to comply with the technical and insurance requirements established respectively by the DGAC and the JAC. There are no regulatory barriers that would prevent a foreign airline from creating a Chilean subsidiary and entering the Chilean domestic market using that subsidiary. On January 18, 2012 the Secretary of Transportation and the Secretary of Economics of Chile announced a unilateral opening of the Chilean domestic skies. This was confirmed on November 2013, and has been in force since that date.

International Routes: As an airline providing services on international routes, LATAM is also subject to a variety of bilateral civil air transportation agreements that provide for the exchange of air traffic rights between Chile and various other countries. There can be no assurance that existing bilateral agreements between Chile and foreign governments will continue, and a modification, suspension or revocation of one or more bilateral treaties could have a material adverse effect on our operations and financial results.

International route rights, as well as the corresponding landing rights, are derived from a variety of air transportation agreements negotiated between Chile and foreign governments. Under such agreements, the government of one country grants the government of another country the right to designate one or more of its domestic airlines to operate scheduled services to certain destinations of the former and, in certain cases, to further connect to third-country destinations. In Chile, when additional route frequencies to and from foreign cities become available, any eligible airline may apply to obtain them. If there is more than one applicant for a route frequency, the JAC awards it through a public auction for a period of five years. The JAC grants route frequencies subject to the condition that the recipient airline operate them on a permanent basis. If an airline fails to operate a route for a period of six months or more, the JAC may terminate its rights to that route. International route frequencies are freely transferable. In the past, we have generally paid only nominal amounts for international route frequencies obtained in uncontested auctions.

Airfare Pricing Policy

Chilean airlines are permitted to establish their own domestic and international fares without government regulation. For more information, see "—Antitrust Regulation" below. In 1997, the Antitrust Commission approved and imposed a specific self-regulatory fare plan for our domestic operations in Chile consistent with the Antitrust Commission's directive to maintain a competitive environment. According to this plan, we must file notice with the JAC of any increase or decrease in standard fares on routes deemed "non-competitive" by the JAC and any decrease in fares on "competitive" routes at least 20 days in advance. We must file notice with the JAC of any increase in fares on "competitive" routes at least 10 days in advance. In addition, the Chilean authorities

Industry context
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now require that we justify any modification that we make to our fares on non-competitive routes. We must also ensure that our average yields on a non-competitive route are not higher than those on competitive routes of similar distance.

Argentina

Aeronautical Regulation

Both the (ANAC Argentina and the Ministry of Transport oversee and regulate the Argentinean aviation industry. ANAC regulates flight operations, including personnel, aircraft and security standards, air traffic control and airport management, and reports directly to the Ministry of Transport. ANAC also is responsible for supervising compliance with Argentinean laws and regulations relating to air navigation. The Ministry of Transport regulates the assignment of international routes and matters related to tariff regulation policies. We have obtained and maintain the necessary authorizations from the Argentinean government to conduct flight operations, including authorization certificates and technical operative certificates from ANAC, the continuation of which is subject to the ongoing compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any rules and regulations that may be adopted in the future.

Argentina is a contracting state and a permanent member of the ICAO, an agency of the United Nations established in 1947 to assist in the planning and development of international air transport. The ICAO establishes technical standards for the international aviation industry, which Argentinean authorities have incorporated into Argentinean laws and regulations. In the absence of applicable Argentinean regulation concerning safety or maintenance, the ANAC has incorporated by reference the majority of the ICAO's technical standards. We believe that we are in material compliance with all such relevant technical standards.

Route Rights

International Routes: As an airline providing services on international routes, LATAM Argentina is also subject to a variety of bilateral civil air transport agreements that provide for the exchange of air traffic rights between Argentina and various other countries. There can be no assurance that existing bilateral agreements between Argentina and foreign governments will continue. Furthermore, a modification, suspension or revocation of one or more bilateral treaties could have a material adverse effect on our operations and financial results.

International route rights, as well as the corresponding landing rights, are derived from a variety of air transport agreements negotiated between Argentina and foreign governments. Under such agreements, the government of one country grants the government of another country the right to designate one or more of its domestic airlines to operate scheduled services to certain destinations of the former and, in certain cases, to further connect to third-country destinations. In Argentina, when additional route frequencies to and from foreign cities become available, any eligible airline may apply to obtain them. ANAC grants route frequencies subject to the condition that the recipient airline operate them on a permanent basis. If an airline fails to operate a route for a period of six months or more, the ANAC may terminate its rights to that route.

Airfare Pricing Policy

Argentine airlines are permitted to establish their own international fares without government regulation, as long as they do not abuse any dominant market position they may enjoy. In the case of domestic flights, government-fixed maximum prices were in place until February 3, 2016, when the government eliminated the controls that limited maximum prices. However, there remain government-fixed minimum prices for one-way tickets, and also for tickets sold within 30 days before the flight. Prices for roundtrip tickets sold 30 days or more before the flight were de-regulated on July 31, 2018.

Peru

Aeronautical Regulation

The Peruvian *Dirección General de Aeronáutica Civil* (the "PDGAC") oversees and regulates the Peruvian aviation industry. The PDGAC reports directly to the Ministry of Transportation and Communications and is responsible for supervising compliance with Peruvian laws and regulations relating to air navigation. In addition, the PDGAC regulates the assignment of national and international routes, and the compliance with certain insurance requirements, and it regulates flight operations, including personnel, aircraft and security standards, air traffic control and airport management. We have obtained and maintain the necessary authorizations from the Peruvian government to conduct flight operations, including authorization and technical operative certificates, the continuation of which is subject to the ongoing compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any rules and regulations that may be adopted in the future.

Peru is a contracting state and a permanent member of the ICAO. The ICAO establishes technical standards for the international aviation industry, which Peruvian authorities have incorporated into Peruvian laws and regulations. In the absence of an applicable Peruvian regulation concerning safety or maintenance, the PDGAC has incorporated by reference the majority of the ICAO's technical standards. We believe that we are in material compliance with all relevant technical standards.

Route Rights

Domestic Routes: Peruvian airlines are required to obtain permits in connection with carrying passengers or cargo on any domestic routes and to comply with the technical requirements established by the PDGAC. Non-Peruvian airlines are not permitted to provide domestic air service between destinations in Peru.

International Routes: As an airline providing services on international routes, LATAM Peru is also subject to a variety of bilateral civil air transport agreements that provide for the exchange of air traffic rights between Peru and various other countries. There can be no assurance that existing bilateral agreements between Peru and foreign governments will continue, and a modification, suspension or revocation of one or more bilateral treaties could have a material adverse effect on our operations and financial results.

International route rights, as well as the corresponding landing rights, are derived from a variety of air transport agreements negotiated between Peru and foreign governments. Under such agreements, the government of one country grants the government of another country the right to designate one or more of its domestic airlines to operate scheduled services to certain destinations of the former and, in certain cases, to further connect to third-country destinations. In Peru, when additional route frequencies to and from foreign cities become available, any eligible airline may apply to obtain them. If there is more than one applicant for a route frequency, the PDGAC awards it through a public auction for a period of four years. The PDGAC grants route frequencies subject to the condition that the recipient airline operate them on a permanent basis. If an airline fails to operate a route for a period of 90 days or more, the PDGAC may terminate its rights to that route. In the last two years the PDGAC has revoked the unused route frequencies of a couple Peruvian operators.

Ecuador

Aeronautical Regulation

There are two institutions that control commercial aviation on behalf of the State: (i) *The Consejo Nacional de Aviación Civil* (the "CNAC"), which directs aviation policy; and (ii) (the "DGAC"), which is a technical regulatory and control agency. The CNAC issues operating permits and grants operating concessions to national and international airlines. It also issues opinions on bilateral and multilateral air transportation treaties, allocates routes and traffic rights, and approves joint operating agreements such as wet leases and shared codes.

Fundamentally, the DGAC is responsible for:

- ensuring that the national standards and technical regulations and international ICAO standards and regulations are observed;
- keeping records on insurance, airworthiness and licenses of Ecuadorian civil aircraft;
- maintaining the National Aircraft Registry;
- issuing licenses to crews;
- controlling air traffic control inside domestic air space;
- approving shared codes; and
- modifying operations permits.

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The EDGAC also must comply with the standards and recommended methods of ICAO since Ecuador is a signatory of the 1944 Chicago Convention.

Route Rights

Domestic Routes: Airlines must obtain authorization from CNAC (an operating permit or concession) to provide air transportation. For domestic operations, only companies incorporated in Ecuador can operate locally, and only Ecuadorian-licensed aircraft and dry leases are authorized to operate domestically.

International Routes: Permits for international operations are based on air transportation treaties signed by Ecuador or, otherwise, the principle of reciprocity is applied. All airlines doing business in Latin America that are incorporated in countries that are members of the *Comunidad Andina de Naciones* (the Andean Community, or "CAN") obtain their traffic rights on the basis of decisions currently in force under that regime, in particular decision N°582 of 2004, which guarantee free access to markets, with no type of restriction except technical considerations.

Airfare Pricing Policy

On October 13, 2011, The Statutory Law of Regulation and Control of the Market Power was passed with a purpose to avoid, prevent, correct, eliminate and sanction the abuse of economic operators with market power, as well as to sanction restrictive, disloyal and agreements involving collusive practices. This Law creates a new public entity as the maximum authority of application and establishes the procedures of investigation and the applicable sanctions, which are severe. Rates are not regulated and are subject only to registration. In general, bilateral treaties regarding air transportation provide for airfares to be regulated by the regulation of the country of origin.

Brazil

Aeronautical Regulation

The Brazilian aviation industry is regulated and overseen by the ANAC. The ANAC reports directly to the Civil Aviation Secretary, which is subordinated by the Federal Executive Power of this country. Primarily on the basis of Law No. 11.182/2005, the ANAC was created to regulate commercial aviation, air navigation, the assignment of domestic and international routes, compliance with certain insurance requirements, flight operations, including personnel, aircraft and security standards, air traffic control, in this case sharing its activities and responsibilities with the *Departamento de Controle do Espaço Aéreo* (Department of Airspace Control or "DECEA"), which is a public secretary also subordinated to the Brazilian Defense Ministry, and airport management, in this last case sharing responsibilities with the *Empresa Brasileira de Infra-Estrutura Aeroportuária* (the Brazilian Airport Infrastructure Company, or "INFRAERO"), a public company that was created by Law No. 5862/72, and is responsible for administrating, operating and exploring Brazilian airports industrially and commercially (with the exception of airports granted to private initiative).

We have obtained and maintain the necessary authority from the Brazilian government to conduct flight operations, including authorization and technical operative certificates from ANAC, the continuation of which is subject to ongoing compliance with applicable statutes, rules and regulations pertaining to the airline industry, including any rules and regulations that may be adopted in the future.

ANAC is the Brazilian civil aviation authority and it is responsible for supervising compliance with Brazilian laws and regulations relating to air navigation. Brazil is a contracting state and a permanent member of the ICAO. The ICAO establishes technical standards for the international aviation industry, which Brazilian authorities, represented by the Brazilian Defense Ministry, have incorporated into Brazilian laws and regulations. In the absence of an applicable Brazilian regulation concerning safety or maintenance, ANAC has incorporated by reference the majority of the ICAO's technical standards.

Route Rights

Domestic Routes: Brazilian airlines operate under a public services concession, and for that reason Brazilian airlines are required to obtain a concession to provide passenger and cargo air transportation services from the Brazilian authorities. In addition, an Air Operator Certificate ("AOC") is also required for Brazilian Airlines to provide regular domestic passenger or cargo transportation services. Brazilian Airlines also need to comply with all technical requirements established by the Brazilian Aviation Authority (ANAC). Based on the Brazilian Aeronautical Code ("CBA") established by Brazilian Federal Law No. 7,565/86, there are no limitations to ownership of Brazilian airlines by foreign investors. The CBA also states that non-Brazilian airlines are not authorized to provide domestic air transportation services in Brazil.

International Routes: Brazilian and non-Brazilian airlines providing services on international routes are also subject to a variety of bilateral civil air transport agreements that provide for the exchange of air traffic rights between Brazil and various other countries. International route rights, as well as the corresponding landing rights, are derived from a variety of air transport agreements negotiated between Brazil and foreign governments. Under such agreements, the government of one country grants the government of another country the right to designate one or more of its domestic airlines to operate scheduled services to certain destinations of the former and, in certain cases, to further connect to third-country destinations. In Brazil, when additional route frequencies to and from foreign cities become available, any eligible airline may apply to obtain them. If there is more than one applicant for a route frequency ANAC must carry out a public bid and award it to the elected airline. ANAC grants route frequencies subject to the condition that the recipient airline operate them on a permanent basis. ANAC's resolution 491/18 indicates the requirements to establish the underuse of a frequency, and how it could be revoked and reassigned. This provision of the resolution came into force on September 2019.

Airfare Pricing Policy

Brazilian and non-Brazilian airlines are permitted to establish their own international and domestic fares, in this last case only for Brazilian airlines, without government regulation, as long as they do not abuse any dominant market position they may enjoy. Airlines may file complaints before the Antitrust Court with respect to monopolistic or other pricing practices by other airlines that violate Brazil's antitrust laws.

Colombia

Aeronautical Regulation

The governmental entity in charge of regulating, directing and supervising civil aviation in Colombia is the Aeronáutica Civil (the "AC"), a technical agency ascribed to the Ministry of Transportation. The AC is the aeronautical authority for the entire domestic territory, in charge of regulating and supervising the Colombian air space. The AC may interpret, apply and complement all civil aviation and air transportation regulation to ensure compliance with the Colombian Aeronautical Regulations ("RAC"). The AC also grants the necessary permits for air transportation.

Route Rights

The AC grants operation permits to domestic and foreign carriers that intend to operate in, from and to Colombia. In the case of Colombian airlines, in order to obtain the operational permit, the company must comply with the RAC and fulfill legal, economic and technical requirements, to later be subject to public hearings where the public convenience and necessity of the service is considered. The same process must be followed to add national or international routes; whose concession is subject to the bilateral instruments entered into by Colombia. The only exception for not complying with the public hearing procedure is that the application comes from a country member of the CAN, or that the route or permit being applied for is part of a deregulated regime. Even if it does not go through the public hearing process, the airline must submit a complete study to the AC and the request is made public on the website of the authority. Routes cannot be transferred under any circumstance and there is no limit to foreign investment in domestic airlines.

Airfare Pricing Policy

Since July 2007, as stated in resolution 3299 of the Aeronautical Civil entity, bottom level airfares for both international and domestic transportation were eliminated. Under resolution 904 issued in February 2012, the Aeronautical Civil authority ceased to impose the obligation of charging a fuel surcharge for both domestic and international transportation of passengers and cargo. As of April 1, 2012, air carriers may now freely decide whether or not to charge a fuel surcharge. In the case that a fuel surcharge is charged, it must be part of the fare, but shall be informed separately on the tickets, advertising or other methods of marketing used by the company.

In the same line, as of April 1, 2012, there is no longer any restriction on maximum fares published by the airlines or with respect to the obligations for air carriers to report to the Aeronautical civil authority the fares and conditions the day after being published.

Administrative fares are not subject to any changes, and its charge is mandatory for the transport of passengers under Aeronautical Civil Regulations. Differential administrative fares apply to ticket sales made through Internet channels.

Antitrust Regulation

The Chilean antitrust authority, which we refer to as the National Economic Prosecutor Office ("FNE" by its Spanish name), oversees and investigates antitrust matters, which are governed by Decree Law No. 211 of 1973, as amended, or the "Antitrust Law." The Antitrust Law states as anticompetitive, any conduct that prevents, restricts or hinders competition, or sets out to produce said effects.

The Antitrust Law continues by giving examples of the following anticompetitive conducts: (i) cartels; (ii) abuse of dominance; and (iii) interlocking. The Antitrust Law defines abusive practices as *"The abusive exploitation on the part of an economic agent, or a group thereof, of a dominant position in the market, fixing sale or purchase prices, imposing on a sale the acquisition of another product, allocating territories or market quotas or imposing similar abuses on others; as well as predatory practices, or unfair competition, carried out with the purpose of reaching, maintaining or increasing a dominant position."*

An aggrieved person may sue for damages arising from a breach of Antitrust Law by suing in the Chilean Competition Court (the "TDLC" by its Spanish name). The TDLC has the authority to impose a variety of sanctions for violations of the Antitrust Law, including: (i) the amendment or termination of acts and contracts; (ii) the amendment or dissolution of legal entities involved in the punished conducts; and/or (iii) the imposition a fine up to 30% of the sales of the infringing entity corresponding to the line of products and/or services associated to the infraction, during the entire term for which the infringement lasted; alternatively, a fine equal to the double of the economic benefit obtained by the infringing company; and when none of these alternatives can be applied, a fine up to USD 50,000,000 approximately (60,000 UTA).

In the Resolution N°445 of August 1995, within the context of a merger control transaction, the TDLC approved the right to require (OR THE REQUIREMENT FOR) the merged airline to be held to a specific self-regulatory fare plan for the domestic air passenger market, consistent with the TDLC's directive to maintain a competitive environment within the domestic market. This Airfare Pricing Policy Plan was updated by the TDLC particularly to maintain it objective which consists of a tariff regulation, through which maximum rates are established on non-competitive routes under a monthly compliance scheme.

Since October 1997, LATAM and LATAM Chile follow a self-regulatory plan, which was modified and approved by the TDLC in July 2005, and further in September 2011. In February 2010, the FNE closed the investigation initiated in 2007 regarding our compliance with this self-regulatory plan and no further observations were made.

As a condition to the combination between LAN and TAM in June 2012, the antitrust authorities in Chile and Brazil each imposed certain mitigation measures as part of their approval of the merger transaction. Furthermore, the association was also submitted to the antitrust authorities in Germany, Italy and Spain. All these jurisdictions granted unconditional clearances for this transaction. The merger was filed with the Argentinean antitrust authorities; which approval is still pending. For more information regarding these mitigation measures please see below:

Chile

On September 21, 2011, the TDLC issued a decision (the "Decision") with respect to the consultation procedure initiated on January 28, 2011 in connection with the combination between LAN and TAM. The TDLC, in the Decision, approved the proposed combination between LAN and TAM, subject to 14 conditions, as generally described below:

1. exchange of certain slots in the Guarulhos Airport at São Paulo, Brazil;

2. extension of the frequent flyer program to airlines operating or willing to operate the Santiago-São Paulo, Santiago-Río de Janeiro, Santiago-Montevideo and Santiago-Asunción routes during the five-year period from the effective time of the combination;

3. execution of interline agreements with airlines operating the Santiago-São Paulo, Santiago-Río de Janeiro and Santiago-Asunción routes;

4. certain capacity and other transitory restrictions applicable to the Santiago-São Paulo route;

5. certain amendments to LAN's self-regulatory fare plan approved by the TDLC with respect to LAN's domestic passenger business;

6. the obligation of LATAM to renounce to one global airline alliance within 24 months from the date in which the combination becomes effective, except in the case that the TDLC approves otherwise, or to elect not to participate in any global airline alliance;

7. certain restrictions on code-sharing agreements outside the global airline alliance to which LATAM belongs for routes with origin or destination in Chile or that connect to North America and Europe, or with Avianca/TACA or Gol for international routes in South America, including the obligation to consult with, and obtain approval from, the TDLC prior to its execution of certain of those codeshare agreements;

8. the abandonment of four air traffic frequencies with fifth freedom rights between Chile and Peru and limitations on acquiring in excess of 75%, as applicable, of the air traffic frequencies in that route and the period that certain air traffic frequencies may be granted by the Chilean air transport authorities to LATAM;

9. issuance of a statement by LATAM supporting the unilateral opening of the Chilean domestic skies (*cabotage*) and abstention from any actions that would prevent such opening;

10. promotion by LATAM of the growth and normal operation of the Guarulhos (Brazil) and Arturo Merino Benítez (Chile) airports, to facilitate access thereto to other airlines;

11. certain restrictions regarding incentives to travel agencies;

12. to maintain temporarily 12 round trip flights per week between Chile and the United States and at least seven round trip non-stop flights per week between Chile and Europe;

13. certain transitory restrictions on increasing fares in the Santiago-São Paulo and Santiago-Río de Janeiro routes for the passenger business and for the Chile-Brazil routes for the cargo business; and

14. engaging an independent consultant, expert in airline operations, which for 36 months, and in coordination with the FNE, will monitor and audit compliance with the conditions imposed by the Decision.

On or about June 2015, the FNE initiated a legal claim against LATAM before the TDLC alleging that LATAM was not complying with certain mitigation conditions related to the code share agreements with airlines outside LATAM's global alliance as referenced above. Although LATAM opposed this allegation and responded the claim accordingly, a settlement agreement was reached between the FNE and LATAM (the "Settlement Agreement"). The Settlement Agreement approved by the TDLC on December 22, 2015 terminated the legal proceeding initiated by the FNE and did not establish any violation of the TDLC resolutions or any applicable antitrust regulations by LATAM. The Settlement Agreement did establish the obligation of LATAM to amend/terminate certain code share agreements and contract an independent third party consultant, which would act as an advisor to the FNE to monitor the compliance by LATAM of the Seventh Condition and the Settlement Agreement.

On October 31, 2018, the TDLC approved the joint business agreements between LATAM and American Airlines, and between LATAM and IAG, subject to nine mitigation measures. On May 23, 2019 the Supreme Court of Chile revoked the TDLC decision, and both agreements were rejected. On September 26, 2019, LATAM announced that the JBA with American Airlines would be terminated and, on December 6, 2019, LATAM announced that the JBA with IAG would not be implemented.

On October 15, 2019, LATAM Airlines Group S.A. received the resolution issued by the FNE advising of the start of a review investigation to analyze the implementation of the agreement between LATAM Airlines Group S.A. and Delta Air Lines, Inc. (Case number 2585-19). The Company is cooperating in this investigation, which is ongoing.

Industry context
REGULATORY FRAMEWORK

Brasil

The CADE approved the LAN/TAM merger by unanimous decision during its hearing on December 14, 2011, subject to the following conditions: (1) the new combined group (LATAM) should leave one of the two global alliances to which it was part (Star Alliance or oneworld); and (2) the new combined group (LATAM) should offer to swap two pairs of slots in Guarulhos International Airport, to be used by an occasional third party interested in offering direct non-stop flights between São Paulo and Santiago, Chile. These impositions are in line with the mitigation measures adopted by the TDLC, in Chile.

On February 24, 2021 the CADE approved without remedies the joint venture between Delta Air Lines and LATAM Airline Group. Previously, in a separate case, the CADE approved without remedies the acquisition by Delta of up to 20% of LATAM common shares on March 18, 2020.

Uruguay

On December 14, 2020 the antitrust authority of Uruguay (*Comisión de Promoción y Defensa de la Competencia*) approved the joint venture between LATAM and Delta Air Lines. The same agreement was filed before the aeronautical authority of Uruguay (*the Dirección Nacional de Aviación Civil e Infraestructura Aeronáutica*) on September 21, 2020 and approved by default on December 20, 2020, as the timeframe provided by the Aeronautical Code Law to the authority in order to resolve on the matter expired (90 days after filing).

United States

On July 8, 2020 LATAM and Delta Air Lines filed their joint venture before the DOT applying for approval of and antitrust clearance for all the alliance agreements.

Colombia

On September 4th, 2020 LATAM and Delta filed their joint venture agreement before Aerocivil applying for an approval of the agreement.

Industry context
MATERIAL FACTS

January 31, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and in General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines"), Securities Registration No. 306, the following:

By means of a material fact dated September 26, 2019, LATAM Airlines informed that it would terminate its membership in the oneworld alliance. With this date, LATAM Airlines informs that it has reached an agreement with oneworld, in which the effective departure of LATAM Airlines from the oneworld alliance will be on May 1, 2020, keeping its passengers all the benefits of this alliance until April 30, 2020.

March 12, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and in General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines"), Securities Registration No. 306, the following:

LATAM Airlines announces the suspension of its guidance 2020 in light of the uncertainty due to the Covid-19 (coronavirus) outbreak that is affecting the demand for air traffic. As of this date, it is not possible to quantify the exact impact on demand or how long it may take to recover, making it impossible to estimate results for the full year.

LATAM is taking immediate measures to minimize possible effects of the current scenario, including cost reduction and capacity adjustments. Along these lines, and in addition to the significant efforts being made by LATAM to protect the health and safety of its passengers and workers, the LATAM group announces a decrease in capacity of approximately 30% of international operations.

The situation will continue to be monitored day by day and LATAM will maintain the flexibility to make the necessary capacity adjustments or other additional measures depending on the development of the situation generated by Covid-19.

March 16, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and in General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines"), Securities Registration No. 306, the following:

LATAM Airlines and its affiliates continue to take immediate measures to minimize possible effects of the current scenario and the uncertainty caused by the Covid-19 (coronavirus) outbreak.

Along these lines, and in addition to the significant efforts it is making to protect the health and safety of its passengers and workers, the LATAM group announces an update of the reduction in capacity of 70% of the total operations, corresponding 90% to international operations and 40% to domestic operations.

The situation will continue to be monitored day by day and the LATAM group will maintain the flexibility to make the necessary capacity adjustments or other additional measures depending on the development of the situation generated by Covid-19.

April 2, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and in General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines"), Securities Registration No. 306, the following:

LATAM Airlines and its affiliates continue to take immediate measures to minimize possible effects of the current scenario, and to protect the health and safety of its passengers and workers.

Industry context
MATERIAL FACTS

As a consequence of the situation caused by the Covid-19 (coronavirus) outbreak and the governmental restriction for air operations, the LATAM group announces an update of the reduction in capacity of approximately 95% of the total operations.

The situation will continue to be monitored day by day and the LATAM group will maintain the flexibility to make the necessary capacity adjustments or take other additional measures depending on the development of the situation generated by Covid-19.

April 2, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and in General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines"), Securities Registration No. 306, the following:

The Board of LATAM acknowledged the resignation presented by Mr. Juan Jose Cueto Plaza to the position of board member of the Company, effective as of April 1, 2020. In his replacement, and in use of the faculty contained in the Article 32 of Law N°18,046, on Corporations Law, the Board of Directors agreed in an extraordinary meeting held yesterday, April 1, 2020, to appoint Mr. Enrique Cueto Plaza as board member of LATAM. Consequently, at the next Ordinary Shareholders' Meeting of LATAM, it will be necessary to proceed to elect and renew its board of directors.

April 14th, 2020
Material fact report - Proposition regarding Definitive Dividend Distribution

In accordance with the provisions of Circular No. 660, dated October 22, 1986, of the Commission, , I inform this Commission as a Material Fact, that in the Board Meeting held today and in relation with the definitive dividend distribution from profits for the year 2019, which correspond to the second point of the notice, for the consideration of the Ordinary Shareholders Meeting (the "Shareholder´s Meeting") of LATAM Airlines Group S.A. ("LATAM") to be held on April 30, 2020, the Board agreed to:

1. Differ, that related to the distribution of the profit and specially to the payment of the minimum mandatory dividend, corresponding to the 30% of the profit for the year 2019, to what the Shareholders Meeting may decide, according to its sovereign authority.

2. State that the minimum mandatory dividend on the first paragraph above, if approved, corresponds to the Definitive Dividend No. 51, equivalent to the amount in Chilean pesos of USD 57,129,119.64 which means to distribute a dividend of USD 0,094209094475 per share, which, if approved, will be payable on Thursday, May 28, 2020, in its equivalent in Chilean pesos according to the exchange rate "observed" published in the Official Journal on the fifth business day prior to the distribution day, that is, on May 22, 2020. In case the dividend is approved, the shareholders registered at the Shareholders' Register at midnight of May 22, 2020 will be entitled to receive the dividends; and,

3. Lastly, the Board set forth that considering the crisis affecting the entire world and especially the airline industry, as well as the uncertainty level of the crisis and its consequences, it is of the opinion that payment of any dividends from profits for the year 2019 should be deferred to when circumstances make it more advisable.

April 17, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and in General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines"), Securities Registration No. 306, the following:

The Board of LATAM acknowledged the resignation presented by Mr. Carlos Heller Solari to the position of board member of the Company, effective as of today. The Board of LATAM did not appoint a replacement at this moment, which could occur in a next session, in use of the faculty contained in the Article 32 of Law N°18,046 on Corporations Law. Consequently, and as planned, at the next Ordinary Shareholders' Meeting of LATAM, it will be necessary to proceed to elect and renew its board of directors.

April 21, 2020
Material Fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and General Rule No. 30, duly authorized, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM" or the "Society"), Securities Registration No. 306, the following:

LATAM informs that on this date the Board appointed Mr Enrique Ostale Cambiaso as board member in the position left vacant by the resignation of Mr Carlos Heller Solari on April 16, 2020, position that remained vacant until today.

Notwithstanding the above, and as was previously informed on the date of Mr Heller's resignation, at the next Ordinary Shareholders Meeting of LATAM, it will be necessary to proceed to elect and renew its Board of Directors.

April 30th, 2020
Material fact report – Definitive Dividend Distribution

In accordance with the provisions of Circular No. 660 of your Commission, dated October 22, 1986, and duly authorized, I hereby inform you that at the Ordinary Shareholders Meeting of LATAM Airlines Group S.A. ("LATAM") held today, April 30, 2020, it was approved the distribution of Definitive Dividend No. 51, Minimum Mandatory, up to complete the 30% of net income for the year 2019, that is, the equivalent amount in Chilean pesos of US$57,129,119.64 which means to distribute a dividend of US$0,094209094475 per share, payable on Thursday, May 28, 2020, in its equivalent in Chilean pesos according to the exchange rate "observed", published in the Official Journal on the fifth business day prior to the distribution day, that is, on May 22, 2020.

The shareholders of the Company shall be entitled to receive the dividend in proportion to their respective shareholding in the share capital, according to the number of shares they have registered in the Shareholders' Register at midnight of the fifth business day prior to the distribution date, that is, at midnight on May 22, 2020.

The notice referred to in Section II of the aforementioned Circular 660 will be published on May 19, 2020, in the newspaper "La Tercera" of Santiago.

Form No. 1 is attached, which establishes the same Circular No. 660, duly completed and signed by the undersigned.

Form no. 1 Dividend distribution

1. Identification of the Company and of the Movement:
1.01 R.U.T. N°: 89.862.200-2
1.02 Original submitted on: 04.30.2020
1.03 Name of the company: LATAM Airlines Group S.A.
1.04 N° in Securities Register: 0306
1.05 Series affected: Sole
1.06 Ticker: LTM
1.07 Movement individualization 51

2. Agreement and sum of the dividend:
2.01 Date of agreement: 04.30.2020
2.02 Agreement version: 1
2.03 Sum of the dividend: 57,129,119.64
2.04 Currency: USD

3. Shares and shareholders with rights:
3.01 Number of shares: 606,407,693
3.02 Deadline: 05.22.2020

4. Dividend character:
4.01 Dividend type: 2
4.02 Yearend close: 31.12.2019
4.03 Form of payment: 1

5. Dividend payment in cash:
5.01 Payment in cash: 0.094209094475
5.02 Currency: USD
5.03 Payment date: 05.28.2020

Industry context
MATERIAL FACTS

6. Optional dividend distribution in shares:
This section is not applicable.

7. Observations:

7.01 The exchange rate to be used shall be the "Observed Dollar", published in the Official Journal on May 22, 2020.
7.02 The payment of the dividend will be made through the Credit and Investment Bank, in any of its branches throughout the country, from Monday to Friday, from 9:00 to 14:00 hours, for a period of 90 days counted from May 28, 2020, by promissory note payable to order. Shareholders who so request in writing will receive a deposit into the current or bank savings account of the shareholder. The respective bank deposit receipt or notice will be sent to these shareholders. Any request or change that a shareholder should wish to make with regard to the method of payment as indicated, must be communicated by May 21, 2020. Following said period of 90 days counted from May 28, 2020, the funds will be placed into the custody of DCV Records S.A. until they are withdrawn by the shareholders, by check or promissory note payable to order.
Shareholders may be represented by proxy, by granting a power of attorney signed before a Notary. For any inquiries, shareholders may call +562 2393-9003; or write to atencionaccionistas@dcv.cl.
7.03 The notice referred to in Section II of Circular 660, dated October 22, 1986 from the Commission for the Financial Market, shall be published on May 19, 2020 in the newspaper "La Tercera" in Santiago.
7.04 The reporting company is public.
7.05 The dividend is paid against the profits for the year 2019.
7.06 At the ordinary shareholders' meeting of the reporting company, the distribution of a dividend was approved for 30% of the profits for financial year 2019, which is equivalent to an amount of US$57,129,119.64.
7.07 The tax effects of the dividend payment shall be reported in a timely manner to the shareholders.

The information contained in this form is the faithful expression of the truth, so I assume the corresponding legal responsibility.

April 30th, 2020
Material fact report - Appointment of Chairman And Vice President and Board Committee

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and on the General Rule No. 30, duly authorized, I inform you the following as material facts of LATAM Airlines Group S.A.:

I. Chairman and Vice President. At a Board Session held today, Mr. Ignacio Cueto Plaza and Mr. Enrique Cueto Plaza were appointed as Chairman and Vice President, respectively.

II. Board Committee. In the same session, and as disposed in the Article 50 bis of Corporations Law N°18,046, it was registered that the Board Committee will be composed by the Board Members Mr. Eduardo Novoa Castellon (independent), Mr. Patrick Horn Garcia (independent) and Mr. Nicolas Eblen Hirmas.

April 30th, 2020
Material fact report - New Board

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and on the General Rule No. 30, duly authorized, I inform you as a material fact that in the Ordinary Shareholders' Meeting of LATAM Airlines Group S.A. held today, the shareholders of LATAM elected the new Board of Directors of the company, which will last for two years. The following persons were elected as board members:

i) Enrique Cueto Plaza;
ii) Nicolás Eblen Hirmas;
iii) Ignacio Javier Cueto Plaza;
iv) Henri Philippe Reichstul;
v) Giles Edward Agutter;
vi) Sonia J.S. Villalobos;
vii) Enrique Ostalé Cambiaso;
viii) Eduardo Novoa Castellón (independent); and
ix) Patrick Horn García (independent)

Industry context
MATERIAL FACTS

May 7, 2020
Material fact report - Subscription of Joint Venture for the implementation of the Strategic Alliance with Delta

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and General Rule No. 30, duly authorized, I inform the as a Material Fact of LATAM Airlines Group S.A. ("LATAM" or the "Company"), Securities Registration No. 306, the following:

In accordance with the announcement of a Material Fact made on September 26, 2019, LATAM informs that on this date it has signed a contract entitled "*Trans-American Joint Venture Agreement*" with Delta Air Lines Inc. ("Delta"), for the purpose of implementing a strategic alliance in the routes between the United States of America and Canada, and the countries of South America with open skies agreements, and the connections of such routes ("Strategic Alliance").

Likewise, as informed on the abovementioned Material Fact, it is reiterated that is the intention of LATAM and Delta to implement the Strategic Alliance simultaneously in every country of South America, United States and Canada in which regulatory authorizations are not required and/or where regulatory authorizations have already been obtained. In Chile, the regulatory authorizations will be requested within the coming weeks.

May 26, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market Law, and on the General Rule No. 30, duly authorized by the Board on May 25, 2020, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started today a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").
- The Chapter 11 Procedure grants an automatic stay at the beginning of the process. Said automatic stay protects LATAM Airlines' cash position while restructures its balance sheet and right-size its operations.
- The cash outflow involved in the dividend payment and agreed in the last Shareholders Meeting of LATAM Airlines is within the cash flows affected by the automatic stay.
- In fact, the rules of the Chapter 11 Procedure prohibit the Company to distribute dividends to its shareholders during the time it is renegotiating its debt to ensure the continuity of its operations and future viability.
- Considering the above, LATAM Airlines will not pay the dividend planned for May 28, 2020.
- To this date it is not possible to determine the moment or source of the mentioned dividend to the Company's shareholders.

May 26, 2020
MATERIAL FACT report

In accordance with the provisions of Article 9 and Article 10 item 2 of Law No. 18045, and pursuant to the provisions of General Rule No. 30, duly authorized by the Board in the meeting held on May 25, 2020, I hereby inform the Commission for the Financial Market, as a Material Fact of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company", terms including, when appropriate, its affiliates), the following:

- Since the beginning of the crisis affecting the airline industry as a result of the Covid-19 pandemic, which for LATAM Airlines has meant the paralyzing of more than 95% of its operations, the Board has analyzed the alternatives that may exist to strengthen the Company's liquidity and thus mitigate the impact on the continuity of its ongoing business.
- Under this scenario, LATAM Airlines has considered and attempted to implement a conventional one-on-one renegotiation with its creditors and other stakeholders. On parallel, the Company has studied the options for a restructure under insolvency proceedings.
- In the Board's view, the times of the conventional bilateral process, the possibility that during it, creditors could decide

to exercise actions of forced collection, the impossibility of redressing breaches, and the need to implement a comprehensive restructuring of LATAM Airlines to which all its creditors and other stakeholders must adhere, lead to the consideration as a better alternative of a formal restructuring.

- Given the situation in which the Company stands today, it is necessary to obtain a temporary suspension of execution that will protect it from the demands of its creditors and other stakeholders; and, at the same time, allow it to continue operating with its main assets, suppliers, financial parties, regulators and workers, while it structures a binding reorganization to be financially viable in a post-pandemic scenario.
- Because of the foregoing, and having consulted the Company's administration and legal and financial advisors, the Board's members have unanimously determined that LATAM Airlines should begin a reorganization process in the United States of America in accordance with the rules set forth in Chapter 11 of Title 11 of the US Code, submitting a voluntary application for protection under it (the "Chapter 11 Proceeding").
- The Chapter 11 Proceeding, which grants an automatic suspension of execution for at least 180 days, represents the Company's best opportunity to ensure its stability and fulfill its obligations to its counterparties. LATAM Airlines intends to use the substantive and procedural tools available in under Chapter 11 to maximize the efficiency of its ongoing operations and renegotiate certain key contractual relationships, adjusting them to current market conditions. Under The Chapter 11 Proceeding, LATAM Airlines will have the opportunity to restructure its financial balance sheet and adjust the size of its operations to the new reality.
- This restructuring under Chapter 11 involves the parent company in Chile and the subsidiaries in Chile, Colombia, Peru, Ecuador, the United States of America, the Cayman Islands, and the Netherlands. The subsidiaries of Argentina, Brazil—including its intermediate parent company in Chile, Holdco I S.A.—and Paraguay are not included in the Chapter 11 Proceeding.
- On parallel, LATAM Airlines has negotiated and obtained financing commitments from shareholders linked to the Cueto and Amaro families, and Qatar Airways for US$900 million, the availability of which is subject to the negotiation of final agreements and their being approved as *Debtor In Possession* under the Chapter 11 Proceeding.
- More details are available on the website www.LATAMreorganization.com
- At this time, it is not possible to determine the financial effects that the reported subject matter will have for LATAM Airlines.

May 27, 2020
Supplementing MATERIAL FACT – Response to Resolution No. 22.012 dated May 26, 2020

In accordance with the provisions of Article 9 and Article 10 item 2 of Law No. 18.045, and pursuant to the provisions of General Rule No. 30, and in compliance with the provisions of the Commission for the Financial Market ("CMF") in Resolution No. 22.012, 26 dated May 26, 2020, I hereby complement the MATERIAL FACT with the same date of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company", terms including, when appropriate, its affiliates):

- The voluntary application for protection (the "Application") under Chapter 11 ("Chapter 11") of Title 11 of the US Code was filed by LATAM Airlines on May 26, 2020.
- The laws of the United States of America do not establish the requirement or a procedure for acceptance of such Application by the applicable court. Thereby, the mere submission of the Application (i) commences the proceedings under Chapter 11 (the "Chapter 11 Proceeding"), and (ii) grants the requested protection without the need for a resolution from the corresponding court.
- Unlike reorganization procedures in other jurisdictions, Chapter 11 does not lay down specific time limits in which a reorganization plan must be confirmed or in which LATAM Airlines is to exit the Chapter 11 Proceeding. Nonetheless,

Industry context
MATERIAL FACTS

Chapter 11 does set limitations on the timeframe within which debtors have the exclusive right to propose and request acceptances of a reorganization plan. Under these provisions, LATAM Airlines has the exclusive right to propose a reorganization plan within 120 days of submission of the Application, a period that may be extended for a term of up to 18 months.

- In Chapter 11 Proceedings, all creditors will be treated fairly, regardless of whether they are foreign or local. In this regard, all creditors will be provided with the same information and the same opportunity to file petitions, claims, and objections; and ultimately, to make an informed judgment on any proposed reorganization plan.
- After the Application is filed, most charges against LATAM Airlines prior to filing, as well as enforcement actions, are automatically suspended for at least 180 days.
- The Company will request acknowledgment of the Chapter 11 Proceeding, as the main foreign proceeding, before the Civil Courts of Santiago, in accordance with Article 316 of Law No. 20.720.
- The Subsidiaries in Argentina and Paraguay do not participate in the Chapter 11 Proceeding because of their specific financial situation.
- The Subsidiaries in Brazil (including the intermediate parent company in Chile, HoldCo I S.A.) do not participate in the Chapter 11 Proceeding because of their specific financial situation and the ongoing negotiations that TAM S.A. has with financial institutions in that country.
- Chapter 11 provides for the possibility that entities subject to a Chapter 11 Proceeding may obtain funding under the *debtor-in-possession* modality in order to continue their operations. Debt incurred under this financing takes precedence over most of the obligations that debtors subject to Chapter 11 maintained prior to the Application.
- The terms and conditions of *debtor-in-possession* funding shall be established in the contracts awarded for this purpose, which shall be negotiated during the following weeks, as the Chapter 11 Proceeding progresses and which, prior to being enforced, shall be approved by the judge before whom the Application is processed in accordance with Chapter 11 Proceedings. As soon as accurate information is available, it will be promptly disclosed.
- The background to the case is public and can be found and monitored in https://cases.primeclerk.com/LATAM/.

July 9, 2020
Material fact report

In accordance with the provisions of Article 9 and 10 of the Law 18,045 and General Rule No. 30, duly authorized by the Board in the session held on June 30, 2020, I inform as a Material Fact of LATAM Airlines Group S.A. ("LATAM" or the "Company", terms that include its subsidiaries, when applicable), the following:

1. Formalizing of the second tranche of DIP financing (Debtor In Possession financing):
Today, LATAM formalized the second tranche called Tranche A of the DIP financing proposal (Debtor In Possession financing) before the Court of the Southern District of New York in the framework of the Procedure of Chapter 11. The Tranche A amounts to US$1,300 million, which has been committed by the investment group Oaktree Capital Management L.P. and its subsidiaries.

This proposal must be reviewed and approved by the Court of New York in the coming days, as well as the first tranche previously announced to the market, called Tranche C, which consists of US$900 million committed by the shareholders Qatar Airways and the Cueto and Amaro families, and that includes an upsize of US$250 million so that other shareholders can subscribe in Chile, once it is approved by the Court.

2. Incorporation of LATAM Airlines Brazil to Chapter 11 in the United States:
LATAM Airlines Brazil, a Company's subsidiary, announced today that it will join the Company's financial reorganization in the United States, including its intermediate parent company in Chile, Holdco I S.A., its parent company in Brazil, TAM S.A., and its subsidiaries Multiplus Corretora de Seguros Ltda., ABSA - Aerolinhas Brasileiras S.A., Prismah Fidelidade Ltda., Fidelidade Viagens e Turismo S.A. and TP Franchising Ltda.

As informed on May 26, 2020, LATAM began a reorganization process in the United States of America in accordance with the regulations established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary request for protection (the "Chapter 11 Procedure"), which did not include the Brazilian subsidiary at that time.

Due to the prolongation of the Coronavirus pandemic, LATAM Airlines Brazil announced its integration to the Chapter 11 Procedure of the Company, to restructure its financial liabilities and efficiently manage its fleet, maintaining its operational continuity, in addition to facilitating its access to DIP financing (Debtor In Possession financing).

August 18, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market Law, and on the General Rule No. 30, duly authorized by the Board as of today, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").
- As part of the reporting obligations that LATAM has to comply under the Chapter 11 Procedure, there is a Monthly Operating Report (MOR).
- In virtue of the abovementioned, we made available for you and for the market the MOR corresponding for the month of June and submitted as of today, included in the following link: https://www.latamreorganizacion.com/en/publications/.
- This MOR does not replace in any way the financial information that the Company provides regularly according the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations under the Chapter 11 Procedure.

In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations under the Chapter 11 Procedure, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement's preparation, included the limited revision by the external auditors.

August 28, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market Law, and on the General Rule No. 30, duly authorized by the Board as of today, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").
- As part of the reporting obligations that LATAM has to comply under the Chapter 11 Procedure, there is a Monthly Operating Report (MOR).
- In virtue of the abovementioned, we made available for you and for the market the MOR corresponding for the month of July and submitted as of today, included in the following link https://www.latamreorganizacion.com/en/publications/.
- This MOR does not replace in any way the financial information that the Company provides regularly according the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations under the Chapter 11 Procedure.

Industry context
MATERIAL FACTS

- In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations under the Chapter 11 Procedure, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement's preparation, included the limited revision by the external auditors.

September 7, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and as established in the Commissions' General Rule No. 30 of 1989, I inform you as a material fact of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company") the following MATERIAL FACT:

As of today, LATAM Airlines' Board acknowledged the resignation presented by Mr Giles Agutter for the position of board member of the Company, effective as of the end of today's business day. The Board has not yet agreed on the designated replacement, which may take place on a next session pursuant to Article 32 of the Law No. 18,046, relative to corporations. In accordance, in the next Ordinary Shareholder Meeting the company should proceed to renew the totality of the Board.

September 10, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and as established in the Commissions' General Rule No. 30, I inform you as a material fact of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company") the following MATERIAL FACT:

- On this date, the Honorable Judge James L. Garrity ruled on the DIP (Debtor In Possesion) financing proposals filed in the Southern District Court of New York (the "Court") within the framework of the LATAM reorganization process in the United States of America (Chapter 11 procedure).

- The Court ruled that the price and terms of the DIP financing proposed by LATAM, both in Tranche A (Oaktree) and in Tranche C (Costa Verde and Qatar), meet the standard of being completely fair (entire fairness), and that DIP creditors have the right to have their good faith recognized, requirements to be able to approve the operation under the Bankruptcy Code of the United States of America.

- However, the Court also determined that LATAM's option to cause Tranche C creditors to subscribe shares of the Company with the proceeds of the loan payment, included in the DIP financing, could not be approved at this time without affecting the possibility for the Court to review and rule in the future on the reorganization plan to be presented by LATAM.

- Since the request for approval of DIP funding had to be approved or rejected as a whole, the Court concluded that, for the reason indicated in the previous paragraph, it would not approve the request.

- The Company, together with its legal and financial advisers, is analyzing the Court's decision and its scope to define a course of action.

September 17, 2020
Material fact report

In accordance with the provisions set forth in Article 9 and the second paragraph of Article 10 of the Securities Market Law, and in General Rule No. 30, duly authorized, I hereby report the following MATERIAL FACT of LATAM Airlines Group S.A. ("LATAM" or the "Company"), registration in the Securities Registry No. 306:

- As reported by Material Fact on September 10, 2020, on that date, the Honorable Judge James L. Garrity Jr. ruled not to approve the DIP Financing (the "DIP Financing") proposal originally filed by LATAM (the "Original DIP Financing Proposal") before the Court of the Southern District of New

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York (the "Court") in the LATAM reorganization proceeding in the United States of America (the "Chapter 11 Proceeding").

- The foregoing because the Court considered that LATAM's option to cause Tranche C creditors to subscribe shares of the Company with the proceeds of the payment of the credits contemplated in the Original DIP Financing Proposal could not be approved at this time without affecting the Court's ability to review and rule on the reorganization plan to be submitted by LATAM in the future.

- The Company analyzed the Court's decision with its legal and financial advisors and prepared a revised DIP Financing proposal (the "Revised DIP Financing Proposal"), which was negotiated and agreed upon with various parties of the Chapter 11 Proceeding who have indicated an interest in such financing. In particular, such parties are (i) those entities that were listed as financiers for Tranches A and C of the DIP Financing (i.e., Oaktree Capital Management, L.P, or certain related entities; and a group of LATAM shareholders comprised of the Cueto Group, the Eblen Group and Qatar Airways); and (ii) some of the parties that filed alternative proposals and/or objections to the Original DIP Financing Proposal (i.e., the group of investors led by Knighthead Capital Management LLC (from now on Knighthead) and Jefferies Finance LLC (from now on Jefferies); and the Official Committee of Unsecured Creditors, also known as "UCC").

- After being reviewed by the LATAM Directors' Committee at meetings held on September 12, 13, and 16, 2020, and being approved by the Board of Directors at a meeting held on September 16, 2020 - by the unanimous vote of the non-interested Directors -, the Revised DIP Financing Proposal was submitted to the Court for approval on the date hereof.

- The terms of the Revised DIP Financing Proposal maintain, in essence, the structure of the Original DIP Financing Proposal. The main changes relate to the following:

  > The financing commitment of up to US$ 2,450 million through a delayed draw credit facility consists of two tranches in which the following creditors will participate:

    » A Tranche A for a principal amount of up to US$ 1,300 million, of which (i) US$ 1,125 million will be provided by Oaktree Capital Management, L.P. or certain related entities thereof; and (ii) US$ 175 million will be provided by Knighthead, Jefferies and/or other entities that are part of a creditors' syndicate organized by Jefferies.

    » A Tranche C for a principal amount of up to US$ 1,150 million, of which (i) US$ 750 million will be provided by LATAM's shareholder group composed by the Cueto Group, the Eblen Group and Qatar Airways, or certain related entities of the latter; (ii) US$ 250 million will be provided by Knighthead, Jefferies and/or other entities that are part of a creditors' syndicate organized by Jefferies; and (iii) US$ 150 million to be provided by LATAM's shareholders or creditors, or new investors in LATAM (in each case to the satisfaction of the Company). If no commitments are obtained for such US$ 150 million, the difference will be provided, on a pro rata basis, by the Tranche C creditors indicated in numbers (i) and (ii) above.

  > The Revised DIP Financing Proposal does not contemplate LATAM's option to cause Tranche C lenders to subscribe Company shares with the proceeds of the credit payment. Therefore, unless the terms of the DIP Financing are subsequently modified pursuant to a reorganization plan that is approved in accordance with the rules governing the Chapter 11 Proceeding, the amounts owed under Tranche A and Tranche C shall be paid in cash. If such modification is made, however, the group formed by Knighthead, Jefferies and/or other entities that are part of a creditors' syndicate organized by Jefferies may not be forced to receive payments other than in cash and the other lenders of the Tranche C will have the right to buy their credit at par value.

- As with the Original DIP Financing Proposal, the Revised DIP Financing Proposal:

  > Contemplates a potential Tranche B for up to an additional amount of US$ 750 million, subject to the authorization of the Court and other conditions customary for this type of transactions.

  > Has a scheduled maturity date of 18 months as from the closing date, subject to a potential extension for an

additional 60 days. The foregoing, unless terminated earlier in accordance with its terms, including without limitation, in the case of an event of default (the "Maturity Date").

- As to the economic terms and conditions, those of the Revised DIP Financing Proposal are substantially the same as those of the Original DIP Financing Proposal, and are summarized below:

INTEREST AND FEES FOR TRANCHE A:

> **Interest:** Both the rate and the interest payment dates will depend on the choice made by LATAM at the time of requesting a disbursement under this tranche, being able to choose between (i) paying interest in cash at the maturity of each quarterly interest period, or (ii) capitalizing such interest to pay it in cash on the Maturity Date. In either case, LATAM may also choose the applicable interest rate, choosing between the eurodollar rate or the alternate base rate ("ABR").

» Loans on which interest is payable in cash at the end of each interest period will accrue interest at LIBOR plus 9.75% in the case of eurodollar loans, and 8.75% plus the base rate in the case of ABR loans.

» Loans whose interest is capitalized on a quarterly basis and is therefore payable on the Maturity Date, will accrue interest at LIBOR plus 11%, in the case of eurodollar loans, and at 10% plus the base rate in the case of ABR loans.

> **Fees and other charges:**

» An Undrawn Commitment Fee equivalent to 0.50% per year, which will be calculated daily, and payable on the last business day of each quarter until the Maturity Date.

» A cash "yield-enhancement payment" in an amount equal to 2.0% of the Tranche A financing commitment, payable on the closing date of the DIP Financing.

» If the scheduled maturity date is extended, a fee equivalent to 0.50% of the credits and credit commitments of Tranche A (called "Extension Fee") payable on the date on which the extension is made.

» Additionally, a Back-end Fee equivalent to 0.75% of the financing commitment under Tranche A is contemplated, payable on the Maturity Date and calculated as if it had accrued daily and capitalized quarterly.

INTEREST AND FEES FOR TRANCHE C:

> **Interest:** Interest will be accrued at LIBOR plus 15%, which will be payable on the Maturity Date, and will be calculated as if it had accrued daily and capitalized quarterly.

> **Fees and other charges:**

» An Undrawn Commitment Fee equivalent to 0.5% per annum, which will be payable on the Maturity Date and calculated as if it had accrued daily and capitalized monthly.

» A Closing Fee payable on the Maturity Date, equal to 2.0% of the committed amount of financing under Tranche C, calculated as if it had accrued on the date of the date of the first disbursement of the Tranche C loans.

» -An exit fee (the "Exit Fee") payable on the Maturity Date, equivalent to 3.0% on the amount of principal due (including any interest, fees, or other amounts that have been or will be capitalized), as well as accrued and uncapitalized interest.

» An additional fee of 6.0%, payable on the Maturity Date, on the sum of (i) the amount of principal due (including any interest, fees, or other amounts that have been or will be capitalized), as well as accrued and non-capitalized interest); and (ii) the amount resulting from applying the Exit Fee.

- *Use of Proceeds:* Proceeds from both Tranches may be used to working capital and to other purposes approved by the Court.

- *Liquidity Requirement:* The DIP Financing requires that LATAM maintains liquidity of at least US$ 400 million at a consolidated level.

- *Securities and preferences:*

  - In favor of all tranches of the DIP Financing with respect to other claims of LATAM and the entities of its business group that are subject to the Chapter 11 Proceeding (the "Subject Subsidiaries").

  - The credits under Tranche A will be senior to the credits under Tranche B (should the latter comes into effect). The credits under Tranche B will in turn be senior over the credits under Tranche C.

  - The loans under the DIP Financing will be secured by (i) the joint and several liability of the Subject Subsidiaries, (ii) security interests to be created over certain assets under the laws of the jurisdictions in which they are located, and (iii) a general security interest to be created under the laws of the State of New York, United States of America, over assets of LATAM and the Subject Subsidiaries other than certain "Excluded Assets" and the "Carve-Out". Excluded Assets include, among other things, aircraft owned or leased by LATAM and the Subject Subsidiaries, and the Carve-Out includes, among other things, certain funds to cover the expenses pf the Chapter 11 Proceeding.

  - In addition, LATAM's obligations to the creditors of the DIP Financing will have a super administrative preference recognized under Chapter 11 of the United States Bankruptcy Code with respect to the other liabilities of the Company and the Subject Subsidiaries prior to the commencement of the Chapter 11 Proceeding.

- *Other terms:* DIP Financing contemplates other terms that are customary for financing operations of this nature, such as conditions for requesting disbursements, representations and warranties, covenants, mandatory prepayment events, other acceleration events and creditor coordination rules.

- LATAM is awaiting the Court's decision in response to the Revised DIP Financing Proposal.

September 18, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and as established in the Commissions' General Rule No. 30, I inform you as a material fact of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company") the following MATERIAL FACT:

- As reported by Material Fact on September 17, 2020, the Company submitted a revised financing proposal ("New DIP Financing Proposal") for the approval of the Southern District Court of New York (the "Court") as part of the process reorganization of LATAM in the United States of America (the "Chapter Eleven Procedure").

- On this date, the Honorable Judge James L. Garrity Jr. resolved to approve the New DIP Financing Proposal submitted by LATAM.

September 29, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market Law, and on the General Rule No. 30, duly authorized by the Board as of today, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").

- LATAM has to prepare and deliver a Monthly Operating Report ("MOR"), as part of the reporting obligations it has to comply under the Chapter 11 Procedure.

- Considering the abovementioned, we hereby make available for your Commission and for the market the on this date and included in the following link https://www.latamreorganizacion.com/en/publications/

- This MOR does not replace in any way the financial information that the Company provides regularly according the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations under the Chapter 11 Procedure.

In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations under the Chapter 11 Procedure, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement's preparation, included the limited revision by the external auditors, if applicable.

September 29, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and as established in the Commissions' General Rule No. 30, I inform you as a material fact of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company") the following MATERIAL FACT:

- As reported by Material Fact dated September 18, 2020, the Honorable Judge James L. Garrity Jr. of the Bankruptcy Court of the Southern District of New York (the "Court"), resolved to approve the DIP financing proposal presented by LATAM on September 17, 2020 (the "DIP Financing"), which main terms and conditions were described in the Material Fact files on such date.

- In accordance with the terms of said approval and for the purposes of its implementation, the different parties involved in the DIP Financing have signed on this date, a credit agreement subject to the laws of the State of New York, United States of America denominated Super-Priority Debtor-In-Possession Term Loan Agreement (the "DIP Credit Agreement").

- A copy of the DIP Credit Agreement was notarized on this date at the 34th Santiago Notary Office of Mr. Eduardo Diez Morello, and is available at the following link: https://latamairlines.gcs-web.com/static-files/643941ad-bb49-4072-ad54-f8a1a36bb769.

October 6, 2020
Material fact report

In accordance with the provisions of Article 9 and 10 of the Securities Market Law and General Rule No. 30, duly authorized, I hereby inform as a Material Fact of LATAM Airlin Group S.A. ("LATAM" or the "Society"), Securities Registration No. 306, the following:

LATAM informs that on this date the Board, in use of the power contained in article 32 of Law No. 18,046 on Public Limited Companies, appointed Mr Alexander Wilcox as board member in the position left vacant by the resignation of Mr Giles Agutter on September 7, 2020, position that remained vacant until today.

Notwithstanding the above, and as previously informed on the date of Mr. Agutter's resignation, at the next Ordinary Shareholders' Meeting of LATAM, the whole Board of Directors will have to be elected and renewed.

October 8, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market, and as established in the

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Commissions' General Rule No. 30, duly authorized, I inform you as a material fact of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company") the following MATERIAL FACT:

- As reported by Material Fact, on September 29, 2020 LATAM, certain entities of its business group which are part of the reorganization process of LATAM in the United States and the other parties interested in the financing proposal approved by the Court of Bankruptcies of the Southern District of New York, executed a contract denominated the Super-Priority Debtor-In-Possession Term Loan Agreement (the "DIP Credit Agreement") for an amount of up to US$ 2.45 billion.

- On this date, the first disbursement has taken place under the DIP Credit Agreement for the total amount of US$ 1,150 million.

- As stated in the Material Fact dated September 17, 2020, US $ 150 million of Tranche C of the DIP Credit Agreement (the "Increase in Tranche C") was reserved for shareholders or creditors of LATAM or new investors of the same other than the Cueto group, the Eblen group, Qatar Airways and the investor group led by Knighthead and Jefferies. Additionally, according to the DIP Credit Agreement, shareholders of LATAM as of the date on which LATAM filed for the reorganization process (i.e. May 26, 2020) have priority for the purposes of investing in the Increase of Tranche C (hereinafter this preference, the "LATAM Shareholders Preference").

- After the occurrence of the first disbursement charged to the DIP Credit Agreement, in accordance with the provisions of the DIP Credit Agreement, today a period of 30 days has begun in order to commit the Increase of Tranche C. In order to facilitate the referred shareholders, creditors or new investors of LATAM to access said Increase in Tranche C, LATAM has hired LarrainVial.

- In compliance with such engagement, LarrainVial has structured a public investment fund called Toesca Deuda Privada DIP LATAM Fondo de Inversión (the "Fund") which will be managed by Toesca S.A. Administradora General de Fondos and which purpose will be precisely to facilitate the aforementioned shareholders, creditors or new investors of LATAM, the investment in the Increase of Tranche C.

- As established by the internal regulations of the Fund, only those shareholders, creditors or new investors of LATAM who permanently comply with certain requirements, which in essence consist of (i) not being "U.S. Person "(with the exception of certain "Qualified Purchasers") in accordance with the relevant regulations of the United States of America; (ii) not be domiciled in a territory with a preferential tax regime in accordance with the Chilean Income Tax Law; and (iii) not having committed or committing the assignment of their shares in the Fund to an investor who does not comply with the above requirements (hereinafter, those who meet these requirements will be referred to as the "Eligible Investors").

- The placement of the Fund shares will be made by LarrainVial. In order to do this, an Order Book Auction (the "Auction") will be held at the Santiago Stock Exchange, Stock Exchange, by simultaneously opening two order books under the following terms:

> *Book A:* Eligible Investors who have been shareholders of LATAM at midnight on May 25, 2020, and who maintain said status at midnight of the day prior to the opening of the Book, may participate. Each shareholder that places an order in Book A will have the right to request Fund shares up to a maximum amount of US $ 3.433266410578562 for each LATAM share owned as of midnight of the day prior to the opening of the Book and at midnight of May 25, 2020. This amount is equivalent to the proportional amount per share that will be invested in Tranche C of the DIP Credit Agreement jointly by the Cueto group, the Eblen group, and Qatar Airways. Additional investmens to be made by any of the referred shareholders must be requested through orders in Book B.

> *Book B:* The following may participate: (a) Eligible Investors who have participated in Book A, for the excess of what they may invest in Book A in accordance with the terms indicated above; and (b) other Eligible Investors who (i) are shareholders of LATAM as of this date and maintain such status at midnight of the day prior to the opening of the Book, or (ii) are holders of LATAM local bonds at midnight of the day prior to the opening of the Book.

> Up to 7,600 million shares of the Fund will be auctioned at the Auction, at a value of US $ 0.01.

> Both Book A and Book B will be for up to 7,600 million shares, but the result of the sum of the allocation of the two Books will be less than or equal to said amount. For the purposes of implementing the LATAM Shareholders' Preference, in the final allocation of the Fund shares those who participate in Book A will have priority.

> In order to participate in the Auction, each interested party must grant a promise to subscribe to shares for an additional number of shares identical to the one actually allocated in the Auction. In this way, whoever participates in the Auction: (i) will subscribe and pay in cash those Fund shares which are allocated; and (ii) will have the right and the obligation to subscribe in the future, at the request of the Fund manager and in accordance with the capital requirements of LATAM under the DIP Credit Agreement, a number of additional Fund shares up to the amount of Fund shares indicated in literal (i) above.

> As a general rule, Eligible Investors interested in participating in the Increase in Tranche C may do so through any stock broker in the country. However, those who are institutional investors can only do so through LarrainVial.

> LATAM states that it is the responsibility of each interested party to fully inform themselves about the characteristics of DIP Financing and request the advice it deems necessary for a proper understanding of its characteristics and risks.

October 30, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 on the Securities Market Law, and on the General Rule No. 30, duly authorized by the Board as of today, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").
- LATAM has to prepare and deliver a Monthly Operating Report ("MOR"), as part of the reporting obligations it has to comply under the Chapter 11 Procedure.
- Considering the abovementioned, we hereby make available for your Commission and for the market, corresponding to the month of September 2020, dated as of today included in the following link https://www.latamreorganizacion.com/en/publications/.
- This MOR does not replace in any way the financial information that the Company provides regularly according the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations under the Chapter 11 Procedure.

In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations under the Chapter 11 Procedure, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement's preparation, included the limited revision by the external auditors, if applicable.

November 30, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 of the Securities Market Law, and in the General Rule No. 30, duly authorized by the Board as of today, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").

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- LATAM has to prepare and deliver a Monthly Operating Report ("MOR"), as part of the reporting obligations it has to comply with under the Chapter 11 Procedure.

- Considering the abovementioned, we hereby make available for your Commission and for the market the MOR corresponding to the month of October 2020, dated as of today, included in the following link https://www.latamreorganizacion.com/en/publications/.

- This MOR does not replace in any way the financial information that the Company provides regularly according the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations under the Chapter 11 Procedure.

In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations under the Chapter 11 Procedure, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement's preparation, included the limited revision by the external auditors, if applicable.

December 29, 2020
Material fact report

In accordance with the provisions of articles 9 and 10 of Law No. 18,045 of the Securities Market Law, and in the General Rule No. 30, duly authorized by the Board as of today, I inform you the following as material facts of LATAM Airlines Group S.A. ("LATAM Airlines" or the "Company"):

- As informed, LATAM Airlines started a reorganization process in the United States of America according to the rules established in Chapter 11 of Title 11 of the Code of the United States of America, presenting a voluntary petition for relief in accordance with the same (the "Chapter 11 Procedure").

- LATAM has to prepare and deliver a Monthly Operating Report ("MOR"), as part of the

- Reporting obligations it has to comply with under the Chapter 11 Procedure.

- Considering the abovementioned, we hereby make available for your Commission and for the market the MOR corresponding to the month of November 2020, dated as of today, included in the following link https://www.latamreorganizacion.com/en/publications/.

- This MOR does not replace in any way the financial information that the Company provides regularly according the securities law or the applicable regulation and has been prepared for the sole purpose to comply with the obligations under the Chapter 11 Procedure.

In consequence and without prejudice of the limitations detailed in the MOR, we state that the information contained in this report, solely prepared for complying with obligations under the Chapter 11 Procedure, has not been audited, has a limited scope and covers a limited period of time for it is subject to material changes as the quarter advances along with the regulatory processes of the quarterly financial statement's preparation, included the limited revision by the external auditors, if applicable.

Risk management
RISK FACTORS

Risk factors

The following important factors, and those important factors described in other reports we submit to or file with the Securities and Exchange Commission ("SEC"), could affect our actual results and could cause our actual results to differ materially from those expressed in any forward-looking statements made by us or on our behalf. In particular, as we are a non-U.S. company, there are risks associated with investing in our ADSs that are not typical for investments in the shares of U.S. companies. Prior to making an investment decision, you should carefully consider all of the information contained in this document, including the following risk factors.

RISKS RELATING TO OUR CHAPTER 11 PROCEEDINGS

We and a substantial number of our consolidated subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code, and we are subject to the risks and uncertainties associated with our Chapter 11 proceedings.

As a consequence of our Chapter 11 filings, the operations and our ability to develop and execute our business plan, as well as our continuation as a going concern, will be subject to the risks and uncertainties associated with bankruptcy. These risks include our ability to:

- confirm and consummate a plan of reorganization with respect to our Chapter 11 proceedings;
- obtain sufficient financing, including for working capital whether from additional Debtor In Possession financing, exit financing or otherwise, and emerge from bankruptcy and execute our business plan post-emergence, as well as comply with the terms and conditions of that financing;
- maintain our relationships with our creditors, suppliers, service providers, customers, directors, officers and employees; and
- maintain contracts that are critical to our operations on reasonably acceptable terms and conditions.

We will also be subject to risks relating to, among others:

- the high costs of bankruptcy proceedings and related fees;
- the ability of third parties to seek and obtain court approval to (i) terminate contracts and other agreements with us, (ii) shorten the exclusivity period for us to propose and confirm a Chapter 11 plan or to appoint a Chapter 11 trustee or (iii) convert the Chapter 11 proceedings to Chapter 7 liquidation proceedings; and
- the actions and decisions of our creditors and other third parties who have interests in our Chapter 11 proceedings that may be inconsistent with our plans.

Any delays in our Chapter 11 proceedings increase the risks of our inability to reorganize our business and emerge from bankruptcy and may increase our costs associated with the reorganization process.

Because of the many risks and uncertainties associated with a voluntary filing for relief under Chapter 11 and the related proceedings, we cannot accurately predict or quantify the ultimate impact that events that occur during our Chapter 11 proceedings may have on us and there is no certainty as to our ability to continue as a going concern.

It is impossible to predict with certainty the amount of time that we could spend in our Chapter 11 proceedings or to assure parties in interest that a plan of reorganization will be confirmed. Our Chapter 11 proceedings may involve additional expense and our management will be required to spend a significant amount of time and effort focusing on the Chapter 11 proceedings.

On September 19, 2020, the Bankruptcy Court approved the Debtors' motion to approve certain Debtor In Possession financing for US$ 2.45 billion. Our Chapter 11 proceedings may require us to seek additional Debtor In Possession financing to fund operations, particularly if there are significant delays in our Chapter 11 proceedings. If we are unable to obtain such financing on favorable terms or at all, our chances of successfully reorganizing our business may be seriously jeopardized and the likelihood that we instead will be required to liquidate our assets may be increased, and, as a result, our common shares and debt instruments could become further devalued or become worthless. Furthermore, we cannot predict the ultimate amount of all settlement terms for the liabilities that will be subject to our plan of reorganization. Even once a plan of reorganization is approved and implemented, we may be adversely affected by the possible reluctance of prospective lenders and other counterparties to do business with a company that has recently emerged from Chapter 11 proceedings.

We have substantial liquidity needs and may not be able to obtain sufficient liquidity to confirm a plan of reorganization and exit our Chapter 11 proceedings successfully.

Although we have taken multiple measures to reduce our expenses and have reduced the scale of our operations significantly, mainly as a result of developments relating to the spread of Covid-19, our business remains capital intensive. In addition to the cash requirements necessary to fund our ongoing operations, we have incurred significant professional fees and other costs in connection with our reorganization, and we expect that we will continue to incur significant professional fees and costs throughout our Chapter 11 proceedings. There are no assurances that our liquidity is sufficient to allow us to satisfy our obligations related to our Chapter 11 proceedings, to proceed with the confirmation of a Chapter 11 plan of reorganization and to emerge successfully from our Chapter 11 proceedings. Notably, as discussed below, to confirm a Chapter 11 plan of reorganization, we will have to demonstrate feasibility which will in part rely on our ability to demonstrate sufficient liquidity upon emergence.

We can provide no assurance that we will be able to secure additional interim financing or exit financing sufficient to meet our liquidity needs. Our liquidity, including our ability to meet our ongoing operational obligations and the covenants, milestones and other conditions in our debt instruments, is dependent upon, among other things: (i) our ability to comply with the terms and conditions of the cash management order entered by the Bankruptcy Court in connection with our Chapter 11 proceedings, (ii) our ability to maintain adequate cash on hand, (iii) our ability to generate cash flow from operations, which depends largely on factors beyond our control relating to developments deriving from the spread of Covid-19, (iv) our ability to confirm and consummate a Chapter 11 plan of reorganization and (v) the cost, duration and outcome of the Chapter 11 proceedings.

We may not be able to obtain confirmation of a Chapter 11 plan of reorganization or such confirmation may be protracted and delayed.

To emerge successfully from Bankruptcy Court protection as a viable entity, we must meet certain statutory requirements. Specifically, the Bankruptcy Court will have to find that the disclosure regarding our proposed plan of reorganization is adequate and that our procedures for solicitation are proper. In addition, we will have to obtain the requisite acceptances of our plan and demonstrate the feasibility of our plan to the Bankruptcy Court by a preponderance of the evidence in order to fulfill other statutory conditions for confirmation of our plan. To date, we have not filed a proposed plan of reorganization and there can be no assurance as to when or whether any or all of the conditions will be satisfied. Similarly, just as we cannot assure that a plan of reorganization will be approved by the Bankruptcy Court, we cannot guarantee that such plan will be recognized or approved by the courts in the other jurisdictions in which we operated and/or where we are subject to the parallel and ancillary reorganization proceedings, or whether or when we will be able to emerge from such parallel or ancillary proceedings.

In particular, the confirmation process can be subject to numerous unanticipated potential delays. The risks include the possibility that:

- We may receive objections to confirmation of any plan of reorganization from various stakeholders in our Chapter 11 proceedings, including the effectiveness and effect of the steps required for the implementation of the Plan, which could delay and disrupt confirmation of the Plan and the Debtors' emergence from bankruptcy. Any litigation may be expensive, lengthy and disruptive to the company's normal business operations and the plan confirmation process. We cannot predict the impact that any objection or third party motion during our Chapter 11 proceedings may have on the Bankruptcy Court's decision to confirm a plan of reorganization or our ability to complete a plan of reorganization. A resolution of any such litigation that is unfavorable to the Debtors could have a material adverse effect on the plan confirmation process, emergence from bankruptcy or on LATAM's businesses, results of operations, financial condition, liquidity and cash flow.
- Adverse publicity in connection with the Chapter 11 proceedings or otherwise could negatively affect LATAM's business both during the proceedings, the plan confirmation process and post-emergence.
- Counterparties to assumed and assigned contracts may object to the assignment of such contracts pursuant to section 365 of the Bankruptcy Code. Section 365(c)(1) of the Bankruptcy Code provides that a contract may not be assumed or assigned if applicable—other than bankruptcy—law so provides. While the Debtors do not believe that thse laws, other than bankruptcy law, void any of the Debtors' assignments, a counterparty may nevertheless object to an assignment on such grounds.

The success of any reorganization will depend on approval by the Bankruptcy Court and the willingness of our creditors to agree to the exchange or modification of their claims as will be outlined in a plan of reorganization, and there can be no guarantee of success with respect to any plan of reorganization.

If a plan of reorganization is not confirmed by the Bankruptcy Court or the courts in the other jurisdictions in which we are subject to reorganization proceedings, or if we are unable to emerge from any of our reorganization proceedings, it is unclear whether or when we would be able to reorganize our business and what, if any, distributions holders of claims against us, including holders of our secured and unsecured debt and equity, would ultimately receive with respect to their claims. There can be no assurance as to whether or when we will successfully reorganize and emerge from our Chapter 11 proceedings or, if we do successfully reorganize, as to when we would emerge from Chapter 11 proceedings. If no plan of reorganization can be confirmed, or the Bankruptcy Court finds that it would be in the best interest of creditors, the Bankruptcy Court may convert or dismiss our Chapter 11 proceedings to cases under Chapter 7 of the Bankruptcy Code. In the event of conversion, a Chapter 7 trustee would be appointed or elected to liquidate our assets for distribution in accordance with the priorities established by the Bankruptcy Code.

Any Chapter 11 plan of reorganization that we may implement will be based in large part upon *assumptions and analyses developed by us. If these assumptions and analyses prove to be incorrect, our plan may be unsuccessful in its execution.*

Any plan of reorganization we may implement could affect our capital structure and the ownership, structure and operation of the business and will reflect assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we consider appropriate under the circumstances. Whether actual future results and developments will be consistent with our expectations and assumptions depends on a number of factors, including but not limited to: (i) our ability to change substantially our capital structure, (ii) our ability to obtain adequate liquidity and access financing sources, (iii) our ability to maintain customers' confidence in our viability as a going concern, (iv) our ability to retain key employees and (v) the overall strength and stability of general macroeconomic conditions. In light of the many uncertainties and risks deriving from developments relating to the spread of Covid-19, these factors and their effect on us are highly unpredictable.

In addition, any Chapter 11 plan of reorganization will rely upon financial projections that are necessarily speculative, and it is likely that one or more of the assumptions and estimates that are the basis of these financial forecasts will not be accurate. In our case, the forecasts may be even more speculative than normal because of the many uncertainties we face relating to, among others, macroeconomic conditions in the countries in which the group operates, depressed demand for air travel and severe travel restrictions imposed by governments as a result of the Covid-19 pandemic, and the time and manner in which Covid-19 vaccines are distributed in the countries in which the group operates. Accordingly, we expect that our actual financial condition and results of operations will differ, perhaps materially, from what we have anticipated. Consequently, there can be no assurance that the results or developments contemplated by any plan of reorganization we may implement will occur or, even if they do occur, that they will have the anticipated effects on us or our business or operations. The failure of any such results or developments to materialize as anticipated could materially and adversely affect the successful execution of any plan of reorganization.

Upon emergence from a filing of voluntary relief under Chapter 11 of the Bankruptcy Code, our historical financial information may not be indicative of our future financial performance.

Our capital structure may be significantly altered under a plan of reorganization. Further, a plan of reorganization could materially change the amounts and classifications reported in our consolidated historical financial statements, which do not give effect to any adjustments to the carrying value of assets or amounts of liabilities that might be necessary as a consequence of confirmation of a plan of reorganization.

Even if a Chapter 11 plan of reorganization is confirmed, we may not be able to achieve the effective date.

It is common for plans of reorganization to contain conditions precedent to effectiveness, such as obtaining government approvals, satisfying any conditions precedent in the exit facility and entry of an order approving the plan. Even upon confirmation of a plan, there can be no assurance as to when such conditions will be satisfied, if at all.

Even if a Chapter 11 plan of reorganization is consummated, we may not be able to achieve our stated goals and continue as a going concern.

Even if a Chapter 11 plan of reorganization is consummated, we will continue to face a number of risks, including further depressed demand for air travel and challenging economic conditions as a result of developments relating to the spread of Covid-19 or otherwise. Accordingly, we cannot guarantee that a Chapter 11 plan of reorganization will achieve our stated goals and permit us to effectively implement our strategy.

Furthermore, even if our debts are reduced or discharged through a plan of reorganization, we may need to raise additional funds through public or private debt or equity financing or other various means to fund the group's business after the completion of our Chapter 11 proceedings. Our access to additional financing is, and for the foreseeable future will likely continue to be, limited, if it is available at all. Therefore, adequate funds may not be available when needed or may not be available on favorable terms.

We may be subject to claims that will not be discharged in our Chapter 11 proceedings, which could have a material adverse effect on our financial condition and results of operations.
The Bankruptcy Code provides that the confirmation of a Chapter 11 plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all claims that arose prior to confirmation of the plan of reorganization: (i) would be subject to compromise and/or treatment under the plan of reorganization and (ii) would be discharged in accordance with the Bankruptcy Code and the terms of the plan of reorganization. Any claims not ultimately discharged through a Chapter 11 plan of reorganization could be asserted against the reorganized entities and may have an adverse effect on the business and financial condition and results of operations of the group on a post-reorganization basis.

Our Chapter 11 proceedings may adversely affect our ability to maintain important relationships with creditors, customers, suppliers, employees, financing sources and other personnel and counterparties, which could materially and adversely affect us.
Our Chapter 11 proceedings may adversely affect our commercial relationships and our ability to negotiate favorable terms with important stakeholders and counterparties, including potential sources of financing. Further, public perception of our continued viability may also adversely affect our relationships with customers and their loyalty to us. Strains in any of these relationships could materially and adversely affect us. In particular, critical suppliers, credit and debit card processors and acquirers, banks, export credit agencies, providers of letters of credit, surety bonds or similar instruments, vendors, lessors and customers may determine not to do business with us due to our Chapter 11 proceedings. Also, during the pendency of the Chapter 11 proceedings, the court has stayed the enforcement of any payment toward debt obligations and we will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit our ability to respond timely to certain events or take advantage of certain opportunities.

There is uncertainty regarding our ability to continue as a going concern.
Our audited consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. As discussed above, our ability to continue as a going concern is contingent upon, among other things, our ability to: (i) develop and successfully implement a restructuring plan within the timeframe required, (ii) reduce debt and other liabilities through the restructuring process, (iii) generate sufficient cash flow from operations and (iv) obtain financing sources to meet our future obligations. The accompanying consolidated financial statements also do not include any adjustments that might be necessary should we be unable to continue as a going concern.

RISKS RELATING TO OUR COMPANY

A pandemic or the widespread outbreak of contagious illnesses has had, and may continue to have, a material adverse effect on the group's business and results of operations.
The widespread outbreak of a contagious illness such as the Covid-19 pandemic, or fear of such an event, has material-

ly reduced, and may continue to further reduce, demand for, and availability of, worldwide air travel and therefore is having a material adverse effect on the group's business and results of operations.

In 2003, an outbreak of a coronavirus known as severe acute respiratory syndrome (SARS) originating in China became an epidemic and resulted in a slowdown of passenger air traffic due contagion fears. At the time, RPK growth was reduced due to oversupply in the market as airlines tried to cut capacity.

The Covid-19 pandemic has negatively affected global economic conditions, disrupted supply chains and otherwise negatively impacted aircraft manufacturing operations and may reduce the availability of aircraft spare parts. The ultimate severity of the Covid-19 pandemic is uncertain at this time and therefore we cannot predict the impact it may have on the availability of aircraft or aircraft spare parts. However, the effect on our results may be material and adverse if supply chain disruptions persist and preclude our ability to adequately maintain our fleet.

The potential for a period of significantly reduced demand for travel has and will likely continue to result in significant lost revenue. As a result of these or other conditions beyond our control, our results of operations could continue to be volatile and subject to rapid and unexpected change. In addition, if the spread of Covid-19 were to continue unabated, our operations could also be negatively affected if employees are quarantined as the result of exposure to the contagious illness. We cannot fully predict the impact that the Covid-19 pandemic will continue to have on global air travel, corporate travel, and the extent to which it may impact the demand for air travel in the regions in which the group operates. Continued government-imposed travel restrictions, border closures or operational issues resulting from the rapid spread of Covid-19 or other contagious illnesses, all of which may be unpredictable, may materially reduce demand for air travel in parts of the world in which we have significant operations and could have lasting impacts on how people do business and the need or demand for business travel. In addition, the pace of the Covid-19 vaccine rollout globally may materially impact our operations. These measures and issues have had and could continue to have a material adverse effect on the group's business and results of operations.

It is possible that in spite of mitigation measures in place, Covid-19 or other diseases could be transmitted to passengers or employees on our aircraft or at an airport, which could lead to reputational and/or financial impacts.

The health safety and sanitation measures we have implemented as a group may not be sufficient to prevent the spread or contagion of Covid-19 or other infectious diseases to our passengers or employees on our aircraft or the airports in which we operate, which could result in adverse reputational and financial impacts for the group. However, it is possible that these measures could prove insufficient and Covid-19 or other diseases could be transmitted to passengers or employees in an airport or on an aircraft.

As a result of the Covid-19 pandemic, the airline industry may experience consumer behavior changes, including with regard to corporate travel, long-haul travel, and travel demand.

The potential for mid- to long-term changes to consumer behavior resulting from the Covid-19 pandemic exists and could lead to adverse financial impacts for the Company. Corporate travel has been hindered, and in many cases, prohibited by companies due to risks during the pandemic. At this time, it is not possible to predict the potential consequences of the increased use of technology as a substitute for travel and whether or when corporate travel, long-haul travel and travel demand could return to the levels existing prior to the Covid-19 pandemic. Furthermore, travelers may be less prone to travel or be more price conscious and may choose low-cost alternatives as a result of the Covid-19 pandemic.

Risk management
RISK FACTORS

A failure to successfully implement the group's strategy or a failure to adjust such strategy to the current economic situation would harm the group's business and the market value of our ADSs and common shares.
We have developed a strategic plan with the goal of becoming one of the most admired airlines in the world and renewing our commitment to sustained profitability and superior returns to shareholders. Our strategy requires us to identify value propositions that are attractive to our clients, to find efficiencies in our daily operations, and to transform ourselves into a stronger and more risk-resilient company. A tenet of our strategic plan is the continuing adoption of a new travel model for domestic and international services to address the changing dynamics of customers and the industry, and to increase our competitiveness. The new travel model is based on a continued reduction in air fares that makes air travel accessible to a wider audience, and in particular to those who wish to fly more frequently. This model requires continued cost reduction efforts and increasing revenues from ancillary activities. In connection with these efforts, the Company continues to implement a series of initiatives to reduce cost per ASK in all its operations as well as developing new ancillary revenue initiatives.

Difficulties in implementing our strategy may adversely affect the group's business, results of operation and the market value of our ADSs and common shares.

Our financial results are exposed to foreign currency fluctuations.
We prepare and present our consolidated financial statements in U.S. dollars. LATAM and its affiliates operate in numerous countries and face the risk of variation in foreign currency exchange rates against the U.S. dollar or between the currencies of these various countries. Changes in the exchange rate between the U.S. dollar and the currencies in the countries in which the group operates could adversely affect the business, financial condition and results of operations. If the value of the Brazilian real, Chilean peso or other currencies in which revenues are denominated declines against the U.S. dollar, our results of operations and financial condition will be affected. The exchange rate of the Chilean peso, Brazilian real and other currencies against the U.S. dollar may fluctuate significantly in the future.

Changes in Chilean, Brazilian and other governmental economic policies affecting foreign exchange rates could also adversely affect the business, financial condition, results of operations and the return to our shareholders on their common shares or ADSs.

The group depends on strategic alliances or commercial relationships in many different countries, and the business may suffer if any of our strategic alliances or commercial relationships terminates.

We maintain a number of alliances and other commercial relationships in many of the jurisdictions in which LATAM and its affiliates operate. These alliances or commercial relationships allow us to enhance our network and, in some cases, to offer our customers services that we could not otherwise offer. If any of our strategic alliances or commercial relationships deteriorates, or any of these agreements are terminated, the group's business, financial condition and results of operations could be adversely affected.

The group's business and results of operations may suffer if we fail to obtain and maintain routes, suitable airport access, slots and other operating permits. Also, technical and operational problems with the airport infrastructure of cities in which we have a focus may have a material adverse effect on us.
LATAM's business depends upon our access to key routes and airports. Bilateral aviation agreements between countries, open skies laws and local aviation approvals frequently involve political and other considerations outside of our control. The group's operations could be constrained by any delay or inability to gain access to key routes or airports, including:

- limitations on our ability to transport more passengers;
- the imposition of flight capacity restrictions;

- the inability to secure or maintain route rights in local markets or under bilateral agreements; or
- the inability to maintain our existing slots and obtain additional slots.

The group operates numerous international routes subject to bilateral agreements, as well as domestic flights within Chile, Peru, Brazil, Ecuador and Colombia, subject to local route and airport access approvals.

There can be no assurance that existing bilateral agreements with the countries in which the group's companies are based and permits from foreign governments will continue to be in effect. A modification, suspension or revocation of one or more bilateral agreements could have a material adverse effect on our business, financial condition and results of operations. The suspension of our permission to operate at certain airports, destinations or slots, or the imposition of other sanctions could also have a material adverse effect. A change in the administration of current laws and regulations or the adoption of new laws and regulations in any of the countries in which the group operates that restrict our route, airport or other access may have a material adverse effect on our business, financial condition and results of operations.

Moreover, our operations and growth strategy are dependent on the facilities and infrastructure of key airports, including Santiago's International Airport, São Paulo's Guarulhos International and Congonhas Airports, Brasilia's International Airport and Lima's Jorge Chavez International Airport. Airports may face challenges to meet their capex programs, after suffering significant financial deterioration stemming from the Covid-19 pandemic. Delays or cancelations of capex programs could impact our operations or ability to grow in the future.

Santiago's Comodoro Arturo Merino Benítez International Airport is undergoing an important expansion, which is expected to be completed by 2021. There is a currently a dispute between the airport operator and the government arising from the impact of the Covid-19 pandemic and deceleration of airport operations on revenues, which placed additional stress on the operator's liquidity in light of ongoing investments required for the expansion project. In order to mitigate the impact of the financial loss, the current operator is requesting an extension of the concession period, which expires in 2035. This dispute implies a risk to future opex and capex investments and adverse effects to the airport's operations.

One of the major operational risks we face on a daily basis at Lima's Jorge Chavez International Airport is the limited number of parking positions. Additionally, the indoor infrastructure of the airport limits our ability to manage connections and launch new flights due to the lack of gates and increasing security and immigration controls. Lima's Jorge Chavez International Airport is currently undergoing an expansion, which is expected to be completed by 2024. Any delays could negatively impact our operations limit our ability to grow and affect our competitiveness in the country and in the region.

Brazilian airports, such as the Brasilia and São Paulo (Guarulhos) International Airports, have limited the number of takeoff and landing slots per day due to infrastructural limitations. Any condition that would prevent or delay our access to airports or routes that are vital to our strategy, or our inability to maintain our existing slots and obtain additional slots, could materially adversely affect our operations.

One of the largest operational risks that the El Dorado International Airport in Bogotá faces is the limited capacity that it has during certain time periods due to the adverse weather conditions, the operation of non-regular flights and the lack of availability of slots. As a result, measures have been implemented to mitigate and regulate the operation, such as Ground Stop and Ground Delay Program (GDP Program), which generate delays controlled by the control tower. Another issue faced at the El Dorado International Airport is delays by ATC of the control tower in connection with the GDP Program. These delays occur particularly in certain time periods with high traffic and are associated with non-regular flight operation, emergency flights, lower performance planes, all of which lower the airport's capacity. However, the El Dorado Airport, its concessionaire, Opain S.A., and the relevant authorities are working on the ACDM (Airport Collaborative Decision Making) project which seeks to optimize the airport's resources, involving all the industry's players by understanding their needs, in order to achieve a more controlled operation with less schedule delays.

A significant portion of our cargo revenue comes from relatively few product types and may be impacted by events affecting their production, trade or demand.
The group's cargo demand, especially from Latin American exporters, is concentrated in a small number of product categories, such as exports of fish, sea products and fruits from Chile, asparagus from Peru and fresh flowers from Ecuador and Colombia. Events that adversely affect the production, trade or demand for these goods may adversely affect the volume of goods that are transported and may have a significant impact on the results of operations. Future trade protection measures by or against the countries for which we provide cargo services may have an impact in cargo traffic volumes and adversely affect our financial results. Some of the cargo products are sensitive to foreign exchange rates and, therefore, traffic volumes could be impacted by the appreciation or depreciation of local currencies.

Our operations are subject to fluctuations in the supply and cost of jet fuel, which could adversely impact our business.
Higher jet fuel prices could have a materially adverse effect on our business, financial condition and results of operations. Jet fuel costs have historically accounted for a significant amount of our operating expenses, and accounted for 17.4% of our operating expenses in 2020. Both the cost and availability of fuel are subject to many economic and political factors and events that we can neither control nor predict, including international political and economic circumstances such as the political instability in major oil-exporting countries. Any future fuel supply shortage (for example, as a result of production curtailments by the Organization of the Petroleum Exporting Countries, or "OPEC"), a disruption of oil imports, supply disruptions resulting from severe weather or natural disasters, labor actions such as the 2018 trucking strike in Brazil, the continued unrest in the Middle East or other events could result in higher fuel prices or reductions in scheduled airline services. We cannot ensure that we would be able to offset any increases in the price of fuel by increasing our fares. In addition, lower fuel prices may result in lower fares through the reduction or elimination of fuel surcharges. We have entered into fuel hedging arrangements, but there can be no assurance that such arrangements will be adequate to protect us from an increase in fuel prices in the near future or in the long term. Also, while these hedging arrangements are designed to limit the effect of an increase in fuel prices, our hedging methods may also limit our ability to take advantage of any decrease in fuel prices, as was the case in 2015 and, to a lesser extent, in 2016. Hedging arrangements are limited after our Chapter 11 filings, as our ISDA contracts went stale. The Company is in the process of signing new contracts.

We rely on maintaining a high aircraft utilization rate to increase our revenues and absorb our fixed costs, which makes us especially vulnerable to delays.
Generally, a key element of our strategy is to maintain a high daily aircraft utilization rate, which measures the number of hours we use our aircraft per day. High daily aircraft utilization allows us to maximize the amount of revenue we generate from our aircraft and absorb the fixed costs associated with our fleet and is achieved, in part, by reducing turnaround times at airports and developing schedules that enable us to increase the average hours flown per day. Our rate of aircraft utilization could be adversely affected by a number of different factors that are beyond our control, including air traffic and airport congestion, adverse weather conditions, unanticipated maintenance and delays

by third-party service providers relating to matters such as fueling, catering and ground handling. If an aircraft falls behind schedule, the resulting delays could cause a disruption in our operating performance and have a financial impact on our results.

As a result of the Covid-19 pandemic our turnaround times between flights have increased to allow for the incorporation of numerous changes to the operation, such as increased aircraft sanitization and adjusted embarking and disembarking procedures. This increase in turnaround times has a direct impact on our utilization rate. Further, as a result of our Chapter 11 proceedings, the majority of LATAM's fleet is operating on a payment by use (or Power By Hour, "PBH") plan, thus turning the once fixed costs into variable costs that are not easily absorbed through higher utilization.

LATAM group flies and depends upon Airbus and Boeing aircraft, and our business could suffer if we do not receive timely deliveries of aircraft, if aircraft from these companies become unavailable or if the public negatively perceives our aircraft.
As of December 31, 2020, LATAM group has a total fleet of 239 Airbus and 61 Boeing aircraft. Risks relating to Airbus and Boeing include:

- our failure or inability to obtain Airbus or Boeing aircraft, parts or related support services on a timely basis because of high demand, aircraft delivery backlog or other factors;
- the interruption of fleet service as a result of unscheduled or unanticipated maintenance requirements for these aircraft;
- the issuance by the Chilean or other aviation authorities of directives restricting or prohibiting the use of our Airbus or Boeing aircraft, or requiring time-consuming inspections and maintenance;
- adverse public perception of a manufacturer as a result of safety concerns, negative publicity or other problems, whether real or perceived, in the event of an accident; or
- delays between the time we realize the need for new aircraft and the time it takes us to arrange for Airbus and Boeing or for a third-party provider to deliver this aircraft.

The occurrence of any one or more of these factors could restrict our ability to use aircraft to generate profits, respond to increased demands, or could otherwise limit our operations and adversely affect our business. In the context of our Chapter 11 proceedings, certain of our agreements with suppliers may be rejected.

If we are unable to incorporate leased aircraft into the fleet at acceptable rates and terms in the future, our business could be adversely affected.
A large portion of the aircraft fleet is subject to long-term leases. The leases typically run from three to 12 years from the date of execution. We may face more competition for, or a limited supply of, leased aircraft, making it difficult to negotiate on competitive terms upon expiration of the current leases or to lease additional capacity required for the targeted level of operations. If we are forced to pay higher lease rates in the future to maintain our capacity and the number of aircraft in the fleet, our profitability could be adversely affected.

Furthermore, we will need Bankruptcy Court approval for certain lease transactions, which may delay or further complicate negotiations ultimately limiting our ability to take advantage of favorable market conditions.

Our business may be adversely affected if we are unable to service our debt or meet our future financing requirements.
We have a high degree of debt and payment obligations under our aircraft leases and financial debt arrangements. We require significant amounts of financing to meet our aircraft capital requirements and may require additional financing to

fund our other business needs. We cannot guarantee that we will have access to or be able to arrange for financing in the future on favorable terms. Higher financing costs could affect our ability to expand or renew our fleet, which in turn could adversely affect our business.

In addition, a substantial portion of our property and equipment is subject to liens securing our indebtedness, including our Debtor In Possession financing. In the event that we fail to make payments on our Debtor In Possession financing or other secured indebtedness, creditors' enforcement of liens could limit or end our ability to use the affected property and equipment to fulfill our operational needs and thus generate revenue.

Moreover, external conditions in the financial and credit markets may limit the availability of funding at particular times or increase its costs, which could adversely affect our profitability, our competitive position and result in lower net interest margins, earnings and cash flows, as well as lower returns on shareholders' equity and invested capital. Factors that may affect the availability of funding or cause an increase in our funding costs include global macro-economic crises, reductions in our credit rating or in that of our issuances, and other potential market disruptions.

We have significant exposure to LIBOR and other floating interest rates; increases in interest rates will increase our financing cost and may have adverse effects on our financial condition and results of operations.
We are exposed to the risk of interest rate variations, principally in relation to the U.S. dollar London Interbank Offer Rate ("LIBOR"). Many of our financial leases are denominated in U.S. dollars and bear interest at a floating rate. 55% of our outstanding consolidated debt as of December 31, 2020 bears interest at a floating rate (and 58% if you consider US$375 million in DIP financing provided by Related Parties), after giving effect to interest rate hedging agreements. Volatility in LIBOR or other reference rates could increase our periodic interest and lease payments and have an adverse effect on our total financing costs. We may be unable to adequately adjust our prices to offset any increased financing costs, which would have an adverse effect on our results of operations.

On July 27, 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. The Federal Reserve Board and the Federal Reserve Bank of New York convened the Alternative Reference Rates Committee (ARRC), a group of private-market participants, to help ensure a successful transition from U.S. dollar (USD) LIBOR to a more robust reference rate, its recommended alternative, the Secured Overnight Financing Rate (SOFR). Although the adoption of SOFR is voluntary, the impending discontinuation of LIBOR makes it essential that market participants consider moving to alternative rates such as SOFR and that they have appropriate fallback language in existing contracts referencing LIBOR. The impact of such a transition away from LIBOR could be significant for us because of our substantial indebtedness.

Increases in insurance costs and/or significant reductions in coverage could harm our financial condition and results of operations.
Significant events affecting the aviation insurance industry (such as terrorist attacks, airline crashes or accidents and health epidemics and the related widespread government-imposed travel restrictions) may result in significant increases of airlines' insurance premiums and/or relevant decreases of insurance coverage. Further increases in insurance costs and/or reductions in available insurance coverage could have a material impact on our financial results, change the insurance strategy, and increase the risk of uncovered losses.

Problems with air traffic control systems or other technical failures could interrupt our operations and have a material adverse effect on our business.
The operations, including the ability to deliver customer service, are dependent on the effective operation of the equipment, including aircraft, maintenance systems and reservation

systems. The operations are also dependent on the effective operation of domestic and international air traffic control systems and the air traffic control infrastructure by the corresponding authorities in the markets in which the group operates. Equipment failures, personnel shortages, air traffic control problems and other factors that could interrupt operations could adversely affect the operations and financial results as well as our reputation.

We depend on a limited number of suppliers for certain aircraft and engine parts.
We depend on a limited number of suppliers for aircraft, aircraft engines and many aircraft and engine parts. As a result, we are vulnerable to problems associated with the supply of those aircraft, parts and engines, including design defects, mechanical problems, contractual performance by the suppliers, or adverse perception by the public that would result in unscheduled maintenance requirements, in customer avoidance or in actions by the aviation authorities resulting in an inability to operate our aircraft. During the year 2020, LATAM Airline's main suppliers were aircraft manufacturers Airbus and Boeing.

In addition to Airbus and Boeing, LATAM Airlines has a number of other suppliers, primarily related to aircraft accessories, spare parts, and components, including Pratt & Whitney, MTU Maintenance, Rolls-Royce, General Electric and Pratt & Whitney Canada.

Rolls-Royce continues to face delays with its Trent 1000 engine program, used to power LATAM's Boeing 787 fleet, with increased demand for inspections and maintenance. This has affected the availability and the operational flexibility of this aircraft for operators worldwide, with the impact for LATAM reaching its peak in July 2018. While the situation has improved considerably, there is no guarantee that this will not continue and therefore reduce the availability of Boeing 787 aircraft, thus negatively affecting operations and financial results.

In the context of our Chapter 11 proceedings, certain of our agreements with suppliers may be rejected.

Our business relies extensively on third-party service providers. Failure of these parties to perform as expected, or interruptions in our relationships with these providers or in their provision of services to us, could have an adverse effect on our financial position and results of operations.
We have engaged a significant number of third-party service providers to perform a large number of functions that are integral to our business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of technology infrastructure and services, performance of business processes, including purchasing and cash management, provision of aircraft maintenance and repairs, catering, ground services, and provision of various utilities and performance of aircraft fueling operations, among other vital functions and services. We do not directly control these third-party service providers, although we do enter into agreements with many of them that define expected service performance. Any of these third-party service providers, however, may materially fail to meet their service performance commitments, may suffer disruptions to their systems that could impact their services, or the agreements with such providers may be terminated. For example, flight reservations booked by customers and/or travel agencies via third-party GDSs (Global Distribution Systems) may be adversely affected by disruptions in our business relationships with GDS operators or by issues in the GDS's operations. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the carriers' flight information to be limited or unavailable for display, significantly increase fees for both us and GDS users, and impair our relationships with customers and travel agencies. The failure of any of our third-party service providers to adequately perform their service obligations, or other interruptions of services, may reduce our revenues and increase our expenses or prevent us from operating our flights and providing other services to our customers. In addition, our business, financial performance and reputation

Risk management
RISK FACTORS

could be materially harmed if our customers believe that our services are unreliable or unsatisfactory. In the context of our Chapter 11 proceedings, certain of our agreements with suppliers and third-party contractors may be rejected.

Disruptions or security breaches of our information technology infrastructure or systems could interfere with the operations, compromise passenger or employee information, and expose us to liability, possibly causing our business and reputation to suffer.
A serious internal technology error, failure, or cybersecurity incident impacting systems hosted internally at our data centers, externally at third-party locations or cloud providers, or large-scale interruption in technology infrastructure we depend on, such as power, telecommunications or the internet, may disrupt our technology network with potential impact on our operations. Our technology systems and related data may also be vulnerable to a variety of sources of interruption, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, cyber-attacks and other security issues. These systems include our computerized airline reservation system, flight operations system, telecommunications systems, website, customer, self-service applications ("apps"), maintenance systems, check-in kiosks, in-flight entertainment systems and data centers.

In addition, as a part of our ordinary business operations, we collect and store sensitive data, including personal information of our passengers and employees and information of our business partners. The secure operation of the networks and systems on which this type of information is stored, processed, and maintained is critical to our business operations and strategy. Unauthorized parties may attempt to gain access to our systems or information through fraud, deception, or cybersecurity incident. Hardware or software we develop or acquire may contain defects that could unexpectedly compromise information security. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of, or access to, customers', employees' or business partners' information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption to our operations and damage to our reputation, any or all of which could adversely affect our business.

Increases in our labor costs, which constitute a substantial portion of our total operating expenses, could directly impact our earnings.
Labor costs constitute a significant percentage of our total operating expenses (16.0% in 2020) and at times in our operating history we have experienced pressure to increase wages and benefits for our employees. A significant increase in our labor costs could result in a material reduction in our earnings.

Collective action by employees could cause operating disruptions and adversely impact our business.

Certain employee groups such as pilots, flight attendants, mechanics and our airport personnel have highly specialized skills. As a consequence, actions by these groups, such as strikes, walk-outs or stoppages, could severely disrupt operations and adversely impact our operating and financial performance, as well as our image.

A strike, work interruption or stoppage or any prolonged dispute with employees who are represented by any of these unions could have an adverse impact on operations. These risks are typically exacerbated during periods of renegotiation with the unions, which typically occurs every two to four years depending on the jurisdiction and the union. Any renegotiated collective bargaining agreement could feature significant wage increases and a consequent increase in our operating expenses. Any failure to reach an agreement during negotiations with unions may require us to enter into arbitration proceedings, use financial and management resources, and potentially agree to terms that are less favorable to us than our existing agreements. Employees who are not currently members of unions may also form new unions that may seek further wage increases or benefits.

Our business may experience adverse consequences if we are unable to reach satisfactory collective bargaining agreements with unionized employees.
As of December 31, 2020, approximately 64% of the group's employees, including administrative personnel, cabin crew, flight attendants, pilots and maintenance technicians are members of unions and have contracts and

collective bargaining agreements which expire on a regular basis. The business, financial condition and results of operations could be materially adversely affected by a failure to reach agreement with any labor union representing such employees or by an agreement with a labor union that contains terms that are not in line with expectations or that prevent the group from competing effectively with other airlines.

LATAM group may experience difficulty finding, training and retaining employees.

The business is labor intensive. The group employs a large number of pilots, flight attendants, maintenance technicians and other operating and administrative personnel. The airline industry has, from time to time, experienced a shortage of qualified personnel, especially pilots and maintenance technicians. Such shortage of qualified personnel is further exacerbated as a result of our Chapter 11 proceedings, and extends to non-flight personnel. In addition, as is common with most of our competitors, the group may, from time to time, face considerable turnover of our employees. Should the turnover of employees, particularly pilots and maintenance technicians, sharply increase, our training costs will be significantly higher. LATAM cannot assure you that it will be able to recruit, train and retain the managers, pilots, technicians and other qualified employees that are needed to continue the current operations or replace departing employees. An increase in turnover or failure to recruit, train and retain qualified employees at a reasonable cost could materially adversely affect the business, financial condition, and results of operations. As a result of the Chapter 11 proceedings, the group may experience increased levels of employee attrition. A loss of key personnel or material erosion of employee morale could impair the ability to execute strategy and implement operational initiatives, thereby adversely affecting the group.

RISKS RELATING TO THE AIRLINE INDUSTRY AND THE COUNTRIES IN WHICH THE GROUP OPERATES

Our performance is heavily dependent on economic conditions in the countries in which the group does business. Negative economic conditions in those countries could adversely impact the group's business and results of operations and cause the market price of our common shares and ADSs to decrease.

Passenger and cargo demand is heavily cyclical and highly dependent on global and local economic growth, economic expectations and foreign exchange rate variations, among other things. In the past, our business has been adversely affected by global economic recessionary conditions, weak economic growth in Chile, recessions in Brazil and Argentina, and poor economic performance in certain emerging market countries in which the group operates. The occurrence of similar events in the future could adversely affect our business. The group plans to continue to expand operations based in Latin America, which means that performance will continue to depend heavily on economic conditions in the region.

Any of the following factors could adversely affect the business, financial condition and results of operations in the countries in which the group operates:

- changes in economic or other governmental policies;
- changes in regulatory, legal or administrative practices;
- weak economic performance, including, but not limited to, a slowdown in the Brazilian economy, political instability, low economic growth, low consumption and/or investment rates, and increased inflation rates; or
- other political or economic developments over which we have no control.

No assurance can be given that capacity reductions or other steps the group may take in response to weakened demand will be adequate to offset any future reduction in cargo and/or air travel demand in markets in which the group operates. Sustained weak demand may adversely impact our revenues, results of operations or financial condition.

An adverse economic environment, whether global, regional or in a particular country, could result in a reduction in passenger traffic, as well as a reduction in the cargo business, and could also impact the ability to set fares, which in turn would materially and negatively affect our financial condition and results of operations.

We are exposed to increases in landing fees and other airport service charges that could adversely affect our margin and competitive position. Also, it cannot be assured that in the future we will have access to adequate facilities and landing rights necessary to achieve our expansion plans.
The group must pay fees to airport operators for the use of their facilities. Any substantial increase in airport charges, including at Guarulhos International Airport in São Paulo, Jorge Chavez International Airport in Lima or Comodoro Arturo Merino Benitez International Airport in Santiago, could have a material adverse impact on our results of operations. Passenger taxes and airport charges have increased substantially in recent years. We cannot assure you that the airports in which the group operates will not increase or maintain high passenger taxes and service charges in the future. Any such increases could have an adverse effect on our financial condition and results of operations.

Certain airports that we serve (or that we plan to serve in the future) are subject to capacity constraints and impose various restrictions, including takeoff and landing slot restrictions during certain periods of the day and limits on aircraft noise levels. We cannot be certain that the group will be able to obtain a sufficient number of slots, gates and other facilities at airports to expand services in line with our growth strategy. It is also possible that airports not currently subject to capacity constraints may become so in the future. In addition, an airline must use its slots on a regular and timely basis or risk having those slots reallocated to others. Where slots or other airport resources are not available or their availability is restricted in some way, the group may have to amend schedules, change routes or reduce aircraft utilization. It is also possible that aviation authorities in the countries in which the group operates, change the rules for the assignment of takeoff and landing slots, as it was the case with the São Paulo airport (Congonhas) in 2019 where the slots previously operated by Avianca Brazil were reassigned. Any of these alternatives could have an adverse financial impact on operations. We cannot ensure that airports at which there are no such restrictions may not implement restrictions in the future or that, where such restrictions exist, they may not become more onerous. Such restrictions may limit our ability to continue to provide or to increase services at such airports.

The business is highly regulated and changes in the regulatory environment in the different countries may adversely affect our business and results of operations.
Our business is highly regulated and depends substantially upon the regulatory environment in the countries in which the group operates or intend to operate. For example, price controls on fares may limit our ability to effectively apply customer segmentation profit maximization techniques ("passenger revenue management") and adjust prices to reflect cost pressures. High levels of government regulation may limit the scope of our operations and our growth plans. The possible failure of aviation authorities to maintain the required governmental authorizations, or our failure to comply with applicable regulations, may adversely affect our business and results of operations.

Our business, financial condition, results of operations and the price of common shares and ADSs may be adversely affected by changes in policy or regulations at the federal, state or municipal level in the countries in which the group operates, involving or affecting factors such as:

- interest rates;
- currency fluctuations;
- monetary policies;
- inflation;
- liquidity of capital and lending markets;
- tax and social security policies;
- labor regulations;
- energy and water shortages and rationing; and
- other political, social and economic developments in or affecting Brazil, Chile, Peru, and the United States, among others.

For example, the Brazilian federal government has frequently intervened in the domestic economy and made drastic changes in policy and regulations to control inflation and affect other policies and regulations. This required the federal government to increase interest rates, change taxes and social security policies, implement price controls, currency exchange and remittance controls, devaluations, capital controls and limits on imports.

Uncertainty over whether the Brazilian federal government will implement changes in policy or regulation affecting these or other factors may contribute to economic uncertainty in Brazil and to heightened volatility in the Brazilian securities markets and securities issued abroad by Brazilian companies. These and other developments in the Brazilian economy and governmental policies may adversely affect us and our business and results of operations and may adversely affect the trading price of our common shares and ADSs.

We are also subject to international bilateral air transport agreements that provide for the exchange of air traffic rights between the countries where the group operates, and we must obtain permission from the applicable foreign governments to provide service to foreign destinations. There can be no assurance that such existing bilateral agreements will continue, or that we will be able to obtain more route rights under those agreements to accommodate our future expansion plans. Certain bilateral agreements also include provisions that require substantial ownership or effective control. Any modification, suspension or revocation of one or more bilateral agreements could have a material adverse effect on our business, financial condition and results of operations. The suspension of our permits to operate to certain airports or destinations, the inability for us to obtain favorable take-off and landing authorizations at certain high-density airports or the imposition of other sanctions could also have a negative impact on our business. We cannot be certain that a change in ownership or effective control or in a foreign government's administration of current laws and regulations or the adoption of new laws and regulations will not have a material adverse effect on our business, financial condition and results of operations.

Losses and liabilities in the event of an accident involving one or more of our aircraft could materially affect our business.

We are exposed to potential catastrophic losses in the event of an aircraft accident, terrorist incident or any other similar event. There can be no assurance that, as a result of an aircraft accident or significant incident:

- we will not need to increase our insurance coverage;
- our insurance premiums will not increase significantly;
- our insurance coverage will fully cover all of our liability; or
- we will not be forced to bear substantial losses.

Substantial claims resulting from an accident or significant incident in excess of our related insurance coverage could have a material adverse effect on our business, financial condition and results of operations. Moreover, any aircraft accident, even if fully insured, could cause the negative public perception that our operations or aircraft are less safe or reliable than those operated by other airlines, or by other flight operators, which could have a material adverse effect on our business, financial condition and results of operations.

Insurance premiums may also increase due to an accident or incident affecting one of our alliance partners or other airlines, or due to a perception of increased risk in the industry related to concerns about war or terrorist attacks, the general industry, or general industry safety.

High levels of competition in the airline industry, such as the presence of low-cost carriers in the markets in which the group operates, may adversely affect the level of operations.

Our business, financial condition and results of the group's operations could be adversely affected by high levels of competition within the industry, particularly the entrance of new competitors into the markets in which the group operates. Airlines compete primarily over fare levels, frequency and dependability of service, brand recognition, passenger amenities (such as frequent flyer programs) and the availability and convenience of other passenger or cargo services. New and existing airlines (and companies providing ground cargo or passenger transportation) could enter our markets and compete with us on any of these bases, including by offering lower prices, more attractive services or increasing their route offerings in an effort to gain greater market share.

Low-cost carriers have an important impact in the industry's revenues given their low unit costs. Lower costs allow low-cost carriers to offer inexpensive fares which, in turn, allow price sensitive customers to fly or to shift from large to low-cost carriers. In past years we have seen more interest in the development of the low-cost model throughout Latin America. For example, in the Chilean market, Sky Airline, our main competitor, has been migrating to a low-cost model since 2015, while in July 2017, JetSmart, a new low-cost airline, started operations. In the Peruvian domestic market, VivaAir Peru, a new low-cost airline, started operations in May 2017, and in April 2019, another low-cost airline, Sky Airline Peru, started operations. In Colombia, low-cost competitor VivaColombia has been operating in the domestic market since May 2012. A number of low-cost carriers have announced growth strategies including commitments to acquire significant numbers of aircraft for delivery in the next few years. The entry of low-cost carriers into local markets in which we compete, including those described above, could have a material adverse effect on our operations and financial performance. Additionally, certain of our competitors have also filed voluntary petitions under Chapter 11 of the Bankruptcy Code. The ability of competitors to significantly adjust their cost structure and become more competitive, resulting from a bankruptcy reorganization process or other financial restructuring may also adversely affect our ability to compete.

International strategic growth plans rely, in part, upon receipt of regulatory approvals of the countries in which we plan to expand our operations with joint business agreements (JBA). The group may not be able to obtain those approvals, while other competitors might be approved. Accordingly, we might not be able to compete for the same routes as our competitors, which could diminish our market share and adversely impact our financial results. No assurances can be given as to any benefits, if any, that we may derive from such agreements.

Some of our competitors may receive external support, which could adversely impact our competitive position.
Some of our competitors may receive support from external sources, such as their national governments, which may be unavailable to us. Support may include, among others, subsidies, financial aid or tax waivers. This support could place the group at a competitive disadvantage and adversely affect operations and financial performance. For example, Aerolineas Argentinas has historically been government subsidized. Additionally, during the Covid-19 pandemic, some of our competitors on long-haul routes have received, or will receive, government support.

Moreover, as a result of the competitive environment, there may be further consolidation in the Latin American and global airline industry, whether by means of acquisitions, joint ventures, partnerships or strategic alliances. We cannot predict the effects of further consolidation on the industry. Furthermore, consolidation in the airline industry and changes in international alliances will continue to affect the competitive landscape in the industry and may result in the development of airlines and alliances with increased financial resources, more extensive global networks and reduced cost structures.

Some of the countries where the group operates may not comply with international agreements previously established, which could increase the risk perception of doing business in that specific market and as a consequence impact the business and financial results.
Rulings by a bankruptcy court in Brazil and by higher judicial authorities related to the bankruptcy proceedings of Avianca Brazil may appear to be inconsistent with the Cape Town Convention (CTC) treaty that Brazil has signed, thus raising concerns about the rights of creditors in respect of financings secured by aircraft. Accordingly, if creditors perceive that an increase business risk is created by these rulings for leasing or other financing transactions involving aircraft in Brazil, there is a possibility that rating agencies may issue lower credit ratings in respect of financings that are secured by aircraft in Brazil. As a result, business and financial results may be adversely affected if our financing activities in Brazil are impacted by such events.

The group's operations are subject to local, national and international environmental regulations; costs of compliance with applicable regulations, or the consequences of noncompliance, could adversely affect our results, our business or our reputation.
The group's operations are affected by environmental regulations at local, national and international levels. These regulations cover, among other things, emissions to the at-

mosphere, disposal of solid waste and aqueous effluents, aircraft noise and other activities incident to the business. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our cost base and adversely affect operations and financial results. In addition, failure to comply with these regulations could adversely affect us in a variety of ways, including adverse effects on the group's reputation.

In 2016, the International Civil Aviation Organization ("ICAO") adopted a resolution creating the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), providing a framework for a global market-based measure to stabilize carbon dioxide ("CO_2") emissions in international civil aviation (i.e., civil aviation flights that depart in one country and arrive in a different country). CORSIA will be implemented in phases, starting with the participation of ICAO member states on a voluntary basis during a pilot phase (from 2021 through 2023), followed by a first phase (from 2024 through 2026) and a second phase (from 2027). Currently, CORSIA focuses on defining standards for monitoring, reporting and verification of emissions from air operators, as well as on defining steps to offset CO_2 emissions after 2020. To the extent most of the countries in which the group operates continue to be ICAO member states, in the future we may be affected by regulations adopted pursuant to the CORSIA framework.

The proliferation of national regulations and taxes on CO_2 emissions in the countries that we have domestic operations, including environmental regulations that the airline industry is facing in Colombia, may also affect the cost of operations and the margins.

The business may be adversely affected by a downturn in the airline industry caused by exogenous events that affect travel behavior or increase costs, such as outbreak of disease, weather conditions and natural disasters, war or terrorist attacks.
Demand for air transportation may be adversely impacted by exogenous events, such as adverse weather conditions and natural disasters, epidemics (such as Ebola and Zika) and pandemics (such as the Covid-19 pandemic), terrorist attacks, war or political and social instability. Situations such as these in one or more of the markets in which the group operates could have a material impact on the business, financial condition and results of operations. Furthermore, the Covid-19 pandemic and other adverse public health developments could have a prolonged effect on air transportation demand and any prolonged or widespread effects could significantly impact operations.

After the terrorist attacks in the United States on September 11, 2001, the Company made the decision to reduce its flights to the United States. In connection with the reduction in service, the Company reduced its workforce resulting in additional expenses due to severance payments to terminated employees during 2001. Any future terrorist attacks or threat of attacks, whether or not involving commercial aircraft, any increase in hostilities relating to reprisals against terrorist organizations or otherwise and any related economic impact could result in decreased passenger traffic and materially and negatively affect the business, financial condition and results of operations.

After the 2001 terrorist attacks, airlines have experienced increased costs resulting from additional security measures that may be made even more rigorous in the future. In addition to measures imposed by the U.S. Department of Homeland Security and the TSA, IATA and certain foreign governments have also begun to institute additional security measures at foreign airports we serve.

Revenues for airlines depend on the number of passengers carried, the fare paid by each passenger and service factors, such as the timeliness of flight departures and arrivals. During periods of fog, ice, low temperatures, storms or other adverse weather conditions, some or all of our flights may be cancelled or significantly delayed, reducing profitability. In addition, fuel prices and supplies, which constitute a significant cost for us, may increase as a result of any future terrorist attacks, a general increase in hostilities or a reduction in output of fuel, voluntary or otherwise, by oil-producing countries. Such increases may result in both higher airline ticket prices and decreased demand for air travel generally, which could have an adverse effect on revenues and results of operations.

An accumulation of ticket refunds could have an adverse effect on our financial results.
The Covid-19 pandemic and the corresponding widespread government-imposed travel restrictions that are outside of LATAM's control have resulted in an unprecedented number of requests for ticket refunds from customers due to changed or cancelled flights. Although at the time this issue has been managed, we cannot assure you that the Covid-19 pandemic or other outbreak of contagious illness will not result in additional changed or cancelled flights, and we cannot predict the total amount of refunds that customers might request as a result thereof. If the group is required to pay out a substantial amount of ticket refunds in cash, this could have an adverse effect on our financial results or liquidity position. Furthermore, the group has agreements with financial institutions that process customer credit card transactions for the sale of air travel and other services. Under certain of the Company's credit card processing agreements, the financial institutions in certain circumstances have the right to require that the group maintain a reserve equal to a portion of advance ticket sales that have been processed by that financial institution, but for which it has not yet provided the air transportation. Such financial institutions may require cash or other collateral reserves to be established or withholding of payments related to receivables to be collected, including if the group does not maintain certain minimum levels of unrestricted cash, cash equivalents and short-term investments. Refunds lower our liquidity and put us at risk of triggering liquidity covenants in these processing agreements and, in doing so, could force us to post cash collateral with the credit card companies for advance ticket sales.

LATAM group is subject to risks relating to litigation and administrative proceedings that could adversely affect the business and financial performance in the event of an unfavorable ruling.
The nature of the business exposes us to litigation relating to labor, insurance and safety matters, regulatory, tax and administrative proceedings, governmental investigations, tort claims and contract disputes. Litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome among other matters. Currently, as in the past, we are subject to proceedings or investigations of actual or potential litigation. Although we establish accounting provisions as we deem necessary, the amounts that we reserve could vary significantly from any amounts we actually have to pay due to the inherent uncertainties in the estimation process. We cannot assure you that these or other legal proceedings will not materially affect the business.

The group is subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Chile, the United States and in the various countries in which it operates. Violations of any such laws or regulations could have a material adverse impact on our reputation and results of operations and financial condition.
We are subject to anti-corruption, anti-bribery, anti-money laundering, antitrust and other international laws and regulations and are required to comply with the applicable laws and regulations of all jurisdictions where the group operates. In addition, we are subject to economic sanctions regulations that restrict dealings with certain sanctioned countries, individuals and entities. There can be no assurance that internal policies and procedures will be sufficient to prevent or detect all inappropriate practices, fraud or violations of law by affiliates, employees, directors, officers, partners, agents and service providers or that any such persons will not take actions in violation of our policies and procedures. Any violations by us of laws or regulations could have a material adverse effect on the business, reputation, results of operations and financial condition.

Latin American governments have exercised and continue to exercise significant influence over their economies.
Governments in Latin America frequently intervene in the economies of their respective countries and occasionally make significant changes in policy and regulations. Governmental actions have often involved, among other measures, nationalizations and expropriations, price controls, currency devaluations, mandatory increases on wages and employee benefits, capital controls and limits on imports. Our business, financial condition and results of operations may

be adversely affected by changes in government policies or regulations, including such factors as exchange rates and exchange control policies, inflation control policies, price control policies, consumer protection policies, import duties and restrictions, liquidity of domestic capital and lending markets, electricity rationing, tax policies, including tax increases and retroactive tax claims, and other political, diplomatic, social and economic developments in or affecting the countries where the group operates.

For example, the Brazilian government's actions to control inflation and implement other policies have involved wage and price controls, depreciation of the real, controls over remittance of funds abroad, intervention by the Central Bank to affect base interest rates and other measures. In the future, the level of intervention by Latin American governments may continue or increase. We cannot assure you that these or other measures will not have a material adverse effect on the economy of each respective country and, consequently, will not adversely affect our business, financial condition and results of operations.

Political instability and social unrest in Latin America may adversely affect the business.
LATAM group operates primarily within Latin America and is thus subject to a full range of risks associated with our operations in this region. These risks may include unstable political or social conditions, lack of well-established or reliable legal systems, exchange controls and other limits on our ability to repatriate earnings and changeable legal and regulatory requirements.

Although political and social conditions in one country may differ significantly from another country, events in any of our key markets could adversely affect the business, financial conditions or results of operations.

For example, in Brazil, in the last couple of years, as a result of the ongoing Lava Jato investigation ("Operation Car Wash"), a number of senior politicians have resigned or been arrested and other senior elected officials and public officials are being investigated for allegations of corruption. One of the most significant events that elapsed from this operation was the impeachment of the former President Rousseff by the Brazilian Senate on August, 2016, for violations of fiscal responsibility laws and the governing of its Vice-President, Michel Temer, during the last two years of the presidential mandate, which, due to the development of the investigations conducted by the Federal Police Department and the General Federal Prosecutor's Office, indicted President Temer on corruption charges. Along with the political and economic uncertainty period the country was facing, in July 2017, former President Luiz Inácio Lula da Silva was convicted of corruption and money laundering by a lower federal court in the State of Paraná in connection with Operation Car Wash.

In Peru, on September 30, 2019, President Martin Vizcarra took the executive action to dissolve the Peruvian Congress and called for a new election of congressional members. In response to the dissolution of the Congress, former members of the legislative body voted to suspend President Vizcarra for twelve months and appointed Vice President Mercedes Araoz as interim president to temporarily replace Mr. Vizcarra. Vice President Araoz resigned from her position as interim president the following day. On January 14, 2020, the Peruvian Constitutional Court declared the executive action taken by President Vizcarra to be constitutionally and legally valid. On January 26, 2020, congressional elections were held to elect the new Congress. The new Congress is fragmented and will likely be replaced in the next general election in April 2021.

On October 20, 2020, a group of 27 congressmen introduced a motion to hold new impeachment proceedings against President Vizcarra as a result of allegations that President Vizcarra received illicit payments from construction companies when he was the governor of Moquegua (between 2011 and 2014). On November 2, 2020, the Peruvian Congress voted to hold new impeachment proceedings. On November 9, 2020, with the affirmative vote of the required qualified members of Congress, the impeachment of President Vizcarra was approved. Because, at the time, Peru did not have designated vice presidents, the then-president of the Congress, Manuel Arturo Merino de Lama, assumed the role of acting President. Since that day, Peru has been undergoing political and social unrest, followed by multiple protests within the country. On November 15, 2020, Manuel Arturo Merino de Lama resigned from his role of acting President. On November 16, 2020, the Congress elected congressman Francisco Rafael Sagasti Hochhausler as president of Congress, and he assumed the role of acting President on November 17, 2020 until July 28, 2021.

Notwithstanding the foregoing, Peru is currently scheduled to hold a general election in April 2021 to elect a new President and Congress, which increases the uncertainty surrounding the Peruvian economy. In the past, governments have imposed controls on prices, exchange rates, local and foreign investment and international trade, restricted the ability of companies to dismiss employees, expropriated private sector assets and prohibited the remittance of profits to foreign investors. We cannot be certain whether the new Peruvian government (appointed by Congress) or the Peruvian government to be elected in 2021 will continue to pursue business-friendly and open-market economic policies that stimulate economic growth and stability.

In October 2019, Chile saw significant protests associated with economic conditions resulting in the declaration of a state of emergency in several major cities. The protests in Chile began over criticisms about social inequality, lack of quality education, weak pensions, increasing prices and low minimum wage. If social unrest in Chile were to continue or intensify, it could lead to operational delays or adversely impact our ability to operate in Chile.

Furthermore, current initiatives to address the concerns of the protesters are under discussion in the Chilean Congress. These initiatives include labor reforms, tax reforms and pension reforms, among others. It is not possible to predict the effect of these changes as they are still under discussion, but they could potentially result in higher payments of wages and salaries and an increase in taxes. On October 25, 2020 (postponed from April 26, 2020 due to the impact of the Covid-19 pandemic), Chile widely approved a referendum to redraft the constitution via constitutional convention. The election for selecting the 155-member constitutional convention is set to be held on April 11, 2021. Thereafter, the convention will have 9 months, with the possibility of a one-time, three-month extension, to present a new constitution, which will be approved or rejected in a referendum during 2022. In addition, Chile will hold presidential and congressional elections in November 2021.

Although conditions throughout Latin America vary from country to country, our customers' reactions to developments in Latin America generally may result in a reduction in passenger traffic, which could materially and negatively affect our financial condition and results of operations.

Latin American countries have experienced periods of adverse macroeconomic conditions.
The business is dependent upon economic conditions prevalent in Latin America. Latin American countries have historically experienced economic instability, including uneven periods of economic growth as well as significant downturns. High interest, inflation (in some cases substantial and prolonged), and unemployment rates generally characterize each economy. Because commodities such as agricultural products, minerals, and metals represent a significant percentage of exports of many Latin American countries, the economies of those countries are particularly sensitive to fluctuations in commodity prices. Investments in the region may also be subject to currency risks, such as restrictions on the flow of money in and out of the country, extreme volatility relative to the U.S. dollar, and devaluation.

For example, in the past, Peru has experienced periods of severe economic recession, currency devaluation, high inflation, and political instability, which have led to adverse economic consequences. We cannot assure you that Peru will not experience similar adverse developments in the future even though for some years now, several democratic procedures have been completed without any violence. We cannot assure you that the current or any future administration will maintain business-friendly and open-market economic policies or policies that stimulate economic growth and social stability. In Brazil, the Brazil Real GDP decreased 3.5% in 2015, decreased 3.3% in 2016, increased 1.3% in 2017 and 2018 and increased 1.1% in 2019, according to the Brazilian Institute for Geography and Statistics (Instituto Brasileiro de Geografia e Estadística, or "IGBE"). In addition, the credit rating of the Brazilian federal government was downgraded in 2015 and 2016 by all major credit rating agencies and is no longer investment grade. We can offer no assurances as to the policies that may be implemented by the recently elected Argentine administration, or that political developments in Argentina will not adversely affect the Argentine economy.

Accordingly, any changes in the economies of the Latin American countries in which LATAM and its affiliates operate or the governments' economic policies may have a negative effect on the business, financial condition and results of operations.

RISKS RELATING TO OUR COMMON SHARES AND ADSS

Because our post-bankruptcy capital structure is yet to be determined, and any changes to our capital structure may have a material adverse effect on holders of the ADSs or our shares, trading in the ADSs or our shares during the pendency of our Chapter 11 proceedings is highly speculative and poses substantial risks.
Our post-bankruptcy capital structure will be set pursuant to a reorganization plan that requires approval by the bankruptcy court. The reorganization of our capital structure may include exchanges of new equity securities for existing equity securities or of debt securities for equity securities, which would dilute any value of our existing equity securities, or may provide for all existing equity interests in us to be extinguished. In this case, amounts invested by holders of the ADSs or our shares will not be recoverable and these securities will have no value.

As a result of our Chapter 11 proceedings, on June 10, 2020, the NYSE notified the SEC of its intention to remove the ADSs from listing and registration on the NYSE, effective at the opening of business on June 22, 2020. As of the date of this annual report, the ADSs are traded in the over-the-counter market, which is a less liquid market. There can be no assurance that the ADSs will continue to trade in the over-the-counter market or that any public market for the ADSs will exist in the future, whether broker-dealers will continue to provide public quotes of the ADSs, whether the trading volume of the ADSs will be sufficient to provide for an efficient trading market, whether quotes for the ADSs may be blocked in the future or that we will be able to relist the ADSs on a securities exchange.

Trading prices of the ADSs or our shares bear no relationship to the actual recovery, if any, by their holders in the context of our Chapter 11 proceedings. Additionally, trading prices of ADSs or our shares may experience significant fluctuation and volatility. Due to these and other risks described in this annual report, trading in the ADSs or our shares during the pendency of our Chapter 11 proceedings poses substantial risks and we urge extreme caution with respect to existing and future investments in these securities.

Our major shareholders may have interests that differ from those of our other shareholders.

One of the major shareholder groups, the Cueto Group (the "Cueto Group"), beneficially owned 16.39% of our common shares as of February 28, 2021. The Amaro Group (the "Amaro Group"), as of February 28, 2021, held 6.40 % of LATAM shares through TEP Chile and TEP Aeronáutica S.A. Previously, the Amaro Group held a 21.88% stake in Costa Verde Aeronáutica S.A., the main legal vehicle through which the Cueto Group holds its LATAM shares, which included 4.42% of the 6.40% LATAM shares held by the Amaro Group. On December 28, 2020, however, TEP Aeronáutica S.A. was created through a demerger of Costa Verde Aeronáutica S.A., and the Amaro Group's interest in Costa Verde Aeronáutica S.A. transferred to the new company, wholly-owned by the Amaro Group, and which as of February 28, 2021, held 4.42% of the LATAM Shares. Pursuant to an existing shareholders' agreement, the Cueto Group and the Amaro Group have agreed to use their good faith efforts to reach an agreement and act jointly on all actions to be taken by our board of directors or shareholders' meeting, and if unable to reach to such agreement, to follow the proposals made by our board of directors. Decisions by the Company that require supermajority votes under Chilean law are subject to voting arrangements by the Cueto Group and the Amaro Group. In addition, other shareholders including, Delta Air Lines, Inc, which, as of February 28, 2021, held 20.00% of our common shares, and Qatar Airways Investments (UK) Ltd., which as of February 28, 2021, held 9.999999918% of our common shares, could have interests that may differ from those of our other shareholders.
Under the terms of the deposit agreement governing the ADSs, if holders of ADSs do not provide JP Morgan Chase

Bank, N.A., in its capacity as depositary for the ADSs, with timely instructions on the voting of the common shares underlying their ADRs, the depositary will be deemed to have been instructed to give a person designated by the board of directors the discretionary right to vote those common shares. The person designated by the board of directors to exercise this discretionary voting right may have interests that are aligned with our majority shareholders, which may differ from those of our other shareholders. Historically, our board of directors has designated its chairman to exercise this right; for example, the members of the board of directors elected by the shareholders in 2020 designated Mr. Ignacio Cueto, to serve in this role.

Trading of our ADSs and common shares in the securities markets is limited and could experience further illiquidity and price volatility.
Our common shares are listed on the two Chilean stock exchanges. Chilean securities markets are substantially smaller, less liquid and more volatile than major securities markets in the United States. In addition, Chilean securities markets may be materially affected by developments in other emerging markets, particularly other countries in Latin America. Accordingly, although you are entitled to withdraw the common shares underlying the ADSs from the depositary at any time, your ability to sell the common shares underlying ADSs in the amount and at the price and time of your choice may be substantially limited. This limited trading market may also increase the price volatility of the ADSs or the common shares underlying the ADSs.

Holders of ADRs may be adversely affected by currency devaluations and foreign exchange fluctuations.
If the Chilean peso exchange rate falls relative to the U.S. dollar, the value of the ADSs and any distributions made thereon from the depositary could be adversely affected. Cash distributions made in respect of the ADSs are received by the depositary (represented by the custodian bank in Chile) in pesos, converted by the custodian bank into U.S. dollars at the then-prevailing exchange rate and distributed by the depositary to the holders of the ADRs evidencing those ADSs. In addition, the depositary will incur foreign currency conversion costs (to be borne by the holders of the ADRs) in connection with the foreign currency conversion and subsequent distribution of dividends or other payments with respect to the ADSs.

Future changes in Chilean foreign investment controls and withholding taxes could negatively affect non-Chilean residents that invest in our shares.
Equity investments in Chile by non-Chilean residents have been subject in the past to various exchange control regulations that govern investment repatriation and earnings thereon. Although not currently in effect, regulations of the Central Bank of Chile have in the past imposed such exchange controls. Nevertheless, foreign investors still have to provide the Central Bank with information related to equity investments and must conduct such operations within the formal exchange market. Furthermore, any changes in withholding taxes could negatively affect non-Chilean residents that invest in our shares.

We cannot assure you that additional Chilean restrictions applicable to the holders of ADRs, the disposition of the common shares underlying ADSs or the repatriation of the proceeds from an acquisition, a disposition or a dividend payment, will not be imposed or required in the future, nor could we make an assessment as to the duration or impact, were any such restrictions to be imposed or required.

Our ADS holders may not be able to exercise preemptive rights in certain circumstances.
To the extent that a holder of our ADSs is unable to exercise its preemptive rights because a registration statement has not been filed, the depositary will attempt to sell the holder's preemptive rights and distribute the net proceeds of the sale, net of the depositary's fees and expenses, to the holder, provided that a secondary market for those rights exists and a premium can be recognized over the cost of the sale. A secondary market for the sale of preemptive rights can be expected to develop if the subscription price of the shares of our common stock upon exercise of the rights is below the prevailing market price of the shares of our common stock. However, we cannot assure you that a secondary market in preemptive rights will develop in connection with any future issuance of shares of our common stock or that if a market develops, a

Risk management
RISK FACTORS

premium can be recognized on their sale. Amounts received in exchange for the sale or assignment of preemptive rights relating to shares of our common stock will be taxable in Chile and in the United States. The inability of holders of ADSs to exercise preemptive rights in respect of common shares underlying their ADSs could result in a change in their percentage ownership of common shares following a preemptive rights offering. If a secondary market for the sale of preemptive rights does not develop and such rights cannot be sold, they will expire and a holder of our ADSs will not realize any value from the grant of the preemptive rights. In either case, the equity interest of a holder of our ADSs in us will be diluted proportionately.

We are not required to disclose as much information to investors as a U.S. issuer is required to disclose and, as a result, you may receive less information about us than you would receive from a comparable U.S. company.
The corporate disclosure requirements that apply to us may not be equivalent to the disclosure requirements that apply to a U.S. company and, as a result, you may receive less information about us than you would receive from a comparable U.S. company. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The disclosure requirements applicable to foreign issuers under the Exchange Act are more limited than the disclosure requirements applicable to U.S. issuers. Publicly available information about issuers of securities listed on Chilean stock exchanges also provides less detail in certain respects than the information regularly published by listed companies in the United States or in certain other countries. Furthermore, there is a lower level of regulation of the Chilean securities market and of the activities of investors in such markets as compared with the level of regulation of the securities markets in the United States and in certain other developed countries.

Climate change

305-1, 305-2, 305-3, 305-4 and 305-5

GREENHOUSE GASES (t co_2e)	2017	2018	2019	2020	Δ 2020/2019
Direct emissions[1]	11,051,171	11,513,608	12,149,725	5,614,368	-53.79%
Indirect emissions[2]	24,498	16,759	18,423	16,355	-11.23%
Other indirect emissions[3]	11,382	4,750	218,174	24,827	-88.62%
Total	11,087,051	11,535,117	12,386,323	5,655,551	-54.34%
Emissions intensity in total operations (kg CO_2e/100 RTK)	79.89	80.34	83.69	81.62	-2.48%
Emissions intensity in air operations (kg CO_2e/100 RTK)	79.45	80.06	82.02	80.69	-1.62%
Emissions intensity (net value) in the total operation (kg CO_2e/100 RTK)[4]	77.50	77.86	82.79	79.68	-3.76%

1 Direct emissions (Scope 1): fuel consumption in air operations, fixed sources, and LATAM fleet vehicles, as well as fugitive refrigerant gas emissions.

2 Indirect emissions (Scope 2): electric energy purchases. The emissions calculation considers the different energy grids of the countries where LATAM operates.

3 Other indirect emissions (Scope 3): ground transportation related to operations (employees, suppliers, and waste) and air travel (through other airlines) of employees for work reasons.

4 Considers offset emissions.

SOURCE	EMISSION FACTOR
Jet Fuel	3.15 kg CO_2/kg fuel
Gasoline	69,300 kg CO_2/TJ
Diesel	74,100 kg CO_2/TJ
Natural gas	56,100 kg CO_2/TJ
Liquefied petroleum gas (LPG)	63,100 kg CO_2/TJ

SCOPE OF THE INFORMATION (%)	2017	2018	2019	2020
Jet fuel — air operation	100	100	100	100
Fuel — stationary sources				
Diesel	96	96	96	96
Natural gas	100	100	100	100
Gasoline	100	100	100	100
LPG	100	100	100	100
Fuel — mobile sources				
Diesel	96	96	96	96
Gasoline	96	96	96	96
LGP	100	100	100	100
Refrigerating gases (various)	100	100	100	100
Electricity	100	100	100	100
Transportation using other airlines (jet fuel)	100	100	100	100

305-6 and 305-7

SIGNIFICANT ATMOSPHERIC EMISSIONS	2017	2018	2019	2020	Δ 2020/2019 (%)
Nitrogen oxides (NOx) – (t)	37,876	39,485	41,697	19,207	-53.9%
Intensity in passenger operation (g/RPK)	0.253	0.256	0.261	0.273	4.6%
Intensity in cargo operations (g/RTK)	1.822	1.718	1.880	1.792	-4.7%
Sulfur oxides (SOx) – (t)	1,678	1,749	1,847	851	-53.9%
Intensity in passenger operation (g/RPK)	0.011	0.011	0.012	0.012	4.6%
Intensity in cargo operations (g/RTK)	0.081	0.076	0.083	0.079	-4.7%
Gases that affect the ozone layer1	23.84	46.7	21.2	7.8	-63.3%

1 Incluye (2018): Halon-1301; HCFC-141b; HCFC-22; HFC-125; HFC-134a; HFC143a; HFC-32; R410A; and R507A.

Environmental management and eco-efficiency

302-1

INTERNAL ENERGY CONSUMPTION (TJ)	2017	2018	2019	2020
Non-renewable energy				
Jet Fuel	151,502.79	157,940.61	166,786.63	76,826.10
Gasoline	7.81	6.90	9.64	3.97
Diesel	271.81	178.10[1]	118.63	97.74
LGP	7.10	7.60	8.35	6.28
Natural gas	0.59	0.41	0.42	0.29
Electricidad[2]	136,755.77	106,125.12	55,194.86	35,961.65
Total non-renewable energy	288,545.87	264,258.74	222,118.53	112,896.04
Renewable energy				
Ethanol	0.09	0.25	20.65	0.20
Electricity[2]	103,612.59	76,181.32	161,444.19	105,624.34
Total renewable energy[3]	103,612.68	76,181.57	161,464.84	105,624.55
Total	152,030.56	158,316.18	383,583.38	218,520.59

1 There was a decrease in Chile's consumption due to the outsourcing of ground handling services.

2 The energy consumed comes from different sources. The share percentage of each source varies year after year, based on the electric grid of each country.

3 Differs from the information in past reports because the consideration of renewable and non-renewable electric energy was corrected.

Joint challenge

LATAM GROUP AND AFFILIATES –TURNOVER RATE (%) 401-1

By gender	2018	2019	2020
Men	9.9	12.3	60.6
Women	20.8	15.9	49.6
By age group			
Up to 30 years	30.6	23.0	82.2
From 31 to 40 years old	11.9	11.9	50.6
From 41 to 50 years old	3.7	7.9	35.5
From 51 to 60 years old	1.7	7.8	42.2
Over 61 years old	1.9	15.2	104.2
By country			
Argentina[1]	8.3	7.8	181.3
Brazil	15.9	11.2	45.3
Chile	13.4	18.8	56.3
Colombia	10.9	18.0	40.8
Ecuador	13.1	17.8	65.1
United States	16.0	22.2	37.2
Peru	8.0	13.0	57.0
Others	34.4	17.8	77.33
Total	14.2	13.7	53.7

LATAM GROUP AND AFFILIATES – NEW HIRES 401-1	TOTAL	RATE
Argentina[1]	40	4.8%
Brazil	927	6.0%
Chile	530	7.4%
Colombia	81	7.3%
Ecuador	32	6.7%
United States	9	4.3%
Peru	254	9.4%
Others	23	4.9%
Total	1,896	6.7%

1 The affiliate's domestic operations were suspended in June 2020.

Team safety

LATAM GROUP AND ITS AFFILIATES—JOB SECURITY 403-9	TOTAL	RATE
Injuries from work-related incidents with major consequences1[1]		
Peru	3	0.09
Other affiliates	0	0.00
Total	3	0.01
Recordable injuries from work-related incidents[2]		
Argentina	4	0.24
Brazil	60.5	0.32
Chile	45.0	0.54
Colombia	3.0	0.25
Ecuador	8.0	1.39
Peru	20.0	0.61
Others (including the United States)	5.0	0.29
Total	145.5	0.41
Deaths resulting from injuries from work-related incidents[3]	0	0.00

Notes:

Rates are calculated following the formula Total incidents/Average staff X 100.

1 Does not include deaths. Note: Peru was the only affiliate with work-related incidents with major consequences in 2020.

2 Including deaths.

3 Including travel incidents in the cases where LATAM provides the transportation service. Note: there were no deaths.

FINANCIAL INFORMATION

Financial statements

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

CONTENTS

CLP	-	CHILEAN PESO
ARS	-	ARGENTINE PESO
US$	-	UNITED STATES DOLLAR
THUS$	-	THOUSANDS OF UNITED STATES DOLLARS
MUS$	-	MILLIONS OF UNITED STATES DOLLARS
COP	-	COLOMBIAN PESO
BRL/R$	-	BRAZILIAN REAL
THR$	-	THOUSANDS OF BRAZILIAN REAL

REPORT OF INDEPENDENT AUDITORS
(Free translation from the original in Spanish)

Santiago, March 9, 2021

To the Board of Directors and Shareholders
Latam Airlines Group S.A.

We have audited the accompanying consolidated financial statements of Latam Airlines Group S.A. and subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2020 and 2019 and the consolidated statements of income by function, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows – direct method for the years then ended, and the corresponding notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). This responsibility includes the design, implementation and maintenance of a relevant internal control for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Chilean Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. As a consequence we do not express that kind of opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PwC Chile, Av. Andrés Bello 2711 - piso 5, Las Condes – Santiago, Chile
RUT: 81.513.400-1 | Teléfono: (56 2) 2940 0000 | www.pwc.cl

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the financial position of Latam Airlines Group S.A. and subsidiaries as at December 31, 2020 and 2019, and the results of operations and cash flows for the years ended December 31, 2020 and 2019 in accordance with the International Financial Reporting Standards (IFRS).

Emphasis of matter – Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As indicated in Note 2 to the consolidated financial statements, the Company's operations have been impacted by the COVID-19 pandemic and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's assessment of the conditions, including its plans regarding this matter are also described in Note 2. The consolidated financial statements do not include any adjustments that could result from the resolution of this uncertainty. Our opinion is not modified as a result of this matter.

Emphasis of matter – Voluntary reorganization and restructuring of their debt

As indicated in Notes 2 to the consolidated financial statements, on May 26, 2020 and July 9,2020, the Parent Company and some of its subsidiaries availed themselves of voluntary protection under the financial reorganization process under Chapter 11 of the U.S. Bankruptcy Code. Our opinion is not modified as a result of this matter.

PricewaterhouseCoopers

Digitally signed by Renzo Piero Corona Spedaliere RUT: 6.373.028-9. The digital certificate is embedded in the electronic version of this document.

Contents of the Notes to the consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries.

Notes Page

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	Note	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Cash and cash equivalents			
Cash and cash equivalents	6 - 7	1,695,841	1,072,579
Other financial assets	7 - 11	50,250	499,504
Other non-financial assets	12	155,892	313,449
Trade and other accounts receivable	7 - 8	599,381	1,244,348
Accounts receivable from related entities	7 - 9	158	19,645
Inventories	10	323,574	354,232
Current tax assets	18	42,320	29,321
Total current assets other than non-current assets (or disposal groups) classified as held for sale or as held for distribution to owners		2,867,416	3,533,078
Non-current assets (or disposal groups) classified as held for sale or as held for distribution to owners	13	276,122	485,150
Total current assets		3,143,538	4,018,228
Non-current assets			
Other financial assets	7 - 11	33,140	46,907
Other non-financial assets	12	126,782	204,928
Accounts receivable	7 - 8	4,986	4,725
Intangible assets other than goodwill	15 - 16	1,046,559	1,448,241
Goodwill	16	-	2,209,576
Property, plant and equipment	17	10,730,269	12,919,618
Deferred tax assets	18	564,816	235,583
Total non-current assets		12,506,552	17,069,578
Total assets		15,650,090	21,087,806

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES AND EQUITY

LIABILITIES	Note	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Current liabilities			
Other financial liabilities	7 - 19	3,055,730	1,885,660
Trade and other accounts payables	7 - 20	2,322,125	2,222,874
Accounts payable to related entities	7 - 9	812	56
Other provisions	21	23,774	5,206
Current tax liabilities	18	656	11,925
Other non-financial liabilities	22	2,088,791	2,835,221
Total current liabilities other than (or disposal groups) classified as held for sale		7,491,888	6,960,942
Total current liabilities		7,491,888	6,960,942
Non-current liabilities			
Other financial liabilities	7 - 19	7,803,801	8,530,418
Accounts payable	7 - 24	651,600	619,110
Accounts payable to related entities	7 - 9	396,423	-
Other provisions	21	588,359	286,403
Deferred tax liabilities	18	384,280	616,803
Employee benefits	23	74,116	93,570
Other non-financial liabilities	22	702,008	851,383
Total non-current liabilities		10,600,587	10,997,687
Total liabilities		18,092,475	17,958,629
EQUITY			
Share capital	25	3,146,265	3,146,265
Retained earnings/(losses)	25	(4,193,615)	352,272
Treasury Shares	25	(178)	(178)
Other reserves		(1,388,185)	(367,577)
Parent's ownership interest		(2,435,713)	3,130,782
Non-controlling interest	14	(6,672)	(1,605)
Total equity		(2,442,385)	3,129,177
Total liabilities and equity		15,650,090	21,087,806

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME BY FUNCTION

	Note	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Revenue	26	3,923,667	10,070,063
Cost of sales	27	(4,513,228)	(7,951,269)
Gross margin		(589,561)	2,118,794
Other income	28	411,002	360,864
Distribution costs	27	(294,278)	(580,046)
Administrative expenses	27	(499,512)	(735,218)
Other expenses	27	(692,939)	(422,792)
Restructuring activities expenses	27	(990,009)	-
Other gains/(losses)	27	(1,874,789)	11,525
Income from operation activities		(4,530,086)	753,127
Financial income		50,397	26,283
Financial costs	27	(586,979)	(589,934)
Foreign exchange gains/(losses)	29	(48,403)	(32,571)
Result of indexation units		9,348	(14,989)
Income (loss) before taxes		(5,105,723)	141,916
Income tax expense / benefit	18	550,188	53,697
NET INCOME (LOSS) FOR THE YEAR		(4,555,535)	195,613
Income (loss) attributable to owners of the parent		(4,545,887)	190,430
Income (loss) attributable to non-controlling interest	14	(9,648)	5,183
Net income (loss) for the year		(4,555,535)	195,613
EARNINGS PER SHARE			
Basic earnings (losses) per share (US$)	30	(7.49642)	0.31403
Diluted earnings (losses) per share (US$)	30	(7.49642)	0.31403

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended December 31, 2020 ThUS$	2019 ThUS$
NET INCOME		(4,555,535)	195,613
Components of other comprehensive income that will not be reclassified to income before taxes			
Other comprehensive income, before taxes, gains by new measurements on defined benefit plans	25	(3,968)	(10,636)
Total other comprehensive (loss) that will not be reclassified to income before taxes		(3,968)	(10,636)
Components of other comprehensive income that will be reclassified to income before taxes			
Currency translation differences			
Gains (losses) on currency translation, before tax	29	(894,394)	(243,271)
Other comprehensive loss, before taxes, currency translation differences		(894,394)	(243,271)
Cash flow hedges			
Gains (losses) on cash flow hedges before taxes	19	(119,970)	66,856
Other comprehensive income (losses), before taxes, cash flow hedges		(119,970)	66,856
Total other comprehensive (loss) that will be reclassified to income before taxes		(1,014,364)	(176,415)
Other components of other comprehensive income (loss), before taxes		(1,018,332)	(187,051)
Income tax relating to other comprehensive income that will not be reclassified to income			
Income tax relating to new measurements on defined benefit plans	18	924	2,873
Accumulate income tax relating to other comprehensive income (loss) that will not be reclassified to income		924	2,873
Income tax relating to other comprehensive income (loss) that will be reclassified to income			
Income tax related to cash flow hedges in other comprehensive income (loss)		959	414
Income taxes related to components of other comprehensive loss will be reclassified to income		959	414
Total Other comprehensive (loss)		(1,016,449)	(183,764)
Total comprehensive income (loss)		(5,571,984)	11,849
Comprehensive income (loss) attributable to owners of the parent		(5,566,991)	15,250
Comprehensive income (loss) attributable to non-controlling interests		(4,993)	(3,401)
TOTAL COMPREHENSIVE INCOME (LOSS)		(5,571,984)	11,849

The accompanying Notes 1 to 37 form an integral part of these interim consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the parent											
				Change in other reserves									
	Note	Share capital	Treasury shares	Currency translation reserve	Cash flow hedging reserve	Actuarial gains or losses on defined benefit plans reserve	Shares based payments reserve	Other sundry reserve	Total other reserve	Retained earnings/(losses)	Parent's ownership interest	Non-controlling interest	Total equity
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Equity as of January 1, 2020		3,146,265	(178)	(2,890,287)	56,892	(22,940)	36,289	2,452,469	(367,577)	352,272	3,130,782	(1,605)	3,129,177
Total increase (decrease) in equity													
Net income/(loss) for the period	25	-	-	-	-	-	-	-	-	(4,545,887)	(4,545,887)	(9,648)	(4,555,535)
Other comprehensive income		-	-	(900,226)	(117,833)	(3,045)	-	-	(1,021,104)	-	(1,021,104)	4,655	(1,016,449)
Total comprehensive income		-	-	(900,226)	(117,833)	(3,045)	-	-	(1,021,104)	(4,545,887)	(5,566,991)	(4,993)	(5,571,984)
Transactions with shareholders													
Dividends	25	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) through transfers and other changes, equity	25-34	-	-	-	-	-	946	(450)	496	-	496	(74)	422
Total transactions with shareholder		-	-	-	-	-	946	(450)	496	-	496	(74)	422
Closing balance as of December 31, 2020		3,146,265	(178)	(3,790,513)	(60,941)	(25,985)	37,235	2,452,019	(1,388,185)	(4,193,615)	(2,435,713)	(6,672)	(2,442,385)

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Treasury shares	Currency translation reserve	Cash flow hedging reserve	Actuarial gains or losses on defined benefit plans reserve	Shares based payments reserve	Other sundry reserve	Total other reserve	Retained earnings	Parent's ownership interest	Non-controlling interest	Total equity
		Attributable to owners of the parent											
				Change in other reserves									
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Equity as of January 1, 2019		3,146,265	(178)	(2,656,644)	(9,333)	(15,178)	37,874	2,638,916	(4,365)	218,971	3,360,693	79,908	3,440,601
Total increase (decrease) in equity													
Net income for the year	25	-	-	-	-	-	-	-	-	190,430	190,430	5,183	195,613
Other comprehensive income		-	-	(233,643)	66,225	(7,762)	-		(175,180)	-	(175,180)	(8,584)	(183,764)
Total comprehensive income		-	-	(233,643)	66,225	(7,762)	-	-	(175,180)	190,430	15,250	(3,401)	11,849
Transactions with shareholders													
Dividends	25	-	-	-	-	-	-	-	-	(57,129)	(57,129)	-	(57,129)
Increase (decrease) through transfers and other changes, equity	25-34	-	-	-	-	-	(1,585)	(186,447)	(188,032)	-	(188,032)	(78,112)	(266,144)
Total transactions with shareholders		-	-	-	-	-	(1,585)	(186,447)	(188,032)	(57,129)	(245,161)	(78,112)	(323,273)
Closing balance as of December 31, 2019		3,146,265	(178)	(2,890,287)	56,892	(22,940)	36,289	2,452,469	(367,577)	352,272	3,130,782	(1,605)	3,129,177

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS - DIRECT METHOD

	Note	For the year ended December 31, 2020	2019
		ThUS$	ThUS$
Cash flows from operating activities			
Cash collection from operating activities			
Proceeds from sales of goods and services		4,620,409	11,079,333
Other cash receipts from operating activities		51,900	127,683
Payments for operating activities			
Payments to suppliers for goods and services		(3,817,339)	(6,663,875)
Payments to and on behalf of employees		(1,227,010)	(1,644,806)
Other payments for operating activities		(70,558)	(267,643)
Income taxes (paid)		(65,692)	(45,311)
Other cash inflows (outflows)	35	13,593	241,286
Net cash (outflow) inflow from operating activities		(494,697)	2,826,667
Cash flows from investing activities			
Other cash receipts from sales of equity or debt instruments of other entities		1,464,012	4,063,582
Other payments to acquire equity or debt instruments of other entities		(1,140,940)	(4,131,890)
Amounts raised from sale of property, plant and equipment		75,566	50,322
Purchases of property, plant and equipment		(324,264)	(1,276,621)
Purchases of intangible assets		(75,433)	(140,173)
Interest received		36,859	17,822
Other cash inflows (outflows)	35	(2,192)	(2,249)
Net cash inflow (outflow) from investing activities		33,608	(1,419,207)
Cash flows from financing activities	35		
Payments for changes in ownership interests in subsidiaries that do not result in loss of control		(3,225)	(294,105)
Amounts raised from long-term loans		1,425,184	1,781,728
Amounts raised from short-term loans		560,296	93,000
Loans from Related Entities		373,125	-
Loans repayments		(793,712)	(1,860,455)
Payments of lease liabilities		(122,062)	(398,992)
Dividends paid		(571)	(55,116)
Interest paid		(210,418)	(550,877)
Other cash inflows (outflows)	35	(107,788)	(58,704)
Net cash inflow (outflow) from financing activities		1,120,829	(1,343,521)
Net increase in cash and cash equivalents before effect of exchanges rate change		659,740	63,939
Effects of variation in the exchange rate on cash and cash equivalents		(36,478)	(73,002)
Net increase (decrease) in cash and cash equivalents		623,262	(9,063)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	6	1,072,579	1,081,642
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6	1,695,841	1,072,579

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020 AND 2019

NOTE 1 - GENERAL INFORMATION

LATAM Airlines Group S.A. (the "Company") is an open stock company registered with the Commission for the Financial Market under No. 306, whose shares are listed in Chile on the Electronic Stock Exchange of Chile - Stock Exchange and the Santiago Stock Exchange. After Chapter 11 filing, the ADR program is no longer trading on NYSE. Since then Latam's ADR are trading in the United States of America on the OTC (Over-The-Counter) markets.

Its main business is the air transport of passengers and cargo, both in the domestic markets of Chile, Peru, Colombia, Ecuador and Brazil, as well as in a series of regional and international routes in America, Europe and Oceania. These businesses are developed directly or by its subsidiaries in Ecuador, Peru, Brazil, Colombia, Argentina and Paraguay. In addition, the Company has subsidiaries that operate in the cargo business in Chile, Brazil and Colombia.

The Company is located in Chile, in the city of Santiago, on Avenida Américo Vespucio Sur No. 901, Renca commune.

As of December 31, 2020, the Company's statutory capital is represented by 604,407,693 ordinary shares without nominal value. All shares are subscribed and paid considering the capital reduction that occurred in full, after the legal period of three years to subscribe the balance of 466.382 outstanding shares, of the last capital increase approved in August of the year 2016.

The major shareholders of the Company are Delta Air Lines who owns 20% of the shares and the Cueto Group, which through the companies Costa Verde Aeronáutica S.A., Costa Verde Aeronáutica SpA, and Inv. Costa Verde Ltda y Cia at CPA., owns 16.39% of the shares issued by the Company.

As of December 31, 2020, the Company had a total of 4,131 shareholders in its registry. At that date, approximately 8.75% of the Company's property was in the form of ADRs.

For the year ended December 31, 2020, the Company had an average of 35,717 employees, ending this year with a total number of 29,115 people, distributed in 4,477 Administration employees, 15,664 in Operations, 5,918 Cabin Crew and 3,056 Command crew.

The main subsidiaries included in these consolidated financial statements are as follows:

a) Participation rate

				As December 31, 2020			As December 31, 2019		
		Country	Functional						
Tax No.	Company	of origin	Currency	Direct	Indirect	Total	Direct	Indirect	Total
				%	%	%	%	%	%
96.518.860-6	Latam Travel Chile S.A. and Subsidiary	Chile	US$	-	-	-	-	-	-
96.969.680-0	Lan Pax Group S.A. and Subsidiaries	Chile	US$	99,8361	0,1639	100,0000	99,8361	0,1639	100,0000
Foreign	Latam Airlines Perú S.A.	Peru	US$	23,6200	76,1900	99,8100	49,0000	21,0000	70,0000
93.383.000-4	Lan Cargo S.A.	Chile	US$	99,8940	0,0041	99,8981	99,8940	0,0041	99,8981
Foreign	Connecta Corporation	U.S.A.	US$	100,0000	0,0000	100,0000	100,0000	0,0000	100,0000
Foreign	Prime Airport Services Inc. and Subsidiary	U.S.A.	US$	99,9714	0,0286	100,0000	99,9714	0,0286	100,0000
96.951.280-7	Transporte Aéreo S.A.	Chile	US$	0,0000	100,0000	100,0000	99,9999	0,0001	100,0000
96.631.520-2	Fast Air Almacenes de Carga S.A.	Chile	CLP	99,8900	0,1100	100,0000	99,8900	0,1100	100,0000
Foreign	Laser Cargo S.R.L.	Argentina	ARS	96,2208	3,7792	100,0000	96,2208	3,7792	100,0000
Foreign	Lan Cargo Overseas Limited and Subsidiaries	Bahamas	US$	99,9800	0,0200	100,0000	99,9800	0,0200	100,0000
96.969.690-8	Lan Cargo Inversiones S.A. and Subsidiary	Chile	US$	99,0000	1,0000	100,0000	99,0000	1,0000	100,0000
96.575.810-0	Inversiones Lan S.A. and Subsidiaries	Chile	US$	99,7100	0,2900	100,0000	99,7100	0,2900	100,0000
96.847.880-K	Technical Trainning LATAM S.A.	Chile	CLP	99,8300	0,1700	100,0000	99,8300	0,1700	100,0000
Foreign	Latam Finance Limited	Cayman Island	US$	100,0000	0,0000	100,0000	100,0000	0,0000	100,0000
Foreign	Peuco Finance Limited	Cayman Island	US$	100,0000	0,0000	100,0000	100,0000	0,0000	100,0000
Foreign	Profesional Airline Services INC.	U.S.A.	US$	100,0000	0,0000	100,0000	100,0000	0,0000	100,0000
Foreign	Jarletul S.A.	Uruguay	US$	99,0000	1,0000	100,0000	99,0000	1,0000	100,0000
Foreign	TAM S.A. and Subsidiaries (*)	Brazil	BRL	63,0901	36,9099	100,0000	63,0901	36,9099	100,0000

(*) As of December 31, 2020, the indirect participation percentage on TAM S.A. and Subsidiaries is from Holdco I S.A., a company over which LATAM Airlines Group S.A. it has a 99.9983% share on economic rights and 51.04% of political rights. Its percentage arise as a result of the provisional measure No. 863 of the Brazilian government implemented in December 2018 that allows foreign capital to have up to 100% of the property.

b) Financial Information

		Statement of financial position						Net Income	
		As of December 31, 2020			As of December 31, 2019			For the year ended December 31,	
								2020	2019
Tax No.	Company	Assets	Liabilities	Equity	Assets	Liabilities	Equity	Gain /(loss)	
		ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
96.518.860-6	Latam Travel Chile S.A. and Subsidiary	-	-	-	-	-	-	-	-
96.969.680-0	Lan Pax Group S.A. and Subsidiaries (*)	404,944	1,624,944	(1,219,539)	632,673	1,487,248	(853,624)	(290,980)	(26,551)
Foreign	Latam Airlines Perú S.A.	661,721	486,098	175,623	519,363	510,672	8,691	(175,485)	(3,550)
93.383.000-4	Lan Cargo S.A.	749,789	567,128	182,661	634,852	462,666	172,186	10,936	(4,157)
Foreign	Connecta Corporation	57,922	17,335	40,587	64,110	24,023	40,087	500	1,677
Foreign	Prime Airport Services Inc. and Subsidiary	25,050	26,265	(1,215)	22,068	23,102	(1,034)	(181)	802
96.951.280-7	Transporte Aéreo S.A.	546,216	347,714	198,502	359,335	142,423	216,912	(39,032)	14,610
96.631.520-2	Fast Air Almacenes de Carga S.A.	20,132	11,576	8,556	20,182	12,601	7,581	500	796
Foreign	Laser Cargo S.R.L.	(6)	-	(6)	(10)	-	(10)	-	-
Foreign	Lan Cargo Overseas Limited and Subsidiaries (*)	218,435	14,355	203,829	48,929	15,228	33,450	(92,623)	(6,579)
96.969.690-8	Lan Cargo Inversiones S.A. and Subsidiar	250,027	86,691	130,823	65,422	78,890	(12,111)	1,452	(2,497)
96.575.810-0	Inversiones Lan S.A. and Subsidiaries (*)	1,394	65	1,329	1,329	50	1,279	50	(54)
96.847.880-K	Technical Trainning LATAM S.A.	2,181	625	1,556	2,378	1,075	1,303	60	(282)
Foreign	Latam Finance Limited	1,310,735	1,584,311	(273,576)	1,362,762	1,531,238	(168,476)	(105,100)	(90,736)
Foreign	Peuco Finance Limited	1,307,721	1,307,721	-	664,458	664,458	-	-	-
Foreign	Profesional Airline Services INC.	17,345	14,772	2,573	3,509	1,950	1,559	1,014	1,096
Foreign	Jarletul S.A.	34	1,076	(1,042)	150	860	(710)	(332)	(603)
Foreign	TAM S.A. and Subsidiaries (*)	3,110,055	3,004,935	105,120	5,090,180	3,550,875	1,539,305	(1,025,814)	186,140

(*) The Equity reported corresponds to Equity attributable to owners of the parent, it does not include Non-controlling interest.

In addition, special purpose entities have been consolidated: 1. Chercán Leasing Limited, intended to finance advance payments of aircraft; 2. Guanay Finance Limited, intended for the issue of a securitized bond with future credit card payments; 3. Private investment funds; 4. Dia Patagonia Limited, Alma Leasing C.O. Limited, FC Initial Leasing Limited, Vari Leasing Limited, Dia Iguazu Limited, Condor Leasing C.O. Limited, FI Timothy Leasing Limited, Yamasa Sangyo Aircraft LA1 Kumiai, Yamasa Sangyo Aircraft LA2 Kumiai, LS-Aviation No.17 Co. Limited, LS-Aviation No.18 Co. Limited, LS-Aviation No.19 C.O. Limited, LS-Aviation No.20 C.O. Limited, LS-Aviation No.21 C.O. Limited, LS-Aviation No.22 C.O. Limited, LS-Aviation No.23 Co. Limited, and LS-Aviation No.24 Co. Limited, requirements for financing aircraft. These companies have been consolidated as required by IFRS 10.

All entities over which Latam has control have been included in the consolidation. The Company has analyzed the control criteria in accordance with the requirements of IFRS 10. For those subsidiaries that filed for bankruptcy under Chapter 11 (See note 2 to the consolidated financial statements), although in this reorganization process in certain cases decisions are subject to authorization by the Court, considering that the Company and various subsidiaries filed for bankruptcy before the same Court, and before the same judge, the Court generally views the consolidated entity as a single group and management considers that the Company continues to maintain control over its subsidiaries and therefore have considered appropriate to continue to consolidate these subsidiaries.

Changes occurred in the consolidation perimeter between January 1, 2019 and December 31, 2020, are detailed below:

(1) Incorporation or acquisition of companies

- On December 22, 2020, Línea Aérea Carguera de Colombia S.A. carries out a capital increase for 1,861,785 shares, consequently, its shareholding composition is as follows: LATAM Airlines Group S.A. with 4.57%, Fast Air S.A. with 1.53%, Inversiones Lan S.A. with 1.53%, Lan Pax Group S.A. with 1.53% and Lan Cargo Inversiones S.A. 81.31%.

- On December 22, 2020, Inversiones Aéreas S.A. carries out a capital increase for 9,504,335 shares, consequently its shareholding composition as follows: LATAM Airlines Group S.A. with 33.41%, Línea Aérea Carguera de Colombia S.A. with 66.43% and Mas Investment Limited with 0.16%.

- On December 22, 2020, Latam Airlines Perú S.A. carries out a capital increase for 12,312,020 shares, consequently its shareholding composition as follows: LATAM Airlines Group S.A. with 23.62% and Inversiones Aéreas S.A. with 76.19%.

- On December 16, 2020, Lan Pax Group S.A. carries out capital increase for 23,678 shares. However, the shareholding composition has not changed.

- On December 18, 2020, Latam Ecuador S.A. carries out a capital increase for 30,000,000 shares. However, the shareholding composition is not modified.

- On March 23, 2020, Transporte Aéreo S.A. carries out a capital increase for 109,662 shares which were acquired by Mas Investment Limited, consequently, the shareholding of Transporte Aéreo S.A. is as follows: Lan Cargo S.A. with 87.12567%, Inversiones Lan S.A. with 0.00012% and Mas Investment Limited with 12.87421%.

- In April 2019, TAM Linhas Aereas S.A, through a public offering of shares, acquired 27.26% of the shares of Multiplus S.A., owned by minority shareholders. Subsequently, the Company TAM S.A assigned 72,74% of its stake in Multiplus S.A., through a capital increase, to TAM Linhas Aerea S.A.; Because of 100% of the shares remain under the control of TAM Linhas Aereas S.A. a merge with Multiplus S.A. was materialized, leaving Multiplus S.A. from being an independent company on May 31, 2019. As result of the merger by incorporation, the Coalition and Loyalty Program of Multiplus S.A. which was identified as an independent Cash Generating Unit (CGU), and which also represented an operating segment, becomes part, as well as, the other loyalty programs of the group (LATAM Pass and LATAM Fidelidade), of the CGU Air Transport. Additionally, from that moment LATAM has a single operating segment within the Group.

  The value of the acquisition of this transaction was ThUS $ 294,105.

- By public deed dated November 20, 2019 LATAM Airlines Group S.A. acquires 100% of the shares of LATAM Travel Chile S.A.

  Under the provisions of No. 2 of Art. 103 of Law No. 18,046 on Corporations, for having collected all the shares held by a single shareholder and for having elapsed the period of 10 days without having amended said situation, the company LATAM Travel Chile S.A. It has been fully dissolved on December 1, 2019.

As a result of the dissolution of the company LATAM Travel Chile S.A., the company LATAM Airlines Group S.A. assumes from that date all obligations and rights corresponding to the first.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following describes the principal accounting policies adopted in the preparation of these consolidated financial statements.

2.1. Basis of Preparation

These consolidated financial statements of LATAM Airlines Group S.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and with the interpretations issued by the interpretations committee of the International Financial Reporting Standards (IFRIC).

The consolidated financial statements have been prepared under the historic-cost criterion, although modified by the valuation at fair value of certain financial instruments.

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to use its judgment in applying the Company's accounting policies. Note 4 shows the areas that imply a greater degree of judgment or complexity or the areas where the assumptions and estimates are significant to the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the accounting policies used by the Company for the consolidated financial statements 2019, except for the standards and interpretations adopted as of January 1, 2020.

(a) Accounting pronouncements with implementation effective from January 1, 2020:

(i) Standards and amendments	Date of issue	Effective Date:
Amendment to IFRS 3: Business combinations.	October 2018	01/01/2020
Amendment to IAS 1: Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors.	October 2018	01/01/2020
Amendment to IFRS 9: Financial instruments; IAS 39: Financial Instruments: Recognition and Measurement; and IFRS 7: Financial Instruments: Disclosure	September 2019	01/01/2020

The application of these accounting pronouncements as of January 1, 2020, had no significant effect on the Company's consolidated financial statements.

(b) Accounting pronouncements not in force for the financial years beginning on January 1, 2020:

(b.1.) Not early adopted:

(i) Standards and amendments	Date of issue	Effective Date:
Amendment to IFRS 9: Financial instruments; IAS 39: Financial Instruments: Recognition and Measurement; IFRS 7: Financial Instruments: Disclosure; IFRS 4: Insurance contracts; and IFRS 16: Leases.	August 2020	01/01/2021
Amendment to IFRS 4: Insurance contracts	June 2020	01/01/2023
Amendment to IFRS 17: Insurance contracts.	June 2020	01/01/2023
Amendment to IFRS 3: Business combinations.	May 2020	01/01/2022
Amendment to IAS 37: Provisions, contingent liabilities and contingent assets.	May 2020	01/01/2022
Amendment to IAS 16: Property, plant and equipment.	May 2020	01/01/2022
Amendment to IAS 1: Presentation of financial statements.	January 2020	01/01/2023
IFRS 17: Insurance contracts	May 2017	01/01/2023
Amendment to IFRS 10: Consolidated financial statements and IAS 28: Investments in associates and joint ventures.	September 2014	Not determined
(ii) Improvements		
Improvements to International Information Standards Financial (2018-2020 cycle) IFRS 1: First-time adoption of international financial reporting standards, IFRS 9: Financial Instruments, illustrative examples accompanying IFRS 16: Leases, IAS 41: Agriculture	May 2020	01/01/2022

The Company's management estimates that the adoption of the standards, amendments and interpretations described above will not have a significant impact on the Company's consolidated financial statements in the exercise of their first application.

(b.2.) Early adopted standard:

(i) Standards and amendments	Date of issue	Effective Date:
Amendment to IFRS 16: Leases.	May 2020	06/01/2020

(b.3.) Adoption of IFRS 9 Financial Instruments for hedge accounting:

On January 1, 2018, the effective adoption date of IFRS 9 Financial Instruments, the Company established the accounting policy to continue applying IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting. On January 1, 2021, the Company will modify this accounting policy and adopt IFRS 9 in relation to hedge accounting, aligning the requirements for hedge accounting with the Company's risk management policies.

The Company has evaluated the hedge relationships in force as of December 31, 2020, and has determined that they meet the criteria for hedge accounting under IFRS 9 Financial Instruments as of January 1, 2021 and, consequently, they will be considered relationships continuous coverage.

The time value of the options used as hedging instruments, effective at the closing of these Consolidated Financial Statements, will not continue to be designated as part of the hedging relationship but their recognition will continue in Other Comprehensive Income until the forecast transaction occurs at which time will be recognized in the income statement. As of December 31, 2020, the amount recognized in Equity corresponding to the temporal value of the options is ThUS $ (380).

The hedge accounting requirements of IFRS 9 will be applied prospectively. The Company estimates that the application of this part of the standard will not have significant impact on consolidated financial statements.

The Company is modifying the documentation of the existing hedging relationships as of December 31, 2020 in accordance with the provisions of IFRS 9 Financial Instruments.

(c) Chapter 11 Filing and Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As disclosed in the accompanying consolidated financial statements, the Company incurred a net loss attributable to owners of the parent of US$ 4,546 million for the year ended December 31, 2020. As of that date, the Company has a negative working capital of US$ 4,348 million and will require additional working capital during 2021 to support a sustainable business operation. As of December 31, 2020, the company has negative equity of US$ 2,436 million, which corresponds to the attributable equity to the owners of the parent.

On May 26, 2020 (the "Initial Petition Date"), LATAM Airlines Group S.A. and certain of its direct and indirect subsidiaries (collectively, the "Initial Debtors") filed voluntary petitions for reorganization (the "Initial Bankruptcy Filing") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On July 7, 2020 (the "Piquero Petition Date"), Piquero Leasing Limited ("Piquero") also filed a petition for reorganization with the Bankruptcy Court (the "Piquero Bankruptcy Filing"). On July 9, 2020 (together with the Initial Petition Date and Piquero Petition Date, as applicable, the "Petition Date"), TAM S.A. and certain of its subsidiaries in Brazil (together with the Initial Debtors and Piquero, the "Debtors") also filed petitions for reorganization (together with the Initial Bankruptcy Filing and the Piquero Bankruptcy Filing, the "Bankruptcy Filing"), as a consequence of the prolonged effects of the COVID-19 Pandemic. The Bankruptcy Filing for each of the Debtors is being jointly administered under the caption "In re LATAM Airlines Group S.A." Case Number 20-11254. The Debtors will continue to operate their businesses as "debtors-in-possession" under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

The Bankruptcy Filing is intended to permit the Company to reorganize and improve liquidity, wind down unprofitable contracts and amend its capacity purchase agreements to enable sustainable

profitability. The Company's goal is to develop and implement a plan of reorganization that meets the standards for confirmation under the Bankruptcy Code.
As part of their overall reorganization process, the Debtors also have sought and received relief in certain non-U.S. jurisdictions. On May 27, 2020, the Grand Court of the Cayman Islands granted the applications of certain of the Debtors for the appointment of provisional liquidators ("JPLs") pursuant to section 104(3) of the Companies Law (2020 Revision). On June 4, 2020, the 2nd Civil Court of Santiago, Chile issued an order recognizing the Chapter 11 proceeding with respect to the LATAM Airlines Group S.A., Lan Cargo S.A., Fast Air Almacenes de Carga S.A., Latam Travel Chile II S.A., Lan Cargo Inversiones S.A., Transporte Aéreo S.A., Inversiones Lan S.A., Lan Pax Group S.A. and Technical Training LATAM S.A. All remedies filed against the order have been rejected and the decision is, then, final. Finally, on June 12, 2020, the Superintendence of Companies of Colombia granted recognition to the Chapter 11 proceedings. On July 10, 2020, the Grand Court of the Cayman Islands granted the Debtors' application for the appointment of JPLs to Piquero Leasing Limited.

Operation and Implication of the Bankruptcy Filing:

The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. As debtors-in-possession, the Debtors are authorized to engage in transactions within the ordinary course of business without prior authorization of the Bankruptcy Court. The protections afforded by the Bankruptcy Code allows the Debtors to operate their business without interruption, and the Bankruptcy Court has granted additional relief including, inter alia, the authority, but not the obligation, to (i) pay amounts owed under certain critical airline agreements; (ii) pay certain third-parties who hold liens or other possessory interests in the Debtors' property; (iii) pay employee wages and continue employee benefit programs; (iv) pay prepetition taxes and related fees; (v) continue insurance and surety bond programs; (vi) pay certain de minimis litigation judgements or settlements without prior approval of the Bankruptcy Court; (vii) pay fuel supplies; and (viii) pay certain foreign vendors and certain vendors deemed critical to the Debtors' operations.

As debtors-in-possession, the Debtors may use, sell, or lease property of their estates, subject to the Bankruptcy Court's approval if not otherwise in the ordinary course of business. The Debtors have not yet prepared or filed with the Bankruptcy Court a plan of reorganization, and, pursuant to section 1121 of the Bankruptcy Code, have the exclusive right to propose such a plan on or before June 30, 2021, or such later date as may be further ordered by the Bankruptcy Court. The ultimate plan of reorganization, which can only be adopted after meeting all requirements set forth in sections 1126 and 1129 of the Bankruptcy Code and subject to approval by the Bankruptcy Court, could materially change the amounts and classifications in the consolidated financial statements, including the value, if any, of the Debtors' prepetition liabilities and securities.

Events Leading to the Chapter 11 Cases:

Since the first quarter of 2020, the passenger air transportation business has been affected worldwide by a significant decrease in international air traffic, due to the closure of international borders with the aim of protecting the population from the effects of COVID-19, an infectious disease caused by a new virus, declared a pandemic by the World Health Organization.

LATAM's preliminary assessment in the beginning of March 2020 indicated previous disease outbreaks have peaked after few months and recovered pre-outbreak levels in no more than 6 to 7 months, and the effect with scenery impacting mainly on Asia Pacific Airlines, indicating impact on Latin America of a marginal decrease of Revenue Per Kilometers forecast.

For the Company, the reduction in its operation began in the middle of March 2020 with the announcement of a 30% decrease in its operations and the suspension of the guidance for 2020 in line with protection measures and boarding restrictions implemented by local governments (March 16, 2020 for Peru, Colombia and Argentina, March 18, 2020 for Chile and March 27, 2020 for Brazil). On March 16, 2020, the Company announced an update of its projection to a progressive decrease in its operation up to 70%.

By March 29, 2020, COVID 19 had already generated an unprecedented shock on Airlines Industry, specifically on airlines passenger revenue. The situation has both broadened and deepened beyond the initial assessment.

In response to COVID 19, governments have been imposing much more severe border restrictions and airlines have been subsequently announcing sharp capacity cuts in response to a dramatic drop in travel demand. On April 2, 2020, the Company announced a decrease in its operation by 95%.

The Company's passenger traffic for the year ended December 31, 2020, decreased by 65,8% compared to the year 2019.

In order to protect liquidity, the Company has carried out financial transactions, such as the use of funds from the Revolving Credit Facility (Revolving Credit Facility) for US $ 600 million, which have affected its financial assets and liabilities, especially the items of Cash and cash equivalents and other financial liabilities.

In the second quarter of 2020, the Company estimated that reactivation of its operations would occur during the third and fourth quarters of 2020. At this time there is an approximately 30% increase in the Company's operations, however, the exact moment and pace of the full recovery are uncertain, given the significant impact of the pandemic on the countries in which it operates.

Among the initiatives that the Company studied and committed to protect liquidity were the following:

(i) Reduction and postponement of the investment plan for different projects;
(ii) Implementation of control measurements for payments to suppliers and purchases of new goods and services;
(iii) Negotiation of the payment conditions with suppliers;
(iv) Ticket refunds via travel vouchers and Frequent Flyer Program points and miles; all in all, the LATAM Group will continue to honor all current and future tickets, as well as travel vouchers, frequent flyer miles and benefits, and flexibility policies;
(v) Temporary reduction of salaries, considering the legal framework of each country: as of the second quarter, the Company implemented a voluntary process to reduce salaries in force until December 31, 2020. Associated with the restructuring plan and in order to adapt to the new demand scenario, the company has designed a staff reduction plan in the different countries where it operates. The costs associated with the execution of this plan were recorded in income as Restructuring activities expenses. (See note 27d);
(vi) Short-term debt and debt maturities renewal;
(vii) Governmental loan request in different countries in which the company operates; and

(viii) Reduction of non-essential fleet and non-fleet investments.

The Company, in consultation with its advisors, also evaluated a variety of potential restructuring options. In the opinion of the Board, the timings for a conventional bilateral process, the possibility that creditors may have decided to engage in collection actions, the impossibility of curing defaults and the need to implement a comprehensive restructuring of LATAM Airlines to which all its creditors and other interested parties must join, lead the Board to consider an in-court bankruptcy proceedings the best alternative.

In addition, the Board noted that other benefits of an in-court bankruptcy proceeding, including the imposition of the Bankruptcy Code's "automatic stay," which protects the Company from efforts by creditors and other interested parties to take action in respect of pre-bankruptcy debt, but which, at the same time, allows it to continue operating with its main assets, suppliers, financial parties, regulators and employees, while structuring a binding reorganization to be financially viable in a post-pandemic scenario.

Due to the foregoing, and after consulting the administration and the legal and financial advisors of the Company, on May 26, 2020 the Board has resolved unanimously that LATAM Airlines should initiate a reorganization process in the United States of America according to the rules established in the Bankruptcy Code by filing a voluntary petition for relief in accordance with the same.

Since the Chapter 11 filing, the Company secured up to US$ 2.45 billion in a debtor-in-possession financing facility (the "DIP Facility") (See Note 3.1 c)).

Plan of Reorganization:

In order for the Company to emerge successfully from Chapter 11, the Company must obtain the Bankruptcy Court's approval of a plan of reorganization, which will enable the Company to transition from Chapter 11 into ordinary course operations outside of bankruptcy. In connection with a plan of reorganization, the Company also may require a new credit facility, or "exit financing." The Company's ability to obtain such approval and financing will depend on, among other things, the timing and outcome of various ongoing matters related to the Bankruptcy Filing. A plan of reorganization determines the rights and satisfaction of claims of various creditors and parties-in-interest, and is subject to the ultimate outcome of negotiations and Bankruptcy Court decisions ongoing through the date on which the plan of reorganization is confirmed. On October 1, 2020, the Court entered an order extending the period by which the Debtors have the exclusive right to submit a plan of reorganization through and including January 29, 2021; on January 12, 2021, the Company requested a further extension until June 30, 2021. The Bankruptcy Court granted a further extension until June 30, 2021.

The Company presently expects that any proposed plan of reorganization will provide, among other things, mechanisms for settlement of claims against the Debtors' estates, treatment of the Company's existing equity and debt holders, and certain corporate governance and administrative matters pertaining to the reorganized Company. Any proposed plan of reorganization will be subject to revision prior to submission to the Bankruptcy Court based upon discussions with the Company's creditors and other interested parties, and thereafter in response to interested parties' objections and the requirements of the Bankruptcy Code and Bankruptcy Court. There can be no assurance that the Company will be able to secure approval for the Company's proposed plan of reorganization from the Bankruptcy Court.

Going Concern:

These Consolidated Financial Statements have also been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business. Accordingly, the Consolidated Financial Statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Debtors be unable to continue as a going concern.

As a result of the Chapter 11 proceedings, the satisfaction of the Company's liabilities and funding of ongoing operations are subject to uncertainty as a product of the COVID-19 pandemic and the impossibility of knowing its duration at this date and, accordingly, there is a substantial doubt regarding the Company's ability to continue as a going concern. There is no assurance that the Company will be able to emerge successfully from Chapter 11. Additionally, there is no assurance that long-term funding would be available at rates and on terms and conditions that would be financially acceptable and viable to the Company in the long term. If the Company is unable to generate additional working capital or raise additional financing when needed, it may not able to reinitiate currently suspended operations as a result of the COVID-19 pandemic, sell assets or enter into a merger or other combination with a third party, any of which could adversely affect the value of the Company's common stock, or render it worthless. If the Company issues additional debt or equity securities, such securities may enjoy rights, privileges and priorities superior to those enjoyed by holders of the Company's common stock, thereby diluting the value of the Company's common stock. Additionally, in connection with the Chapter 11 Filing, material modifications could be made to the Company's fleet and capacity purchase agreements. These modifications could materially affect the Company's financial results going forward, and could result in future impairment charges.

Chapter 11 Milestones

Notice to Creditors - Effect of the Automatic Stay:

The Debtors have notified all known current or potential creditors that the Chapter 11 Cases were filed. Pursuant to the Bankruptcy Code and subject to certain limited exceptions, the filing of the Chapter 11 Cases gave rise to an automatic, worldwide injunction that precludes, among other things, any act to (i) obtain possession of property of or from the Debtors' estates, (ii) create, perfect, or enforce any lien against property of the Debtors' estates; (iii) exercise control over property of the Debtors' estate, wherever in the world that property may be located; and further enjoined or stayed (iv) and also ordered or suspended the commencement or continuation of any judicial, administrative, or other action or proceeding against the debtor that could have been commenced before the Petition Date or efforts to recover a claim against the Debtors that arose before the Petition Date. Vendors are being paid for goods furnished and services provided postpetition in the ordinary course of business.

On August 31, 2020 (the "First Stay Motion"), and December 30, 2020 (the "Second Stay Motion"), Corporación Nacional de Consumidores y Usuarios de Chile ("CONADECUS") filed two motions in the Bankruptcy Court seeking relief from the automatic stay in order prosecute certain actions against LATAM that are currently pending before the courts of Chile. LATAM filed a brief in opposition to the First Stay Motion, and on December 16, 2020, the Bankruptcy Court heard oral arguments on the First Stay Motion. At that hearing, the Bankruptcy Court granted the First Stay Motion for the limited purpose of allowing CONADECUS to further prosecute its

pending appeal before the courts of Chile. On February 9, 2021, the Bankruptcy Court granted the Second Stay Motion on the same narrow grounds as the First Stay Motion. The Bankruptcy Court's decisions on the First Stay Motion and Second Stay Motion did not affect the underlying proceedings in Chile beyond allowing CONADECUS to continue its pending appeals.

Appointment of the Creditors' Committee:

On June 5, 2020, the United States Trustee for Region 2 appointed an official committee of unsecured creditors (the "Creditors' Committee") in the Initial Chapter 11 Cases. The United States Trustee has not solicited additional members for the Creditors' Committee as a result of TAM S.A. or any of its applicable subsidiaries joining the Bankruptcy Filing. On June 12, 2020, one of the Creditors' Committee's members, Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. resigned from the Creditors' Committee. No trustee or examiner has been appointed in any of these Chapter 11 Cases. No other official committee have been solicited or appointed.

Assumption & Rejection of Executory Contracts:

Pursuant to the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the Debtors are authorized to assume, assign or reject certain executory contracts and unexpired leases. Absent certain exceptions, the Debtors' rejection of an executory contract or an unexpired lease is generally treated as prepetition breach, which entitles the contract counterparty to file a general unsecured claim against the Debtors and simultaneously relives the Debtors from their future obligations under the contract or lease. Further, the Debtors' assumption of an executory contract or unexpired lease would generally require the Debtors to satisfy certain prepetition amounts due and owning under such contract or lease.

On June 28, 2020, the Bankruptcy Court authorized the Debtors to establish procedures for the rejection of certain executory contracts and unexpired leases. In accordance with these rejection procedures, the Bankruptcy Code and the Bankruptcy Rules the Debtors have or will reject certain contracts and leases (see note 17, 19 and 27). Relatedly, the Bankruptcy Court approved the Debtors' request to extend the date by which the Debtors may assume or reject unexpired non-residential, real property leases until December 22, 2020. Following consent of certain lessors to further extend the deadline in order to finalize productive negotiations, the Debtors have moved to assume multiple airport leases at Miami-Dade, LAX and JFK related to the Debtors' passenger and cargo businesses.

Further, the Debtors have or will file motions to reject certain aircraft and engine leases:

Bankruptcy Court approval date:	Asset rejected:
June 8, 2020	(i) 1 Boeing 767
June 24, 2020	(i) 16 Airbus A320-family aircraft; (ii) 2 Airbus A350 aircraft; and (iii) 4 Boeing 787-9
June 28, 2020	(i) 2 Engine model V2527-A5; and (ii) 2 Engine model CFM56-5B4/3
July 29, 2020	(i) 1 Engine model CFM56-5B3/3
August 19, 2020	(i) 1 Boeing 767
October 26, 2020	(i) 3 Airbus A320-family aircraft
October 28, 2020	(i) 1 Airbus A319
November 5, 2020	(i) 1 A320-family aircraft

As of December 31, 2020, and as a result of these contract rejections, obligations with the lenders and lessors were extinguish and also the Company lost control over the related assets, which led to the derecognition of the assets and the liabilities associated with these aircraft. See note 17, 19 and 27. All accounting effects were recorded on the year 2020 as Restructuring activities expenses.

On November 23, 2020, the Bankruptcy Court also entered order authorizing the Debtors to assume key commercial agreements with Delta Air Lines, Inc. Relatedly, the Debtors have or will file motions to enter into certain aircraft lease amendment agreements which have the effect of, among other things, reducing the Debtors' rental payment obligations. On December 31, 2020, the Bankruptcy Court entered an order authorizing the Debtors to enter into a lease amendment agreement with Vermillion Aviation (Two) Limited. The agreement requires the Debtors to assume the amended lease through a plan of reorganization, with certain limited exceptions.

Statements and Schedules:

On September 8, 2020, the Debtors filed with the Bankruptcy Court schedules and statements of financial affairs setting forth, among other things, the assets and liabilities of the Debtors (the "Statements and Schedules"). The Statements and Schedules are prepared according to the requirements of applicable bankruptcy law and are subject to further amendment or modification by the Debtors, for example: "Monthly Operating Report" (MOR). The Company on a monthly basis makes the presentation of these schedules and statements.

Although the Debtors believe that these materials provide the information required under the Bankruptcy Code or orders of the Bankruptcy Court, they are nonetheless unaudited and prepared in a format different from the consolidated financial reports historically prepared by LATAM in accordance with IFRS (International Financial Reporting Standards). Certain of the information contained in the Statements and Schedules may be prepared on an unconsolidated basis. Accordingly, the Debtors believe that the substance and format of these materials do not allow meaningful comparison with their regularly publicly-disclosed consolidated financial statements. Moreover, the materials filed with the Bankruptcy Court are not prepared for the purpose of providing a basis for an investment decision relating to the Debtors' securities, or claims against the Debtors, or for comparison with other financial information required to be reported under applicable securities law.

Intercompany and Affiliate Transactions:

The Debtors are authorized to continue performing certain postpetition intercompany and affiliate transactions in the ordinary course of business, including transactions with non-debtor affiliates, and to honor obligations in connection with such transactions; provided, however, the Debtors shall not make any cash payments on account of prepetition transactions with affiliates absent permission from the Bankruptcy Court, including any repayments on any prepetition loans to non-debtor affiliates pursuant to any such transactions. Out of an abundance of caution, the Debtors have also sought and received Bankruptcy Court approval to contribute capital, capitalize intercompany debt and issue shares between certain debtor affiliates.

Debtor in Possession Financing

On September 19, 2020, the Bankruptcy Court entered an order authorizing the Debtors to obtain postpetition "debtor-in-possession financing" in the form of a multi-draw term loan facility in an aggregate principal amount of up to US$2.45 billion (See note 3.1 c)).

Establishment of Bar Dates.

On September 24, 2020, the Bankruptcy Court entered an order (the "Bar Date Order") establishing December 18, 2020, as the general deadline (the "General Bar Date") by which persons or entities who believe they hold any claims against any Debtor that arose prior to the Petition Date, as applicable to each Debtor, must have submitted written documentation of such claims (a "Proof of Claim"). The General Bar Date was not applicable to governmental units, which must have submitted Proofs of Claims by January 5, 2021 (the "Governmental Bar Date"). Finally, as more fully described in the Bar Date Order, claims with respect to rejected contracts or unexpired leases may be subject to a deadline later than the General Bar Date (the "Rejection Bar Date" and, together with the General Bar Date and the Governmental Bar Date, the "Bar Dates'). Any person or entity that fails to timely file its Proof of Claim by the applicable Bar Date will be forever barred from asserting their claim and will not receive any distributions made as part of the ultimate plan of reorganization. Notice of the Bar Dates, as well as instructions on how to file Proof of Claims, were sent to all known creditors and published in various newspapers in the United States and South America.

On December 17, 2020, the Court entered an order establishing a supplemental bar date of February 5, 2021 (the "Supplemental Bar Date"), for certain non-U.S. claimants not otherwise subject to the General Bar Date. The Supplemental Bar Date applies only to those entities and individuals specifically identified in the court order. Any person or entity that fails to timely file its Proof of Claim by the Supplemental Bar Date will be forever barred from asserting their claim and will not receive any distributions made as part of the ultimate plan of reorganization.

Following the close of the General Bar Date and the Supplemental Bar Date, the Debtors have continued the process of reconciling approximately 6,000 submitted claims and have developed procedures to streamline the claims process. The Company has already filed objections to a number of claims and anticipates continuing to do so in the coming months. Although many objections have been entered on an omnibus basis, some claims disputes will likely require individualized adjudication by the Bankruptcy Court. Further, the Company has also filed a motion requesting approval of alternative dispute resolution procedures to resolves certain claims disputes outside of the Bankruptcy Court. Given the need to reconcile claims against the Company's books and records and to resolve claims disputes both in and outside of the Bankruptcy Court, the Company is not yet able to make a reliable estimate of the final claims pool, both in terms of the final number of claims and the value of such claims.

2.2. Basis of Consolidation

(a) Subsidiaries

Subsidiaries are all the entities (including special-purpose entities) over which the Company has the power to control the financial and operating policies, which are generally accompanied by a holding of more than half of the voting rights. In evaluating whether the Company controls another entity, the existence and effect of potential voting rights that are currently exercisable or convertible at the date of the consolidated financial statements are considered. The subsidiaries are consolidated from the date on which control is passed to the Company and they are excluded from the consolidation on the date they cease to be so controlled. The results and flows are incorporated from the date of acquisition.

Balances, transactions and unrealized gains on transactions between the Company's entities are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment loss of the asset transferred. When necessary in order to ensure uniformity with the policies adopted by the Company, the accounting policies of the subsidiaries are modified.

To account for and identify the financial information revealed when carrying out a business combination, such as the acquisition of an entity by the Company, is apply the acquisition method provided for in IFRS 3: Business combination.

(b) Transactions with non-controlling interests

The Group applies the policy of considering transactions with non-controlling interests, when not related to loss of control, as equity transactions without an effect on income.

(c) Sales of subsidiaries

When a subsidiary is sold and a percentage of participation is not retained, the Company derecognizes assets and liabilities of the subsidiary, the non-controlling and other components of equity related to the subsidiary. Any gain or loss resulting from the loss of control is recognized in the consolidated income statement in Other gains (losses).

If LATAM Airlines Group S.A. and Subsidiaries retain an ownership of participation in the sold subsidiary, and does not represent control, this is recognized at fair value on the date that control is lost, the amounts previously recognized in Other comprehensive income are accounted as if the Company had disposed directly from the assets and related liabilities, which can cause these amounts are reclassified to profit or loss. The percentage retained valued at fair value is subsequently accounted using the equity method.

(d) Investees or associates

Investees or associates are all entities over which LATAM Airlines Group S.A. and Subsidiaries have significant influence but have no control. This usually arises from holding between 20% and 50% of the voting rights. Investments in associates are booked using the equity method and are initially recognized at their cost.

2.3. Foreign currency transactions

(a) Presentation and functional currencies

The items included in the financial statements of each of the entities of LATAM Airlines Group S.A. and Subsidiaries are valued using the currency of the main economic environment in which the entity operates (the functional currency). The functional currency of LATAM Airlines Group S.A.

is the United States dollar which is also the presentation currency of the consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries.

(b) Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates on the transaction dates. Foreign currency gains and losses resulting from the liquidation of these transactions and from the translation at the closing exchange rates of the monetary assets and liabilities denominated in foreign currency are shown in the consolidated statement of income by function except when deferred in Other comprehensive income as qualifying cash flow hedges.

(c) Adjustment due to hyperinflation

After July 1, 2018, the Argentine economy was considered, for purposes of IFRS, hyperinflationary. The financial statements of the subsidiaries whose functional currency is the Argentine Peso have been restated.

The non-monetary items of the statement of financial position as well as the income statement, comprehensive incomes and cash flows of the group's entities, whose functional currency corresponds to a hyperinflationary economy, are adjusted for inflation and re-expressed in accordance with the variation of the consumer price index ("CPI"), at each presentation date of its financial statements. The re-expression of non-monetary items is made from the date of initial recognition in the statements of financial position and considering that the financial statements are prepared under the historical cost criterion.

Net losses or gains arising from the re-expression of non-monetary items and income and costs are recognized in the consolidated income statement under "Result of indexation units".
Net gains and losses on the re-expression of opening balances due to the initial application of IAS 29 are recognized in the consolidated retained earnings.

Re-expression due to hyperinflation will be recorded until the period or exercise in which the economy of the entity ceases to be considered as a hyperinflationary economy, at that time, the adjustments made by hyperinflation will be part of the cost of non-monetary assets and liabilities.

The comparative amounts in the Consolidated financial statements of the Company are presented in a stable currency and are not adjusted for subsequent changes in the price level or exchange rates.

(d) Group entities

The results and the financial situation of the Group's entities, whose functional currency is different from the presentation currency of the consolidated financial statements, of LATAM Airlines Group S.A., which does not correspond to the currency of a hyperinflationary economy, are converted into the currency of presentation as follows:

(i) Assets and liabilities of each consolidated statement of financial position presented are translated at the closing exchange rate on the consolidated statement of financial position date;

(ii) The revenues and expenses of each income statement account are translated at the exchange rates prevailing on the transaction dates, and

(iii) All the resultant exchange differences by conversion are shown as a separate component in other comprehensive income, within "Gain (losses) from exchange rate difference, before tax".

For those subsidiaries of the group whose functional currency is different from the presentation currency and, moreover, corresponds to the currency of a hyperinflationary economy; its restated results, cash flow and financial situation are converted to the presentation currency at the closing exchange rate on the date of the consolidated financial statements.

The exchange rates used correspond to those fixed in the country where the subsidiary is located, whose functional currency is different to the U.S. dollar.

Adjustments to the Goodwill and fair value arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing exchange rate or period informed, restated when the currency came from the functional entity of the foreign entity corresponds to that of a hyperinflationary economy, the adjustments for the restatement of goodwill are recognized in the consolidated equity.

2.4. Property, plant and equipment

The land of LATAM Airlines Group S.A. and Subsidiaries, are recognized at cost less any accumulated impairment loss. The rest of the Properties, plants and equipment are recorded, both in their initial recognition and in their subsequent measurement, at their historical cost, restated for inflation when appropriate, less the corresponding depreciation and any loss due to deterioration.

The amounts of advances paid to the aircraft manufacturers are activated by the Company under Construction in progress until they are received.

Subsequent costs (replacement of components, improvements, extensions, etc.) are included in the value of the initial asset or are recognized as a separate asset, only when it is probable that the future economic benefits associated with the elements of property, plant and equipment, they will flow to the Company and the cost of the item can be determined reliably. The value of the replaced component is written off. The rest of the repairs and maintenance are charged to the result of the year in which they are incurred.

The depreciation of the properties, plants and equipment is calculated using the linear method over their estimated technical useful lives; except in the case of certain technical components which are depreciated on the basis of cycles and hours flown. This charge is recognized in the captions "Cost of sale" and "Administrative expenses".

The residual value and the useful life of the assets are reviewed and adjusted, if necessary, once a year.

When the value of an asset exceeds its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

Losses and gains from the sale of property, plant and equipment are calculated by comparing the consideration with the book value and are included in the consolidated statement of income.

2.5. Intangible assets other than goodwill

(a) Airport slots and Loyalty program

Airport slots and the Loyalty program correspond to intangible assets with indefinite useful lives and are annually tested for impairment as an integral part of the CGU Air Transport.

Airport Slots correspond to an administrative authorization to carry out operations of arrival and departure of aircraft, at a specific airport, within a certain period of time.

The Loyalty program corresponds to the system of accumulation and exchange of points that is part of TAM Linhas Aereas S.A.

The airport slots and Loyalty program were recognized at fair value under IFRS 3, as a consequence of the business combination with TAM S.A. and Subsidiaries.

(b) Computer software

Licenses for computer software acquired are capitalized on the basis of the costs incurred in acquiring them and preparing them for using the specific software. These costs are amortized over their estimated useful lives, for which the Company has been defined useful lives between 3 and 10 years.

Expenses related to the development or maintenance of computer software which do not qualify for capitalization, are shown as an expense when incurred. The personnel costs and others cost directly related to the production of unique and identifiable computer software controlled by the Company, are shown as intangible Assets others than Goodwill when they have met all the criteria for capitalization.

(c) Brands

The Brands were acquired in the business combination with TAM S.A. and Subsidiaries and, recognized at fair value under IFRS 3. The Company has defined a useful life of five years, period in which the value of the brands will be amortized.

2.6. Goodwill

Goodwill represents the excess of acquisition cost over the fair value of the Company's participation in the net identifiable assets of the subsidiary or associate on the acquisition date. Goodwill related to acquisition of subsidiaries is not amortized but tested for impairment annually or each time that there is evidence of impairment. Gains and losses on the sale of an entity include the book amount of the goodwill related to the entity sold.

2.7. Borrowing costs

Interest costs incurred for the construction of any qualified asset are capitalized over the time necessary for completing and preparing the asset for its intended use. Other interest costs are recognized in the consolidated statement of income when accrued.

2.8. Losses for impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets subject to amortization are tested for impairment losses whenever any event or change in circumstances indicates that the carrying amount may not be recoverable. An impairment loss is recognized for the excess of the carrying amount of the asset over its recoverable amount. The recoverable amount is the fair value of an asset less the costs for sale or the value in use, whichever is greater. For the purpose of evaluating impairment losses, assets are grouped at the lowest level for which there are largely independent cash inflows (cash generating unit. Non-financial assets, other than goodwill, that would have suffered an impairment loss are reviewed if there are indicators of reversal of losses. Impairment losses are recognized in the consolidated statement of income under "Other gains (losses)".

2.9. Financial assets

The Company classifies its financial assets in the following categories: at fair value (either through other comprehensive income, or through gains or losses), and at amortized cost. The classification depends on the business model of the entity to manage the financial assets and the contractual terms of the cash flows.

The group reclassifies debt investments when, and only when, it changes its business model to manage those assets.

In the initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset classified at amortized cost, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets accounted for at fair value through profit or loss are recorded as expenses in the income statement.

(a) Debt instruments

The subsequent measurement of debt instruments depends on the group's business model to manage the asset and cash flow characteristics of the asset. The Company has two measurement categories in which the group classifies its debt instruments:

Amortized cost: the assets held for the collection of contractual cash flows where those cash flows represent only payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in income when the asset is derecognized or impaired. Interest income from these financial assets is included in financial income using the effective interest rate method.

Fair value through profit or loss: assets that do not meet the criteria of amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and is presented net in the income statement within other gains / (losses) in the period or exercise in which it arises.

(b) Equity instruments

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains / (losses) in the statement of income as appropriate.

The Company evaluates in advance the expected credit losses associated with its debt instruments recorded at amortized cost. The applied impairment methodology depends on whether there has been a significant increase in credit risk.

2.10. Derivative financial instruments and hedging activities

Derivatives are recognized, in accordance with IAS 39 for hedge accounting and IFRS 9 for derivatives not qualify as hedge accounting, initially at fair value on the date on which the derivative contract was made and are subsequently valued at their fair value. The method to recognize the resulting loss or gain depends on whether the derivative has been designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as:

(a) Hedge of the fair value of recognized assets (fair value hedge);
(b) Hedge of an identified risk associated with a recognized liability or an expected highly- Probable transaction (cash-flow hedge), or
(c) Derivatives that do not qualify for hedge accounting.

The Company documents, at the inception of each transaction, the relationship between the hedging instrument and the hedged item, as well as its objectives for managing risk and the strategy for carrying out various hedging transactions. The Company also documents its assessment, both at the beginning and on an ongoing basis, as to whether the derivatives used in the hedging transactions are highly effective in offsetting the changes in the fair value or cash flows of the items being hedged.

The total fair value of the hedging derivatives is booked as Other non-current financial asset or liability if the remaining maturity of the item hedged is over 12 months, and as an other current financial asset or liability if the remaining term of the item hedged is less than 12 months. Derivatives not booked as hedges are classified as Other financial assets or liabilities.

(a) Fair value hedges

Changes in the fair value of designated derivatives that qualify as fair value hedges are shown in the consolidated statement of income, together with any change in the fair value of the asset or liability hedged that is attributable to the risk being hedged.

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is shown in the statement of other comprehensive income. The loss or gain relating to the ineffective portion is recognized immediately in the consolidated statement of income under other gains (losses). Amounts accumulated in equity are reclassified to profit or loss in the periods or exercise when the hedged item affects profit or loss.

In case of variable interest-rate hedges, the amounts recognized in the statement of other comprehensive income are reclassified to results within financial costs at the same time the associated debts accrue interest.

For fuel price hedges, the amounts shown in the statement of other comprehensive income are reclassified to results under the line item Cost of sales to the extent that the fuel subject to the hedge is used.

For foreign currency hedges, the amounts recognized in the statement of other comprehensive income are reclassified to income as deferred revenue resulting from the use of points, are recognized as Income.

When hedging instrument mature, is sold or fails to meet the requirements to be accounted for as hedges, any gain or loss accumulated in the statement of Other comprehensive income until that moment, remains in the statement of other comprehensive income and is reclassified to the consolidated statement of income when the hedged transaction is finally recognized. When it is expected that the hedged transaction is no longer going to occur, the gain or loss accumulated in the statement of other comprehensive income is taken immediately to the consolidated statement of income as "Other gains (losses)".

(c) Derivatives not booked as a hedge

The changes in fair value of any derivative instrument that is not booked as a hedge are shown immediately in the consolidated statement of income in "Other gains (losses)".

2.11. Inventories

Inventories, are shown at the lower of cost and their net realizable value. The cost is determined on the basis of the weighted average cost method (WAC). The net realizable value is the estimated selling price in the normal course of business, less estimated costs necessary to make the sale.

2.12. Trade and other accounts receivable

Commercial accounts receivable are initially recognized at their fair value and subsequently at their amortized cost in accordance with the effective rate method, less the provision for impairment according to the model of the expected credit losses. The Company applies the simplified approach permitted by IFRS 9, which requires that expected lifetime losses be recognized upon initial recognition of accounts receivable.

In the event that the Company transfers its rights to any financial asset (generally accounts receivable) to a third party in exchange for a cash payment, the Company evaluates whether all risks and rewards have been transferred, in which case the account receivable is derecognized.

The existence of significant financial difficulties on the part of the debtor, the probability that the debtor goes bankrupt or financial reorganization are considered indicators of a significant increase in credit risk.

The carrying amount of the asset is reduced as the provision account is used and the loss is recognized in the consolidated income statement under "Cost of sales". When an account receivable is written off, it is regularized against the provision account for the account receivable.

2.13. Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, time deposits in financial institutions, and other short-term and highly liquid investments.

2.14. Capital

The common shares are classified as net equity.

Incremental costs directly attributable to the issuance of new shares or options are shown in net equity as a deduction from the proceeds received from the placement of shares.

2.15. Trade and other accounts payables

Trade payables and other accounts payable are initially recognized at fair value and subsequently at amortized cost.

2.16. Interest-bearing loans

Financial liabilities are shown initially at their fair value, net of the costs incurred in the transaction. Later, these financial liabilities are valued at their amortized cost; any difference between the proceeds obtained (net of the necessary arrangement| costs) and the repayment value, is shown in the consolidated statement of income during the term of the debt, according to the effective interest rate method.

Financial liabilities are classified in current and non-current liabilities according to the contractual payment dates of the nominal principal.

2.17. Current and deferred taxes

The tax expense for the period comprises income and deferred taxes.

The current income tax expense is calculated based on tax laws in enacted the date of statement of financial position, in the countries in which the subsidiaries and associates operate and generate taxable income.

Deferred taxes are recognized, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from the initial recognition of an assets or a liability in transaction other than a business combination that at the time of the transaction does not affect the accounting or the taxable profit or loss. Deferred tax is determined using the tax rates (and laws) that have been enacted or substantially enacted at the date of the consolidated statements of financial position, and are expected to apply when the related deferred tax asset is realized or the deferred tax liability discharged.

Deferred tax assets are recognized only to the extent it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

The tax (current and deferred) is recognized in statement of income by function, unless it relates to an item recognized in other comprehensive income, directly in equity. In this case the tax is also recognized in other comprehensive income or, directly in the statement of income by function, respectively.

2.18. Employee benefits

(a) Personnel vacations

The Company recognizes the expense for personnel vacations on an accrual basis.

(b) Share-based compensation

The compensation plans implemented based on the shares of the Company are recognized in the consolidated financial statements in accordance with IFRS 2: Share-based payments, for plans based on the granting of options, the effect of fair value is recorded in equity with a charge to remuneration in a linear manner between the date of grant of said options and the date on which they become irrevocable, for the plans considered as cash settled award the fair value, updated as of the closing date of each reporting period or exercise, is recorded as a liability with charge to remuneration.

(c) Post-employment and other long-term benefits

Provisions are made for these obligations by applying the method of the projected unit credit method, and considering estimates of future permanence, mortality rates and future wage increases determined on the basis of actuarial calculations. The discount rates are determined by reference to market interest-rate curves. Actuarial gains or losses are shown in other comprehensive income.

(d) Incentives

The Company has an annual incentives plan for its personnel for compliance with objectives and individual contribution to the results. The incentives eventually granted consist of a given number or portion of monthly remuneration and the provision is made on the basis of the amount estimated for distribution.

(e) Termination benefits

The group recognizes termination benefits at the earlier of the following dates: (a) when the group terminates laboral relation; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits.

2.19. Provisions

Provisions are recognized when:

(i) The Company has a present legal or implicit obligation as a result of past events;

(ii) It is probable that payment is going to be necessary to settle an obligation; and

(iii) The amount has been reliably estimated.

2.20. Revenue from contracts with customers

(a) Transportation of passengers and cargo

The Company recognizes the sale for the transportation service as a deferred income liability, which is recognized as income when the transportation service has been lent or expired. In the case of air transport services sold by the Company and that will be made by other airlines, the liability is reduced when they are remitted to said airlines. The Company periodically reviews whether it is necessary to make an adjustment to deferred income liabilities, mainly related to returns, changes, among others.

Compensations granted to clients for changes in the levels of services or billing of additional services such as additional baggage, change of seat, among others, are considered modifications of the initial contract, therefore, they are deferred until the corresponding service is provided.

(b) Expiration of air tickets

The Company estimates in a monthly basis the probability of expiration of air tickets, with refund clauses, based on the history of use of the same. Air tickets without refund clause are expired on the date of the flight in case the passenger does not show up.

(c) Costs associated with the contract

The costs related to the sale of air tickets are activated and deferred until the moment of providing the corresponding service. These assets are included under the heading "Other current non-financial assets" in the Consolidated Classified Statement of Financial Position.

(d) Frequent passenger program

The Company maintains the following loyalty programs: LATAM Pass and LATAM Pass Brasil, whose objective is building customer loyalty through the delivery of miles or points.

These programs give their frequent passengers the possibility of earning LATAMPASS's miles or points, which grant the right to a selection of both air and non-air awards. Additionally, the Company sells the LATAMPASS miles or points to financial and non-financial partners through commercial alliances to award miles or points to their customers.

To reflect the miles and points earned, the loyalty program mainly includes two types of transactions that are considered revenue arrangements with multiple performance obligations: (1) Passenger Ticket Sales Earning miles or points (2) miles or points sold to financial and non-financial partner

(1) Passenger Ticket Sales Earning Miles or Points.
In this case, the miles or points are awarded to customers at the time that the company performs the flight.

To value the miles or points earned with travel, we consider the quantitative value a passenger receives by redeeming miles for a ticket rather than paying cash, which is referred to as Equivalent Ticket Value ("ETV"). Our estimate of ETV is adjusted for miles and point that are not likely to be redeemed ("breakage").

The balance of miles and point that are pending to redeem are include on deferred revenue.

(2) Miles sold to financial and non-financial partner

To value the miles or points earns through financial and non-financial partners,the performance obligations with the client are estimated separately. To calculate these performance obligations, different components that add value in the commercial contract must be considered, such as marketing, advertising and other benefits, and finally the value of the points awarded to customers based on our ETV. The value of each of these components is finally allocated in proportion to their relative prices. The performance obligations associated with the valuation of the points or miles earned become part of the Deferred Revenue, and the remaining performance obligations, are recorded as revenue when the miles or points are delivered to the client.

When the miles and points are exchanged for products and services other than the services provided by the Company, the income is recognized immediately, when the exchange is made for air tickets of any airline of LATAM Airlines Group S.A. and subsidiaries, the income is deferred until the air transport service is provided.

The miles and points that the Company estimates will not be exchanged are recognized in the results based on the consumption pattern of the miles or points effectively exchanged by customers. The Company uses statistical models to estimate the probability of exchange, which is based on historical patterns and projections.

(e) Dividend income

Dividend income is recognized when the right to receive payment is established.

2.21. Leases

The Company recognizes contracts that meet the definition of a lease, as a right of use asset and a lease liability on the date when the underlying asset is available for use.

Assets for right of use are measured at cost including the following:

- The amount of the initial measurement of the lease liability;
- Lease payment made at or before commencement date;
- Initial direct costs, and
- Restoration costs.

The assets by right of use are recognized in the statement of financial position in Properties, plants and equipment.

Lease liabilities include the net present value of the following payments:

- Fixed payments including in substance fixed payment.
- Variable lease payments that depend on an index or a rate;
- The exercise price of a purchase options, if is reasonably certain to exercise that option.

The Company determines the present value of the lease payments using the implicit rates for the aircraft leasing contracts and for the rest of the underlying assets, uses the incremental borrowing rate.

Lease liabilities are recognized in the statement of financial position under Other financial liabilities, current or non-current.

Interest accrued on financial liabilities is recognized in the consolidated statement of income in "Financial costs".

Payments associated with short-term leases without purchase options and leases of low-value assets are recognized on a straight-line basis in profit or loss at the time of accrual. Those payments are presented in cash flows use in operation activities.

The Company analyzes the financing agreements of aircrafts, mainly considering characteristics such as:

(a) that the Company initially acquired the aircraft or took an important part in the process of direct acquisition with the manufacturers.

(b) Due to the contractual conditions, it is virtually certain that the Company will execute the purchase option of the aircraft at the end of the lease term.

Since these financing agreements are “substantially purchases” and not leases, the related liability is considered as a financial debt classified under to IFRS 9 and continue to be presented within the “Other financial liabilities” described in Note 19. On the other hand, the aircraft are presented in Property, Plants and Equipment, as described in Note 17, as “own aircraft”.

The Group qualifies as sale and lease transactions, operations that lead to a sale according to IFRS 15. More specifically, a sale is considered as such if there is no option to purchase the goods at the end of the lease term.

If the sale by the seller-lessee is classified as a sale in accordance with IFRS 15, the underlying asset is derecognized, and a right-of-use asset equal to the portion retained proportionally of the amount of the asset is recognized.

If the sale by the seller-lessee is not classified as a sale in accordance with IFRS 15, the transferred assets are kept in the financial statements and a financial liability equal to the sale price is recognized (received from the buyer-lessor).

The Company has applied the practical solution allowed by IFRS 16 for those contracts that meet the established requirements and that allows a lessee to choose not to evaluate if the concessions that it obtains derived from COVID-19 are a modification of the lease.

2.22. Non-current assets or disposal groups classified as held for sale

Non-current assets (or disposal groups) classified as assets held for sale are shown at the lesser of their book value and the fair value less costs to sell.

2.23. Maintenance

The costs incurred for scheduled heavy maintenance of the aircraft's fuselage and engines are capitalized and depreciated until the next maintenance. The depreciation rate is determined on technical grounds, according to the use of the aircraft expressed in terms of cycles and flight hours.

In case of aircraft include in property, plant and equipment, these maintenance cost are capitalized as Property, plant and equipment, while in the case of aircraft on right of use, a liability is accrued based on the use of the main components is recognized, since a contractual obligation with the lessor to return the aircraft on agreed terms of maintenance levels exists. These are recognized as Cost of sales.

Additionally, some contracts that comply with the definition of lease establish the obligation of the lessee to make deposits to the lessor as a guarantee of compliance with maintenance and return conditions. These deposits, often called maintenance reserves, accumulate until a major maintenance is performed, once made, the recovery is requested to the lessor. At the end of the contract period, there is comparison between the reserves that have been paid and required return conditions, and compensation between the parties are made if applicable.

The unscheduled maintenance of aircraft and engines, as well as minor maintenance, are charged to results as incurred.

2.24. Environmental costs

Disbursements related to environmental protection are charged to results when incurred.

NOTE 3 - FINANCIAL RISK MANAGEMENT

3.1. Financial risk factors

The Company is exposed to different financial risks: (a) market risk, (b) credit risk, and (c) liquidity risk. The program overall risk management of the Company aims to minimize the adverse effects of financial risks affecting the company.

(a) Market risk

Due to the nature of its operations, the Company is exposed to market factors such as: (i) fuel-price risk, (ii) exchange -rate risk (FX), and (iii) interest -rate risk.

The Company has developed policies and procedures for managing market risk, which aim to identify, quantify, monitor and mitigate the adverse effects of changes in market factors mentioned above.

For the foregoing, Management monitors the evolution of price levels, exchange rates and interest rates, quantifies exposures and their risk, and develops and executes hedging strategies.

(i) Fuel-price risk:

Exposure:

For the execution of its operations the Company purchases a fuel called Jet Fuel grade 54 USGC, which is subject to the fluctuations of international fuel prices.

Mitigation:

To hedge the risk exposure fuel, the Company operates with derivative instruments (swaps and options) whose underlying assets may be different from Jet Fuel, being possible use West Texas Intermediate ("WTI") crude, Brent ("BRENT") crude and distillate Heating Oil ("HO"), which have a high correlation with Jet Fuel and greater liquidity.

Fuel Hedging Results:

During the year ended December 31, 2020, the Company recognized losses of US$ 14.3 million (negative) for fuel hedge net of premiums in the costs of sale for the year. During the same year of 2019, the Company recognized losses of US$ 23.1 million for the same concept.

As of the end of March 31, the Company has determined that the highly probable expected transactions, which made up the hedged item, will no longer occur in the formally established magnitudes, therefore it has stopped recognizing these contracts under the accounting of hedge recognizing for the year ended December 31,2020 a loss of US$ 50.8 million in the line in Other gains (losses) of the income statement, as a reclassification effect from other reserves from the statement of comprehensive income and a loss of US$ 30.8 million corresponding to the premiums associated with these contracts. On November 2020, the new fuel derivatives taken by the Company were classified as hedge accounting.
As of December 31, 2020 the market value of the fuel positions was US$ 1.3 million (positive). At the end of December 2019, this market value was US$ 48.5 million (positive).

The following tables show the level of hedge for different periods:

Positions as of December 31, 2020 (*)	Maturities				
	Q121	Q221	Q321	Q421	Total
Percentage of coverage over the expected volume of consumption	3.0%	2.8%	2.6%	2.6%	2.7%

(*) The percentage shown in the table considers all the hedging instruments (swaps and options).

Positions as of December 31, 2019 (*)	Maturities				
	Q120	Q220	Q320	Q420	Total
Percentage of coverage over the expected volume of consumption	65%	61%	20%	19%	41%

(*) The volume shown in the table considers all the hedging instruments (swaps and options).

Sensitivity analysis

A drop in fuel price positively affects the Company through a reduction in costs. However, also negatively affects contracted positions as these are acquired to protect the Company against the risk of a rise in price. The policy therefore is to maintain a hedge-free percentage in order to be competitive in the event of a drop in price.

The current hedge positions they are booked as cash flow hedge contracts, so a variation in the fuel price has an impact on the Company's net equity.

The following tables show the sensitization of financial instruments according to reasonable changes in the price of fuel and their effect on equity.

The calculations were made considering a parallel movement of US$ 5 per barrel in the underlying reference price curve at the end of December 2019 and 2020. The projection period was defined until the end of the last fuel hedging contract in force, being the last business day of the fourth quarter of the year 2021.

Benchmark price (US$ per barrel)	Positions as of December 31, 2020 effect on Statement of Income (MUS$)	Positions as of December 31, 2019 effect on Equity (MUS$)
+5	+0.6	+15.4
-5	-0.6	- 34.5

Given the fuel hedging structure during 2020, which considers a portion free of hedges, a vertical drop of 5 dollars in the JET reference price (considered as the monthly daily average), would have meant an impact of approximately US$ 160.5 million lower fuel cost. For the same period, a vertical rise of 5 dollars in the JET reference price (considered as the monthly daily average), would have meant an approximate impact of US$ 135.0 million in higher fuel costs.

(ii) Foreign exchange rate risk:

Exposure:

The functional and presentation currency of the financial statements of the Parent Company is the US dollar, so that the risk of the Transactional and Conversion exchange rate arises mainly from the Company's business, strategic and accounting operating activities that are expressed in a monetary unit other than the functional currency.

The subsidiaries of LATAM are also exposed to foreign exchange risk whose impact affects the Company's Consolidated Income.

The largest operational exposure to LATAM's exchange risk comes from the concentration of businesses in Brazil, which are mostly denominated in Brazilian Real (BRL), and are actively managed by the company.

At a lower concentration, the Company is also exposed to the fluctuation of other currencies, such as: Euro, Pound sterling, Australian dollar, Colombian peso, Chilean peso, Argentine peso, Paraguayan Guarani, Mexican peso, Peruvian Sol and New Zealand dollar.

Mitigation:

The Company mitigates currency risk exposures by contracting derivative instruments or through natural hedges or execution of internal operations.

Exchange Rate Hedging Results (FX):

With the objective of reducing exposure to the exchange rate risk in the operational cash flows of 2020, and securing the operating margin, LATAM makes hedges using FX derivatives.

As of December 31, 2020, the Company did not maintain FX derivatives. At the end of December 2019, this market value was MUS$ 0.01 (negative).

During the year ended December 31, 2020, the Company recognized gains of US$ 3.2 million for FX coverage net of premiums. During the same period of 2019, the Company recognized gains of US$ 1.9 million for FX hedging net of premiums.
As of December 31, 2020, the Company had no current FX derivatives for BRL. At the end of December 2019, the Company maintain current FX derivatives for BRL for MUS$ 15.

During 2019 the company contracted FX derivatives recognized in results amounts to USS$ 6.2 million (negative) net of premiums. As of December 31, 2020, the Company does not hold FX derivatives that are not under hedge accounting.

Sensitivity analysis:

A depreciation of the R$/US$ exchange rate, negatively affects the Company's operating cash flows, however, also positively affects the value of the positions of derivatives contracted.

FX derivatives are recorded as cash flow hedge contracts; therefore, a variation in the exchange rate has an impact on the market value of the derivatives, the changes of which affect the Company's net equity.

The following table shows the sensitization of FX derivative instruments according to reasonable changes in the exchange rate and its effect on equity. The Company did not maintain FX derivatives in force for BRL as of December 31, 2020:

Appreciation (depreciation)(*) of R$	Effect at December 31, 2020 MUS$	Effect at December 31, 2019 MUS$
-10%	-	-0.6
+10%	-	+1.1

(*) Appreciation (depreciation) of US$ regard to the covered currencies.

During 2017 and 2019, the Company contracted swap currency derivatives for debt coverage issued the same years by notionals UF 8.7 million and UF 5.0 million, respectively. As of December 31, 2020 Company does not has currency hedge swap. At the end of December 2019, this market value was MUS$ 22.7 (negative).

In the case of TAM S.A, whose functional currency is the Brazilian real, a large part of its liabilities is expressed in US dollars. Therefore, when converting financial assets and liabilities, from dollar to real, they have an impact on the result of TAM S.A., which is consolidated in the Company's Income Statement.

In order to reduce the impact on the Company's result caused by appreciations or depreciations of R $ / US $, the Company has executed internal operations to reduce the net exposure in US $ for TAM S.A.

The following table shows the variation of financial performance to appreciate or depreciate 10% exchange rate R$/US$:

Appreciation (depreciation)(*) of R$/US$(*)	Effect at December 31, 2020 MUS$	Effect at December, 2019 MUS$
-10%	+10.9	+9.5
+10%	- 10.9	-9.5

(*) Appreciation (depreciation) of US$ regard to the covered currencies.

Effects of exchange rate derivatives in the Financial Statements
The profit or losses caused by changes in the fair value of hedging instruments are segregated between intrinsic value and temporary value. The intrinsic value is the actual percentage of cash flow covered, initially shown in equity and later transferred to income, while the hedge transaction is recorded in income. The temporary value corresponds to the ineffective portion of cash flow hedge which is recognized in the financial results of the Company (Note 19).

Due to the functional currency of TAM S.A. and Subsidiaries is the Brazilian real, the Company presents the effects of the exchange rate fluctuations in Other comprehensive income by converting the Statement of financial position and Income statement of TAM S.A. and Subsidiaries from their functional currency to the U.S. dollar, which is the presentation currency of the consolidated financial statement of LATAM Airlines Group S.A. and Subsidiaries. The Goodwill generated in the Business combination is recognized as an asset of TAM S.A. and Subsidiaries in Brazilian real whose conversion to U.S. dollar also produces effects in other comprehensive income.

The following table shows the change in Other comprehensive income recognized in Total equity in the case of appreciate or depreciate 10% the exchange rate R$/US$:

Appreciation (depreciation) of R$/US$	Effect at December 31, 2020 MUS$	Effect at December 31, 2019 MUS$
-10%	+191.53	+402.48
+10%	-156.71	-329.29

(iii) Interest -rate risk:

Exposure:

The Company is exposed to fluctuations in interest rates affecting the markets future cash flows of the assets, and current and future financial liabilities.

The Company is exposed in one portion to the variations of London Inter-Bank Offer Rate (“LIBOR”) and other interest rates of less relevance are Brazilian Interbank Deposit Certificate ("IDC").

Mitigation:

At the end of December 2020, the Company did not have current interest rate derivative positions. Currently a 42% (62% at December 31, 2019) of the debt is fixed to fluctuations in interest rate.

Rate Hedging Results:

As of December 31, 2020, the Company did not hold current interest rate derivative positions. At the end of December 2019, this market value was US$ 2.6 million (positive).

Sensitivity analysis:

The following table shows the sensitivity of changes in financial obligations that are not hedged against interest-rate variations. These changes are considered reasonably possible, based on current market conditions each date.

Increase (decrease) futures curve in libor 3 months	Positions as of December 31, 2020 effect on profit or loss before tax (MUS$)	Positions as of December 31, 2019 effect on profit or loss before tax (MUS$)
+100 basis points	-42.11	-27.60
-100 basis points	+42.11	+27.60

Much of the current rate derivatives are registered for as hedges of cash flow, therefore, a variation in the exchange rate has an impact on the market value of derivatives, whose changes impact on the Company’s net equity.

At December 31, 2020 Company does not has interest rate hedge. The calculations were made increasing (decreasing) vertically 100 basis points of the three-month Libor futures curve, being both reasonably possible scenarios according to historical market conditions.

Increase (decrease) futures curve in libor 3 months	Positions as of December 31, 2020 effect on equity (MUS$)	Positions as of December 31, 2019 effect on equity (MUS$)
+100 basis points	-	+13.62
-100 basis points	-	-14.71

The assumptions of sensitivity calculation must assume that forward curves of interest rates do not necessarily reflect the real value of the compensation flows. Moreover, the structure of interest rates is dynamic over time.

During the periods presented, the Company has no registered amounts by ineffectiveness in consolidated statement of income for this kind of hedging.

On July 27, 2017, the Financial Conduct Authority (LIBOR regulating authority) announced its intention to stop asking banks to submit rates for the calculation of LIBOR after 2021. The Federal Reserve Board and the Fed of New York then convened the Alternative Reference Rates Committee (ARRC), a group of private market participants, to help ensure a successful transition from LIBOR in US dollars (USD) to a more robust reference rate, their recommended alternative, the Overnight Guaranteed Financing Rate (SOFR). Although the adoption of SOFR is voluntary, the impending discontinuation of LIBOR makes it essential that market participants consider moving to alternative rates such as SOFR and that they have appropriate alternative language in existing contracts that reference LIBOR.

(b) Credit risk

Credit risk occurs when the counterparty does not meet its obligations to the Company under a specific contract or financial instrument, resulting in a loss in the market value of a financial instrument (only financial assets, not liabilities). Given the impact of COVID-19 on the operation, the client portfolio as of December 31, 2020 decreased when compared to the balance as of December 31, 2019 by 51%, due to a reduction in company-wide operations, mainly in passenger transport (travel agencies and corporate) and in the case of clients who were left with debt and that management considered risky, the corresponding measures were taken to consider their expected credit loss. For this reason, the provision at the end of December 2020 had an increase of 21.7% compared to the previous period.

The Company is exposed to credit risk due to its operational activities and its financial activities, including deposits with banks and financial institutions, investments in other types of instruments, exchange rate transactions and contracting derivative instruments or options.

To reduce the credit risk related to operational activities, the Company has implemented credit limits to limit the exposure of its debtors, which are permanently monitored for the LATAM network, when deemed necessary, agencies have been blocked for cargo and passenger businesses.

(i) Financial activities

Cash surpluses that remain after the financing of assets necessary for the operation are invested according to credit limits approved by the Company's Board, mainly in time deposits with different financial institutions, private investment funds, short-term mutual funds, and easily-liquidated corporate and sovereign bonds with short remaining maturities. These investments are booked as Cash and cash equivalents and other current financial assets.

In order to reduce counterparty risk and to ensure that the risk assumed is known and managed by the Company, investments are diversified among different banking institutions (both local and international). The Company evaluates the credit standing of each counterparty and the levels of investment, based on (i) their credit rating, (ii) the equity size of the counterparty, and

(iii) investment limits according to the Company's level of liquidity. According to these three parameters, the Company chooses the most restrictive parameter of the previous three and based on this, establishes limits for operations with each counterparty.

The Company has no guarantees to mitigate this exposure.

Additionally, section 345(b) of the Chapter 11 of the US Bankruptcy Code imposes restrictions on, among other things, the institutions where the Debtors can hold their cash. In particular, it establishes that cash should be held in what are called Authorized Bank Depositories, which are US Banking Institutions that are accepted by the US Trustee Program of the US Department of Justice. Such Authorized Bank Depositories have generally agreed with the US Trustee Program to maintain collateral of no less than 115% of the aggregate funds on deposit (in excess of FDIC insurance limit) by (i) surety bond or (ii) US Treasury securities. Consequently, pursuant to Section 345(b), as implemented through an agreement with the Office of the United States Trustee, as of the year end the Company held the majority of its cash and equivalents in Banks in the US that are depositories authorized by Office of the United States Trustee for the Southern District of New York. Otherwise, the DIP Facility contains certain restrictions on new investments made by the Debtors during the term of the facility.

(ii) Operational activities

The Company has four large sales "clusters": travel agencies, cargo agents, airlines and credit-card administrators. The first three are governed by International Air Transport Association, international ("IATA") organization comprising most of the airlines that represent over 90% of scheduled commercial traffic and one of its main objectives is to regulate the financial transactions between airlines and travel agents and cargo. When an agency or airline does not pay their debt, they are excluded from operating with IATA's member airlines. In the case of credit-card administrators, they are fully guaranteed by 100% by the issuing institutions.

Under certain of the Company's credit card processing agreements, the financial institutions have the right to require that the Company maintain a reserve equal to a portion of advance ticket sales that have been processed by that financial institution, but for which the Company has not yet provided the air transportation. Additionally, the financial institutions have the ability to require additional collateral reserves or withhold payments related to receivables to be collected if increased risk is perceived related to liquidity covenants in these agreements or negative balances occur.

The exposure consists of the term granted, which fluctuates between 1 and 45 days.

One of the tools the Company uses for reducing credit risk is to participate in global entities related to the industry, such as IATA, Business Sales Processing ("BSP"), Cargo Account Settlement Systems ("CASS"), IATA Clearing House ("ICH") and banks (credit cards). These institutions fulfill the role of collectors and distributors between airlines and travel and cargo agencies. In the case of the Clearing House, it acts as an offsetting entity between airlines for the services provided between them. A reduction in term and implementation of guarantees has been achieved through these entities. Currently the sales invoicing of TAM Linhas Aéreas S.A. related with travel agents and cargo agents for domestic transportation in Brazil is done directly by TAM Linhas Aéreas S.A.

Credit quality of financial assets

The external credit evaluation system used by the Company is provided by IATA. Internal systems are also used for particular evaluations or specific markets based on trade reports available on the local market. The internal classification system is complementary to the external one, i.e. for agencies or airlines not members of IATA, the internal demands are greater.

To reduce the credit risk associated with operational activities, the Company has established credit limits to abridge the exposure of their debtors which are monitored permanently (mainly in case of operational activities of TAM Linhas Aéreas S.A. with travel agents). The bad-debt rate in the principal countries where the Company has a presence is insignificant.

(c) Liquidity risk

Liquidity risk represents the risk that the Company does not have sufficient funds to pay its obligations.

Due to the cyclical nature of its business, the operation and investment needs, along with the need for financing, the Company requires liquid funds, defined as Cash and cash equivalents plus other short-term financial assets, to meet its payment obligations. On May 26, 2020, the Company and its subsidiaries in Chile, Peru, Colombia, Ecuador and the United States began a voluntary process of reorganization and restructuring of their debt under the protection of the Chapter 11 of the United States, to which on July 9, the Brazilian subsidiary and certain of its subsidiaries were included, in order to preserve the group's liquidity. In light of the unprecedented impact COVID-19 has had on the global aviation industry, this reorganization process provides LATAM with the opportunity to work with the group's creditors, and main stakeholders, to reduce its debt and obtain new sources of financing, providing the company with the tools to adapt the group to this new reality.

The balance of liquid funds, future cash generation and the ability to obtain financing, provides the Company with alternatives to meet future investment and financing commitments.
As of December 31, 2020, the balance of liquid funds is US$ 1,696 million (US $ 1,073 million as of December 31, 2019), which are invested in short-term instruments through financial entities with a high-risk classification.

As of December 31, 2020, LATAM maintains a committed revolving credit facility (Revolving Credit Facility) for a total amount of US$ 600 million, which is fully drawn. This line is secured by and subject to the availability of collateral (i.e. aircraft, engines and spare parts).

In order to preserve liquidity, the Company has implemented a series of measures. Among them, the Company proposed 50% salary reduction to the entire organization for the second quarter, which was accepted by more than 90% of the employees. For the third quarter, the salary reduction to the entire organization was between 20% and 25%, which also had an adhesion of more than 90% of the group's employees, and for the fourth quarter a reduction of 15% was proposed, which also achieved high levels of adherence.

Finally, during the year 2020, the company has reduced its planned investments for 2020 by approximately US$ 698 million, mainly related to maintenance, given the lower operation, purchase of engines, investments in cabins and other projects, given the reduced operation. In addition,

LATAM did not receive aircrafts that were previously committed to be delivered during 2020, which at the beginning of the year amounted to US$ 408 million.

After filing Chapter 11 protection, the company received authorization from the Bankruptcy Court for the “debtors in possession” (DIP) financing, in the form of a multi-draw term loan facility in an aggregate principal amount of up to US$ 2,450 million. This facility consists of two tranches in which the following creditors participate:

1) A Tranche A, which is committed for up to US$ 1,300 million, out of which (i) US$ 1,125 million were be provided by Oaktree Capital Management, L.P. or certain entities related to it; and (ii) US$ 175 million were be provided by Knighthead, Jefferies and / or other entities that are part of the syndicate of creditors organized by Jefferies; and

2) A Tranche C, which is committed for up to US$ 1,150 million, out of which (i) US$ 750 million were be provided by LATAM's group of shareholders composed by Grupo Cueto, Grupo Eblen and Qatar Airways, or certain related entities; (ii) US$ 250 million were be provided by Knighthead, Jefferies and / or other entities that are part of the syndicate of creditors organized by Jefferies; and (iii) US$ 150 million which were an upsize in commitments provided by certain additional shareholder investors through a public investment fund managed by Toesca S.A. on November 6, 2020, through a joinder to the DIP Agreement.

In addition, this proposal contemplates a possible Tranche B for up to an additional US$ 750 million, subject to the authorization of the Court and other customary conditions for this type of operations.

On October 8, 2020, the first disbursement took place under the DIP Credit Agreement for a 50% of the total funds committed to that date, US$ 1,150 million. Pursuant to the terms of the DIP Agreement, the Debtors will be required to maintain consolidated liquidity of at least US$ 400 million, taking into consideration the undrawn portion of the DIP financing, and meet certain milestones with respect to the bankruptcy process).

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2020
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2 Chile.

Tax No.	Creditor	Creditor country	Currency	Up to 90 days ThUS$	More than 90 days to one year ThUS$	More than one to three years ThUS$	More than three to five years ThUS$	More than five years ThUS$	Total ThUS$	Nominal value ThUS$	Amortization	Annual Effective rate %	Annual Nominal rate %
Loans to exporters													
97.018.000-1	SCOTIABANK	Chile	US$	76,929	-	-	-	-	76,929	74,000	At Expiration	3.08	3.08
97.030.000-7	BANCO ESTADO	Chile	US$	41,543	-	-	-	-	41,543	40,000	At Expiration	3.49	3.49
76.645.030-K	ITAU	Chile	US$	20,685	-	-	-	-	20,685	20,000	At Expiration	4.20	4.20
97.951.000-4	HSBC	Chile	US$	12,545	-	-	-	-	12,545	12,000	At Expiration	4.15	4.15
Bank loans													
97.023.000-9	CORPBANCA	Chile	UF	11,631	-	-	-	-	11,631	11,255	Quarterly	3.35	3.35
0-E	SANTANDER	Spain	US$	3,323	2,678	139,459	-	-	145,460	139,459	Quarterly	2.80	2.80
76.362.099-9	BTG	Chile	UF	2,104	68,920	-	-	-	71,024	67,868	At Expiration	3.10	3.10
Obligations with the public													
97.030.000-7	BANCO ESTADO	Chile	UF	23,210	26,857	217,555	35,041	429,101	731,764	560,113	At Expiration	4.81	4.81
0-E	BANK OF NEW YORK	U.S.A.	US$	80,063	76,125	208,250	836,063	828,000	2,028,501	1,500,000	At Expiration	7.16	6.94
Guaranteed obligations													
0-E	BNP PARIBAS	U.S.A.	US$	50,500	40,889	104,166	107,342	219,666	522,563	474,273	Quarterly / Semiannual	2.95	2.95
0-E	NATIXIS	France	US$	47,918	37,509	84,048	84,487	35,712	289,674	271,129	Quarterly	3.11	3.11
0-E	INVESTEC	England	US$	11,502	9,425	21,042	-	-	41,969	37,870	Semiannual	6.21	6.21
0-E	MUFG	U.S.A.	US$	37,114	28,497	77,881	80,678	194,901	419,071	382,413	Quarterly	2.88	2.88
0-E	SMBC	U.S.A.	US$	131,345	-	-		-	131,345	130,000	At Expiration	1.73	1.73
Other guaranteed obligation													
0-E	CREDIT AGRICOLE	France	US$	1,347	275,773	-	-	-	277,120	273,199	At Expiration	1.92	1.92
0-E	MUFG	U.S.A.	US$	87,611	74,852	119,460	19,950	-	301,873	291,519	Quarterly	2.67	2.67
0-E	CITIBANK	U.S.A.	US$	3,405	10,404	603,443	-	-	617,252	600,000	At Expiration	2.27	2.27
0-E	BANK OF UTAH	U.S.A.	US$	-	-	952,990	-	-	952,990	793,003	At Expiration	22.19	13,19
Financial lease													
0-E	ING	U.S.A.	US$	5,965	-	-	-	-	5,965	5,965	Quarterly	5.71	5.01
0-E	CREDIT AGRICOLE	France	US$	13,889	2,057	2,062	-	-	18,008	17,961	Quarterly	1.99	1.54
0-E	CITIBANK	U.S.A.	US$	79,117	61,983	118,372	46,115	19,118	324,705	312,792	Quarterly	2.58	1.77
0-E	PEFCO	U.S.A.	US$	1,926	-	-	-	-	1,926	1,926	Quarterly	5.65	5.03
0-E	BNP PARIBAS	U.S.A.	US$	14,851	2,343	793	-	-	17,987	17,951	Quarterly	1.81	1.41
0-E	WELLS FARGO	U.S.A.	US$	114,952	104,946	237,945	99,232	-	557,075	541,406	Quarterly	2.43	1.74
97.036.000-K	SANTANDER	Chile	US$	21,551	17,851	26,308	-	-	65,710	65,247	Quarterly	1.30	0.76
0-E	RRPF ENGINE LEASING	England	US$	4,093	3,382	8,826	4,870	-	21,171	18,489	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	US$	4,589	4,763	12,977	755	-	23,084	22,730	Quarterly	1.61	1.01
0-E	BTMU	U.S.A.	US$	11,620	9,647	26,261	770	-	48,298	47,609	Quarterly	1.63	1.03
0-E	US BANK	U.S.A.	US$	60,527	54,611	144,670	86,076	-	345,884	327,419	Quarterly	4.00	2.82
0-E	PK AIRFINANCE	U.S.A.	US$	4,624	12,202	3,153	-		19,979	19,522	Monthly	1.98	1.98
	TOTAL			980,479	925,714	3,109,661	1,401,379	1,726,498	8,143,731	7,077,118			

(*) Oblligation are presented according original contractual condition and do not considered any Chapter 11 resolution. See detail on Note 19.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2020
Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

Tax No.	Creditor	Creditor country	Currency	Up to 90 days ThUS$	More than 90 days to one year ThUS$	More than one to three years ThUS$	More than three to five years ThUS$	More than five years ThUS$	Total ThUS$	Nominal value ThUS$	Amortization	Annual Effective rate %	Annual Nominal rate %
Bank loans													
0-E	NCM	Netherlands	US$	452	497	61	-	-	1,010	943	Monthly	6.01	6.01
0-E	BANCO BRADESCO	Brazil	BRL	91,672	-	-	-	-	91,672	80,175	Monthly	4.34	4.34
0-E	BANCO DO BRASIL	Brazil	BRL	208,987	-	-	-	-	208,987	199,557	Monthly	3.95	3.95
Financial leases													
0-E	NATIXIS	France	US$	31,482	9,276	42,383	-	-	83,141	81,260	Quarterly / Semiannual	4.09	4.09
0-E	WACAPOU LEASING S.A.	Luxembourg	US$	2,460	2,442	25	-	-	4,927	4,759	Quarterly	2.00	2.00
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	US$	134,919	-	-	-	-	134,919	144,120	Quarterly	3.07	3.01
0-E	GA TELESIS LLC	U.S.A.	US$	758	1,753	4,675	4,675	7,969	19,830	12,261	Monthly	14.72	14.72
	TOTAL			470,730	13,968	47,144	4,675	7,969	544,486	523,075			

(*) Oblligation are presented according original contractual condition and do not considered any Chapter 11 resolution. See detail on Note 19.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2020
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total	Nominal value	Amortization	Annual Effective rate	Annual Nominal rate
				ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$		%	%
Lease Liability													
-	AIRCRAFT	OTHERS	US$	226,510	679,529	877,438	812,821	889,072	3,485,370	3,026,573	-	-	-
-	OTHER ASSETS	OTHERS	US$	3,403	9,953	6,706	18,271	6,349	44,682	46,520	-	-	-
			UF	2,103	5,836	1,072	1,973	2,485	13,469	11,401	-	-	-
			COP	22	7	14	-	-	43	48	-	-	-
			EUR	156	443	188	-	-	787	772	-	-	-
			PEN	29	15	49	-	-	93	137	-	-	-
			BRL	1,002	3,891	14,414	-	-	19,307	35,555	-	-	-
Trade and other accounts payables													
-	OTHERS	OTHERS	US$	330,172	47,781	-	-		377,953	377,953	-	-	-
			CLP	230,997	119,337	-	-		350,334	350,334	-	-	-
			BRL	359,350	5,859	-	-		365,209	365,209	-	-	-
			Other currency	598,619	65,684	-	-		664,303	664,303	-	-	-
Accounts payable to related parties currents													
Foreign	Delta Airlines	U.S.A	USD	805	-	-	-		805	805	-	-	-
Foreign	Patagonia Seafarms INC	U.S.A	CLP	7	-	-	-		7	7			
97.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Chile	CLP	-	-	105,713	-		105,713	105,713			
Foreign	QA Investments Ltd	Jersey Channel Islands	USD	-	-	132,141	-		132,141	132,141	-	-	-
Foreign	QA Investments 2 Ltd	Jersey Channel Islands	USD	-	-	132,141	-		132,141	132,141			
Foreign	Lozuy S.A.	Uruguay	USD	-	-	26,428	-	-	26,428	26,428	-	-	-
	Total			1,753,175	938,335	1,296,304	833,065	897,906	5,718,785	5,276,040			
	Total consolidated			3,204,384	1,878,017	4,453,109	2,239,119	2,632,373	14,407,002	12,876,233			

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2019
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2 Chile.

Tax No.	Creditor	Creditor country	Currency	Up to 90 days ThUS$	More than 90 days to one year ThUS$	More than one to three years ThUS$	More than three to five years ThUS$	More than five years ThUS$	Total ThUS$	Nominal value ThUS$	Amortization	Annual Effective rate %	Annual Nominal rate %
Loans to exporters													
97.032.000-8	BBVA	Chile	US$	24,387	76,256	-	-	-	100,643	99,000	At Expiration	3.29	3.29
97.003.000-K	BANCO DO BRASIL	Chile	US$	151,489	50,758	-	-	-	202,247	200,000	At Expiration	2.93	2.93
76.100.458-1	HSBC	Chile	US$	12,098	-	-	-	-	12,098	12,000	At Expiration	3.25	3.25
76.100.458-1	BLADEX	Chile	US$	-	29,277	-	-	-	29,277	29,000	At Expiration	2.82	2.82
Bank loans													
97.023.000-9	CORPBANCA	Chile	UF	5,336	10,544	-	-	-	15,880	15,615	Quarterly	3.35	3.35
76.362.099-9	BTG PACTUAL CHILE	Chile	UF	484	1,451	63,872	-	-	65,807	62,769	At Expiration	3.10	3.10
0-E	SANTANDER	Spain	US$	1,514	4,809	141,719	-	-	148,042	137,860	Quarterly	3.62	4.61
Obligations with the public													
97.030.000-7	BANCO ESTADO	Chile	UF	-	24,702	208,681	32,228	410,774	676,385	518,032	At Expiration	4.81	4.81
0-E	BANK OF NEW YORK	U.S.A.	US$	28,000	76,125	208,250	884,188	884,000	2,080,563	1,500,000	At Expiration	7.16	6.94
Guaranteed obligations													
0-E	BNP PARIBAS	U.S.A.	US$	11,657	50,428	124,106	124,167	302,092	612,450	513,941	Quarterly / Semiannual	3.81	3.81
0-E	WILMINGTON TRUST COMPANY	U.S.A.	US$	31,733	94,096	244,836	237,815	438,659	1,047,139	866,223	Quarterly	4.45	4.45
0-E	CITIBANK	U.S.A.	US$	5,765	17,296	46,120	46,117	42,175	157,473	143,475	Quarterly	3.76	2.68
0-E	NATIXIS	France	US$	13,365	40,159	99,556	86,984	79,724	319,788	282,906	Quarterly	3.82	3.82
0-E	MUFG	U.S.A.	US$	5,552	27,068	73,726	73,914	209,621	389,881	322,660	Quarterly	3.43	3.43
0-E	INVESTEC	England	US$	1,980	11,164	26,153	11,071	-	50,368	44,087	Semiannual	6.35	6.35
Other guaranteed obligation													
0-E	CREDIT AGRICOLE	France	US$	2,326	6,740	260,259	-	-	269,325	253,692	At Expiration	3.74	3.74
0-E	MUFG	U.S.A.	US$	26,607	78,955	198,783	46,131	-	350,476	328,023	Quarterly	3.54	3.54
Financial lease													
0-E	ING	U.S.A.	US$	4,025	8,108	-	-	-	12,133	11,806	Quarterly	5.71	5.01
0-E	CREDIT AGRICOLE	France	US$	4,994	15,026	6,671	-	-	26,691	26,091	Quarterly	3.15	2.52
0-E	CITIBANK	U.S.A.	US$	19,412	56,148	117,881	16,653	-	210,094	200,907	Quarterly	3.39	2.80
0-E	PEFCO	U.S.A.	US$	1,950	1,950	-	-	-	3,900	3,827	Quarterly	5.65	5.03
0-E	BNP PARIBAS	U.S.A.	US$	9,353	25,211	28,663	22,502	10,354	96,083	87,729	Quarterly	3.85	3.72
0-E	WELLS FARGO	U.S.A.	US$	35,251	105,691	261,181	203,232	14,382	619,737	591,684	Quarterly	2.67	1.98
97.036.000-K	SANTANDER	Chile	US$	6,145	18,394	47,911	3,158	-	75,608	72,551	Quarterly	3.00	2.46
0-E	RRPF ENGINE	England	US$	1,152	3,432	8,967	8,679	568	22,798	19,643	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	US$	1,661	4,977	13,259	7,380	-	27,277	25,708	Quarterly	3.33	2.73
0-E	BTMU	U.S.A.	US$	3,367	10,081	26,827	14,153	-	54,428	51,340	Quarterly	3.33	2.73
0-E	NATIXIS	France	US$	759	2,299	2,330	-	-	5,388	5,154	Quarterly	4.41	4.41
0-E	KFW IPEX-BANK	Germany	US$	1,804	3,607	-	-	-	5,411	5,328	Quarterly	3.55	3.55
0-E	AIRBUS FINANCIAL	U.S.A.	US$	2,038	5,746	-	-	-	7,784	7,664	Monthly	3.31	3.31
0-E	US BANK	U.S.A.	US$	18,328	54,864	145,364	140,555	17,681	376,792	349,127	Quarterly	4.01	2.82
0-E	PK AIRFINANCE	U.S.A.	US$	2,652	8,136	18,194	-	-	28,982	28,087	Monthly	3.45	3.45
Other loans													
0-E	CITIBANK (*)	U.S.A.	US$	26,111	78,742	-	-	-	104,853	101,026	Quarterly	6.00	6.00
Hedge derivative													
-	OTHERS	-	US$	-	11,582	18,641	13,530	-	43,753	16,972	-	-	-
	Total			461,295	1,013,822	2,391,950	1,972,457	2,410,030	8,249,554	6,933,927			

(*) Bonus securitized with the future flows of credit card sales in the United States and Canada, through the Guanay Finance Limited company.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2019
Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

Tax No.	Creditor	Creditor country	Currency	Up to 90 days ThUS$	More than 90 days to one year ThUS$	More than one to three years ThUS$	More than three to five years ThUS$	More than five years ThUS$	Total ThUS$	Nominal value ThUS$	Amortization	Annual Effective rate %	Annual Nominal rate %
Bank loans													
0-E	NCM	Netherlands	US$	173	499	722	-	-	1,394	1,289	Monthly	6.01	6.01
Financial leases													
0-E	NATIXIS	France	US$	4,140	7,965	77,028	-	-	89,133	86,256	Quarterly / Semiannua	6.29	6.29
0-E	WACAPOU LEASING S.A.	Luxembourg	US$	835	2,450	3,277	-	-	6,562	6,280	Quarterly	4.32	4.32
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	US$	11,286	151,047	-	-	-	162,333	169,931	Quarterly	5.39	5.39
0-E	GA Telesis LLC	U.S.A.	US$	677	1,753	4,675	4,675	10,480	22,260	13,495	Monthly	14.72	14.72
	Total			17,111	163,714	85,702	4,675	10,480	281,682	277,251			

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2019
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total	Nominal value	Amortization	Annual Effective rate	Annual Nominal rate
				ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$		%	%
Lease Liability													
-	AIRCRAFT	OTHERS	US$	146,036	417,929	1,002,564	877,353	1,357,910	3,801,792	3,042,231	-	-	-
-	OTHER ASSETS	OTHERS	US$	3,017	8,649	21,381	19,815	16,314	69,176	53,931	-	-	-
			CLP	160	478	531	-	-	1,169	1,195	-	-	-
			UF	2,713	4,736	5,789	1,373	2,956	17,567	17,145	-	-	-
			COP	71	161	37	2	-	271	259	-	-	-
			EUR	163	387	592	122	-	1,264	1,175	-	-	-
			GBP	16	10	-	-	-	26	24	-	-	-
			MXN	37	93	245	10	-	385	359	-	-	-
			PEN	95	129	83	16	-	323	306	-	-	-
			Other currencies	2,770	8,370	8,508	43,104	-	62,752	55,532	-	-	-
Trade and other accounts payables													
-	OTHERS	OTHERS	US$	371,527	13,993	-	-	-	385,520	385,520	-	-	-
			CLP	220,383	905	-	-	-	221,288	221,288	-	-	-
			BRL	486,082	320	-	-	-	486,402	486,402	-	-	-
			Other currencies	576,378	1,716	-	-	-	578,094	578,094	-	-	-
Accounts payable to related parties currents													
78.591.370-1	Bethia S.A. y Filiales	Chile	CLP	53	-	-	-	-	53	53	-	-	-
Foreign	Patagonia Seafarms INC	U.S.A.	CLP	3	-	-	-	-	3	3	-	-	-
	Total			1,809,504	457,876	1,039,730	941,795	1,377,180	5,626,085	4,843,517			
	Total consolidated			2,287,910	1,635,412	3,517,382	2,918,927	3,797,690	14,157,321	12,054,695			

The Company has fuel, interest rate and exchange rate hedging strategies involving derivatives contracts with different financial institutions.

At the end of 2019, the Company had delivered US$ 2.37 million in guarantees for derivative margins, corresponding to cash and standby letters of credit. As of December 31, 2020, the Company maintains guarantees for US $ 0.6 million corresponding to derivative transactions. The decrease was due to: i) the expiration of hedge contracts, ii) acquisition of new hedge contracts, and iii) changes in fuel prices, changes in exchange rates and interest rates.

3.2. Capital risk management

The objectives of the Company, in relation to capital management are: (i) to meet the minimum equity requirements and (ii) to maintain an optimal capital structure.

The Company monitors contractual obligations and regulatory requirements in the different countries where the group's companies are domiciled to ensure faithful compliance with the minimum equity requirement, the most restrictive limit of which is to maintain positive liquid equity.

Additionally, the Company periodically monitors the short and long term cash flow projections to ensure that it has sufficient cash generation alternatives to meet future investment and financing commitments.

The international credit rating of the Company is the result of the ability to meet long-term financial commitments. As of December 31, 2020, and as a consequence of the expected decline in demand due to the COVID-19 pandemic and the Company's filing for voluntary protection under the U.S. Chapter 11 reorganization statute, Standard & Poor's, Moody's y Fitch Ratings withdrew their credit ratings for LATAM

3.3. Estimates of fair value.

At December 31, 2020, the Company maintained financial instruments that should be recorded at fair value. These are grouped into two categories:

1. Hedge Instruments:

This category includes the following instruments:

- Interest rate derivative contracts,
- Fuel derivative contracts,
- Currency derivative contracts.

2. Financial Investments:

This category includes the following instruments:

- Investments in short-term Mutual Funds (cash equivalent)
- Private investment funds.

The Company has classified the fair value measurement using a hierarchy that reflects the level of information used in the assessment. This hierarchy consists of 3 levels (I) fair value based on quoted prices in active markets for identical assets or liabilities, (II) fair value calculated through valuation methods based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) and (III) fair value based on inputs for the asset or liability that are not based on observable market data.

The fair value of financial instruments traded in active markets, such as investments acquired for trading, is based on quoted market prices at the close of the period using the current price of the buyer. The fair value of financial assets not traded in active markets (derivative contracts) is determined using valuation techniques that maximize use of available market information. Valuation techniques generally used by the Company are quoted market prices of similar instruments and / or estimating the present value of future cash flows using forward price curves of the market at period end.

The following table shows the classification of financial instruments at fair value, depending on the level of information used in the assessment:

	As of December 31, 2020				As of December 31, 2019			
		Fair value measurements using values considered as				Fair value measurements using values considered as		
	Fair value ThUS$	Level I ThUS$	Level II ThUS$	Level III ThUS$	Fair value ThUS$	Level I ThUS$	Level II ThUS$	Level III ThUS$
Assets								
Cash and cash equivalents	32,782	32,782	-	-	222,094	222,094	-	-
Short-term mutual funds	32,782	32,782	-	-	222,094	222,094	-	-
Other financial assets, current	4,097	366	3,731	-	471,797	386,688	85,109	-
Fair value interest rate derivatives	-	-	-	-	27,044	-	27,044	-
Fair value of fuel derivatives	1,296	-	1,296	-	48,542	-	48,044	-
Fair value of foreign currency derivative	-	-	-	-	586	-	586	-
Accrued interest since the last payment date Swap of currencies	-	-	-	-	3	-	3	-
Private investment funds	348	348	-	-	386,669	386,669	-	-
Certificate of Deposit (CBD)	2,435	-	2,435	-	8,934	-	8,934	-
Domestic and foreign bonds	18	18	-	-	19	19	-	-
Liabilities								
Other financial liabilities, current	5,671	-	5,671	-	50,372	-	50,372	-
Fair value of interest rate derivatives	2,734	-	2,734	-	302	-	302	-
Fair value of foreign currency derivatives	-	-	-	-	48,347	-	48,347	-
Interest accrued since the last payment date of Currency Swap	-	-	-	-	1,723	-	1,723	-
Currency derivative not registered as hedge accounting	2,937	-	2,937	-	-	-	-	-

Additionally, at December 31, 2020, the Company has financial instruments which are not recorded at fair value. In order to meet the disclosure requirements of fair values, the Company has valued these instruments as shown in the table below:

	As of December 31, 2020		As of December 31, 2019	
	Book value	Fair value	Book value	Fair value
	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	1,663,059	1,663,059	850,486	850,486
Cash on hand	4,277	4,277	4,982	4,982
Bank balance	732,578	732,578	329,633	329,633
Overnight	802,220	802,220	350,080	350,080
Time deposits	123,984	123,894	165,791	165,791
Other financial assets, current	46,153	46,153	27,707	27,707
Other financial assets	46,153	46,153	27,707	27,707
Trade debtors, other accounts receivable and Current accounts receivable	599,180	599,180	1,244,348	1,244,348
Accounts receivable from entities related, current	158	158	19,645	19,645
Other financial assets, not current	33,140	33,140	46,907	46,907
Accounts receivable, non-current	4,986	4,986	4,725	4,725
Other current financial liabilities	3,050,059	2,995,768	1,835,288	2,019,068
Accounts payable for trade and other accounts payable, current	2,322,961	2,322,961	2,222,874	2,222,874
Accounts payable to entities related, current	812	812	56	56
Other financial liabilities, not current	7,803,801	6,509,081	8,530,418	8,846,418
Accounts payable, not current	651,600	651,600	619,110	619,110
Accounts payable to related entities, non-current	396,423	410,706	-	-

The book values of accounts receivable and payable are assumed to approximate their fair values, due to their short-term nature. In the case of cash on hand, bank balances, overnight, time deposits and accounts payable, non-current, fair value approximates their carrying values.

The fair value of other financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate for similar financial instruments (Level II). In the case of Other financial assets, the valuation was performed according to market prices at period end. The book value of Other financial liabilities, current or non-current, do not include lease liabilities.

NOTE 4 - ACCOUNTING ESTIMATES AND JUDGMENTS

The Company has used estimates to value and record some of the assets, liabilities, income, expenses and commitments. Basically, these estimates refer to:

(a) Evaluation of possible losses due to impairment of goodwill and intangible assets with indefinite useful life

Management conducts an impairment test annually or more frequently if events or changes in circumstances indicate potential impairment. An impairment loss is recognized for the amount by which the carrying amount of the cash generating unit (CGU) exceeds its recoverable amount.

Management's value-in-use calculations included significant judgments and assumptions relating to revenue growth rates, exchange rate, discount rate, inflation rates, fuel price. The estimation of these assumptions requires significant judgment by the management, as these variables feature inherent uncertainty; however, the assumptions used are consistent with Company's forecasts approved by management. Therefore, management evaluates and updates the estimates as necessary, in light of conditions that affect these variables. The main assumptions used as well as the corresponding sensitivity analyses are showed in Note 16.

(b) Useful life, residual value, and impairment of property, plant, and equipment

The depreciation of assets is calculated based on the linear model, except for certain technical components depreciated on cycles and hours flown. These useful lives are reviewed on an annual basis according with the Company's future economic benefits associated with them.

Changes in circumstances such as: technological advances, business model, planned use of assets or capital strategy may render the useful life different to the lifespan estimated. When it is determined that the useful life of property, plant, and equipment must be reduced, as may occur in line with changes in planned usage of assets, the difference between the net book value and estimated recoverable value is depreciated, in accordance with the revised remaining useful life.

The residual values are estimated according to the market value that said assets will have at the end of their life. The residual value and useful life of the assets are reviewed, and adjusted if necessary, once a year. When the value of an asset is greater than its estimated recoverable amount, its value is immediately reduced to its recoverable amount.

The Company has concluded that the Properties, Plant and Equipment cannot generate cash inflows to a large extent independent of other assets, therefore the impairment assessment is made as an integral part of the only Cash Generating Unit maintained by the Company, Air Transport. The Company checks when there are signs of impairment, whether the assets have suffered any impairment losses at the Cash Generated Unit level.

(c) Recoverability of deferred tax assets

Management records deferred taxes on the temporary differences that arise between the tax bases of assets and liabilities and their amounts in the financial statements. Deferred tax assets on tax losses are recognized to the extent that it is probable that future tax benefits will be available to offset temporary differences.

The Company applies significant judgment in evaluating the recoverability of deferred tax assets. In determining the amounts of the deferred tax asset to be accounted for, management considers historical profitability, projected future taxable income (considering assumptions such as: growth rate, exchange rate, discount rate, fuel price online with those used in the impairment analysis of the group's cash-generating unit) and the expected timing of reversals of existing temporary differences.

(d) Air tickets sold that will not be finally used.

The Company records the sale of air tickets as deferred income. Ordinary income from the sale of tickets is recognized in the income statement when the passenger transport service is provided or expired for non-use. The Company evaluates monthly the probability of expiration of air tickets, with return clauses, based on the history of use of air tickets. A change in this probability could generate an impact on revenue in the year in which the change occurs and in future years.

In effect and due to the worldwide contingency of the COVID 19 pandemic, the company has established new commercial policies with clients regarding the validity of air tickets, making it easier to use in flight, reissue and return.

Under this new scenario, in the year 2020 no income for expiration ticket’s revenue were recorded, which in a normal scenario would have amounted to approximately ThUS $ 70,000.

As of December 31, 2020, deferred income associated with air tickets sold amounted to ThUS $ 904,558 (ThUS $ 1,511,179 as of December 31, 2019).

(e) Valuation of miles and points awarded to holders of loyalty programs, pending use.

As of December 31, 2020, the deferred income associated with the LATAM Pass loyalty program amounts to ThUS $ 1,365,534 (ThUS $ 1,332,173 as of December 31, 2019). A hypothetical change of one percentage point in the probability of swaps would translate into an impact of ThUS $ 24,425 in the results as of 2020 (ThUS $ 30,506 in the results as of 2019). The deferred income associated with the LATAM Pass Brasil loyalty program (See Note 22) amounts to ThUS $ 187,493 as of December 31, 2020 (ThUS $ 354,847 as of December 31, 2019). A hypothetical change of two percentage points in exchange probability would translate into an impact of ThUS $ 2,950 in the results as of 2020 (ThUS $ 3,150 in the results as of 2019).

Management used statistical models to estimate the miles and point awarded that will not be redeemed, by the programs members (breakage) which involved significant judgments and assumptions relating the historical redemption and expiration activity and forecasted redemption and expiration patterns.

For the LATAM Pass Brasil loyalty program, expiration occurs after a fixed period of time from accumulation, the model is built by the administration considering historical expiration rates, exchange behaviors and relevant segmentations.

For LATAM Pass there are rules that allow members to renew their miles, so the management in conjunction with an external specialist develop a predictive model of non-use miles, which allows to generate non-use rates on the basis of historical information, based on behavior of the accumulation, use and expiration of the miles.

(f) Provisions needs, and their valuation when required

In the case of known contingencies, the Company records a provision when it has a present obligation, whether legal or implicit, as a result of past events, it is likely that an outflow of resources will be necessary to settle the obligation and the amount is has reliably estimated. Based on available information, the Company uses the knowledge, experience and professional judgment,

to the specific characteristics of the known risks. This process facilitates the early assessment and quantification of potential risks in individual cases or in the development of contingent matters.

Company recognized as the present obligation under an onerous contract as a provision when a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

(g) Leases

(i) Discount rate

The discount rate used to calculate the lease debt corresponds, for each aircraft, to the implicit interest rate calculated by the contractual elements and residual market values. The implicit rate of the contract is the discount rate that gives the aggregate present value of the minimum lease payments and the unguaranteed residual value.

For assets other than aircraft, the estimated lessee's incremental loan rate was used, which is derived from the information available on the lease commencement date, to determine the present value of the lease payments. We consider our recent debt issues, as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rates.

A decrease of one percentage point in our estimate of the rates used as of January 1, 2019 (the date of adoption of the standard) would increase the lease liability by approximately ThUS $ 105 million.

(ii) Lease term

In determining the term of the lease, all the facts and circumstances that create an economic incentive to exercise an extension option are considered. Extension options (or periods after termination options) are only included in the term of the lease if you are reasonably certain that the lease will be extended (or not terminated). This is reviewed if a significant event or significant change in circumstances occurs that affects this assessment and is within the control of the lessee.

(h) Investment in subsidiary (TAM)

The management has applied its judgment in determining that LATAM Airlines Group S.A. controls TAM S.A. and Subsidiaries, for accounting purposes, and has therefore consolidated the financial statements.

The grounds for this decision are that LATAM issued ordinary shares in exchange for the majority of circulating ordinary and preferential shares in TAM, except for those TAM shareholders who did not accept the exchange, which were subject to a squeeze out, entitling LATAM to substantially all economic benefits generated by the LATAM Group, and thus exposing it to substantially all risks relating to the operations of TAM. This exchange aligns the economic interests of LATAM and all of its shareholders, including the controlling shareholders of TAM, thus ensuring that the shareholders and directors of TAM shall have no incentive to exercise their rights in a manner that would be beneficial to TAM but detrimental to LATAM. Furthermore, all significant actions necessary of the operation of the airlines require votes in favor by the controlling shareholders of both LATAM and TAM.
Since the integration of LAN and TAM operations, the most critical airline operations in Brazil have been managed by the CEO of TAM while global activities have been managed by the CEO of

LATAM, who is in charge of the operation of the LATAM Group as a whole and reports to the LATAM Board.

The CEO of LATAM also evaluates the performance of LATAM Group executives and, together with the LATAM Board, determines compensation. Although Brazilian law currently imposes restrictions on the percentages of voting rights that may be held by foreign investors, LATAM believes that the economic basis of these agreements meets the requirements of accounting standards in force, and that the consolidation of the operations of LAN and LATAM is appropriate.

These estimates were made based on the best information available relating to the matters analyzed.

In any case, it is possible that events that may take place in the future could lead to their modification in future reporting periods, which would be made in a prospective manner.

NOTE 5 - SEGMENTAL INFORMATION

As of December 31, 2020, the Company considers that it has a single operating segment, Air Transport. This segment corresponds to the route network for air transport and is based on the way in which the business is managed, according to the centralized nature of its operations, the ability to open and close routes, as well as reassignment (airplanes, crew, personnel, etc.) within the network, which implies a functional interrelation between all of them, making them inseparable. This segment definition is one of the most common in the worldwide airline industry.

The Company's revenues by geographic area are as follows:

	For the year ended At December 31,	
	2020	2019
	ThUS$	ThUS$
Peru	297,549	801,965
Argentina	172,229	584,959
U.S.A.	505,145	1,004,238
Europe	338,565	726,165
Colombia	177,007	380,449
Brazil	1,304,006	3,949,797
Ecuador	112,581	203,334
Chile	638,225	1,546,960
Asia Pacific and rest of Latin America	378,360	872,196
Income from ordinary activities	3,923,667	10,070,063
Other operating income	411,002	360,864

The Company allocates revenues by geographic area based on the point of sale of the passenger ticket or cargo. Assets are composed primarily of aircraft and aeronautical equipment, which are used throughout the different countries, so it is not possible to assign a geographic area.

The Company has no customers that individually represent more than 10% of sales.

NOTE 6 - CASH AND CASH EQUIVALENTS

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Cash on hand	4,277	4,982
Bank balances	732,578	329,632
Overnight	802,220	350,080
Total Cash	1,539,075	684,694
Cash equivalents		
Time deposits	123,984	165,791
Mutual funds	32,782	222,094
Total cash equivalents	156,766	387,885
Total cash and cash equivalents	1,695,841	1,072,579

Balance include Cash and Cash equivalent from the Group's Companies that file for Chapter 11. Due to a motion approved by the US bankruptcy court these balance can only be used on normal course of business activities and invested on specific banks also approved on the motion.

Cash and cash equivalents are denominated in the following currencies:

Currency	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Argentine peso	20,107	16,579
Brazilian real	136,938	197,354
Chilean peso	32,649	50,521
Colombian peso	17,185	48,191
Euro	10,361	21,927
US Dollar	1,438,846	667,785
Other currencies	39,755	70,222
Total	1,695,841	1,072,579

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NOTE 7 - FINANCIAL INSTRUMENTS

Financial instruments by category

As of December 31, 2020

Assets	Measured at amortized cost	At fair value with changes in results	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	1,663,059	32,782	-	1,695,841
Other financial assets, current (*)	48,605	348	1,297	50,250
Trade and others accounts receivable, current	599,381	-	-	599,381
Accounts receivable from related entities, current	158	-	-	158
Other financial assets, non current	33,140	-	-	33,140
Accounts receivable, non current	4,986	-	-	4,986
Total	2,349,329	33,130	1,297	2,383,756

Liabilities	Measured at amortized cost	At fair value with changes in results	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Other financial liabilities, current	3,050,059	2,937	2,734	3,055,730
Trade and others accounts payable, current	2,322,125	-	-	2,322,125
Accounts payable to related entities, current	812	-	-	812
Other financial liabilities, non-current	7,803,801	-	-	7,803,801
Accounts payable, non-current	651,600	-	-	651,600
Accounts payable to related entities, non-current	396,423	-	-	396,423
Total	14,224,820	2,937	2,734	14,230,491

(*) The value presented as fair value with changes in the result, corresponds mainly to private investment funds; and as measured at amortized cost correspond to guarantees delivered.

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As of December 31, 2019

Assets	Measured at amortized cost	At fair value with changes in results	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Cash and cash equivalents	850,485	222,094	-	1,072,579
Other financial assets, current (*)	36,660	386,669	76,175	499,504
Trade and others accounts receivable, current	1,244,348	-	-	1,244,348
Accounts receivable from related entities, current	19,645	-	-	19,645
Other financial assets, non current	46,907	-	-	46,907
Accounts receivable, non current	4,725	-	-	4,725
Total	2,202,770	608,763	76,175	2,887,708

Liabilities	Measured at amortized cost	Hedge derivatives	Total
	ThUS$	ThUS$	ThUS$
Other financial liabilities, current	1,835,288	50,372	1,885,660
Trade and others accounts payable, current accounts payables, current	2,222,874	-	2,222,874
Accounts payable to related entities, current	56	-	56
Other financial liabilities, non current	8,530,396	22	8,530,418
Accounts payable, non-current	619,110	-	619,110
Total	13,207,724	50,394	13,258,118

(*) The value presented as initial designation as fair value through profit and loss, corresponds mainly to private investment funds; and as measured at amortized cost they correspond to the guarantees granted

NOTE 8 - TRADE AND OTHER ACCOUNTS RECEIVABLE CURRENT, AND NON-CURRENT ACCOUNTS RECEIVABLE

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Trade accounts receivable	532,106	1,073,599
Other accounts receivable	194,454	275,876
Total trade and other accounts receivable	726,560	1,349,475
Less: Expected credit loss	(122,193)	(100,402)
Total net trade and accounts receivable	604,367	1,249,073
Less: non-current portion – accounts receivable	(4,986)	(4,725)
Trade and other accounts receivable, current	599,381	1,244,348

The fair value of trade and other accounts receivable does not differ significantly from the book value.

To determine the expected credit losses, the Company groups accounts receivable for passenger and cargo transportation; depending on the characteristics of shared credit risk and maturity.

	As of December 31, 2020			As December 31, 2019		
Portfolio maturity	Expected loss rate (1)	Gross book value (2)	Impairment loss Provision	Expected loss rate (1)	Gross book value (2)	Impairment loss Provision
	%	ThUS$	ThUS$	%	ThUS$	ThUS$
Up to date	4%	302,079	(11,112)	2%	875,889	(16,433)
From 1 to 90 days	4%	103,615	(4,049)	8%	56,537	(4,253)
From 91 to 180 days	66%	15,989	(10,501)	28%	16,922	(4,747)
From 181 to 360 days	80%	40,621	(32,627)	39%	47,865	(18,459)
more of 360 days	92%	69,802	(63,904)	74%	76,386	(56,510)
Total	23%	532,106	(122,193)	9%	1,073,599	(100,402)

(1) Corresponds to the consolidated expected rate of accounts receivable.
(2) The gross book value represents the maximum credit risk value of trade accounts receivables.

Currency balances composition of the Trade and other accounts receivable and non-current accounts receivable are as follow:

Currency	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Argentine Peso	6,517	47,079
Brazilian Real	221,952	537,224
Chilean Peso	44,737	131,543
Colombian Peso	1,292	2,288
Euro	24,370	32,711
US Dollar	292,125	436,774
Korean Won	79	8,172
Mexican Peso	4,624	6,093
Australian Dollar	49	20,964
Pound Sterling	5,647	7,428
South African Rand	-	2,982
Uruguayan Peso (New)	792	1,375
Thai Bht	-	1,559
Swiss Franc	754	535
Russian Ruble	-	896
Japanese Yen	77	1,222
Swedish crown	129	2,012
New Zealand Dollar	-	1,148
Costa Rican Colon	-	1,390
Other Currencies	1,223	5,678
Total	604,367	1,249,073

The movements of the provision for impairment losses of the Trade Debtors and other accounts receivable are as follows:

Periods	Opening balance ThUS$	Adoption adjustment IFRS 9 (*) ThUS$	Write-offs ThUS$	(Increase) Decrease ThUS$	Closing balance ThUS$
From January 1 to December 31, 2019	(97,991)	-	12,569	(14,980)	(100,402)
From January 1 to December 31, 2020	(100,402)	-	30,754	(52,545)	(122,193)

Once pre-judicial and judicial collection efforts are exhausted, the assets are written off against the allowance. The Company only uses the allowance method rather than direct write-off, to ensure control.

The historical and current renegotiations are not very relevant, and the policy is to analyze case by case to classify them according to the existence of risk, determining if their reclassification corresponds to pre-judicial collection accounts.

The maximum credit-risk exposure at the date of presentation of the information is the fair value of each one of the categories of accounts receivable indicated above.

	As of December 31, 2020			As of December 31, 2019		
	Gross exposure according to balance	Gross impaired exposure	Exposure net of risk concentrations	Gross exposure according to balance	Gross Impaired exposure	Exposure net of risk concentrations
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Trade accounts receivable	532,106	(122,193)	409,913	1,073,599	(100,402)	973,197
Other accounts receivable	194,454	-	194,454	275,876	-	275,876

There are no relevant guarantees covering credit risk and these are valued when they are settled; no materially significant direct guarantees exist. Existing guarantees, if appropriate, are made through IATA.

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NOTE 9 - ACCOUNTS RECEIVABLE FROM/PAYABLE TO RELATED ENTITIES

(a) Accounts Receivable

Tax No.	Related party	Relationship	Country of origin	Currency	As of December 31, 2020	As of December 31, 2019
					ThUS$	ThUS$
Foreign	Qatar Airways	Indirect shareholder	Qatar	US$	148	19,400
Foreign	TAM Aviação Executiva e Taxi Aéreo S.A.	Common shareholder	Brazil	BRL	1	-
Foreign	Delta Air Lines Inc.	Shareholder	U.S.A.	US$	-	205
87.752.000-5	Granja Marina Tornagaleones S.A.	Common shareholder	Chile	CLP	6	36
96.782.530-1	Inmobiliaria e Inversiones Asturias S.A.	Related director	Chile	CLP	-	1
76.335.600-0	Parque de Chile S.A.	Related director	Chile	CLP	2	2
96.989.370-3	Rio Dulce S.A.	Related director	Chile	CLP	1	-
96.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Related director	Chile	CLP	-	1
	Total current assets				158	19,645

(b) Current and non current accounts payable

Tax No.	Related party	Relationship	Country of origin	Currency	Current liabilities		Non current liabilities	
					As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
					ThUS$	ThUS$	ThUS$	ThUS$
78.591.370-1	Bethia S.A. and Subsidiaries	Related director	Chile	CLP	-	53	-	-
Foreign	Delta Airlines, Inc.	Shareholder	U.S.A.	US$	805	-	-	-
Foreign	Patagonia Seafarms INC	Related director	U.S.A.	US$	7	3	-	-
96.810.370-9	Inversiones Costa Verde Ltda. y CPA. (*)	Related director	Chile	CLP	-	-	105,713	-
Foreign	QA Investments Ltd (*)	Common shareholder	Jersey Channel Islands	US$	-	-	132,141	-
Foreign	QA Investments 2 Ltd (*)	Common shareholder	Jersey Channel Islands	US$	-	-	132,141	-
Foreign	Lozuy S.A. (*)	Common shareholder	Uruguay	US$	-	-	26,428	-
	Total current and non current liabilities				812	56	396,423	-

(*)The balance correspond to DIP loan which is explained on Note 3.1 c).

Transactions between related parties have been carried out on arm´s lenght conditions between interested and duly-informed parties. The transaction times for Current and Non-Current Liabilities, they correspond to between 30 to 45 days and 1 to 2 years respectively, and the nature of settlement of the transactions is monetary.

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NOTE 10 - INVENTORIES

The composition of Inventories is as follows:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Technical stock	284,409	315,286
Non-technical stock	39,165	38,946
Total	323,574	354,232

The items included in this item correspond to spare parts and materials which will be used, mainly, in consumptions of on-board services and in own and third-party maintenance services; These are valued at their average acquisition cost net of their obsolescence provision according to the following detail:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Provision for obsolescence Technical stock	42,979	21,193
Provision for obsolescence Non-technical stock	4,651	11,610
Total	47,630	32,803

The resulting amounts do not exceed the respective net realization values.

As of December 31, 2020, the Company registered ThUS$ 55,507 (ThUS$ 133,286 as of December 31, 2019) in results, mainly related to on-board consumption and maintenance, which is part of the Cost of sales.

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NOTE 11 - OTHER FINANCIAL ASSETS

(a) The composition of other financial assets is as follows:

	Current Assets		Non-current assets		Total Assets	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
(a) Other financial assets						
Private investment funds	348	386,669	-	-	348	386,669
Deposits in guarantee (aircraft)	2,435	8,934	21,498	28,599	23,933	37,533
Guarantees for margins of derivatives	3,047	21,200	-	-	3,047	21,200
Other investments	-	-	493	494	493	494
Domestic and foreign bonds	18	19	-	-	18	19
Other guarantees given	43,106	6,507	11,149	15,138	54,255	21,645
Subtotal of other financial assets	48,954	423,329	33,140	44,231	82,094	467,560
(b) Hedging derivate asset						
Accrued Interest since the last payment date						
Cross currency swap of currencies	-	3	-	-	-	3
Fair value of interest rate derivatives	-	27,044	-	2,676	-	29,720
Fair value of foreign currency derivatives	-	586	-	-	-	586
Fair value of fuel price derivatives	1,296	48,542	-	-	1,296	48,542
Subtotal of derivate assets	1,296	76,175	-	2,676	1,296	78,851
Total Other Financial Assets	50,250	499,504	33,140	46,907	83,390	546,411

The different derivative hedging contracts maintained by the Company at the end of each fiscal year are described in Note 19.

(b) The balances composition by currencies of the Other financial assets are as follows:

Type of currency	As of December 31, 2020	As of December 31, 2019
	ThUS $	ThUS $
Argentine peso	460	94
Brazilian real	8,475	417,477
Chilean peso	4,056	26,073
Colombian peso	500	522
Euro	3,236	1,525
U.S.A dollar	63,922	97,988
Other currencies	2,741	2,732
Total	83,390	546,411

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NOTE 12 - OTHER NON-FINANCIAL ASSETS

The composition of other non-financial assets is as follows:

	Current assets		Non-current assets		Total Assets	
	As of December 2020	As of December 2019	As of December 2020	As of December 2019	As of December 2020	As of December 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
(a) Advance payments						
Aircraft insurance and other	10,137	11,179	-	523	10,137	11,702
Others	15,375	15,167	2,998	1,832	18,373	16,999
Subtotal advance payments	25,512	26,346	2,998	2,355	28,510	28,701
(b) Contract assets (1)						
GDS costs	4,491	16,593	-	-	4,491	16,593
Credit card commissions	6,021	23,437	-	-	6,021	23,437
Travel agencies commissions	4,964	16,546	-	-	4,964	16,546
Subtotal advance payments	15,476	56,576	-	-	15,476	56,576
(c) Other assets						
Aircraft maintenance reserve (2)	8,613	27,987	-	17,844	8,613	45,831
Sales tax	102,010	167,987	46,210	34,680	148,220	202,667
Other taxes	4,023	34,295	-	-	4,023	34,295
Contributions to the International Aeronautical Telecommunications Society ("SITA")	258	258	739	739	997	997
Judicial deposits	-	-	76,835	149,310	76,835	149,310
Subtotal other assets	114,904	230,527	123,784	202,573	238,688	433,100
Total Other Non - Financial Assets	155,892	313,449	126,782	204,928	282,674	518,377

(1) Movement of Contracts assets:

	Initial balance	Activation	Cummulative translation adjustment	Amortization	Final balance
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
From January 1 to December 31, 2019	48,957	166,300	(4,950)	(153,731)	56,576
From January 1 to December 31, 2020	56,576	146,778	(14,672)	(173,206)	15,476

(2) Aircraft maintenance reserves reflect prepayment deposits made by the group to lessors of certain aircraft under operating lease agreements in order to ensure that funds are available to support the scheduled heavy maintenance of the aircraft.

These deposits are calculated based on the operation, measured in cycles or flight hours, are paid periodically, and it is contractually stipulated that they be returned to the Company each time major maintenance is carried out. At the end of the lease, the unused maintenance reserves are returned to the Company or used to compensate the lessor for any debt related to the maintenance conditions of the aircraft.

In some cases, (2 lease agreements), if the maintenance cost incurred by LATAM is less than the corresponding maintenance reserves, the lessor is entitled to retain those excess amounts at the time the heavy maintenance is performed. The Company periodically reviews its maintenance reserves for each of its leased aircraft to ensure that they will be recovered and recognizes an expense if any such amounts are less than probable of being returned. The cost of aircraft maintenance in the last years has been higher than the related maintenance reserves for all aircraft.

As of December 31, 2020, maintenance reserves amount to ThUS$ 8,613 (ThUS$ 45,831 as of December 31, 2019), corresponding to 2 aircraft that maintain remaining balances, which will be settled in the next maintenance or return.

Aircraft maintenance reserves are classified as current or non-current depending on the dates when the related maintenance is expected to be performed (Note 2.23).

NOTE 13 - NON-CURRENT ASSETS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Non-current assets and disposal group classified as held for sale at December 31, 2020 and December 31, 2019, are detailed below:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Current assets		
Aircraft	275,000	482,806
Engines and rotables	740	1,943
Other assets	382	401
Total	276,122	485,150

The balances are presented at the lower of book value and fair value less cost to sell. The fair value of these assets was determined based on quoted prices in active markets for similar assets or liabilities. This is a level II measurement as per the fair value hierarchy set out in Note 3.3 (2). There were no transfers between levels for recurring fair value measurements during the year.

Assets reclassified from Property, plant and equipment to Non-current assets or groups of assets for disposal classified as held for sale.

During 2019, four Airbus A350, aircraft two Boeing 767, were reclassified from Property, plants and equipment to Non-current assets or groups of assets for disposal classified as held for sale.

Additionally, during the same year 2019, the sale of one motor spare Boeing 767 and one Boeing 767 aircraft were materialized. As a result of the above, during 2019, adjustments for US $ 2 million of expense were recognized to record these assets at their net realizable value.

During the year 2020, the sale of a Boeing 767 aircraft took place and therefore US $ 5.5 million was recognized as profit from the transaction.

Additionally, during the year 2020, Delta Air Lines, Inc. canceled the purchase of four Airbus A350 aircraft, given this, LATAM was compensated with the payment of ThUS $ 62,000, which was recorded in the income statement as other income. These four aircraft were reclassified to Property, plant and equipment.

During 2020, eleven Boeing 767 aircraft were transferred from the Property, plant and equipment item, to the Non-current assets item or groups of assets for disposal classified as held for sale.

Additionally, during the year 2020, adjustments for US $ 332 million of were recognized in income statement to adjust the assets to its fair value less the cost of sales, which were recorded the income statements as part of the expenses of restructuring activities.

The detail of the fleet classified as non-current assets and disposal group classified as held for sale is as follows:

Aircraft	As of December 31, 2020	As of December 31, 2019
Boeing 767	11	1
Airbus A350	-	4
Total	11	5

NOTE 14 - INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

The Company has investments in companies recognized as investments in subsidiaries. All the companies defined as subsidiaries have been consolidated within the financial statements of LATAM Airlines Group S.A. and Subsidiaries. The consolidation also includes special-purpose entities.

Detail of significant subsidiaries:

Name of significant subsidiary	Country of incorporation	Functional currency	Ownership As of December 31, 2020	Ownership As of December 31, 2019
			%	%
Latam Airlines Perú S.A.	Peru	US$	99.81000	70.00000
Lan Cargo S.A.	Chile	US$	99.89395	99.89395
Lan Argentina S.A.	Argentina	ARS	99.98370	99.98370
Transporte Aéreo S.A.	Chile	US$	100.00000	100.00000
Latam Airlines Ecuador S.A.	Ecuador	US$	100.00000	100.00000
Aerovías de Integración Regional, AIRES S.A.	Colombia	COP	99.19414	99.19414
TAM S.A.	Brazil	BRL	99.99938	99.99938

The consolidated subsidiaries do not have significant restrictions for transferring funds to the controling entity in the normal course of operations, except for those imposed by Chapter 11 of the United States Bankruptcy Law, on dividend payments prior to the application for protection.

Summary financial information of significant subsidiaries

Name of significant subsidiary	Statement of financial position as of December 31, 2020						Income for the year ended December 31, 2020	
	Total Assets	Current Assets	Non-current Assets	Total Liabilities	Current Liabilities	Non-current Liabilities	Revenue	Net Income/(loss)
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Latam Airlines Perú S.A.	661,721	629,910	31,811	486,098	484,450	1,648	372,255	(96,066)
Lan Cargo S.A.	749,789	472,869	276,920	567,128	516,985	50,143	207,854	10,936
Lan Argentina S.A.	176,790	171,613	5,177	148,824	146,555	2,269	49,101	(220,667)
Transporte Aéreo S.A.	546,216	264,690	281,526	347,714	278,319	69,395	142,096	(39,032)
Latam Airlines Ecuador S.A.	108,086	104,534	3,552	99,538	87,437	12,101	51,205	(22,655)
Aerovías de Integración Regional, AIRES S.A.	76,770	73,446	3,324	77,471	68,433	9,038	90,668	(89,707)
TAM S.A. (*)	3,110,055	1,492,792	1,617,263	3,004,935	2,206,089	798,846	1,808,314	(1,025,618)

Name of significant subsidiary	Statement of financial position as of December 31, 2019						Income for the year ended December 31, 2019	
	Total Assets	Current Assets	Non-current Assets	Total Liabilities	Current Liabilities	Non-current Liabilities	Revenue	Net Income/(loss)
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Latam Airlines Perú S.A.	519,363	481,592	37,771	510,672	508,541	2,131	1,186,668	(1,739)
Lan Cargo S.A.	634,852	334,725	300,127	462,666	398,872	63,794	274,774	(4,157)
Lan Argentina S.A.	262,049	255,641	6,408	89,070	86,912	2,158	218,989	(133,408)
Transporte Aéreo S.A.	359,335	101,128	258,207	142,423	46,383	96,040	315,105	14,610
Latam Airlines Ecuador S.A.	99,019	95,187	3,832	97,198	86,810	10,388	229,797	(3,411)
Aerovías de Integración Regional, AIRES S.A.	187,001	135,344	51,657	78,990	70,643	8,347	291,235	(3,099)
TAM S.A. (*)	5,036,864	2,580,665	2,456,199	3,497,559	2,556,280	941,279	5,013,293	185,720

(*) Corresponds to consolidated information of TAM S.A. and subsidiaries

(b) Non-controlling interest

Equity	Tax No.	Country of origin	As of December 31, 2020 %	As of December 31, 2019 %	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Latam Airlines Perú S.A	0-E	Peru	0.19000	30.00000	(7,238)	2,609
Lan Cargo S.A. and Subsidiaries	93.383.000-4	Chile	0.10196	0.10196	666	369
Inversora Cordillera S.A. and Subsidiaries	0-E	Argentina	0.01630	0.01630	(276)	(6,276)
Lan Argentina S.A.	0-E	Argentina	0.00344	0.00344	1	50
Americonsult de Guatemala S.A.	0-E	Guatemala	0.87000	0.87000	1	1
Americonsult S.A. and Subsidiaries	0-E	Mexico	0.20000	0.20000	(6)	(7)
Americonsult Costa Rica S.A.	0-E	Costa Rica	0.20000	0.20000	2	2
Linea Aérea Carguera de Colombiana S.A.	0-E	Colombia	9.54000	10.00000	(522)	(755)
Aerolíneas Regionales de Integración Aires S.A.	0-E	Colombia	0.79880	0.79880	(13)	899
Transportes Aereos del Mercosur S.A.	0-E	Paraguay	5.02000	5.02000	713	1,503
Total					(6,672)	(1,605)

Incomes	Tax No.	Country of origin	For the year ended December 31, 2020 %	For the year ended December 31, 2019 %	For the year ended December 31, 2020 ThUS$	For the year ended December 31, 2019 ThUS$
Latam Airlines Perú S.A	0-E	Peru	0.19000	30.00000	(8,102)	(1,065)
Lan Cargo S.A. and Subsidiaries	93.383.000-4	Chile	0.10196	0.10196	(121)	19
Inversora Cordillera S.A. and Subsidiaries	0-E	Argentina	0.01630	4.22000	360	359
Lan Argentina S.A.	0-E	Argentina	0.00344	0.00344	70	48
Americonsult S.A. and Subsidiaries	0-E	Mexico	0.20000	0.20000	1	(7)
Linea Aérea Carguera de Colombiana S.A.	0-E	Colombia	9.54000	10.00000	(943)	(293)
Aerolíneas Regionales de Integración Aires S.A.	0-E	Colombia	0.79880	0.79880	(724)	(24)
Transportes Aereos del Mercosur S.A.	0-E	Paraguay	5.02000	5.02000	(189)	420
Multiplus S.A.(*)	0-E	Brazil	-	-	-	5,726
Total					(9,648)	5,183

(*) See Note 1 letter (b)

NOTE 15 - INTANGIBLE ASSETS OTHER THAN GOODWILL

The details of intangible assets are as follows:

	Classes of intangible assets (net)		Classes of intangible assets (gross)	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$
Airport slots	627,742	845,959	627,742	845,959
Loyalty program	204,615	263,806	204,615	263,806
Computer software	139,113	220,993	528,097	656,699
Developing software	68,521	99,193	69,379	99,193
Trademarks (1)	6,340	17,959	39,803	51,326
Other assets	228	331	1,315	1,315
Total	1,046,559	1,448,241	1,470,951	1,918,298

Movement in Intangible assets other than goodwill:

	Computer software and others Net	Developing software	Airport slots (2)	Trademarks and loyalty program (1) (2)	Total
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of January 1, 2019	156,469	151,853	828,969	303,781	1,441,072
Additions	278	91,371	47,587	-	139,236
Withdrawals	(270)	(1,123)	-	-	(1,393)
Transfer software	136,935	(140,102)	-	-	(3,167)
Foreign exchange	(1,981)	(2,806)	(30,597)	(11,612)	(46,996)
Amortization	(70,107)	-	-	(10,404)	(80,511)
Closing balance as of December 31, 2019	221,324	99,193	845,959	281,765	1,448,241
Opening balance as of January 1, 2020	221,324	99,193	845,959	281,765	1,448,241
Additions	45	76,331	-	-	76,376
Withdrawals	(333)	(454)	(36,896)	-	(37,683)
Transfer software	101,015	(99,890)	-	-	1,125
Foreign exchange	(20,242)	(6,659)	(181,321)	(63,478)	(271,700)
Amortization	(162,468)	-	-	(7,332)	(169,800)
Closing balance as of December 31, 2020	139,341	68,521	627,742	210,955	1,046,559

(1) In 2016, the Company resolved to adopt a unique name and identity, and announced that the group's brand will be LATAM, which united all the companies under a single image.

The estimate of the new useful life is 5 years, equivalent to the period necessary to complete the change of image.

(2) See Note 2.5

(3) In 2020, a digital transformation was implemented (LATAM XP), as a result some projects became obsolete and were fully amortized.

For further detail on impairment test see Note 16.
The amortization of each period is recognized in the consolidated income statement in the administrative expenses. The cumulative amortization of computer programs, brands and other

assets as of December 31, 2020, amounts to ThUS $ 424,932 (ThUS $ 470,057 as of December 31, 2019).

NOTE 16 - GOODWILL AND INTANGIBLE ASSETS OF INDEFINITE USEFUL LIFE

During the year 2020, the Company, as a result of what is described below, has recognized an impairment for the total Goodwill. As of December 31, 2019, its value was ThUS $ 2,209,576.

Movement of Goodwill, separated by CGU:

	Air Transport	Coalition and loyalty program Multiplus	Total
	ThUS$	ThUS$	ThUS$
Opening balance as of January 1, 2019	1,845,136	448,936	2,294,072
Increase (decrease) due to exchange rate differences	(67,133)	(17,363)	(84,496)
Transfer from Multiplus S.A. (see nota 1)	431,573	(431,573)	-
Closing balance as of December 31, 2019	2,209,576	-	2,209,576
Opening balance as of January 1, 2020	2,209,576	-	2,209,576
Increase (decrease) due to exchange rate differences	(480,601)	-	(480,601)
Impairment loss	(1,728,975)	-	(1,728,975)
Closing balance as of December 31, 2020	-	-	-

As of December 31, 2020, the Company maintains only the CGU “Air Transport”, due to the merger of Multiplus S.A. in TAM Linhas Aereas in the year 2019 (see Note 1), and changes in the management structure.

The CGU “Air Transport” considers the transport of passengers and cargo, both in the domestic markets of Chile, Peru, Argentina, Colombia, Ecuador and Brazil, as well as in a series of regional and international routes in America, Europe, Africa and Oceania.

As of March 31, 2020 LATAM Airlines Group S.A. maintained a suspension of a large part of the operation and as a result of the impacts mentioned in Note 2 associated with COVID 19, impairment indicator were identified that led the Company to carry out an impairment test. Impairment indicator identified were: Increase in uncertainty about pandemic (on the economic and health situation, the lengths of the crisis, the extent of the closure of operations, among others), increase in market interest rates, fall in share price and decrease in operations.

The recoverable amount of the CGU was determined based on calculations of the value in use. These calculations use projections of 5 years cash flows after taxes from the financial budgets approved by the Administration. Cash flows beyond the budgeted period are extrapolated using growth rates and estimated average volumes, which do not exceed long-term average growth rates.

Management’s cash flow projections included significant judgements and assumptions related to annual revenue growth rates, discount rate, inflation rates, the exchange rate and price of fuel. The annual revenue growth rate is based on past performance and management’s expectations of market development in each of the countries in which it operates. The discount rates used, for the CGU "Air Transport", are in determined in US dollars, after taxes, and reflect specific risks related to the relevant countries of each of the operations. Inflation rates and exchange rates are based on the data available from the countries and the information provided by the Central Banks of the various countries where it operates, and the price of fuel is determined based on estimated levels of production, the competitive environment of the market in which they operate and their commercial strategy.

As of March 31, 2020 the recoverable values were determined using the following assumptions presented below:

		Air transportation CGU
Annual growth rate (Terminal)	%	1.1
Exchange rate (1)	R$/US$	4.8 - 5.2
Discount rate based on the weighted average cost of capital (WACC) (2)	%	8.0 - 19.4
Fuel Price from futures price curves commodities markets	US$/barrel	52-75

(1) In line with the expectations of the Central Bank of Brazil
(2) As a result of the distortion generated by the current contingency in market rates, a multi-period WACC was used for each of the years of the projection, starting at 19.4% for the first year and reaching 8.0% from the Third year onward.

WACC sensitivity

At using a single rate the possible impairment scenario will be as follow:

WACC	Actual MUS$	7.5% MUS$	8.0% MUS$	9.0% MUS$	10.0% MUS$
Excess (Impairment)	(1,716)	381	(564)	(2,095)	(3,280)

The estimated recoverable amount as of March 31, 2020 of ThUS $ 9,398 was compared to the net book values of the cash-generating unit on the same date, resulting in an impairment loss of MUS $ 1,729. The total amount was recognized in the consolidated statement of income under Other gains (losses). There were no additional amounts of impairment that needed to be adjusted to other non-financial assets.

As of December 31, 2020, in accordance with its accounting policy, the Company performed the annual impairment test. Compared to the test carried out as of March 31, 2020, the only methodological difference is that a single discount rate (WACC) was used again for all periods, and the uncertainty that exists in the current market was incorporated into multiple probability-weighted scenarios.

As of December 31, 2020, the recoverable values were determined using the following assumptions:

		Air Transportation CGU
Annual growth rate (terminal)	%	0.6-1.6
Exchange rate (1)	R$/US$	5.4 – 5.6
Discount rate based on weighted average cost of capital (WACC - Weighted Average Cost of Capital)	%	8.65-9.65
Fuel price from future price curves of the commodity markets.	US$/barril	60 - 78

(1) In line with the expectations of the Central Bank of Brazil.
(2) The ranges incorporate the variables of the multiple probability-weighted scenarios.

The result of the impairment test, which includes a sensitivity analysis of its principal assumptions, conclude that the calculated value in use exceed the book value of the assets net of the cash-generating unit, and therefore no impairment was detected.

The CGU is sensitive to annual growth, discount and exchange rates. The analysis of sensitivity included the individual impact of variations in critical assumptions when determine the value in use, as follow:

	Increase WACC Maximum	Decrease rate terminal growth minimal
	%	%
Air Transportation CGU	9.65	0.6

In none of the above scenarios an impairment of the cash-generating unit was identified.

NOTE 17 - PROPERTY, PLANT AND EQUIPMENT

The composition by category of Property, plant and equipment is as follows:

	Gross Book Value		Accumulated depreciation		Net Book Value	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
a) Property, plant and equipment						
Construction in progress (1)	377,961	372,589	-	-	377,961	372,589
Land	42,979	48,406	-	-	42,979	48,406
Buildings	123,836	133,488	(58,629)	(58,626)	65,207	74,862
Plant and equipment	12,983,173	13,993,044	(5,292,429)	(4,630,001)	7,690,744	9,363,043
Own aircraft (3) (4)	12,375,500	13,268,562	(5,088,297)	(4,421,211)	7,287,203	8,847,351
Other (2)	607,673	724,482	(204,132)	(208,790)	403,541	515,692
Machinery	27,402	33,658	(23,986)	(28,441)	3,416	5,217
Information technology equipment	147,754	161,992	(132,923)	(141,216)	14,831	20,776
Fixed installations and accessories	154,414	171,469	(105,215)	(111,635)	49,199	59,834
Motor vehicles	49,345	67,060	(44,140)	(60,327)	5,205	6,733
Leasehold improvements	201,828	234,249	(127,420)	(135,789)	74,408	98,460
Subtotal Properties, plant and equipment	14,108,692	15,215,955	(5,784,742)	(5,166,035)	8,323,950	10,049,920
b) Right of use						
Aircraft (3)	5,369,519	5,438,404	(3,031,477)	(2,669,864)	2,338,042	2,768,540
Other assets	244,847	255,149	(176,570)	(153,991)	68,277	101,158
Subtotal Right of use	5,614,366	5,693,553	(3,208,047)	(2,823,855)	2,406,319	2,869,698
Total	19,723,058	20,909,508	(8,992,789)	(7,989,890)	10,730,269	12,919,618

(1) As of December 31, 2020, includes advances paid to aircraft manufacturers for ThUS$ 360,387 (ThUS$ 348,148 as of December 31, 2019)

(2) Consider mainly rotables and tools.

(3) As of December 31, 2020, due to the process of Chapter 11, 29 aircraft lease contract were rejected, 19 were presented as to Property, plant and equipment, (2 A350, 11 A321, 1 A320, 1 A320N and 4 B787) and 10 were presented as to right of use assets, (1 A319, 7 A320 and 2 B767).

(4) As of December 31, 2020, eleven B767 aircraft were classified as non-current assets or groups of assets for disposal as held for sale.

(a) Movement in the different categories of Property, plant and equipment:

	Construction in progress	Land	Buildings net	Plant and equipment net	Information technology equipment net	Fixed installations & accessories net	Motor vehicles net	Leasehold improvements net	Property, Plant and equipment net
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of January 1, 2019	630,320	45,424	112,565	8,987,582	22,564	71,009	634	83,267	9,953,365
Additions	21,884	7,950	-	1,694,640	6,580	26	73	34,988	1,766,141
Disposals	-	(28)	(47)	(23,945)	(13)	(75)	(11)	-	(24,119)
Retirements	(20)	-	-	(64,838)	(85)	(77)	-	(362)	(65,382)
Depreciation expenses	-	-	(5,768)	(776,225)	(8,574)	(11,945)	(94)	(19,001)	(821,607)
Foreign exchange	(1,340)	(1,103)	(914)	(24,615)	(234)	(2,007)	(125)	(432)	(30,770)
Other increases (decreases)	(278,255)	(3,837)	(30,974)	(418,083)	538	2,903	-	-	(727,708)
Changes, total	(257,731)	2,982	(37,703)	386,934	(1,788)	(11,175)	(157)	15,193	96,555
Closing balance as of December 31, 2019	372,589	48,406	74,862	9,374,516	20,776	59,834	477	98,460	10,049,920
Opening balance as of January 1, 2020	372,589	48,406	74,862	9,374,516	20,776	59,834	477	98,460	10,049,920
Additions	6,535	-	-	485,800	1,295	9	-	-	493,639
Disposals	-	-	-	(1,439)	(112)	(31)	(4)	-	(1,586)
Rejection fleet (*)	-	-	-	(1,081,496)	-	-	-	(82)	(1,081,578)
Retirements	(39)	-	-	(107,912)	(55)	(3,250)			(111,256)
Depreciation expenses	-	-	(4,819)	(682,102)	(6,186)	(9,037)	(81)	(16,542)	(718,767)
Foreign exchange	(2,601)	(5,428)	(4,836)	(146,219)	(1,543)	(7,195)	4	(2,587)	(170,405)
Other increases (decreases) (**)	1,477	1	-	(142,179)	656	8,869	-	(4,841)	(136,017)
Changes, total	5,372	(5,427)	(9,655)	(1,675,547)	(5,945)	(10,635)	(81)	(24,052)	(1,725,970)
Closing balance as of December 31, 2020	377,961	42,979	65,207	7,698,969	14,831	49,199	396	74,408	8,323,950

(*) Include aircraft lease rejection due to Chapter 11 process.

(**) Include the reclassification of 4 A350 aircraft that were incorporated on property plant and equipment from available for sale for TH$464,812 and the reclassification of 11 B767 aircraft that were moved to available for sales for Th$606,522 (see note 13).

(b) Right of use assets:

	Aircraft	Others	Net right of use assets
	ThUS$	ThUS$	ThUS$
Opening balances as of January 1, 2019	2,456,333	92,111	2,548,444
Additions	732,489	20,675	753,164
Depreciation expense	(377,911)	(22,473)	(400,384)
Cummulative translate adjustment	(2,046)	(2,515)	(4,561)
Other increases (decreases)	(40,325)	13,360	(26,965)
Total changes	312,207	9,047	321,254
Final balances as of December 31, 2019	2,768,540	101,158	2,869,698
Opening balances as of January 1, 2020	2,768,540	101,158	2,869,698
Additions	-	399	399
Fleet rejection (*)	(9,090)	-	(9,090)
Write off	-	-	-
Depreciation expense	(395,936)	(22,492)	(418,428)
Cummulative translate adjustment	(6,578)	(11,173)	(17,751)
Other increases (decreases)	(18,894)	385	(18,509)
Total changes	(430,498)	(32,881)	(463,379)
Final balances as of December 31, 2020	2,338,042	68,277	2,406,319

(*) Include aircraft lease rejection due to Chapter 11 process.

(c) Composition of the fleet

		Aircraft included in Property, plant and equipment		Aircraft included as Rights of use assets		Total fleet	
Aircraft	Model	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
Boeing 767	300ER	17	28	-	2	17	30
Boeing 767	300F	11 (1)	11 (1)	1	1	12 (1)	12 (1)
Boeing 777	300ER	4	4	6	6	10	10
Boeing 787	800	6	6	4	4	10	10
Boeing 787	900	2	6	10	10	12	16
Airbus A319	100	37	37	7	9	44	46
Airbus A320	200	96 (2)	96 (2)	38	46	134 (2)	142 (2)
Airbus A320	NEO	6	7	6	6	12	13
Airbus A321	200	19	30	19	19	38	49
Airbus A350	900	4	2	7	7	11	9
Total		202	227	98	110	300	337

(1) One aircraft leased to Aerotransportes Mas de Carga S.A. de C.V.
(2) Two aircraft leased to Sundair.

(d) Method used for the depreciation of Property, plant and equipment:

	Method	Useful life (years) minimum	Useful life (years) maximum
Buildings	Straight line without residual value	20	50
Plant and equipment	Straight line with residual value of 20% in the short-haul fleet and 36% in the long-haul fleet. (*)	5	30
Information technology equipment	Straight line without residual value	5	10
Fixed installations and accessories	Straight line without residual value	10	10
Motor vehicle	Straight line without residual value	10	10
Leasehold improvements	Straight line without residual value	5	8
Assets for rights of use	Straight line without residual value	1	25

(*) Except in the case of the Boeing 767 300ER and Boeing 767 300F fleets that consider a lower residual value, due to the extension of their useful life to 22 and 30 years respectively. Additionally, certain technical components are depreciated based on cycles and hours flown.

(e) Additional information regarding Property, plant and equipment:

(i) Property, plant and equipment pledged as guarantee:

Description of Property, plant and equipment pledged as guarantee:

Guarantee agent (1)	Creditor company	Committed Assets	Fleet	As of December 31, 2020 Existing Debt ThUS$	As of December 31, 2020 Book Value ThUS$	As of December 31, 2019 Existing Debt ThUS$	As of December 31, 2019 Book Value ThUS$
Wilmington Trust Company	MUFG	Aircraft and engines	Airbus A319	69,375	268,746	74,713	256,937
			Airbus A320	63,581	257,613	70,644	256,651
			Boeing 767	43,628	180,591	61,728	196,244
			Boeing 787	114,936	119,229	120,938	127,283
	Wilmington Trust Company	Aircraft and engines	Airbus A321	-	-	353,774	452,107
			Boeing 787	-	-	332,131	374,998
			Airbus A350	-	-	180,320	192,620
	Citibank N.A.	Aircraft and engines	Boeing 787	-	-	143,475	191,804
Credit Agricole	Credit Agricole	Aircraft and engines	Airbus A319	1,073	6,936	-	-
			Airbus A320	139,192	122,251	85,986	95,148
			Airbus A321/ A350	30,733	28,127	83,281	67,882
			Boeing 767	10,404	32,802	10,404	35,226
			Boeing 787	91,797	43,020	74,023	36,594
Bank Of Utah	BNP Paribas	Aircraft and engines	Airbus A320 / A350	262,420	289,946	296,441	378,462
			Boeing 787	211,849	246,349	217,500	259,934
	Investec	Aircraft and engines	Airbus A320 / A350	37,870	-	44,088	-
	SMBC	Aircraft and engines	Airbus A350	130,000	134,780	-	-
Natixis	Natixis	Aircraft and engines	Airbus A321	271,129	375,645	282,927	384,224
Citibank N.A.	Citibank N.A.	Aircraft and engines	Airbus A319	27,936	38,836	-	-
			Airbus A320	128,030	214,597	-	-
			Airbus A321	41,599	81,706	-	-
			Airbus A350	15,960	26,823	-	-
			Airbus B767	90,846	197,797	-	-
			Airbus B787	23,156	19,047	-	-
			Rotables	162,477	145,708	-	-
UMB Bank	MUFG	Aircraft and engines	Airbus A320	167,371	246,293	106,250	149,607
MUFG Bank	MUFG Bank	Aircraft and engines	Airbus A320	215,043	295,036	216,411	310,311
Total direct guarantee				2,350,405	3,371,878	2,755,034	3,766,032

(1) For the syndicated loans, is the Guarantee Agent that, represent different creditors.

(2) As of December 31, 2020, four A350 aircraft were reincorporated to Property, plant and equipment due to cancellation of the sale contract, wich were classified previously as Non-current assets or groups of assets for disposal as held for sale.
The amounts of the current debt are presented at their nominal value. The net book value corresponds to the assets granted as collateral.

Additionally, there are indirect guarantees associated with assets registered in properties, plants and equipment whose total debt as of December 31, 2020, amounts to ThUS$ 1,642,779 (ThUS$ 1,762,611 as of December 31, 2019). The book value of the assets with indirect guarantees as of December 31, 2020, amounts to ThUS$ 3,496,397 (ThUS$ 3,866,237 as of December 31, 2019).

As of December 31, 2020, given the Chapter 11 process, nineteen aircraft corresponding to Property, plant and equipment were rejected, of which eighteen had direct guarantees and one indirect guarantee.

As of December 31, 2020, the Company keeps valid letters of credit related to assets by right of use according to the following detail:

Creditor Guarantee	Debtor	Type	Value ThUS$	Release date
Avolon Aerospace AOE 62 Limited	Latam Airlines Group S.A.	Seven letters of credit	3,554	Feb 05, 2021
Bank of Utah	Latam Airlines Group S.A.	One letter of credit	2,000	Mar 24, 2021
GE Capital Aviation Services Ltd.	Latam Airlines Group S.A.	Three letters of credit	12,198	Jan 20, 2021
ORIX Aviation Systems Limited	Latam Airlines Group S.A.	Three letters of credit	8,445	Nov 26, 2021
Wells Fargo Bank	Latam Airlines Group S.A.	Six letters of credit	11,870	Feb 04, 2021
BBAM	Latam Airlines Group S.A.	Two letters of credit	1,695	Jan 14, 2021
Merlin Aviation Leasing (Ireland) 18 Limited	Tam Linhas Aéreas S.A.	Two letters of credit	3,852	Mar 15, 2021
RB Comercial Properties 49 Empreendimentos Imobiliarios LTDA	Tam Linhas Aéreas S.A.	One letter of credit	27,193	Apr 29, 2021
			70,807	

(ii) Commitments and others

Fully depreciated assets and commitments for future purchases are as follows:

	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Gross book value of fully depreciated property, plant and equipment still in use	206,497	261,792
Commitments for the acquisition of aircraft (*)	7,500,000	7,390,000

(*) According to the manufacturer's price list.

Purchase commitment of aircraft

Manufacturer	Year of delivery 2021-2026	Total
Airbus S.A.S.	44	44
A320-NEO Family	42	42
A350 Family	2	2
The Boeing Company	6	6
Boeing 787-9	6	6
Total	50	50

As of December 31, 2020, as a result of the different aircraft purchase contracts signed with Airbus SAS, 42 Airbus A320 family aircraft remain to be received with deliveries between 2020 and 2024 and 2 Airbus aircraft of the A350 family with delivery dates. by 2026. The approximate amount, according to the manufacturer's list prices, is ThUS $ 5,700,000.

As of December 31, 2020, as a result of the different aircraft purchase contracts signed with The Boeing Company, 6 Boeing 787 Dreamliner aircraft remain to be received with delivery dates between 2021 and 2023. The approximate amount, according to list prices from the manufacturer, is ThUS $ 1,800,000.

The delivery dates of some aircraft could be modified as a result of the continuous discussions held with aircraft manufacturer in the context of the current situation of the company.

(iii) Capitalized interest costs with respect to Property, plant and equipment.

		For the year ended December 31, 2020	For the year ended December 31, 2019
Average rate of capitalization of capitalized interest costs	%	3.52	4.72
Costs of capitalized interest	ThUS$	11,627	1,444

NOTE 18 - CURRENT AND DEFERRED TAXES

In the year ended December 31, 2020, the income tax provision was calculated for such period, applying the partially semi-integrated taxation system and a rate of 27%, in accordance with the Law No. 21,210, which modernizes the Tax Legislation, published in the Journal of the Republic of Chile, dated February 24, 2020.

The net result for deferred tax corresponds to the variation of the year, of the assets and liabilities for deferred taxes generated by temporary differences and tax losses.

For the permanent differences that give rise to a book value of assets and liabilities other than their tax value, no deferred tax has been recorded since they are caused by transactions that are recorded in the financial statements and that will have no effect on spending tax for income tax.

(a) Current taxes

(a.1) The composition of the current tax assets is the following:

	Current assets		Non-current assets		Total assets	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Provisional monthly payments (advances)	36,788	10,968	-	-	36,788	10,968
Other recoverable credits	5,532	18,353	-	-	5,532	18,353
Total assets by current tax	42,320	29,321	-	-	42,320	29,321

(a.2) The composition of the current tax liabilities are as follows:

	Current liabilities		Non-current liabilities		Total liabilities	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Income tax provision	656	11,925	-	-	656	11,925
Total liabilities by current tax	656	11,925	-	-	656	11,925

(b) Deferred taxes

The balances of deferred tax are the following:

Concept	Assets		Liabilities	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$
Properties, Plants and equipment	(1,314,456)	186,311	81,881	1,700,215
Assets by right of use	229,119	42,011	(136)	(91,470)
Amortization	(65,139)	(903)	9	52,233
Provisions	212,492	(139,346)	68,462	(182,913)
Revaluation of financial instruments	(18,133)	422	-	(9,857)
Tax losses	1,496,952	155,539	(60,785)	(1,200,729)
Intangibles	-	-	270,681	349,082
Other	23,981	(8,451)	24,168	242
Total	564,816	235,583	384,280	616,803

The balance of deferred tax assets and liabilities are composed primarily of temporary differences to be reversed in the long term.

Movements of Deferred tax assets and liabilities

(a) From January 1 to December 31, 2019

	Opening balance Assets/(liabilities)	Recognized in consolidated income	Recognized in comprehensive income	Exchange rate variation	Ending balance Asset (liability)
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Property, plant and equipment	(1,582,496)	67,237	-	1,355	(1,513,904)
Assets for right of use	85,752	47,729	-	-	133,481
Amortization	(56,863)	3,345	-	382	(53,136)
Provisions	37,328	13,881	2,873	(10,515)	43,567
Revaluation of financial instruments	(13)	10,142	414	(264)	10,279
Tax losses	1,369,150	(10,116)	-	(2,766)	1,356,268
Intangibles	(351,238)	(11,718)	-	13,874	(349,082)
Others	(14,662)	5,844	-	125	(8,693)
Total	(513,042)	126,344	3,287	2,191	(381,220)

(b) From January 1 to December 31, 2020

	Opening balance Assets/(liabilities)	Recognized in consolidated income	Recognized in comprehensive income	Exchange rate variation	Ending balance Asset (liability)
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Property, plant and equipment	(1,513,904)	110,010	-	7,557	(1,396,337)
Assets for right of use	133,481	95,774	-	-	229,255
Amortization	(53,136)	(14,142)	-	2,130	(65,148)
Provisions	43,567	158,178	924	(58,639)	144,030
Revaluation of financial instruments	10,279	(27,901)	959	(1,470)	(18,133)
Tax losses	1,356,268	216,897	-	(15,428)	1,557,737
Intangibles	(349,082)	1,030	-	77,371	(270,681)
Others	(8,693)	6,541	-	1,965	(187)
Total	(381,220)	546,387	1,883	13,486	180,536

Unrecognized deferred tax assets:

Deferred tax assets are recognized to the extent that it is probable that the corresponding tax benefit will be realized in the future. Therefore, as of December 31, 2020, the Company has recognized provision with an impact on income, for the deferred tax assets that it estimates will not be recoverable in the foreseeable future for ThUS $ 237,637, in total the company has not recognized deferred tax assets for ThUS$ 749,100 (ThUS$ 110,933 as of December 31, 2019) which include deferred tax assets related to negative tax results of ThUS$ 1,433,474 (ThUS$ 338,679 at December 31, 2019).

Deferred tax expense and current income taxes:

	For the year ended December 31, 2020	2019
	ThUS$	ThUS$
Current tax expense		
Current tax expense	(3,602)	72,999
Adjustment to previous period's current tax	(199)	(352)
Total current tax expense, net	(3,801)	72,647
Deferred tax expense		
Deferred expense for taxes related to the creation and reversal of temporary differences	(546,387)	(126,344)
Total deferred tax expense, net	(546,387)	(126,344)
Income/(loss) tax expense	(550,188)	(53,697)

Composition of income/(loss) tax expense:

	For the year ended December 31, 2020	2019
	ThUS$	ThUS$
Current tax expense, net, foreign	4,232	76,806
Current tax expense, net, Chile	(8,033)	(4,159)
Total current tax expense, net	(3,801)	72,647
Deferred tax expense, net, foreign	235,963	37,294
Deferred tax expense, net, Chile	(782,350)	(163,638)
Deferred tax expense, net, total	(546,387)	(126,344)
Income/(loss) tax expense	(550,188)	(53,697)

Income before tax from the Chilean legal tax rate (27% as of December 31, 2020 and 2019)

	For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019
	ThUS$	ThUS$	%	%
Tax expense using the legal rate	(1,378,547)	38,318	27.00	27.00
Tax effect by change in tax rate	-	-	-	-
Tax effect of rates in other jurisdictions	(58,268)	20,082	1.14	14.15
Tax effect of non-taxable operating revenues	(19,529)	(13,125)	0.38	(9.25)
Tax effect of disallowable expenses	40,528	66,257	(0.79)	46.69
Other increases (decreases):				
financing	(294,969)	(145,930)	5.78	(102.83)
Tax effect for goodwill impairment losses	453,681	-	(8.89)	-
Derecognition of deferred tax assets not recoverable	237,637	-	(4.65)	-
Deferred tax asset not recognized	414,741	-	(8.12)	-
Other increases (decreases):	54,538	(19,299)	(1.07)	(13.60)
Total adjustments to tax expense using the legal rate	828,359	(92,015)	(16.22)	(64.84)
Tax expense using the effective rate	(550,188)	(53,697)	10.78	(37.84)

Deferred taxes related to items charged to equity:

	For the year ended December 31,	
	2020	2019
	ThUS$	ThUS$
Aggregate deferred taxation of components of other comprehensive income	1,883	3,287

NOTE 19 - OTHER FINANCIAL LIABILITIES

The composition of other financial liabilities is as follows:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Current		
(a) Interest bearing loans	2,243,776	1,421,261
(b) Lease Liability	806,283	414,027
(c) Hedge derivatives	2,734	50,372
(d) Derivative non classified as hedge accounting	2,937	-
Total current	3,055,730	1,885,660
Non-current		
(a) Interest bearing loans	5,489,078	5,772,266
(b) Lease Liability	2,314,723	2,758,130
(c) Hedge derivatives	-	22
Total non-current	7,803,801	8,530,418

(a) Interest bearing loans

Obligations with credit institutions and debt instruments:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Current		
Loans to exporters	151,701	341,475
Bank loans	385,490	16,534
Guaranteed obligations (7)(8)(10)	388,492	237,951
Other guaranteed obligations	435,413	97,730
Subtotal bank loans	1,361,096	693,690
Obligation with the public	108,301	32,061
Financial leases (7)(8)(10)	774,379	594,249
Other loans (4)	-	101,261
Total current	2,243,776	1,421,261
Non-current		
Bank loans	139,783	200,721
Guaranteed obligations (7)(8)(10)	930,364	1,919,376
Other guaranteed obligations (5)(9)	1,503,703	482,702
Subtotal bank loans	2,573,850	2,602,799
Obligation with the public (1)(2)(3)	2,075,106	2,032,873
Financial leases (7)(8)(10)	840,122	1,136,594
Total non-current	5,489,078	5,772,266
Total obligations with financial institutions	7,732,854	7,193,527

(1) On February 11, 2019, LATAM Finance Limited, a company incorporated in the Cayman Islands with limited liability and exclusively owned by LATAM Airlines Group S.A., has issued on the international market, pursuant to Rule 144-A and Regulation S of the securities laws of the United States of America, unsecured long-term bonds for a nominal amount of US $ 600,000,000 at an annual interest rate of 7.00%. The bonds were placed at an issue price of 99.309% with respect to its even value. The bonds have semiannual interest payments and amortization of all capital at maturity and maturity date on March 1, 2026, unless they will be redeemed early according to their terms. As reported to the market, the issuance and placement was intended to finance general corporate purposes.

(2) On June 6, 2019, LATAM Airlines Group S.A. has issued in the local market (Santiago Stock Exchange) long-term unsecured bonds called Series E (BLATM-E), which correspond to the first series of bonds charged to the line registered in the Registro de Comisión para el Mercado Financiero ("CMF") under the number Nº 921 dated November 26, 2018 for a total of UF 9,000,000.

The total amount issued was UF 5,000,000 with an expiration date on April 15, 2029 and a 3.60% annual coupon rate with semiannual interest payments. The placement rate was 2.73%, equivalent to an amount of ThUS$ 215,093.

The funds from the issuance were allocated 50% to the refinancing of liabilities, 30% for the financing of investments and 20% for general corporate purposes.

(3) On July 11, 2019, LATAM Finance Limited, a company incorporated in the Cayman Islands with limited liability and exclusive property of LATAM Airlines Group SA, issued a re-opening of the LATAM 2026 bond, issued on February 11 of 2019, for US $ 200,000,000. This re-opening had a placement rate of 5.979%.

Simultaneously, dated July 11, 2019, LATAM Airlines Group S.A. announced an offer for the repurchase of up to US $ 300 million of the unsecured LATAM 2020 bond, which was issued on June 9, 2015 for an amount of US $ 500 million at a coupon rate of 7.25% and due in June 2020. Offer repurchase price was 103.8 cents per dollar of nominal amount for the bonds offered until July 24, 2019, after this date and until August 7, 2019, the offered repurchase price was reduced to 100.8 cents for dollar at the expiration of the offer, a total of US $ 238,412,000 of the bonds were redeemed, of which US $ 238,162,000 arrived on or before July 24, 2019 and US $ 250,000 after that date. The net proceeds obtained from the re-opening of the LATAM 2026 bond was used to pay a portion of the public offer of the LATAM 2020 bond. The remainder of the public offer was paid in cash.

On December 17, 2019, LATAM Airlines Group S.A. The repurchase of the remainder (US $ 262 million) of the unsecured bond LATAM2020 ended, which, added to the repurchase of July 11, 2019, ends the entire balance of the bond. The repurchase was carried out through the buy-back mechanism called “Make-Whole,” which is a right of the bond issuer to repurchase the entire outstanding balance of debt based on a price that is calculated using government treasury bonds. of the United States with maturity close to that of the bond and adding a spread. The repurchase price was 102.45 cents per dollar of nominal bond amount.

(4) On March 16, 2020, the obligations contained in the contract called "Indenture" signed between Guanay Finance Limited (see Note 1), LATAM Airlines Group S.A. expired. and Citibank, N.A. dated November 7, 2013. The bonds securitized with the future flows of credit card sales in the United States and Canada were issued in 2013 for a total of US $ 450 million.

(5) During March and April 2020, LATAM Airlines Group S.A. it drew down the entire (US $ 600 million) of the committed credit line “Revolving Credit Facility (RCF)”. The financing expires on March 29, 2022. The line is guaranteed with collateral consisting of airplanes, engines and spare parts. The first withdrawal was on March 27, 2020 with an amount of US $ 504.7 million, the second withdrawal was on April 7, 2020 for US $ 72 million, the third withdrawal was on April 14, 2020 for US $ 11.2 million and the fourth and last withdrawal was on April 21, 2020 of US $ 12.1 million.

(6) On May 26, 2020, LATAM Airlines Group S.A. and its subsidiaries in Chile, Peru, Colombia and Ecuador availed themselves, in court for the southern district of New York, to the protection of Chapter 11 of the bankruptcy law of the United States. Under Section 362 of the Bankruptcy Code. The same happened for TAM LINHAS AÉREAS S.A and certain subsidiaries (all LATAM subsidiary in Brazil), on July 8, 2020. Having filed for Chapter 11 automatically suspends most actions against LATAM and its subsidiaries, including most actions to collect financial obligations incurred before the date of receipt of Chapter 11 or to exercise control over the property of LATAM and its subsidiaries. Consequently, although the bankruptcy filing may have led to breaches of some of the obligations of LATAM and its subsidiaries, the counterparties cannot take any action as a result of said breaches.

At the end of the year, Chapter 11 retains most of the actions on the debtors so the repayment of the debt is not accelerated. The Group continues to present its financial information as of December 31, 2020, including its interest bearing loan and leases, in accordance with the originally agreed conditions, pending future agreements that it may reach with its creditors under Chapter 11.

(7) On June 24, 2020, the United States Court for the Southern District of New York approved the motion filed by the Company to reject certain aircraft lease contracts. Rejected contracts include, 17 aircraft financed under the EETC structure with an amount of MUS $ 844.1 and an aircraft financed with a financial lease with an amount of MUS $ 4.5.

(8) On October 20, 2020, the United States Court for the Southern District of New York approved the motion presented by the Company to reject an aircraft lease contract financed as financial lease in the amount of MUS $ 34.3.

(9) On October 10, 2020, LATAM Airlines Group S.A. partially drew down (MUS $ 1,150) of the committed credit line of the “DIP” financing. The financing expires on April 10, 2022. The line is guaranteed with collateral consisting of routes, slots, engines and spare parts. After this, transfer, the company still has MUS $ 1,300 available. This line is committed for a total of US $ 2,450 million, of which US $ 750 million are committed by related parties.

(10) In the year ended December 31, 2020, the Company transferred its interest in 7 special purpose entities. As a result of the above, the classification of financial liabilities associated with 3 aircraft within guaranteed obligations was modified, and classified as financial leases.

Balances by currency of interest bearing loans are as follows:

	As of December 31, 2020	As of December 31, 2019
Currency	ThUS$	ThUS$
Brazilian real	300,659	-
Chilean peso (U.F.)	679,983	611,542
US Dollar	6,752,212	6,581,985
Total	7,732,854	7,193,527

Interest-bearing loans due in installments to December 31, 2020
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

				Nominal values						Accounting values							Annual	
Tax No.	Creditor	Creditor country	Currency	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value	Amortization	Effective rate	Nominal rate
				ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$		%	%
Loans to exporters																		
97.032.000-8	BBVA	Chile	US$	74,000	-	-	-	-	74,000	76,929	-	-	-	-	76,929	At Expiration	3.08	3.08
97.030.000-7	ESTADO	Chile	US$	40,000	-	-	-	-	40,000	41,542	-	-	-	-	41,542	At Expiration	3.49	3.49
76.645.030-K	ITAU	Chile	US$	20,000	-	-	-	-	20,000	20,685	-	-	-	-	20,685	At Expiration	4.20	4.20
97.951.000-4	HSBC	Chile	US$	12,000	-	-	-	-	12,000	12,545	-	-	-	-	12,545	At Expiration	4.15	4.15
Bank loans																		
97.023.000-9	CORPBANCA	Chile	UF	11,255	-	-	-	-	11,255	11,665	-	-	-	-	11,665	Quarterly	3.35	3.35
0-E	SANTANDER	Spain	US$	-	-	139,459	-	-	139,459	3,300	-	139,459	-	-	142,759	Quarterly	2.80	2.80
76.362.099-9	BTG PACTUAL CHILE	Chile	UF	-	67,868	-	-	-	67,868	1,985	67,237	-	-	-	69,222	At Expiration	3.10	3.10
Obligations with the public																		
97.030.000-7	ESTADO	Chile	UF	-	-	177,846	-	382,267	560,113	25,729	-	177,715	-	395,652	599,096	At Expiration	4.81	4.81
0-E	BANK OF NEW YORK	U.S.A.	US$	-	-	-	700,000	800,000	1,500,000	82,572	-	-	698,450	803,289	1,584,311	At Expiration	7.16	6.94
Guaranteed obligations																		
0-E	BNP PARIBAS	U.S.A.	US$	31,039	43,655	91,002	97,621	210,956	474,273	40,931	47,668	87,767	96,513	209,612	482,491	Quarterly / Semiannual	2.95	2.95
0-E	NATIXIS	France	US$	42,740	34,150	77,693	81,244	35,302	271,129	50,001	34,150	75,808	80,316	34,969	275,244	Quarterly	3.11	3.11
0-E	INVESTEC	England	US$	6,329	11,606	19,935	-	-	37,870	7,952	12,522	19,588	-	-	40,062	Semiannual	6.21	6.21
0-E	MUFG	U.S.A.	US$	30,590	24,080	67,730	72,881	187,132	382,413	39,516	24,080	67,014	72,494	186,283	389,387	Quarterly	2.88	2.88
0-E	SMBC	U.S.A.	US$	130,000	-	-	-	-	130,000	131,662	-	-	-	-	131,662	At Expiration	1.73	1.73
-	SWAP Received aircraft	-	US$	10	-	-	-	-	10	10	-	-	-	-	10	Quarterly	-	-
Other guaranteed obligations																		
0-E	CREDIT AGRICOLE	France	US$	-	273,199	-	-	-	273,199	1,395	272,794	-	-	-	274,189	At Expiration	1.92	1.92
0-E	MUFG	U.S.A.	US$	82,498	72,206	117,084	19,731	-	291,519	88,880	72,206	114,589	19,499	-	295,174	Quarterly	2.67	2.67
0-E	CITIBANK	U.S.A.	US$	-	-	600,000	-	-	600,000	138	-	600,000	-	-	600,138	At Expiration	2.27	2.27
0-E	BANK OF UTAH	U.S.A.	US$	-	-	793,003	-	-	793,003	-	-	769,615	-	-	769,615	At Expiration	18.95	12.26
Financial leases																		
0-E	ING	U.S.A.	US$	5,965	-	-	-	-	5,965	6,017	-	-	-	-	6,017	Quarterly	5.71	5.01
0-E	CREDIT AGRICOLE	France	US$	13,875	2,034	2,052	-	-	17,961	13,922	2,034	2,052	-	-	18,008	Quarterly	1.99	1.54
0-E	CITIBANK	U.S.A.	US$	77,994	58,993	113,186	43,778	18,841	312,792	78,860	58,993	109,086	42,558	18,619	308,116	Quarterly	2.58	1.77
0-E	PEFCO	U.S.A.	US$	1,926	-	-	-	-	1,926	1,938	-	-	-	-	1,938	Quarterly	5.65	5.03
0-E	BNP PARIBAS	U.S.A.	US$	14,934	2,326	791	-	-	17,951	14,909	2,326	788	-	-	18,023	Quarterly	1.81	1.41
0-E	WELLS FARGO	U.S.A.	US$	112,987	99,975	230,416	98,028	-	541,406	114,994	99,975	219,624	96,556	-	531,149	Quarterly	2.43	1.74
97.036.000-K	SANTANDER	Chile	US$	21,456	17,626	26,165	-	-	65,247	21,550	17,626	25,840	-	-	65,016	Quarterly	1.30	0.76
0-E	RRPF ENGINE	England	US$	2,058	3,644	7,752	5,035	-	18,489	2,602	3,644	7,752	5,035	-	19,033	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	US$	4,538	4,631	12,808	753	-	22,730	4,599	4,632	12,608	752	-	22,591	Quarterly	1.61	1.01
0-E	BTMU	U.S.A.	US$	11,519	9,385	25,937	768	-	47,609	11,595	9,386	25,563	767	-	47,311	Quarterly	1.63	1.03
0-E	US BANK	U.S.A.	US$	58,512	49,240	135,489	84,178	-	327,419	60,094	49,240	125,274	82,149	-	316,757	Quarterly	4.00	2.82
0-E	PK AIRFINANCE	U.S.A.	US$	8,996	9,062	1,464	-	-	19,522	9,319	9,009	1,435	-	-	19,763	Monthly	1.98	1.98
	Total			815,221	783,680	2,639,812	1,204,017	1,634,498	7,077,128	977,836	787,522	2,581,577	1,195,089	1,648,424	7,190,448			

Interest-bearing loans due in installments to December 31, 2020
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.		Creditor Country	Currency	Nominal values: Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Accounting values: Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value	Amortization	Annual Effective rate	Annual Nominal rate
				ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$		%	%
Bank loans																		
0-E	NEDERLANDSCHE CREDIETVERZEKERING MAATSCHAPPIJ	Netherlands	US$	409	318	216	-	-	943	333	311	324	-	-	968	Monthly	6.01	6.01
0-E	BANCO BRADESCO	Brazil	BRL	80,175	-	-	-	-	80,175	91,672	-	-	-	-	91,672	Monthly	4.34	4.34
0-E	BANCO DO BRASIL	Brazil	BRL	199,557	-	-	-	-	199,557	208,987	-	-	-	-	208,987	Monthly	3.95	3.95
Financial lease																		
0-E	NATIXIS	France	US$	30,253	-	51,007	-	-	81,260	31,308	-	51,007	-	-	82,315	Quarterly / Semiannual	4.09	4.09
0-E	WACAPOU LEASING S.A.	Luxembourg	US$	2,342	797	1,620	-	-	4,759	2,439	797	1,620	-	-	4,856	Quarterly	2.00	2.00
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	US$	144,120	-	-	-	-	144,120	141,094	-	-	-	-	141,094	Quarterly	3.07	3.01
0-E	GA Telessis LLC	U.S.A.	US$	486	950	2,623	2,772	5,430	12,261	486	991	2,623	2,772	5,642	12,514	Monthly	14.72	14.72
	Total			457,342	2,065	55,466	2,772	5,430	523,075	476,319	2,099	55,574	2,772	5,642	542,406			
	Total consolidated			1,272,563	785,745	2,695,278	1,206,789	1,639,928	7,600,203	1,454,155	789,621	2,637,151	1,197,861	1,654,066	7,732,854			

Interest-bearing loans due in installments to December 31, 2019
Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

				Nominal values						Accounting values							Annual	
Tax No.	Creditor	Creditor country	Currency	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value	Amortization	Effective rate	Nominal rate
				ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$		%	%
Loans to exporters																		
97.032.000-8	BBVA	Chile	US$	24,000	75,000	-	-	-	99,000	24,910	75,000	-	-	-	99,910	At Expiration	3.29	3.29
97.003.000-K	BANCO DO BRASIL	Chile	UF	150,000	50,000	-	-	-	200,000	150,257	50,283	-	-	-	200,540	At Expiration	2.93	2.93
97.951.000-4	HSBC	Chile	US$	12,000	-	-	-	-	12,000	12,016	-	-	-	-	12,016	At Expiration	3.25	3.25
76.100.458-1	BLADEX	Chile	US$	-	29,000	-	-	-	29,000	-	29,009	-	-	-	29,009	At Expiration	2.82	2.82
Bank loans																		
97.023.000-9	CORPBANCA	Chile	UF	5,205	10,410	-	-	-	15,615	5,192	10,369	-	-	-	15,561	Quarterly	3.35	3.35
0-E	SANTANDER	Spain	US$	-	-	137,860	-	-	137,860	255	-	137,860	-	-	138,115	Quarterly	3.62	4.61
76.362.099-9	BTG PACTUAL CHILE	Chile	UF	-	-	62,769	-	-	62,769	113	-	62,172	-	-	62,285	At Expiration	3.10	3.10
Obligations with the public																		
0-E	ESTADO	Chile	UF	-	-	164,485	-	353,547	518,032	-	2,642	164,398	-	366,656	533,696	At Expiration	4.81	4.81
97.030.000-7	BANK OF NEW YORK	U.S.A.	US$	-	-	-	700,000	800,000	1,500,000	18,640	10,779	-	698,256	803,563	1,531,238	At Expiration	7.16	6.94
Guaranteed obligations																		
0-E	BNP PARIBAS	U.S.A.	US$	8,115	36,282	93,788	100,622	275,134	513,941	10,058	36,855	91,224	99,297	273,038	510,472	Quarterly	3.81	3.81
0-E	WILMINGTON TRUST	U.S.A.	US$	22,090	66,710	183,332	196,452	397,639	866,223	27,229	66,710	178,784	194,741	395,983	863,447	Quarterly	4.45	4.45
0-E	CITIBANK	U.S.A.	US$	4,805	14,608	40,414	42,626	41,022	143,475	5,461	14,608	36,178	40,932	40,310	137,489	Quarterly	3.76	2.68
0-E	NATIXIS	France	US$	10,675	32,708	84,674	78,123	76,726	282,906	11,410	32,708	83,072	77,195	75,928	280,313	Quarterly	3.82	3.82
0-E	INVESTEC	England	US$	1,538	8,976	22,977	10,596	-	44,087	1,867	9,112	22,597	10,565	-	44,141	Semiannual	6.35	6.35
0-E	MUFG	U.S.A.	US$	2,973	18,593	53,816	57,993	189,285	322,660	3,182	18,593	53,367	57,694	188,471	321,307	Quarterly	3.43	3.43
-	SWAP Received Aircraf	-	US$	80	78	-	-	-	158	80	78	-	-	-	158	Quarterly	-	-
Other guaranteed obligations																		
0-E	CREDIT AGRICOLE	France	US$	-	-	253,692	-	-	253,692	2,370	-	252,747	-	-	255,117	At Expiration	3.74	3.74
0-E	MUFG	U.S.A.	US$	23,669	71,432	188,440	44,482	-	328,023	23,929	71,431	185,938	44,017	-	325,315	Quarterly	3.54	3.54
Financial leases																		
0-E	ING	U.S.A.	US$	3,875	7,931	-	-	-	11,806	3,952	7,931	-	-	-	11,883	Quarterly	5.71	5.01
0-E	CREDIT AGRICOLE	France	US$	4,831	14,723	6,537	-	-	26,091	4,943	14,723	6,537	-	-	26,203	Quarterly	3.15	2.52
0-E	CITIBANK	U.S.A.	US$	17,972	52,790	113,746	16,399	-	200,907	18,633	52,790	112,712	16,368	-	200,503	Quarterly	3.39	2.80
0-E	PEFCO	U.S.A.	US$	1,901	1,926	-	-	-	3,827	1,918	1,926	-	-	-	3,844	Quarterly	5.65	5.03
0-E	BNP PARIBAS	U.S.A.	US$	8,523	23,197	25,182	20,717	10,110	87,729	9,042	23,197	24,675	20,424	9,975	87,313	Quarterly	3.85	3.72
0-E	WELLS FARGO	U.S.A.	US$	32,321	97,956	248,086	199,037	14,284	591,684	34,868	97,956	233,822	195,209	14,138	575,993	Quarterly	2.67	1.98
97.036.000-K	SANTANDER	Chile	US$	5,690	17,255	46,472	3,134	-	72,551	5,959	17,255	45,805	3,128	-	72,147	Quarterly	3.00	2.46
0-E	RRPF ENGINE	England	US$	864	2,348	7,441	8,075	915	19,643	908	2,348	7,441	8,075	915	19,687	Monthly	4.01	4.01
0-E	APPLE BANK	U.S.A.	US$	1,483	4,509	12,474	7,242	-	25,708	1,632	4,509	12,162	7,212	-	25,515	Quarterly	3.33	2.73
0-E	BTMU	U.S.A.	US$	3,010	9,148	25,278	13,904	-	51,340	3,191	9,148	24,661	13,849	-	50,849	Quarterly	3.33	2.73
0-E	NATIXIS	France	US$	702	2,173	2,279	-	-	5,154	723	2,173	2,279	-	-	5,175	Quarterly	4.41	4.41
0-E	KFW IPEX-BANK	Germany	US$	1,760	3,568	-	-	-	5,328	1,769	3,568	-	-	-	5,337	Quarterly	3.55	3.55
0-E	AIRBUS FINANCIAL	U.S.A.	US$	1,977	5,687	-	-	-	7,664	1,992	5,687	-	-	-	7,679	Monthly	3.31	3.31
0-E	US BANK	U.S.A.	US$	15,862	48,132	132,441	135,200	17,492	349,127	17,610	48,132	119,881	130,865	17,188	333,676	Quarterly	4.01	2.82
0-E	PK AIRFINANCE	U.S.A.	US$	2,487	7,729	17,871	-	-	28,087	2,530	7,729	17,871	-	-	28,130	Monthly	3.45	3.45
Other loans																		
0-E	CITIBANK (*)	U.S.A.	US$	24,595	76,431	-	-	-	101,026	24,830	76,431	-	-	-	101,261	Quarterly	6.00	6.00
	Total			393,003	789,300	1,924,054	1,634,602	2,176,154	6,917,113	431,469	803,680	1,876,183	1,617,827	2,186,165	6,915,324			

(*) Securitized bond with the future flows from the sales with credit card in United States and Canada, through the company Guanay Finance Limited.

Interest-bearing loans due in installments to December 31, 2019
Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil.

				Nominal values						Accounting values							Annual	
Tax No.	Creditor	Creditor country	Currency	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total nominal value	Up to 90 days	More than 90 days to one year	More than one to three years	More than three to five years	More than five years	Total accounting value	Amortization	Effective rate	Nominal rate
				ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$		%	%
Bank loans																		
0-E	NEDERLANDSCHE CREDIETVERZEKERING MAATSCHAPPIJ	Netherland	US$	148	452	689	-	-	1,289	153	452	689	-	-	1,294	Monthly	6.01	6.01
Financial leases																		
0-E	NATIXIS	France	US$	3,243	6,906	76,107	-	-	86,256	3,723	6,906	76,107	-	-	86,736	Quarterly/Semiannual	6.29	6.29
0-E	WACAPOU LEASING S.A.	Luxemburg	US$	757	2,317	3,206	-	-	6,280	777	2,317	3,206	-	-	6,300	Quarterly	4.32	4.32
0-E	SOCIÉTÉ GÉNÉRALE MILAN BRANCH	Italy	US$	9,855	160,076	-	-	-	169,931	10,409	159,876	-	-	-	170,285	Quarterly	5.39	5.39
0-E	GA Telessis LLC	U.S.A	US$	306	1,100	2,385	2,694	7,010	13,495	399	1,100	2,385	2,694	7,010	13,588	Monthly	14.72	14.72
	Total			14,309	170,851	82,387	2,694	7,010	277,251	15,461	170,651	82,387	2,694	7,010	278,203			
	Total consolidated			407,312	960,151	2,006,441	1,637,296	2,183,164	7,194,364	446,930	974,331	1,958,570	1,620,521	2,193,175	7,193,527			

(b) Lease Liability:

The movement of the lease liabilities corresponding to the years reported are as follow:

	Aircraft	Others	Lease Liability total
	ThUS$	ThUS$	ThUS$
Opening balance as January 1, 2019	2,737,809	120,240	2,858,049
New contracts	719,525	23,878	743,403
Renegotiations	(41,535)	12,208	(29,327)
Payments	(539,549)	(37,391)	(576,940)
Accrued interest	165,981	11,968	177,949
Exchange differences	-	1,614	1,614
Cumulative translation adjustment	-	(467)	(467)
Other increases (decreases)	-	(2,124)	(2,124)
Changes	304,422	9,686	314,108
Closing balance as of December 31,2019	3,042,231	129,926	3,172,157
Opening balance as January 1, 2020	3,042,231	129,926	3,172,157
New contracts	-	543	543
Write off	(7,435)	(285)	(7,720)
Renegotiations	(35,049)	4,919	(30,130)
Payments	(131,427)	(36,689)	(168,116)
Accrued interest	158,253	9,348	167,601
Exchange differences	-	(7,967)	(7,967)
Cumulative translation adjustment	-	(38)	(38)
Other increases (decreases)	-	(5,324)	(5,324)
Changes	(15,658)	(35,493)	(51,151)
Closing balance as of December 31,2020	3,026,573	94,433	3,121,006

The company recognizes the interest payments related to the lease liabilities in the consolidated result under Financial expenses (See Note 27 (d)).

(c) Hedge derivatives

	Current liabilities		Non-current liabilities		Total hedge derivatives	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Accrued interest from the last date of interest rate swap	-	1,723	-	-	-	1,723
Fair value of interest rate derivatives	2,734	302	-	22	2,734	324
Fair value of fuel derivatives	-	-	-	-	-	-
Fair value of foreign currency derivatives	-	48,347	-	-	-	48,347
Total hedge derivatives	2,734	50,372	-	22	2,734	50,394

(d) Derivatives that do not qualify for hedge accounting

	Current liabilities		Non-current liabilities		Total derivatives of no coverage	
	As of December 2020	As of December 2019	As of December 2020	As of December 2019	As of December 2020	As of December 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Derivative of foreign currency not registered as hedge	2,937	-	-	-	2,937	-
Total derived not qualify as hedge accounting	2,937	-	-	-	2,937	-

The foreign currency derivatives correspond to options, forwards and swaps.

Hedging operation

The fair values of net assets/ (liabilities), by type of derivative, of the contracts held as hedging instruments are presented below:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Cross currency swaps (CCS) (1)	-	(22,662)
Interest rate swaps (2)	(2,734)	2,618
Fuel options (3)	1,296	48,542
Currency options R$/US$ (4)	-	(41)

(1) Covers the significant variations in cash flows associated with market risk implicit in the changes in the 3-month LIBOR interest rate and the exchange rate US$/UF of bank loans. These contracts are recorded as cash flow hedges and fair value.

(2) Covers the significant variations in cash flows associated with market risk implicit in the increases in the 3 months LIBOR interest rates for long-term loans incurred in the acquisition of aircraft and bank loans. These contracts are recorded as cash flow hedges.

(3) Covers significant variations in cash flows associated with market risk implicit in the changes in the price of future fuel purchases. These contracts are recorded as cash flow hedges.

(4) They cover the exposure to foreign exchange risk of operating cash flows, mainly caused by the fluctuation of the CLP/US$, R$/US$, US$/EUR and US$/GBP exchange rate. These contracts are registered as cash flow hedge contracts.

The Company only has cash flow and fair value hedges (in the case of CCS). In the case of fuel hedges, the cash flows subject to such hedges will occur and will impact results in the next 12 months from the date of the consolidated statement of financial position, while in the case of hedges of interest rates, these they will occur and will impact results throughout the life of the associated loans, up to their maturity. In the case of currency hedges through a CCS, there is a group of hedging relationships, in which two types of hedge accounting are generated, one of cash flow for the US $ / UF component; and another of fair value, for the floating rate component US $. The other group of hedging relationships only generates cash flow hedge accounting for the US $ / UF component.

All hedging operations have been performed for highly probable transactions, except for fuel hedge. See Note 3.

Since none of the hedges resulted in the recognition of a non-financial asset, no portion of the result of derivatives recognized in equity was transferred to the initial value of that type of asset.

The amounts recognized in comprehensive income during the period and transferred from net equity to income are as follows:

	For the year ended December 31, 2020	December 31, 2019
	ThUS$	ThUS$
Debit (credit) recognized in comprehensive income during the period	(119,970)	66,856
Debit (credit) transferred from net equity to income during the period	(13,016)	(30,074)

See note 3.1 a) for reclassification to profit or loss for each hedging operation and Note 18 b) for deferred taxes related.

NOTE 20 - TRADE AND OTHER ACCOUNTS PAYABLES

The composition of Trade and other accounts payables is as follows:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Current		
(a) Trade and other accounts payables	1,757,799	1,671,304
(b) Accrued liabilities at the reporting date	564,326	551,570
Total trade and other accounts payables	2,322,125	2,222,874

(a) Trade and other accounts payable:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Trade creditors	1,281,432	1,408,690
Other accounts payable	476,367	262,614
Total	1,757,799	1,671,304

The details of Trade and other accounts payables are as follows:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Suppliers technical purchases	281,452	145,973
Boarding Fees	181,049	234,070
Professional services and advisory	146,753	87,825
Aircraft Fuel	143,119	476,320
Handling and ground handling	137,626	114,163
Airport charges and overflight	142,709	81,459
Leases, maintenance and IT services	110,472	59,011
Other personnel expenses	105,696	93,490
Maintenance	116,103	42,202
Services on board	58,099	59,647
Marketing	53,419	60,850
Air companies	27,668	79,958
Crew	16,541	22,921
Land services	10,466	18,166
Achievement of goals	7,840	30,635
Jol Fleet	6,622	3,997
Others	212,165	60,617
Total trade and other accounts payables	1,757,799	1,671,304

(b) Liabilities accrued:

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Aircraft and engine maintenance	460,082	292,793
Accrued personnel expenses	72,696	118,199
Accounts payable to personnel (*)	2,186	91,153
Others accrued liabilities (**)	29,362	49,425
Total accrued liabilities	564,326	551,570

(*) Profits and bonus participation (Note 23 letter b).

(**) See Note 22.

The balances include the amounts that will be part of the reorganization agreement, product of the entry into the Chapter 11 process on May 26, 2020 for LATAM, and July 08 for certain subsidiaries in Brazil.

NOTE 21 - OTHER PROVISIONS

	Current liabilities		Non-current liabilities		Total Liabilities	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Provision for contingencies (1)						
Tax contingencies	21,188	2,033	364,342	164,190	385,530	166,223
Civil contingencies	2,266	2,202	103,984	66,605	106,250	68,807
Labor contingencies	320	971	48,115	26,505	48,435	27,476
Other	-	-	17,821	19,886	17,821	19,886
Provision for European Commission investigation (2)	-	-	10,097	9,217	10,097	9,217
Provisions for onerous contracts (3)	-	-	44,000	-	44,000	-
Total other provisions (4)	23,774	5,206	588,359	286,403	612,133	291,609

(1) Provisions for contingencies:

The tax contingencies correspond to litigation and tax criteria related to the tax treatment applicable to direct and indirect taxes, which are found in both administrative and judicial stage.

The civil contingencies correspond to different demands of civil order filed against the Company.

The labor contingencies correspond to different demands of labor order filed against the Company.

The Provisions are recognized in the consolidated income statement in administrative expenses or tax expenses, as appropriate.

(2) Provision made for proceedings brought by the European Commission for possible breaches of free competition in the freight market.

(3) Based on market information on the drop in the price of some assets, a provision was made for onerous contracts associated with the purchase commitments of aircraft.

(4) Total other provision as of December 31, 2020, and December 31, 2019, include the fair value correspond to those contingencies from the business combination with TAM S.A and subsidiaries, with a probability of loss under 50%, which are not provided for the normal application of IFRS enforcement and that only must be recognized in the context of a business combination in accordance with IFRS 3.

Movement of provisions:

	Legal claims (1)	European Commission Investigation (2)	Onerous Contracts	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of January 1, 2019	298,886	9,403	-	308,289
Increase in provisions	134,847	-	-	134,847
Provision used	(82,212)	-	-	(82,212)
Difference by subsidiaries conversion	(10,764)	-	-	(10,764)
Reversal of provision	(58,063)	-	-	(58,063)
Exchange difference	(302)	(186)	-	(488)
Closing balance as of December 31, 2019	282,392	9,217	-	291,609
Opening balance as of January 1, 2020	282,392	9,217	-	291,609
Increase in provisions	408,078	-	44,000	452,078
Provision used	(47,238)	-	-	(47,238)
Difference by subsidiaries conversion	(58,654)	-	-	(58,654)
Reversal of provision	(25,563)	-	-	(25,563)
Exchange difference	(979)	880	-	(99)
Closing balance as of December 31, 2020	558,036	10,097	44,000	612,133

(1) Accumulated balances include a judicial deposit delivered in guarantee, with respect to the "Fundo Aeroviario" (FA), for ThUS$ 69, made in order to suspend the collection and the application of a fine. The Company is discussing in Court the constitutionality of the requirement made by FA calculated at the ratio of 2.5% on the payroll in a legal claim. Initially the payment of said contribution was suspended by a preliminary judicial decision and about 10 years later, this same decision was reversed. As the decision is not final, the Company has deposited the securities open until that date, in order to avoid collection processing and the application of the fine.

Finally, if the final decision is favorable to the Company, the deposit made and payments made later will return to TAM. On the other hand, if the court confirms the first decision, said deposit will become a final payment in favor of the Government of Brazil. The procedural stage as of December 31, 2020 is described in Note 31 in the Role of the case 2001.51.01.012530-0.

(2) European Commission Provision

Provision constituted on the occasion of the process initiated in December 2007 by the General Competition Directorate of the European Commission against more than 25 cargo airlines, among which is Lan Cargo SA, which forms part of the global investigation initiated in 2006 for possible infractions of free competition in the air cargo market, which was carried out jointly by the European and United States authorities.

With respect to Europe, the General Directorate of Competition imposed fines totaling € 799,445,000 (seven hundred and ninety-nine million four hundred and forty-five thousand Euros) for infractions of European Union regulations on free competition against eleven (11) airlines, among which are LATAM Airlines Group SA and its subsidiary Lan Cargo S.A .,For its part, LATAM Airlines Group S.A. and Lan Cargo S.A., jointly and severally, have been fined for the amount of € 8,220,000 (eight million two hundred twenty thousand Euros), for these infractions, an amount that was provisioned in the financial statements of LATAM. On January 24, 2011, LATAM Airlines Group S.A. and Lan Cargo S.A. They appealed the decision before the Court of Justice of the European Union. On December 16, 2015, the European Court resolved the appeal and annulled the Commission's Decision. The European Commission did not appeal the judgment, but on March 17, 2017, the European Commission again adopted its original decision to impose on the eleven lines original areas, the same fine previously imposed, amounting to a total of 776,465,000 Euros. In the case of LAN Cargo and its parent, LATAM Airlines Group S.A. imposed the same fine mentioned above. The procedural stage as of December 31, 2020 is described in Note 31 in section 2 judgments received by LATAM Airlines Group S.A. and Subsidiaries.

NOTE 22 - OTHER NON-FINANCIAL LIABILITIES

	Current liabilities		Non-current liabilities		Total Liabilities	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Deferred revenues (1)(2)	2,036,880	2,689,083	702,008	851,383	2,738,888	3,540,466
Sales tax	7,609	2,556	-	-	7,609	2,556
Retentions	27,853	43,916	-	-	27,853	43,916
Others taxes	3,931	7,555	-	-	3,931	7,555
Dividends payable	-	57,129	-	-	-	57,129
Other sundry liabilities	12,518	34,982	-	-	12,518	34,982
Total other non-financial liabilities	2,088,791	2,835,221	702,008	851,383	2,790,799	3,686,604

Deferred Income Movement

		Deferred income						
	Initial balance	(1) Recognition	Use	Loyalty (accreditation and exchange)	Expiration of tickets	Adjustment application IAS 29, Argentina hyperinflation	Others provisions	Final balance
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
From January 1 to December 31, 2019	2,974,760	8,264,970	(7,703,011)	124,548	(156,435)	2,232	33,402	3,540,466
From January 1 to December 31, 2020	3,540,466	1,970,203	(2,554,476)	(137,176)	(72,670)	(3,485)	(3,974)	2,738,888

(1) The balance includes mainly, deferred income for services not provided as of December 31, 2020 and December 31, 2019; and for the frequent flyer program LATAM Pass.

LATAM Pass is LATAM's frequent flyer program that allows rewarding the preference and loyalty of its customers with multiple benefits and privileges, through the accumulation of miles or points that can be exchanged for tickets or for a varied range of products and services. Clients accumulate miles or LATAM Pass points every time they fly in LATAM and other connections associated with the program, as well as buy in stores or use the services of a vast network of companies that have agreements with the program around the world.

On September 26, 2019, the Company signed a framework agreement with Delta Air Lines, Inc, in which the latter agreed to pay ThUS $ 350,000 for compensation of costs and income

that the Company must incur or stop receiving, respectively, during the transition period until the implementation of the strategic alliance.

During December 2019, the Company sold its rights to receive future payments of the committed transition. The payments consisted of ThUS $ 200,000 payable in 8 quarterly installments of ThUS $ 25,000 as of January 2, 2020. On December 13, 2019, the Company received ThUS $ 194,068 for said sale.

The account receivable was derecognized and the interest of ThUS $ 5,932 was recognized in the item Financial Costs of the Consolidated Statement of Income.

(2) As of December 31, 2020, Deferred Income includes ThUS $ 179,612 corresponding to the balance to be accrued from the committed compensation from Delta Air Lines, Inc., which is recognized in Income Statement, based on the estimation of differentials of income, until the implementation of the strategic alliance. During the period, the Company has recognized ThUS $ 132,467 for this concept.

Additionally, the Company maintains a balance of ThUS $ 29,507 in the Trade accounts payable item of the Statement of Financial Position, corresponding to the compensation of costs to be incurred.

NOTE 23 - EMPLOYEE BENEFITS

	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$
Retirements payments	51,007	64,824
Resignation payments	8,230	9,722
Other obligations	14,879	19,024
Total liability for employee benefits	74,116	93,570

(a) The movement in retirements and resignation payments and other obligations:

	Opening balance	Increase (decrease) current service provision	Benefits paid	Actuarial (gains) losses	Currency translation	Closing balance
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
From January 1 to December 31, 2019	82,365	11,242	(4,390)	10,636	(6,283)	93,570
From January 1 to December 31, 2020	93,570	(18,759)	(8,634)	3,968	3,971	74,116

The principal assumptions used in the calculation to the provision in Chile, are presented below:

Assumptions	For the period ended December 31, 2020	2019
Discount rate	2.67%	3.13%
Expected rate of salary increase	2.80%	4.50%
Rate of turnover	5.56%	6.04%
Mortality rate	RV-2014	RV-2014
Inflation rate	2.8%	2.8%
Retirement age of women	60	60
Retirement age of men	65	65

The discount rate corresponds to the 20 years Central Bank of Chile Bonds (BCP). The RV-2014 mortality tables correspond to those established by the Commission for the Financial Market of Chile and; for the determination of the inflation rates, the market performance curves of BCU Central Bank of Chile have been used and BCP long term at the scope date.

The calculation of the present value of the defined benefit obligation is sensitive to the variation of some actuarial assumptions such as discount rate, salary increase, rotation and inflation.

The sensitivity analysis for these variables is presented below:

	Effect on the liability	
	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Discount rate		
Change in the accrued liability an closing for increase in 100 p.b.	(4,576)	(7,257)
Change in the accrued liability an closing for decrease of 100 p.b.	5,244	5,365
Rate of wage growth		
Change in the accrued liability an closing for increase in 100 p.b.	4,946	4,989
Change in the accrued liability an closing for decrease of 100 p.b.	(4,678)	(7,159)

(b) The liability for short-term:

	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Profit-sharing and bonuses (*)	2,186	91,153

(*) Accounts payables to employees (Note 20 letter b)

The participation in profits and bonuses related to an annual incentive plan for achievement of certain objectives.

(c) Employment expenses are detailed below:

	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Salaries and wages	850,557	1,478,804
Short-term employee benefits	41,259	147,576
Termination benefits (*)	-	54,256
Other personnel expenses	70,244	114,126
Total	962,060	1,794,762

(*) The termination benefits related to the reorganization under Chapter 11 are classified in Note 27, Restructuring activities expense.

NOTE 24 - ACCOUNTS PAYABLE, NON-CURRENT

	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Aircraft and engine maintenance	392,347	412,710
Fleet (JOL)	208,037	190,225
Provision for vacations and bonuses	15,036	15,868
Other sundry liabilities	36,180	307
Total accounts payable, non-current	651,600	619,110

NOTE 25 - EQUITY

(a) Capital

The Company's objective is to maintain an appropriate level of capitalization that enables it to ensure access to the financial markets for carrying out its medium and long-term objectives, optimizing the return for its shareholders and maintaining a solid financial position.

The paid capital of the Company at December 31, 2020 amounts to ThUS$ 3,146,265 divided into 606,407,693 common stock of a same series (ThUS$ 3,146,265 divided into 606,407,693 shares as of December 31, 2019), a single series nominative, ordinary character with no par value. There are no special series of shares and no privileges. The form of its stock certificates and their issuance, exchange, disablement, loss, replacement and other similar circumstances, as well as the transfer of the shares, is governed by the provisions of Corporations Law and its regulations.

(b) Subscribed and paid shares

During the year 2019, the Company fully reduced 466,832 shares pending placement and payment, corresponding to the authorized capital increase in the extraordinary shareholders meeting of August 18, 2016. Consequently, as of December 31, 2020, the statutory capital of the Company is demonstrated by 606,407,693 shares fully subscribed and paid.

The following table shows the movement of authorized and fully paid shares previously described above:

Movement of authorized shares Nro. Of shares	Opening balance	Expired shares intended for compensation plans and others	Closing balance
From January 1 to December 31, 2019	606,874,525	(466,832)	606,407,693
From January 1 to December 31, 2020	606,407,693	-	606,407,693

Movement fully paid shares	N° of shares	Movement value of shares (1) ThUS$	Cost of issuance and placement of shares (2) ThUS$	Paid- in Capital ThUS$
Paid shares as of January 1, 2019	606,407,693	3,160,718	(14,453)	3,146,265
There are no movements of shares paid during the 2019 period	-	-	-	-
Paid shares as of December 31, 2019	606,407,693	3,160,718	(14,453)	3,146,265
Paid shares as of January 1, 2020	606,407,693	3,160,718	(14,453)	3,146,265
There are no movements of shares paid during the 2020 period	-	-	-	-
Paid shares as of December 31, 2020	606,407,693	3,160,718	(14,453)	3,146,265

(1) Amounts reported represent only those arising from the payment of the shares subscribed.

(2) Decrease of capital by capitalization of reserves for cost of issuance and placement of shares established according to Extraordinary Shareholder´s Meetings, where such decreases were authorized.

(c) Treasury stock

At December 31, 2020, the Company held no treasury stock, the remaining of ThUS$ (178) corresponds to the difference between the amount paid for the shares and their book value, at the time of the full right decrease of the shares which held in its portfolio.

(d) Reserve of share- based payments

Movement of Reserves of share- based payments:

Periods	Opening balance ThUS$	Stock option plan ThUS$	Closing balance ThUS$
From January 1 to December 31, 2019	37,874	(1,585)	36,289
From January 1 to December 31, 2020	36,289	946	37,235

These reserves are related to the “Share-based payments” explained in Note 34.

(e) Other sundry reserves

Movement of Other sundry reserves:

Periods	Opening balance ThUS$	Transactions with minorities ThUS$	Legal reserves ThUS$	Closing balance ThUS$
From January 1 to December 31, 2019	2,638,916	(184,135)	(2,312)	2,452,469
From January 1 to December 31, 2020	2,452,469	(3,125)	2,675	2,452,019

Balance of Other sundry reserves comprise the following:

	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Higher value for TAM S.A. share exchange (1)	2,665,692	2,665,692
Reserve for the adjustment to the value of fixed assets (2)	2,620	2,620
Transactions with non-controlling interest (3)	(213,273)	(210,048)
Others	(3,020)	(5,795)
Total	2,452,019	2,452,469

(1) Corresponds to the difference between the value of the shares of TAM S.A., acquired by Sister Holdco S.A. (under the Subscriptions) and by Holdco II S.A. (by virtue of the Exchange Offer), which is recorded in the declaration of completion of the merger by absorption, and the fair value of the shares exchanged by LATAM Airlines Group S.A. as of June 22, 2012.

(2) Corresponds to the technical revaluation of the fixed assets authorized by the Commission for the Financial Market in the year 1979, in Circular No. 1529. The revaluation was optional and could be made only once; the originated reserve is not distributable and can only be capitalized.

(3) The balance as of December 31, 2020 corresponds to the loss generated by: Lan Pax Group S.A. e Inversiones Lan S.A. in the acquisition of shares of Aerovías de Integración Regional Aires S.A. for ThUS $ (3,480) and ThUS $ (20), respectively; the acquisition of TAM S.A. of the minority interest in Aerolinhas Brasileiras S.A. for ThUS $ (885), the acquisition of Inversiones Lan S.A. of the minority participation in Aires Integra Regional Airlines S.A. for an amount of ThUS $ (2) and the acquisition of a minority stake in Aerolane S.A. by Lan Pax Group S.A. for an amount of ThUS $ (21,526) through Holdco Ecuador S.A. (3) The loss due to the acquisition of the minority interest of Multiplus S.A. for ThUS $ (184,135) (see Note 1), (4) and the acquisition of a minority interest in Latam Airlines Perú S.A through Latam Airlines Group S.A for an amount of ThUS $ (3,225).

(f) Reserves with effect in other comprehensive income.

Movement of Reserves with effect in other comprehensive income:

	Currency translation reserve	Cash flow hedging reserve	Actuarial gain or loss on defined benefit plans reserve	Total
	ThUS$	ThUS$	ThUS$	ThUS$
Opening balance as of January 1, 2019	(2,656,644)	(9,333)	(15,178)	(2,681,155)
Change in fair value of hedging instrument recognised in OCI	-	95,954	-	95,954
Reclassified from OCI to profit or loss	-	(30,074)	-	(30,074)
Deferred tax	-	345	-	345
Actuarial reserves				
by employee benefit plans	-	-	(10,635)	(10,635)
Deferred tax actuarial IAS				
by employee benefit plans	-	-	2,873	2,873
Translation difference subsidiaries	(233,643)	-	-	(233,643)
Closing balance as of December 31, 2019	(2,890,287)	56,892	(22,940)	(2,856,335)
Opening balance as of January 1, 2020	(2,890,287)	56,892	(22,940)	(2,856,335)
Change in fair value of hedging instrument recognised in OCI	-	(105,776)	-	(105,776)
Reclassified from OCI to profit or loss	-	(13,016)	-	(13,016)
Deferred tax	-	959	-	959
Actuarial reserves				
by employee benefit plans	-	-	(3,968)	(3,968)
Deferred tax actuarial IAS				
by employee benefit plans	-	-	923	923
Translation difference subsidiaries	(900,226)	-	-	(900,226)
Closing balance as of December 31, 2020	(3,790,513)	(60,941)	(25,985)	(3,877,439)

(f.1) Cumulative translate difference

These are originate from exchange differences arising from the translation of any investment in foreign entities (or Chilean investment with a functional currency different to that of the parent), and from loans and other instruments in foreign currency designated as hedges for such investments. When the investment (all or part) is sold or disposed and a loss of control occurs, these reserves are shown in the consolidated statement of income as part of the loss or gain on the sale or disposal. If the sale does not involve loss of control, these reserves are transferred to non-controlling interests.

(f.2) Cash flow hedging reserve

These are originate from the fair value valuation at the end of each period of the outstanding derivative contracts that have been defined as cash flow hedges. When these contracts expire, these reserves should be adjusted, and the corresponding results recognized.

(f.3) Reserves of actuarial gains or losses on defined benefit plans

Correspond to the increase or decrease in the obligation present value for defined benefit plan due to changes in actuarial assumptions, and experience adjustments, which are the effects of differences between the previous actuarial assumptions and the actual events.

(g) Retained earnings/(losses)

Movement of Retained earnings/(losses):

Periods	Opening balance	Increase (decrease) by new standards	Result for the period	Dividends	Other increase (decreases)	Closing balance
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
From January 1 to December 31, 2019	218,971	-	190,430	(57,129)	-	352,272
From January 1 to December 31, 2020	352,272	-	(4,545,887)	-	-	(4,193,615)

(h) Dividends per share

Description of dividend	Minimum mandatory dividend 2020	Minimum mandatory dividend 2019
Date of dividend	12-31-2020	12-31-2019
Amount of the dividend (ThUS$)	-	57,129
Number of shares among which the dividend is distributed	606,407,693	606,407,693
Dividend per share (US$)	-	0.0942

NOTE 26 - REVENUE

The detail of revenues is as follows:

	For the year ended December 31, 2020	2019
	ThUS$	ThUS$
Passengers	2,713,774	9,005,629
Cargo	1,209,893	1,064,434
Total	3,923,667	10,070,063

NOTE 27 - COSTS AND EXPENSES BY NATURE

(a) Costs and operating expenses

The main operating costs and administrative expenses are detailed below:

	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Aircraft fuel	1,045,343	2,929,008
Other rentals and landing fees (*)	720,005	1,275,859
Aircraft maintenance	472,382	444,611
Comisions	91,910	221,884
Passenger services	97,688	261,330
Other operating expenses	1,221,183	1,291,895
Total	3,648,511	6,424,587

(*) Lease expenses are included within this amount (See Note 2.21)

	For the period ended December 31, 2020 ThUS$	2019 ThUS$
Payments for leases of low-value assets	21,178	31,982
Rent concessions recognized directly in profit or loss	(110)	-
Total	21,068	31,982

(b) Depreciation and amortization

Depreciation and amortization are detailed below:

	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Depreciation (*)	1,219,586	1,389,465
Amortization	169,800	80,511
Total	1,389,386	1,469,976

(*) Included within this amount is the depreciation of the Properties, plants and equipment (See Note 17 (a)) and the maintenance of the aircraft recognized as assets by right of use. The maintenance cost amount included in the depreciation line for the year ended December 31, 2020 is ThUS $ 276,908 and ThUS $ 445,680 for the same year 2019.

(c) Financial costs

The detail of financial costs is as follows:

	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Bank loan interest	314,468	325,650
Financial leases	45,245	61,980
Lease liabilities	170,918	181,814
Other financial instruments	56,348	20,490
Total	586,979	589,934

Costs and expenses by nature presented in this Note plus the Employee expenses disclosed in Note 23, are equivalent to the sum of cost of sales, distribution costs, administrative expenses, other expenses and financing costs presented in the consolidated statement of income by function.

(d) Restructuring activities expenses

The Restructuring activities expenses are detailed below:

	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Fair value adjustment of fleet available for sale	331,522	-
Rejection of aircraft lease contract	269,467	-
Employee restructuring plan (*)	290,831	-
Legal and financial advice	76,541	-
Others	21,648	-
Total	990,009	-

(*) See note 2.1, letter c.

(e) Other (gains) losses

Other (gains) losses are detailed below:

	For the year ended December 31, 2020 ThUS$	2019 ThUS$
Fuel hedging	82,487	-
Slot Write Off	36,896	-
Provision for onerous contract related to purchase commitment	44,000	-
Goodwill Impairment	1,728,975	-
Other	(17,569)	(11,525)
Total	1,874,789	(11,525)

NOTE 28 - OTHER INCOME, BY FUNCTION

Other income, by function is as follows:

	For the year ended December 31, 2020	2019
	ThUS$	ThUS$
Coalition and loyalty program Multiplus	-	36,172
Tours	22,499	96,997
Aircraft leasing	46,045	102,704
Customs and warehousing	25,138	29,353
Duty free	-	543
Maintenance	18,579	10,471
Income from non-airlines products Latam Pass	42,913	42,791
Other miscellaneous income (*)	255,828	41,833
Total	411,002	360,864

(*) For 2020 included in this amount is ThUS$ 62,000 from compensation of the cancellation of the purchase of 4 A350 aircraft from Delta Air Lines Inc and ThUS$ 9,240 to the early return of leased aircraft from Qatar Airways and ThUS$ 132,467 corresponding to compensation of Delta Air Lines Inc from JBA signed in 2019.

NOTE 29 - FOREIGN CURRENCY AND EXCHANGE RATE DIFFERENCES

The functional currency of LATAM Airlines Group S.A. is the US dollar, also it has subsidiaries whose functional currency is different to the US dollar, such as the chilean peso, argentine peso, colombian peso, brazilian real and guaraní.

The functional currency is defined as the currency of the primary economic environment in which an entity operates and in each entity and all other currencies are defined as foreign currency.

Considering the above, the balances by currency mentioned in this Note correspond to the sum of foreign currency of each of the entities that make LATAM Airlines Group S.A. and Subsidiaries.

Following are the current exchange rates for the US dollar, on the dates indicated:

	As of December 31, 2020	2019
Argentine peso	84,14	59,83
Brazilian real	5,18	4,01
Chilean peso	710,95	748,74
Colombian peso	3.421,00	3.271,55
Euro	0,81	0,89
Australian dollar	1,30	1,43
Boliviano	6,86	6,86
Mexican peso	19,93	18,89
New Zealand dollar	1,39	1,49
Peruvian Sol	3,62	3,31
Uruguayan peso	42,14	37,24

Foreign currency

The foreign currency detail of balances of monetary items in current and non-current assets is as follows:

Current assets	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Cash and cash equivalents	483,303	242,624
Argentine peso	16,885	10,974
Brazilian real	13,157	9,407
Chilean peso	32,368	50,421
Colombian peso	2,168	5,971
Euro	10,361	21,927
U.S. dollar	369,455	77,933
Other currency	38,909	65,991
Other financial assets, current	12,981	47,328
Argentine peso	311	7
Brazilian real	4	17,395
Chilean peso	3,987	26,008
Colombian peso	132	138
Euro	1,867	-
U.S. dollar	5,639	2,795
Other currency	1,041	985

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Current assets	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Other non - financial assets, current	42,973	81,521
Argentine peso	11,058	11,263
Brazilian real	2,985	20,553
Chilean peso	15,913	24,451
Colombian peso	175	61
Euro	2,667	2,878
U.S. dollar	2,351	5,140
Other currency	7,824	17,175
Trade and other accounts receivable, current	177,491	501,006
Argentine peso	1,881	22,809
Brazilian real	841	1,457
Chilean peso	38,340	125,342
Colombian peso	209	545
Euro	24,370	32,711
U.S. dollar	98,385	257,421
Other currency	13,465	60,721
Accounts receivable from related entities, current	430	537
Chilean peso	9	42
U.S. dollar	421	495
Tax current assets	11,050	19,506
Argentine peso	389	1,560
Brazilian real	887	1,006
Chilean peso	1,003	1,111
Colombian peso	675	54
Euro	235	264
U.S. dollar	354	-
Peruvian sun	5,220	13,707
Other currency	2,287	1,804
Total current assets	728,228	892,522
Argentine peso	30,524	46,613
Brazilian real	17,874	49,818
Chilean peso	91,620	227,375
Colombian peso	3,359	6,769
Euro	39,500	57,780
U.S. Dollar	476,605	343,784
Other currency	68,746	160,383

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Non-current assets	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Other financial assets, non-current	9,486	10,243
Brazilian real	3,574	4,441
Chilean peso	69	65
Colombian peso	284	296
Euro	1,369	1,525
U.S. dollar	2,490	2,169
Other currency	1,700	1,747
Other non - financial assets, non-current	36,251	29,166
Argentine peso	39	54
Brazilian real	12,974	7,891
U.S. dollar	3,732	3
Other currency	19,506	21,218
Accounts receivable, non-current	4,984	4,722
Chilean peso	4,984	4,722
Deferred tax assets	2,228	3,339
Colombian peso	221	487
U.S. dollar	13	856
Other currency	1,994	1,996
Total non-current assets	52,949	47,470
Argentine peso	39	54
Brazilian real	16,548	12,332
Chilean peso	5,053	4,787
Colombian peso	505	783
Euro	1,369	1,525
U.S. dollar	6,235	3,028
Other currency	23,200	24,961

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The foreign currency detail of balances of monetary items in current liabilities and non-current is as follows:

Current liabilities	Up to 90 days		91 days to 1 year	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$
Other financial liabilities, current	239,712	69,623	86,573	210,627
Argentine peso	2	1	-	2
Brazilian real	59	128	163	118
Chilean peso	40,552	42,625	70,639	15,229
Euro	87	145	258	339
U.S. dollar	198,996	26,676	15,504	194,896
Other currency	16	48	9	43
Trade and other accounts payables, current	1,285,233	1,338,123	20,908	10,091
Argentine peso	228,069	252,799	7,315	1,096
Brazilian real	71,446	59,837	37	320
Chilean peso	312,921	322,996	10,991	1,295
Colombian peso	12,300	2,558	1,165	868
Euro	143,780	113,733	41	484
U.S. dollar	392,914	480,129	912	4,263
Peruvian sol	11,759	24,197	222	1,447
Mexican peso	16,546	5,233	60	33
Pound sterling	35,269	20,289	45	119
Uruguayan peso	441	1,018	-	29
Other currency	59,788	55,334	120	137
Accounts payable to related entities, current	(229)	53	-	-
Chilean peso	-	53	-	-
U.S. dollar	(229)	-	-	-
Other provisions, current	14	2,079	1,628	-
Chilean peso	-	27	29	-
Other currency	14	2,052	1,599	-

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Current liabilities	Up to 90 days		91 days to 1 year	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$
Other non-financial liabilities, current	42,467	19,335	50	-
Argentine peso	961	348	-	-
Brazilian real	976	1,537	3	-
Chilean peso	5,836	705	1	-
Colombian peso	622	3,059	38	-
Euro	3,206	3,133	-	-
U.S. dollar	19,707	4,531	-	-
Other currency	11,159	6,022	8	-
Total current liabilities	1,567,596	1,429,213	109,159	220,718
Argentine peso	229,032	253,148	7,315	1,098
Brazilian real	72,481	61,502	203	438
Chilean peso	359,309	366,406	81,660	16,524
Colombian peso	12,922	5,617	1,203	868
Euro	147,073	117,011	299	823
U.S. dollar	611,787	511,336	16,416	199,159
Other currency	134,992	114,193	2,063	1,808

Non-current liabilities	More than 1 to 3 years		More than 3 to 5 years		More than 5 years	
	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019	As of December 31, 2020	As of December 31, 2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Other financial liabilities, non-current	268,320	366,889	4,250	12,915	403,841	376,535
Chilean peso	180,150	236,346	1,320	2,291	398,199	369,525
Brazillian real	351	700	-	40	-	-
Euro	427	550	-	141	-	-
U.S. dollar	87,280	128,820	2,930	10,308	5,642	7,010
Other currency	112	473	-	135	-	-
Accounts payable, non-current	70,145	151,254	1,390	-	241	-
Chilean peso	47,752	14,367	1,390	-	241	-
U.S. dollar	21,051	135,541	-	-	-	-
Other currency	1,342	1,346	-	-	-	-
Other provisions, non-current	45,834	36,615	-	-	-	-
Argentine peso	696	485	-	-	-	-
Brazillian real	26,872	20,538	-	-	-	-
Colombian peso	278	281	-	-	-	-
Euro	11,736	9,217	-	-	-	-
U.S. dollar	6,252	6,094	-	-	-	-
Provisions for employees benefits, non-current	64,152	80,628	-	-	-	-
Chilean peso	64,152	80,628	-	-	-	-
U.S. dollar	-	-	-	-	-	-
Total non-current liabilities	448,451	635,386	5,640	12,915	404,082	376,535
Argentine peso	696	485	-	-	-	-
Brazilian real	27,223	21,238	-	40	-	-
Chilean peso	292,054	331,341	2,710	2,291	398,440	369,525
Colombian peso	278	281	-	-	-	-
Euro	12,163	9,767	-	141	-	-
U.S. dollar	114,583	270,455	2,930	10,308	5,642	7,010
Other currency	1,454	1,819	-	135	-	-

General summary of foreign currency:	As of December 31, 2020 ThUS$	As of December 31, 2019 ThUS$
Total assets	781,177	939,992
Argentine peso	30,563	46,667
Brazilian real	34,422	62,150
Chilean peso	96,673	232,162
Colombian peso	3,864	7,552
Euro	40,869	59,305
U.S. dollar	482,840	346,812
Other currency	91,946	185,344
Total liabilities	2,534,928	2,674,767
Argentine peso	237,043	254,731
Brazilian real	99,907	83,218
Chilean peso	1,134,173	1,086,087
Colombian peso	14,403	6,766
Euro	159,535	127,742
U.S. dollar	751,358	998,268
Other currency	138,509	117,955
Net position		
Argentine peso	(206,480)	(208,064)
Brazilian real	(65,485)	(21,068)
Chilean peso	(1,037,500)	(853,925)
Colombian peso	(10,539)	786
Euro	(118,666)	(68,437)
U.S. dollar	(268,518)	(651,456)
Other currency	(46,563)	67,389

NOTE 30 - EARNINGS / (LOSS) PER SHARE

Basic earnings / (loss) per share	For the year ended December 31, 2020	For the year ended December 31, 2019
Earnings / (loss) attributable to owners of the parent (ThUS$)	(4,545,887)	190,430
Weighted average number of shares, basic	606,407,693	606,407,693
Basic earnings / (loss) per share (US$)	(7.49642)	0.31403

Diluted earnings / (loss) per share	For the year ended December 31, 2020	For the year ended December 31, 2019
Earnings / (loss) attributable to owners of the parent (ThUS$)	(4,545,887)	190,430
Weighted average number of shares, basic	606,407,693	606,407,693
Weighted average number of shares, diluted	606,407,693	606,407,693
Diluted earnings / (loss) per share (US$)	(7.49642)	0.31403

NOTE 31 – CONTINGENCIES

I. Lawsuits

1) Lawsuits filed by LATAM Airlines Group S.A. and Subsidiaries

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
Fidelidade Viagens e Turismo	Fazenda Pública do Município de São Paulo.	1004194-37.2018.8.26.0053 (EF 1526893-48.2018.8.26.0090)	This is a voidance action appealing the charges for violations and fines (67.168.795 / 67.168.833 / 67.168.884 / 67.168.906 / 67.168.914 / 67.168.965). We are arguing that numbers are missing from the ISS calculation base since the company supposedly made improper deductions.	The lawsuit was assigned on January 31, 2018. That same day, a decision was rendered suspending the charges without any bond. The municipality filed an appeal against this decision on April 30, 2018. On November 11, 2019 there was a totally favorable decision for Tam Viagens S.A. The Municipio filed an appeal that is pending.	84,652
LATAM Airlines Group S.A., Aerovías de Integración Regional S.A., LATAM Airlines Perú S.A., Latam-Airlines Ecuador S.A., LAN Cargo S.A., TAM Linhas Aereas S.A. and 32 affiliates	United States Bankruptcy Court for the Southern District of New York	Case No. 20-11254	LATAM Airlines initiated a reorganization proceeding in the United States of America in accordance with the regulations established in Chapter 11 of Title 11 of the Code of the United States of America, filing a voluntary request for relief pursuant thereto (the "Chapter 11 Proceeding"), which grants an automatic stay of enforcement for at least 180 days.	On May 26, 2020, LATAM Airlines Group S.A. and 28 affiliates individually filed a voluntary bankruptcy petition with the United States Bankruptcy Court for the Southern District of New York pursuant to Chapter 11 of the United States Bankruptcy Code. Subsequently, on July 7 and 9, 2020, 9 additional affiliated debtors (the "Subsequent Debtors"), including TAM Linhas Aereas S.A., filed voluntary bankruptcy applications with the Court pursuant to Chapter 11 of the United States Bankruptcy Code. The cases are pending ruling before the Honorable Judge James L. Garrity Jr. and are jointly administered under case number 20-11254. On September 18, 2020, LATAM Airlines Group S.A. received approval of the amended proposal on Debtor in Possession (DIP) financing submitted September 17, 2020 to the United States District Court for the Southern District of New York. The Court issued an order setting December 18, 2020 as the general deadline by which LATAM's creditors can present proof of claim, except for certain litigants in Brazil, who can present proof of claim through February 5, 2021. The judge also extended the period during which LATAM has the exclusive right to present a reorganization plan to January 29, 2021 On January 27, 2021, the Court approved the extension for the period for exclusively filing the reorganization plan until June 30, 2021. Currently, various hearings have been held, the process is in force.	-0-

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
LATAM Airlines Group S.A.	2° Juzgado Civil de Santiago	C-8553-2020	Request for recognition of the foreign reorganization proceeding.	On June 1, 2020, LATAM Airlines Group SA, in its capacity as foreign representative of the reorganization procedure under the rules of Chapter 11 of Title 11 of the United States Code, filed the request for recognition of the foreign reorganization proceeding as the main proceeding, pursuant to Law 20,720. On June 4, 2020, the Court issued the ruling recognizing in Chile the bankruptcy proceeding for the foreign reorganization of the company LATAM Airlines Group S.A. All remedies filed against the decision have been dismissed, so the decision is final. Currently the proceeding remains open.	-0-
Aerovías de Integración Regional S.A.	Superintendencia de Sociedades	-	Request for recognition of the foreign reorganization proceeding.	On June 12, 2020, the Superintendency of Companies recognized in Colombia the reorganization proceeding filed before the Bankruptcy Court of the United States of America for the Southern District of New York as a main process, under the terms of Title III of Law 1116 of 2006. On October 2, 2020, the Companies Commission of Colombia acknowledged the decision adopted September 18, 2020, by the United States District Court for the Southern District of New York that approved the Debtor in Possession financing proposal submitted by LATAM Airlines Group S.A. and the companies that voluntarily petitioned for Chapter 11, including the Colombian companies.	-0-

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
LATAM Airlines Perú S.A	INDECOPI	-	Request for a preventive bankruptcy process.	On May 27, 2020, LATAM Airlines Peru submitted a request for a preventive bankruptcy process before the Indecopi of Peru and is awaiting admission.	-0-
LATAM Finance Limited	Grand Court of the Cayman Islands	-	Request for a provisional bankruptcy process.	On May 26, 2020, LATAM Finance Limited submitted a request for a provisional liquidation, covered in the reorganization proceeding filed before the Bankruptcy Court of the United States of America, which was accepted on May 27, 2020 by the Grand Court of the Cayman Islands. Currently the proceeding remains open.	-0-
Peuco Finance Limited	Grand Court of the Cayman Islands	-	Request for a provisional bankruptcy process.	On May 26, 2020, Peuco Finance Limited submitted a request for a provisional liquidation, covered in the reorganization proceeding filed before the Bankruptcy Court of the United States of America, which was accepted on May 27, 2020 by the Grand Court of the Cayman Islands. Currently the proceeding remains open.	-0-
Piquero Leasing Limited	Grand Court of the Cayman Islands	-	Request for a provisional bankruptcy process.	On July 07, 2020, Piquero Leasing Limited submitted a request for a provisional liquidation, covered in the reorganization proceeding filed before the Bankruptcy Court of the United States of America, which was accepted on July 10, 2020, by the Grand Court of the Cayman Islands. Currently the proceeding remains open.	-0-
Peuco Finance Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On September 28, 2020, Peuco Finance Limited filed a petition to suspend the liquidation. On October 9, 2020, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. The lawsuit continues to be active.	-0-
LATAM Finance Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On September 28, 2020, LATAM Finance Limited filed a petition to suspend the liquidation. On October 9, 2020, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. The lawsuit continues to be active.	-0-

2) Lawsuits received by LATAM Airlines Group S.A. and Subsidiaries.

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
LATAM Airlines Group S.A. y Lan Cargo S.A.	European Commission.		Investigation of alleged infringements to free competition of cargo airlines, especially fuel surcharge. On December 26th, 2007, the General Directorate for Competition of the European Commission notified Lan Cargo S.A. and LATAM Airlines Group S.A. the instruction process against twenty five cargo airlines, including Lan Cargo S.A., for alleged breaches of competition in the air cargo market in Europe, especially the alleged fixed fuel surcharge and freight.	On April 14th, 2008, the notification of the European Commission was replied. The appeal was filed on January 24, 2011. On May 11, 2015, we attended a hearing at which we petitioned for the vacation of the Decision based on discrepancies in the Decision between the operating section, which mentions four infringements (depending on the routes involved) but refers to Lan in only one of those four routes; and the ruling section (which mentions one single conjoint infraction). On November 9th, 2010, the General Directorate for Competition of the European Commission notified Lan Cargo S.A. and LATAM Airlines Group S.A. the imposition of a fine in the amount of THUS$10,072 (8.220.000 Euros) This fine is being appealed by Lan Cargo S.A. and LATAM Airlines Group S.A. On December 16, 2015, the European Court of Justice revoked the Commission's decision because of discrepancies. The European Commission did not appeal the decision, but presented a new one on March 17, 2017 reiterating the imposition of the same fine on the eleven original airlines. The fine totals 776,465,000 Euros. It imposed the same fine as before on Lan Cargo and its parent, LATAM Airlines Group S.A., totaling 8.2 million Euros. On May 31, 2017 Lan Cargo S.A. and LATAM Airlines Group S.A. filed a petition with the General Court of the European Union seeking vacation of this decision. We presented our defense in December 2017. On July 12, 2019, we attended a hearing before the European Court of Justice to confirm our petition for vacation of judgment or otherwise, a reduction in the amount of the fine. LATAM AIRLINES GROUP, S.A. expects that the ruling by the General Court of the European Union may reduce the amount of this fine. On December 17, 2020, the European Commission submitted proof of claim for the total amount of the fine (KUS$10,072 or €8,220,000) to the New York Court hearing the Chapter 11 procedure petitioned by LATAM Airlines Group, S.A. and LAN Cargo, S.A. in May 2020.	10,072

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
Lan Cargo S.A. y LATAM Airlines Group S.A.	In the High Court of Justice Chancery División (England) Ovre Romerike District Court (Norway) y Directie Juridische Zaken Afdeling Ceveil Recht (Netherlands), Cologne Regional Court (Landgerich Köln Germany).		Lawsuits filed against European airlines by users of freight services in private lawsuits as a result of the investigation into alleged breaches of competition of cargo airlines, especially fuel surcharge. Lan Cargo S.A. and LATAM Airlines Group S.A., have been sued in court proceedings directly and/or in third party, based in England, Norway, the Netherlands and Germany.	Cases are in the uncovering evidence stage. In the case in England, mediation was held with nearly all the airlines involved in the aim of attempting to reach an agreement. It began in September, and LATAM Airlines Group S.A. reached an agreement for approximately GBP 636,000. A settlement was signed in December 2018 and payment was made in January 2019. This lawsuit ended for all plaintiffs in the class action, except for one who signed a settlement for approximately GBP 222,469.63 in December 2019. The payment was made in January 2020 and concluded the entire lawsuit in England. The amount remains undetermined for the lawsuits in the remaining countries (Norway, the Netherlands and Germany). In the case of Germany, the suspension of the case has been requested, relying on the financial reorganization procedure requested by LATAM Airlines Group, S.A. and LAN CARGO, S.A. in the United States (Chapter 11) in May 2020. The German Court has not yet ruled on this request. DB Barnsdale AG; British Airways; KLM; Martinair; Air France; Lufthansa; Lufthansa Cargo and Swiss Air filed a claim with the U.S. Bankruptcy Court before the deadline that creditors had to present their Chapter 11 claims, which must be processed accordingly.	-0-
Aerolinhas Brasileiras S.A.	Federal Justice.	0008285-53.2015.403.6105	An action seeking to quash a decision and petioning for early protection in order to obgain a revocation of the penalty imposed by the Brazilian Competition Authority (CADE) in the investigation of cargo airlines alleged fair trade violations, in particular the fuel surcharge.	This action was filed by presenting a guaranty – policy – in order to suspend the effects of the CADE's decision regarding the payment of the following fines: (i) ABSA: ThUS$10,438; (ii) Norberto Jochmann: ThUS$201; (iii) Hernan Merino: ThUS$ 102; (iv) Felipe Meyer:ThUS$ 102. The action also deals with the affirmative obligation required by the CADE consisting of the duty to publish the condemnation in a widely circulating newspaper. This obligation had also been stayed by the court of federal justice in this process. Awaiting CADE's statement. ABSA began a judicial review in search of an additional reduction in the fine amount. The Judge's decision was published on March 12, 2019, and we filed an appeal against it on March 13, 2019	8,353
Aerolinhas Brasileiras S.A.	Federal Justice.	0001872-58.2014.4.03.6105	An annulment action with a motion for preliminary injunction, was filed on 28/02/2014, in order to cancel tax debts of PIS, CONFINS, IPI and II, connected with the administrative process 10831.005704/2006.43.	We have been waiting since August 21, 2015 for a statement by Serasa on TAM's letter of indemnity and a statement by the Union. The statement was authenticated on January 29, 2016. A new insurance policy was submitted on March 30, 2016 with the change to the guarantee requested by PGFN. On 05/20/2016 the process was sent to PGFN, which was manifested on 06/03/2016. The Decision denied the company's request in the lawsuit. The court (TRF3) made a decision to eliminate part of the debt and keep the other part (already owed by the Company, but which it has to pay only at the end of the process: KUS$3,283– R$17,063,902.35). We must await a decision on the Treasury appeal.	8,875

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
Tam Linhas Aéreas S.A.	Court of the Second Region.	2001.51.01.012530-0	Ordinary judicial action brought for the purpose of declaring the nonexistence of legal relationship obligating the company to collect the Air Fund.	Unfavorable court decision in first instance. Currently expecting the ruling on the appeal filed by the company. In order to suspend chargeability of Tax Credit a Guaranty Deposit to the Court was delivered for R$ 260.223.373,10-original amount in 2012/2013, which currently equals THUS$63,256. The court decision requesting that the Expert make all clarifications requested by the parties in a period of 30 days was published on March 29, 2016. The plaintiffs' submitted a petition on June 21, 2016 requesting acceptance of the opinion of their consultant and an urgent ruling on the dispute. No amount additional to the deposit that has already been made is required if this case is lost.	68,821
Tam Linhas Aéreas S.A.	Internal Revenue Service of Brazil.	10880.725950/2011-05	Compensation credits of the Social Integration Program (PIS) and Contribution for Social Security Financing (COFINS) Declared on DCOMPs.	The objection (manifestação de inconformidade) filed by the company was rejected, which is why the voluntary appeal was filed. The case was assigned to the 1st Ordinary Group of Brazil's Administrative Council of Tax Appeals (CARF) on June 8, 2015. TAM's appeal was included in the CARF session held August 25, 2016. An agreement that converted the proceedings into a formal case was published on October 7, 2016. The amount has been reduced after some set-offs were approved by the Department of Federal Revenue of Brazil.	20,732

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
Aerovías de Integración Regional, AIRES S.A.	United States Court of Appeals for the Eleventh Circuit, Florida, U.S.A. 45th Civil Court of the Bogota Circuit in Colombia.	2013-20319 CA 01	The July 30th, 2012 Aerovías de Integración Regional, Aires S.A. (LATAM AIRLINES COLOMBIA) initiated a legal process in Colombia against Regional One INC and Volvo Aero Services LLC, to declare that these companies are civilly liable for moral and material damages caused to LATAM AIRLINES COLOMBIA arising from breach of contractual obligations of the aircraft HK-4107. The June 20th, 2013 AIRES SA And / Or LATAM AIRLINES COLOMBIA was notified of the lawsuit filed in U.S. for Regional One INC and Dash 224 LLC for damages caused by the aircraft HK-4107 arguing failure of LATAM AIRLINES GROUP S.A. customs duty to obtain import declaration when the aircraft in April 2010 entered Colombia for maintenance required by Regional One.	Colombia. This case is being heard by the 45th Civil Court of the Bogota Circuit in Colombia. Statements were taken from witnesses presented by REGIONAL ONE and VAS on February 12, 2018. The court received the expert opinions requested by REGIONAL ONE and VAS and given their petition, it asked the experts to expand upon their opinions. It also changed the experts requested by LATAM AIRLINES COLOMBIA. The case was brought before the Court on September 10, 2018 and these rulings are pending processing so that a new hearing can be scheduled. On October 31, 2018, the judge postponed the deadline for the parties to answer the objection because of a serious error brought to light by VAS regarding the translation submitted by the expert. The process has been in the judge's chambers since March 11, 2019 to decide on replacing the damage estimation expert as requested by LATAM AIRLINES COLOMBIA. The one previously appointed did not take office. A petition has also been made by VAS objecting to the translation of the documents in English into Spanish due to serious mistakes, which was served to the parties in October 2018. The 45th Civil Circuit Court issued an order on August 13, 2019 that did not decide on the pending matters but rather voided all actions since September 14, 2018 and ordered the case to be referred to the 46th Civil Circuit Court according to article 121 of the General Code of Procedure. Said article says that court decisions must be rendered in no more than one (1) year as from the service of the court order admitting the claim. If that period expires without any ruling being issued, the Judge will automatically forfeit competence over the proceedings and must give the Administrative Room of the Superior Council of the Judiciary notice of that fact the next day, in addition to referring the case file to the next sitting judge in line, who will have competence and will issue a ruling in no more than 6 months. The case was sent to the 46th Civil Circuit Court on September 4, 2019, which claims that there was a competence conflict and then sent the case to the Superior Court of Bogotá to decide which court, the 45th or 46th, had to continue with the case. The Court decided that 45th Civil Circuit Court should continue with the case, so this Court on 01/15/2020 has reactivated the procedural process ordering the transfer to the parties of the objection presented by VAS for serious error of the translation to Spanish of documents provided in English. On 02/24/2020 it declares that the parties did not rule on the objection presented by VAS and requires the plaintiff to submit an expert opinion of damages corresponding to the claims of the lawsuit through its channel. Since 03/16/20 a suspension of terms is filed in Courts due to the pandemic. Judicial terms were reactivated on July 1, 2020. On September 18, 2020, an expert opinion on damages was submitted that had been requested by the Court. The Court ordered service of the ruling to the parties on December 12, 2020. Florida. On June 4, 2019, the State Court of Florida allowed REGIONAL ONE to add a new claim against LATAM AIRLINES COLOMBIA for default on a verbal contract. Given the new claim, LATAM AIRLINES COLOMBIA petitioned that the Court postpone the trial to August 2019 to have the time to investigate the facts alleged by REGIONAL ONE to prove a verbal contract. The facts discovery phase continued, including the verbal statements of the experts of both sides, which have been taking place since March 2020. Given the Covid-19 pandemic and the suspension of trials in the County of Miami-Dade, the Court canceled the trial scheduled for June 2020. In addition, the claims against Aires have been suspended given the request for reorganization filed by LATAM AIRLINES GROUP SA and some of its subsidiaries, including Aires, on May 26, 2020, under Chapter 11 of the United States Bankruptcy Code. Dash and Regional One filed a claim with the U.S. Bankruptcy Court in December 2020 before the deadline that creditors had to present their Chapter 11 claims, which must be processed accordingly.	12,443

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
Tam Linhas Aéreas S.A.	Internal Revenue Service of Brazil	10880.722.355/2014-52	On August 19th, 2014 the Federal Tax Service issued a notice of violation stating that compensation credits Program (PIS) and the Contribution for the Financing of Social Security COFINS by TAM are not directly related to the activity of air transport.	An administrative objection was filed on September 17th, 2014. A first-instance ruling was rendered on June 1, 2016 that was partially favorable. The separate fine was revoked. A voluntary appeal was filed on June 30, 2016, which is pending a decision by CARF. On September 9, 2016, the case was referred to the Second Division, Fourth Chamber, of the Third Section of the Administrative Council of Tax Appeals (CARF). In September 2019, the Court rejected the appeal of the Hacienda Nacional. Hacienda Nacional filed a complaint that was denied by the Court.	52,024
TAM Linhas Aéreas S.A.	Sao Paulo Labor Court, Sao Paulo	1001531-73.2016.5.02.0710	The Ministry of Labor filed an action seeking that the company adapt the ergonomics and comfort of seats.	In August 2016, the Ministry of Labor filed a new lawsuit before the competent Labor Court in Sao Paulo, in the same terms as case 0000009-45.2016.5.02.090, as previously reported, the hearing date is set for October 22, 2018. We were served the decision completely dismissing the claim in March 2019, against which the plaintiff has filed an appeal. We are now awaiting the hearing by the Court of Appeals.	15,260
TAM Linhas Aéreas S.A.	Ministerio de Trabajo	0001734-78.2014.5.02.0045	This action was filed by the Ministry of Labor seeking compliance with the laws on rest time, overtime and similar issues. It is before the São Paulo Labor Court.	Initial stage. It could potentially impact operations and control of employees' working hours. The case was won at the trial court level, but the Public Prosecutor appealed that decision, which failed at the appellate court level. The Prosecutor then filed a motion requesting clarification that he later withdrew. He proposed taking it as far as the supreme court, but he did not go through with it. The Prosecutor has filed a remedy internally that is pending a decision by the Labor Supreme Court (TST).	18,243
LATAM Airlines Group S.A.	22° Civil Court of Santiago	C-29.945-2016	The Company received notice of a civil liability claim by Inversiones Ranco Tres S.A. on January 18, 2017. It is represented by Mr. Jorge Enrique Said Yarur. It was filed against LATAM Airlines Group S.A. for an alleged contractual default by the Company and against Ramon Eblen Kadiz, Jorge Awad Mehech, Juan Jose Cueto Plaza, Enrique Cueto Plaza and Ignacio Cueto Plaza, directors and officers, for alleged breaches of their duties. In the case of Juan Jose Cueto Plaza, Enrique Cueto Plaza and Ignacio Cueto Plaza, it alleges a breach, as controllers of the Company, of their duties under the incorporation agreement. LATAM has retained legal counsel specializing in this area to defend it.	The claim was answered on March 22, 2017 and the plaintiff filed its replication on April 4, 2017. LATAM filed its rejoinder on April 13, 2017, which concluded the argument stage of the lawsuit. A reconciliation hearing was held on May 2, 2017, but the parties did not reach an agreement. The Court issued the evidentiary decree on May 12, 2017. We filed a petition for reconsideration because we disagreed with certain points of evidence. That petition was partially sustained by the Court on June 27, 2017. The evidentiary stage commenced and then concluded on July 20, 2017. Observations to the evidence must now be presented. That period expires August 1, 2017. We filed our observations to the evidence on August 1, 2017. We were served the decision on December 13, 2017 that dismissed the claim since LATAM was in no way liable. The plaintiff filed an appeal on December 26, 2017. Arguments were pled before the Santiago Court of Appeals on April 23, 2019, and on April 30, 2019, this Court confirmed the ruling of the trial court absolving LATAM. The losing party was ordered to pay costs in both cases. On May 18, 2019, Inversiones Ranco Tres S.A. filed a remedy of vacation of judgment based on technicalities and on substance against the Appellate Court decision. The Appellate Court admitted both appeals on May 29, 2019 and the appeals are pending a hearing by the Supreme Court.	18,646

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
TAM Linhas Aéreas S.A.	10th Jurisdiction of Federal Tax Enforcement of Sao Paulo	0061196-68.2016.4.03.6182	Tax Enforcement Lien No. 0020869-47.2017.4.03.6182 on Profit-Based Social Contributions from 2004 to 2007.	This tax enforcement was referred to the 10th Federal Jurisdiction on February 16, 2017. A petition reporting our request to submit collateral was recorded on April 18, 2017. At this time, the period is pending for the plaintiff to respond to our petition. The bond was replaced. We are waiting for the evidentiary period to begin.	31,392
TAM Linhas Aéreas S.A.	Department of Federal Revenue of Brazil	5002912.29.2019.4.03.6100	A lawsuit disputing the debit in the administrative proceeding 16643.000085/2009-47, reported in previous notes, consisting of a notice demanding recovery of the Income and Social Assessment Tax on the net profit (SCL) resulting from the itemization of royalties and use of the TAM trademark	The lawsuit was assigned on February 28, 2019. A decision was rendered on March 1, 2019 stating that no guarantee was required. Actualmente, debemos esperar la decisión final. On 04/06/2020 TAM Linhas Aéreas S.A. had a favorable decision (sentence). The National Treasury can appeal. Today, we await the final decision.	8,862
TAM Linhas Aéreas S.A	Delegacía de Receita Federal	10611.720630/2017-16	This is an administrative claim about a fine for the incorrectness of an import declaration.	The administrative defensive arguments were presented September 28, 2017. The Court dismissed the Company's appeal in August 2019. Then on September 17, 2019, Company filed a special appeal (CRSF (Higher Tax Appeals Chamber)) that is pending a decision.	16,204
TAM Linhas Aéreas S.A	Delegacía de Receita Federal	10611.720852/2016-58	An improper charge of the Contribution for the Financing of Social Security (COFINS) on an import	We are currently awaiting a decision. There is no predictable decision date because it depends on the court of the government agency.	11,598
TAM Linhas Aéreas S.A	Delegacía de Receita Federal	16692.721.933/2017-80	The Internal Revenue Service of Brazil issued a notice of violation because TAM applied for credits offsetting the contributions for the Social Integration Program (PIS) and the Social Security Funding Contribution (COFINS) that do not bear a direct relationship to air transport (Referring to 2012).	An administrative defense was presented on May 29, 2018.	24,926
SNEA (Sindicato Nacional das empresas aeroviárias)	União Federal	0012177-54.2016.4.01.3400	A claim against the 72% increase in airport control fees (TAT-ADR) and approach control fees (TAT-APP) charged by the Airspace Control Department ("DECEA").	A decision is now pending on the appeal presented by SNEA.	58,919
TAM Linhas Aéreas S/A	União Federal	2001.51.01.020420-0	TAM and other airlines filed a recourse claim seeking a finding that there is no legal or tax basis to be released from collecting the Additional Airport Fee ("ATAERO").	A decision by the superior court is pending. The amount is indeterminate because even though TAM is the plaintiff, if the ruling is against it, it could be ordered to pay a fee.	-0-
TAM Linhas Aéreas S/A	Delegacia da Receita Federal	10880-900.424/2018-07	This is a claim for a negative Legal Entity Income Tax (IRPJ) balance for the 2014 calendar year (2015 fiscal year) because set-offs were not allowed.	The administrative defensive arguments were presented March 19, 2018. An administrative decision is now pending.	13,667
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	19515-720.823/2018-11	An administrative claim to collect alleged differences in SAT payments for the periods 11/2013 to 12/2017.	A defense was presented on November 28, 2018. The Court dismissed the Company's appeal in August 2019. Then on September 17, 2019, Company filed a voluntary appeal (CRSF (Administrative Tax Appeals Board)) that is pending a decision.	95,878

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938832/2013-19	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the second quarter of 2011, which were determined to be in the non-cumulative system	An administrative defense was argued on March 19, 2019. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	12,815
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938834/2013-16	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the third quarter of 2011, which were determined to be in the non-cumulative system.	An administrative defense was argued on March 19, 2019. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	9,370
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938837/2013-41	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the fourth quarter of 2011, which were determined to be in the non-cumulative system.	An administrative defense was argued on March 19, 2019. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	12,556
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	10880.938838/2013-96	The decision denied the reallocation petition and did not equate the Social Security Tax (COFINS) credit declarations for the first quarter of 2012, which were determined to be in the non-cumulative system.	We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	8,665
TAM Linhas Aéreas S/A	Department of Federal Revenue of Brazil	0012541-56.2016.5.03.0144	A class action in which the Union is petitioning that TAM be ordered to make payment of the correct calculation of Sundays and holidays.	A hearing was set for December 17, 2019. On 04/30/2020, we were notified of the unfavorable court ruling in the first instance, filing an appeal. The Court of Appeals confirmed the trial court's decision.	12,272
LATAM Airlines Argentina	Commercial Trial Court No. 15 of Buenos Aires.	11479/2012	Proconsumer and Rafaella Cabrera filed a claim citing discriminating fees charged to foreign users as compared to domestic users for services retained in Argentina.	The trial court judge dismissed Mrs. Cabrera's claim on March 7, 2019 and sustained the motion of lack of standing entered by Proconsumer. The ruling was appealed by the plaintiff on April 8, 2019 and will be decided by Room D.	-0-
LATAM Airlines Group Argentina, Brasil, Perú, Ecuador, y TAM Mercosur.	Commercial and Civil Trial Court No. 11 of Buenos Aires.	1408/2017	Consumidores Libres Coop. Ltda. filed this claim on March 14, 2017 regarding a provision of services. It petitioned for the reimbursement of certain fees or the difference in fees charged for passengers who purchased a ticket in the last 10 years but did not use it.	Federal Commercial and Civil Trial Court No. 11 in the city of Buenos Aires. After two years of arguments on jurisdiction and competence, the claim was assigned to this court and an answer was filed on March 19, 2019	-0-
TAM Linhas Aéreas S.A	Department of Federal Revenue of Brazil	10.880.938842/2013-54	The decision denied the petition for reassignment and did not equate the CONFINS credit statements for the third quarter of 2012 that had been determined to be in the non-accumulative system.	We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	9,169
TAM Linhas Aéreas S.A	Department of Federal Revenue of Brazil	10.880.93844/2013-43	The decision denied the petition for reassignment and did not equate the CONFINS credit statements for the third quarter of 2012 that had been determined to be in the non-accumulative system.	We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	8,655
TAM Linhas Aéreas S.A	Department of Federal Revenue of Brazil	10880.938841/2013-18	The decision denied the petition for reassignment and did not equate the CONFINS credit statements for the second quarter of 2012 that had been determined to be in the non-accumulative system.	We presented our administrative defense. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	8,189

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
TAM Linhas Aéreas S.A	Receita Federal de Brasil	10840.727719/2019-71	Collection of PIS / COFINS tax for the period of 2014.	We presented our administrative defense on January 11, 2020. The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	33,551
Latam-Airlines Ecuador S.A.	Tribunal Distrital de lo Fiscal	17509-2014-0088	An audit of the 2006 Income Tax Return that disallowed fuel expenses, fees and other items because the necessary support was not provided, according to Management.	On August 6, 2018, the District Tax Claims Court rendered a decision denying the request for a refund of a mistaken payment. An appeal seeking vacation of this judgment by the Court was filed on September 5th and we are awaiting a decision by the Appellate judges. As of December 31, 2018, the lawyers believe that the probability of recovering this amount has fallen by 30% to 40%, so the provision was increased to $8.7 million. We have applied IFRIC 23 as of 12/31/19 because of the percentage loss (more than 50%), and we have recorded the entire provision in the income tax item.	12,505
Latam Airlines Group S.A.	Southern District of Florida. United States District Court	19cv23965	A lawsuit filed by Jose Ramon Lopez Regueiro against American Airlines Inc. and Latam Airlines Group S.A. seeking an indemnity for damages caused by the commercial use of the Jose Marti International Airport in Cuba that he says were repaired and reconditioned by his family before the change in government in 1959.	Latam Airlines Group S.A. was served this claim on September 27, 2019. LATAM Airlines Group filed a motion to dismiss on November 26, 2019. In response, a motion to suspend discovery was filed on December 23, 2019 while the Court was deciding on the motion to dismiss. On April 6, 2020 the Court issued a Temporary Suspension Order given the inability to proceed with the case on a regular basis as a result of the indefinite duration and restrictions of the global pandemic. The parties must notify the Court monthly of the possibility of moving forward. The provision is undetermined.	-0-
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910559/2017-91	Compensation non equate by Cofins	It is about the non-approved compensation of Cofins. Administrative defense submitted (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	10,185
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910547/2017-67	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	11,839
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910553/2017-14	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	11,324

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910555/2017-11	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	11,976
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910560/2017-16	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	10,354
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910550/2017-81	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade). The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	12,117
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910549/2017-56	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade)._The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	10,153
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.910557/2017-01	Compensation non equate by Cofins	We presented our administrative defense (Manifestação de Inconformidade)._The Court dismissed the Company's defense in December 2020. The Company filed a voluntary appeal to the Brazilian Administrative Council of Tax Appeals (CARF) that is pending a decision.	9,604
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10840.722712/2020-05	Administrative trial that deals with the collection of PIS/Cofins proportionality (fiscal year 2015).	We presented our administrative defense (Manifestação de Inconformidade). A decision is pending.	26,454
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.978948/2019-86	It is about the non-approved compensation/reimbursement of Cofins for the 4th Quarter of 2015.	TAM filed its administrative defense on July 14, 2020. A decision is pending.	15,114
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.978946/2019-97	It is about the non-approved compensation/reimbursement of Cofins for the 3th Quarter of 2015	TAM filed its administrative defense on July 14, 2020. A decision is pending.	9,159
TAM Linhas Aéreas S.A.	Receita Federal de Brasil	10880.978944/2019-06	It is about the non-approved compensation/reimbursement of Cofins for the 2th Quarter of 2015	TAM filed its administrative defense on July 14, 2020. A decision is pending.	9,723

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS$
Latam Airlines Group S.A	23° Juzgado Civil de Santiago	C-8498-2020	Class Action Lawsuit filed by the National Corporation of Consumers and Users (CONADECUS) against LATAM Airlines Group S.A. for alleged breaches of the Law on Protection of Consumer Rights due to flight cancellations caused by the COVID-19 Pandemic, requesting the nullity of possible abusive clauses, the imposition of fines and compensation for damages in defense of the collective interest of consumers. LATAM has hired specialist lawyers to undertake its defense.	On 06/25/2020 we were notified of the lawsuit. On 04/07/2020 we filed a motion for reversal against the ruling that declared the action filed by CONADECUS admissible, the decision is pending to date. On 07/11/2020 we requested the Court to comply with the suspension of this case, ruled by the 2nd Civil Court of Santiago, in recognition of the foreign reorganization procedure pursuant to Law No. 20,720, for the entire period that said proceeding lasts, a request that was accepted by the Court. CONADECUS filed a remedy of reconsideration and an appeal against this resolution should the remedy of reconsideration be dismissed. The Court dismissed the reconsideration on August 3, 2020, but admitted the appeal. The appeal is currently pending before the Santiago Court of Appeals. The amount at the moment is undetermined. New York Case. Parallel to the lawsuit in Chile, on August 31, 2020, CONADECUS filed on appeal with U.S. Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") because of the automatic suspension imposed by Section 362 of the U.S. Bankruptcy Code that, among other things, prohibits the parties from filing or continuing with claims that involve a preliminary petition against the Borrowers. CONADECUS petitioned (i) for a stay of the automatic suspension to the extent necessary to continue with the class action against LATAM in Chile and (ii) for a joint hearing by the Bankruptcy Court and the Second Civil Court of Santiago in Chile (the "Chile Insolvency Court") to hear the matters relating to the claims of CONADECUS in Chile. On December 18, 2020, the Bankruptcy Court sustained part of CONADECUS's petition, but only to allow it to continue its appeal against the decision by the 23rd Civil Court of Santiago and solely so that the Court of Appeals can decide whether or not a stay is admissible under Chilean insolvency law. On December 31, 2020, CONADECUS petitioned to continue with its appeal against the decision by the 25th Civil Court that approved the reconciliation between AGRECU and LATAM.	-0-
Latam Airlines Group S.A	23° Juzgado Civil de Santiago	C-8903-2020	Class Action Lawsuit filed by AGRECU against LATAM Airlines Group S.A. for alleged breaches of the Law on Protection of Consumer Rights due to flight cancellations caused by the COVID-19 Pandemic, requesting the nullity of possible abusive clauses, the imposition of fines and compensation for damages in defense of the collective interest of consumers. LATAM has hired specialist lawyers to undertake its defense.	On July 7, 2020 we were notified of the lawsuit. We filed our answer to the claim on August 21, 2020. A settlement was reached with AGRECU at that hearing that was approved by the Court on October 5, 2020. On October 7, 2020, the 25th Civil Court confirmed that the decision approving the settlement was final and binding. CONADECUS filed a brief on October 4, 2020 to become a party and oppose the agreement, which was dismissed on October 5, 2020. It petitioned for an official correction on October 8, 2020 and the annulment of all proceedings on October 22, 2020, which were dismissed, costs payable by CONADECUS, on November 16, 2020 and November 20, 2020, respectively. CONADECUS still has appeals pending against these decisions. The amount at the moment is undetermined.	-0-

- In order to deal with any financial obligations arising from legal proceedings in effect at December 31, 2020, whether civil, tax, or labor, LATAM Airlines Group S.A. and Subsidiaries, has made provisions, which are included in Other non-current provisions that are disclosed in Note 21.

- The Company has not disclosed the individual probability of success for each contingency in order to not negatively affect its outcome.

- Considering the returns of aircrafts and engines made through the reorganization process, in accordance with the regulations established in Chapter 11 of Title 11 of the Code of the United States of America, which allows the rejection of some contracts, the counterparties could file claims that, in the case of being admitted by the Court, could result in contingent obligations for the Company, which as of this date are not quantifiable.

(*) The Company has reported the amounts involved only for the lawsuits for which a reliable estimation can be made of the financial impacts and of the possibility of any recovery, pursuant to Paragraph 86 of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

II. Governmental Investigations.

1) On April 6, 2019, LATAM Airlines Group S.A. received notification of the resolution issued by the National Economic Prosecutor's Office (FNE), which begins an investigation into the LATAM Pass frequent passenger program. The last update in the case Role No. 2530-19 leading this investigation corresponds to the response to a trade in May 2019.

2) On July 9, 2019, LATAM Airlines Group S.A. received the resolution issued by the National Economic Prosecutor's Office (FNE), which begins an investigation into the Alliance Agreement between LATAM Airlines Group S.A. and American Airlines INC. The last update in the case Role No. 2565-19 leading this investigation corresponds to a statement on September 11, 2019

3) On July 26, 2019, the National Consumer Service of Chile (SERNAC) issued the Ordinary Resolution No. 12,711 which proposed to initiate a collective voluntary mediation procedure on effectively informing passengers of their rights in cases of cancellation of flights or no show to boarding, as well as the obligation to return the respective boarding fees as provided by art. 133 C of the Aeronautical Code. The Company has voluntarily decided to participate in this proceeding, in which an agreement was reached on March 18, 2020, which implies the return of shipping fees from September 1, 2021, with an initial amount of ThUS$ 5,165, plus ThUS$ 565, as well as information to each passenger who has not flown since March 18, 2020, that their boarding fees are available.

4) On October 15, 2019, LATAM Airlines Group S.A. received the resolution issued by the National Economic Prosecuting Authority (FNE) advising of the start of an investigation into the agreement between LATAM Airlines Group S.A. and Delta Airlines, Inc. The last move in the Case N° 2585-19 leading this investigation corresponds to the response to a trade in February 2021.

5) On February 23, 2021 In the framework of the investigation Rol N ° 2484-18, LATAM Airlines Group SA received Ordinary Official Letter N ° 243 of 2021 issued by the National Economic Prosecutor's Office (FNE), which requests information regarding tariffs of cargo and passengers. In 2018 and 2019, requests for information have been received for complaints associated with the

transport of air cargo, the last activity of which occurred in December 2019. In this new notification, the request for information to the passenger business is extended due to new complaints received by the FNE.

NOTE 32 - COMMITMENTS

(a) Commitments for loans obtained

The Company and its subsidiaries do not have credit agreements that indicate limits to some financial indicators of the Company or the subsidiaries, with the exception of those detailed below:

Regarding the revolving committed credit line (“Revolving Credit Facility”) established with a consortium of twelve banks led by Citibank, with a guarantee of aircraft, engines, spare parts and supplies for a total committed amount of US $ 600 million, it includes restrictions of minimum liquidity, measured at the Consolidated Company level (with a minimum level of US $ 750 million) and individually measured for LATAM Airlines Group S.A. companies and TAM Linhas Aéreas S.A. (with a minimum level of US $ 400 million). Compliance with these restrictions is a prerequisite for using the line; if the line is used, said restrictions must be reported quarterly, and non-compliance with these restrictions will accelerate credit. As of December 31, 2020, this line of credit is fully used.

As of December 31, 2020, the Company is in compliance with all the financial indicators detailed above.

On the other hand, the financing agreements of the Company generally establish clauses regarding changes in the ownership structure and in the controller and disposition of assets (which mainly refers to significant transfers of assets).

Under Section 362 of the Bankruptcy Code, the filing of voluntary bankruptcy petitions by the Debtors automatically stayed most actions against the Debtors, including most actions to collect indebtedness incurred prior to the Petition Date or to exercise control over the Debtors' property.

Accordingly, counterparties are stayed from taking any actions as a result of such purported defaults. Specifically, the financing agreements of the Company generally establish that the filing of bankruptcy or similar proceedings constitute an event of default, which are unenforceable under the Bankruptcy Code. At the date of the issuance of these financial statements, the Company has not received notices of termination of financing arrangements, based on such an event of default.

On September 29, 2020 the company signed the so-called "DIP Financing", which contemplates minimum liquidity restrictions of at least US $ 400 million at a consolidated level.

LATAM's obligations to the lenders of the DIP Financing have a super administrative preference recognized under Chapter 11 of the U.S. Bankruptcy Code with respect to the other liabilities of the company and entities of its corporate group that have filed for Chapter 11 proceedings ("Related Subsidiaries") prior to the commencement of the Chapter 11 proceeding.

In addition, in order to secure the debt under the DIP Financing, LATAM and the Related Subsidiaries granted certain guarantees, including, but not limited to, (i) in-rem guarantees to be granted over certain specified assets, such as spare engines, spare inventory, shares in certain subsidiaries (including, but not limited to, (a) a pledge over the shares owned by LATAM in LAN Cargo S.A., Inversiones Lan S.A., Lan Pax Group S.A., LATAM Travel II S.A., Technical Training Latam S.A. and Holdco I S.A., (b) pledge over the shares owned by LAN Cargo S.A. in Transporte Aéreo S.A., Inversiones Lan S.A., Fast Air Almacenes de Carga S.A. and Lan Cargo Inversiones S.A. and (c) pledge over the shares owned by Inversiones LAN S.A. in LAN Cargo S.A., Transporte Aéreo S.A., Lan Pax Group S.A., Fast Air Almacenes de Carga S.A., LATAM Travel Chile II S.A., Technical Training LATAM S.A. and Lan Cargo Inversiones S.A.), among others, under the laws of the jurisdictions in which they are located, (ii) personal guarantees of the Related Subsidiaries and (iii) a in-rem guarentee of general nature over the assets of LATAM and the Related Subsidiaries other than certain "Excluded Assets" comprising, among other things, the aircraft and the "Carve-Out" including, among other things, certain funds assigned for expenses of the Chapter 11 proceedings.

(b) Other commitments

At December 31, 2020 the Company has existing letters of credit, certificates of deposits and warranty insurance policies as follows:

Creditor Guarantee	Debtor	Type	Value ThUS$	Release date
Superintendencia Nacional de Aduanas y de Administración Tributaria	Latam Airlines Perú S.A.	Twenty six letters of credit	188,524	Jan-20-21
Aena Aeropuertos S.A.	Latam Airlines Group S.A.	Four letters of credit	2,871	Dec-04-21
American Alternative Insurance Corporation	Latam Airlines Group S.A.	Eight letters of credit	4,240	Apr-05-21
Comisión Europea	Latam Airlines Group S.A.	One letter of credit	9,682	Mar-29-21
Empresa Pública de Hidrocarburos del Ecuador EP Petroecuador	Latam Airlines Group S.A.	One letter of credit	1,500	Jun-18-21
Metropolitan Dade County	Latam Airlines Group S.A.	Seven letters of credit	2,463	Apr-09-21
BBVA	Latam Airlines Group S.A.	One letter of credit	4,476	Jan-16-22
JFK International Air Terminal LLC.	Latam Airlines Group S.A.	One letter of credit	2,300	Jan-27-21
Sociedad Concesionaria Pudahuel S.A.	Latam Airlines Group S.A.	Sixteen letters of credit	1,953	Apr-01-21
Servicio Nacional de Aduanas	Latam Airlines Group S.A.	Five letters of credit	2,574	Apr-01-21
Tesorería Nacional de la República	Latam Airlines Group S.A.	Five letters of credit	1,416	Apr-30-21
Procon	Tam Linhas Aéreas S.A.	Eleven insurance policy guarantee	14,972	Apr-01-21
União Federal	Tam Linhas Aéreas S.A.	Six insurance policy guarantee	53,718	Nov-09-21
Procuradoria da Fazenda Nacional	Tam Linhas Aéreas S.A.	One letter of credit	6,060	Aug-10-21
Tribunal de Justição de São Paulo.	Tam Linhas Aéreas S.A.	Two insurance policy guarantee	1,047	Sep-23-24
17a Vara Cível da Comarca da Capital de João Pessoa/PB.	Tam Linhas Aéreas S.A.	An insurance policy guarantee	2,300	Jun-25-23
14ª Vara Federal da Seção Judiciária de Distrito Federal	Tam Linhas Aéreas S.A.	An insurance policy guarantee	1,373	May-29-25
Vara das Execuções Fiscais Estaduais	Tam Linhas Aéreas S.A.	Two insurance policy guarantee	2,722	Jul-05-23
Vara Civel Campinas SP	Tam Linhas Aéreas S.A.	An insurance policy guarantee	1,487	Jun-14-24
JFK International Air Terminal LLC.	Tam Linhas Aéreas S.A.	An letter of credit	1,300	Jan-10-21
7ª Turma do Tribunal Regional Federal da 1ª Região	Tam Linhas Aéreas S.A.	An insurance policy guarantee	41,993	Apr-20-23
Vara de Execuções Fiscais Estaduais da Comarca de São Paulo	Tam Linhas Aéreas S.A.	Three insurance policy guarantee	10,775	Jul-05-23
Bond Safeguard Insurance Company	Tam Linhas Aéreas S.A.	Four insurance policy guarantee	2,700	Jul-14-21
União Federal Fazenda Nacional	Tam Linhas Aéreas S.A.	Four insurance policy guarantee	2,304	Nov-16-25
Unia o Federal	ABSA Linhas Aereas Brasileira S.A.	Four insurance policy guarantee	31,247	Feb-22-21
Vara Federal da Subseção de Campinas SP	ABSA Linhas Aereas Brasileira S.A.	An insurance policy guarantee	1,560	Feb-20-23
Tribunal de Justição de São Paulo.	ABSA Linhas Aereas Brasileira S.A.	Two insurance policy guarantee	5,084	Sep-23-24
7ª Turma do Tribunal Regional Federal da 1ª Região	ABSA Linhas Aereas Brasileira S.A.	An insurance policy guarantee	1,638	May-07-23
			404,279	

Letters of credit related to assets for right of use are included in Note 17 Properties, plants and equipment letter (d) Additional information Properties, plants and equipment, in numeral (i) Properties, plants and equipment delivered in guarantee.

NOTE 33 - TRANSACTIONS WITH RELATED PARTIES

(a) Details of transactions with related parties as follows:

Tax No.	Related party	Nature of relationship with related parties	Country of origin	Nature of related parties transactions	Currency	Transaction amount with related parties As of December 31, 2020	2019
						ThUS$	ThUS$
96.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Related director	Chile	Tickets sales		28	16
				Loans received (*)	CLP	(100,013)	-
				Interest accrued (*)	CLP	(5,700)	-
78.591.370-1	Bethia S.A and subsidiaries	Related director	Chile	Services provided of cargo transport	CLP	-	556
				Services received from National and International Courier	CLP	-	(3)
				Sales commissions	CLP	-	(218)
				Services received advertising	CLP	-	(726)
87.752.000-5	Granja Marina Tornagaleones S.A.	Common shareholder	Chile	Services provided	CLP	13	61
76.335.600-0	Parque de Chile S.A.	Related director	Chile	Tickets sales	CLP	-	9
96.989.370-3	Rio Dulce S.A.	Related director	Chile	Tickets sales	CLP	5	-
Foreign	Patagonia Seafarms INC	Related director	U.S.A	Services provided of cargo transport		40	-
Foreign	TAM Aviação Executiva e Taxi Aéreo S.A.	Common shareholder	Brazil	Services provided			
				Services provided of cargo transport	BRL	13	58
				Services received	BRL	-	2
Foreign	Qatar Airways	Indirect shareholder	Qatar	Services provided by aircraft lease	US$	22,215	39,528
				Interlineal received service	US$	(4,736)	(2,050)
				Interlineal provided service	US$	3,141	3,739
				Services provided of handling	US$	1,246	1,106
				Compensation for early return of aircraft	US$	9,240	-
				Services provided / received others	US$	1,160	996
Foreign	Delta Air Lines, Inc.	Shareholder	U.S.A	Interlineal received service	US$	(4,160)	-
				Interlineal provided service	US$	4,357	-
				Compensation for cancellation of aircraft purchase	US$	62,000	-
				Compensation for cancellation of aircraft purchase	US$	3,310	-
				Compensation for cancellation of aircraft purchase	US$	30	-
Foreign	QA Investments Ltd	Common shareholder	Jersey Channel Islands	(*) Loans received	US$	(125,016)	-
				(*) Interest accrued	US$	(7,125)	-
Foreign	QA Investments 2 Ltd	Common shareholder	Jersey Channel Islands	(*) Loans received	US$	(125,016)	-
				(*) Interest accrued	US$	(7,125)	-
Foreign	Lozuy S.A.	Common shareholder	Uruguay	(*) Loans received	US$	(25,003)	-
				(*) Interest accrued	US$	(1,425)	-

(*) Corresponding to DIP tranche C.
The balances of Accounts receivable and accounts payable to related parties are disclosed in Note 9.
Transactions between related parties have been carried out under market conditions between interested and duly informed parties.

(b) Compensation of key management

The Company has defined for these purposes that key management personnel are the executives who define the Company's policies and macro guidelines and who directly affect the results of the business, considering the levels of Vice-Presidents, Chief Executives and Senior Directors.

	For the year ended December 31,	
	2020	2019
	ThUS$	ThUS$
Remuneration	8,395	13,701
Management fees	257	411
Non-monetary benefits	1,719	1,815
Short-term benefits	13,624	31,124
Long-term benefits	-	8,577
Share-based payments	-	3,296
Termination benefits (*)	4,539	1,428
Total	28,534	60,352

(*) Includes termination benefits ThUS $ 489, related to the reorganization within the framework of Chapter 11 are classified in Note 27, under expenses from restructuring activities.

NOTE 34 - SHARE-BASED PAYMENTS

LP3 compensation plans (2020-2023)

The Company implemented a program for a group of executives, which lasts until March 2023, with a period of enforceability between October 2020 and March 2023, where the collection percentage is annual and cumulative. The methodology is an allocation, of quantity of units, where a goal of the value of the action is set.

The bonus is activated, if the target of the share price defined in each year is met. In case the bonus accumulates, up to the last year, the total bonus is doubled (in case the share price is activated).

This Compensation Plan has not yet been provisioned due to the fact that the action price required for collection is below the initial target.

NOTE 35 - STATEMENT OF CASH FLOWS

(a) The Company has carried out non-monetary transactions mainly related to financial lease and lease liabilities, which are described in Note 19 Other financial liabilities.

(b) Other inflows (outflows) of cash:

	For theyear ended December 31,	
	2020	2019
	ThUS$	ThUS$
Delta Air Lines Inc. compensation (1)	62,000	350,000
Fuel hedge	(46,579)	(9,966)
Hedging margin guarantees	14,962	(21,200)
Currency hedge	-	-
Tax paid on bank transaction	(1,261)	(11,369)
Fuel derivatives premiums	(3,949)	(17,102)
Bank commissions, taxes paid and other	(5,828)	(20,627)
Guarantees	(44,279)	(5,474)
Court deposits	38,527	(22,976)
Total Other inflows (outflows) Operation flow	13,593	241,286
Tax paid on bank transaction	(2,192)	(2,249)
Total Other inflows (outflows) Investment flow	(2,192)	(2,249)
Settlement of derivative contracts	(107,788)	(2,976)
Aircraft Financing advances	-	(55,728)
Total Other inflows (outflows) Financing flow	(107,788)	(58,704)

(c) Dividends:

	For the period ended December 31,	
	2020	2019
	ThUS$	ThUS$
Latam Airlines Group S.A.	-	(54,580)
Multiplus S.A. (*)	-	-
Latam Airlines Perú S.A. (*)	(571)	(536)
Total dividends paid	(571)	(55,116)

(*) Dividends paid to minority shareholders

(d) Reconciliation of liabilities arising from financing activities:

	As of	Cash flows			Non cash-Flow Movements		As of
Obligations with	December 31,	Obtainment	Payment		Interest accrued		December 31,
financial institutions	2019	Capital	Capital	Interest	and others (*)	Reclassifications	2020
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans to exporters	341,475	165,000	(359,000)	(4,140)	8,366	-	151,701
Bank loans	217,255	265,627	(4,870)	(2,397)	49,658	-	525,273
Guaranteed obligations	2,157,327	192,972	(48,576)	(21,163)	(823,984)	(137,720)	1,318,856
Other guaranteed obligations	580,432	1,361,881	(42,721)	(27,744)	67,268	-	1,939,116
Obligation with the public	2,064,934	-	(774)	(55,613)	174,860	-	2,183,407
Financial leases	1,730,843	-	(236,744)	(52,155)	34,837	137,720	1,614,501
Other loans	101,261	-	(101,026)	(1,151)	916	-	-
Lease liability	3,172,157	-	(122,063)	(46,055)	116,967	-	3,121,006
Total Obligations with financial institutions	10,365,684	1,985,480	(915,774)	(210,418)	(371,112)	-	10,853,860

	As of	Cash flows			Non cash-Flow Movements		As of
Obligations with	December 31,	Obtainment	Payment		Interest accrued		December 31,
financial institutions	2018	Capital	Capital	Interest	and others	Reclassifications	2019
	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$	ThUS$
Loans to exporters	400,721	93,000	(145,505)	(12,934)	6,193	-	341,475
Bank loans	222,741	164,095	(165,549)	(11,352)	7,320	-	217,255
Guaranteed obligations	2,534,021	607,797	(282,721)	(93,335)	93,286	(701,721)	2,157,327
Other guaranteed obligations	673,452	-	(92,549)	(28,417)	27,946	-	580,432
Obligation with the public	1,553,079	1,009,836	(487,086)	(144,932)	134,037	-	2,064,934
Financial leases	1,624,854	-	(591,861)	(72,311)	68,440	701,721	1,730,843
Other loans	252,858	27,864	(178,777)	(9,648)	8,964	-	101,261
Lease liability	2,858,049	-	(398,992)	(177,948)	891,048	-	3,172,157
Total Obligations with financial institutions	10,119,775	1,902,592	(2,343,040)	(550,877)	1,237,234	-	10,365,684

(*) Accrued interest and others, includes ThUS$ (891,407), associated with the rejection of fleet contracts. This amount includes ThUS$ (886,895) of Other secured obligations and ThUS$ (4,512) of financial leases.

(e) Advances of aircraft

Below are the cash flows associated with aircraft purchases, which are included in the statement of consolidated cash flow, in the item Purchases of properties, plants and equipment:

	For the year ended December 31,	
	2020	2019
	ThUS$	ThUS$
Increases (payments)	(31,803)	(86,288)
Recoveries	8,157	349,702
Total cash flows	(23,646)	263,414

(f) Additions of property, plant and equipment and Intangibles

	For the year ended At December 31,	
	2020	2019
	ThUS$	ThUS$
Net cash flows from		
Purchases of property, plant and equipment	324,264	1,276,621
Additions associated with maintenance	173,740	453,827
Other additions	150,524	822,794
Purchases of intangible assets	75,433	140,173
Other additions	75,433	140,173

(g) The net effect of the application of hyperinflation in the consolidated cash flow statement for the periods ended December 31 corresponds to:

	For the year ended December 31,	
	2020	2019
	ThUS$	ThUS$
Net cash flows from (used in) operating activities	18,347	118,797
Net cash flows from (used in) investment activities	(13,872)	64,516
Net cash flows from (used in) financing activities	-	(56,866)
Effects of variation in the exchange rate on cash and cash equivalents	(4,475)	(126,447)
Net increase (decrease) in cash and cash equivalents	-	-

NOTE 36 - THE ENVIRONMENT

LATAM Airlines Group S.A is committed to sustainable development seeking to generate social, economic and environmental value for the countries where it operates and for all its stakeholders. The company manages environmental issues at the corporate level, centralized in the Corporate Affairs and Sustainability Management. The company is committed to monitoring and mitigating its impact on the environment in all of its ground and air operations, being a key actor in the solution and search for alternatives to face the challenge of climate change.

Some of the functions of the Corporate Affairs and Sustainability Management in environmental issues, together with the various areas of the company, is to ensure that environmental legal compliance is maintained in all the countries where it is present and in 100% of its operations, to implement and to maintain a corporate environmental management system, to use non-renewable resources such as jet fuel efficiently, to dispose of its waste responsibly, and to develop programs and actions that allow it to reduce its greenhouse gas emissions, seeking to generate environmental, social and economic benefits for the company and its environment.

Within the current sustainability strategy, the environment dimension is called Climate Change, and its objective is for the company to assume a leadership role in the region in this area, for which it works on the following aspects:

i. Implementation of management systems and environmental certifications
ii. Promotion of a circular economy
iii. Measurement and management of the corporate carbon footprint
iv. Emissions Offset Program
v. Development of sustainable alternative fuels and energy
vi. Creation of Shared Value

During 2020, the company worked on updating its sustainability strategy, co-building it with its stakeholders and experts in different topics, which allows it to respond to the new challenges it is facing by being part of the solution, with the objective of to be an asset in the countries where it operates and to generate value for them. This update was made in the midst of the health crisis, with the company convinced that its recovery comes hand in hand with being a leader in the region in sustainability. This strategy will be made public during 2021, once it has been validated by all the actors who participated. At the same time, during 2020, the company worked on the following initiatives:

- Maintenance of the certification of the international standard ISO 14001 in the cargo operation in Miami.
- Maintenance of the stage 2 certifications of the IEnvA environmental management system (IATA Environmental Assessment) whose scope is international flights operated from Chile, the most advanced level of this certification; being the first in the continent and one of six airlines in the world that have this certification
- Maintenance of stage 1 certification of the IEnvA environmental management system (IATA Environmental Assessment) whose scope is the domestic and international operations of Colombia
- Response to the DJSI (Dow Jones Sustainability Index) questionnaire
- Neutralization of domestic air operations in Colombian operations
- Incorporation of 100% electrical energy from renewable sources in the facilities of the maintenance base and the corporate building of operations in Chile
- Implementation of the Recycle Your Trip program, which seeks to manage the waste generated on board domestic flights in Chile.
- Verification of company emissions under the EU-ETS and CORSIA schemes.
- Strengthening of the Solidarity Plane program.

It is highlighted that LATAM Airlines Group, during 2020, had an excellent performance in the sustainability evaluation of the Dow Jones Sustainability Index, the best in its history. However, the company was delisted from the different indices (World, MILA and Chile), for being in Chapter 11.

NOTE 37 - EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS

(1) On January 28, 2021, the United States Southern District Court of New York issued an order extending the exclusive period of the debtors', to present a reorganization plan within Chapter 11 until June 30, 2021 and extending until August 23, 2021, the period to obtain acceptances of said plan.

(2) On January 29, 2021, in accordance with the applicable Chapter 11 procedures, the Debtors were authorized to reject 2 A320 family aircraft registered under IFRS 16 as right-of-use assets.

(3) On February 3, 2021, authorities of the state of Sao Paulo at the petition of the federal district authorities requested at the offices of the subsidiary Latam Airlines Brasil, financial and accounting information relative to two suppliers referring to the period 2012-2014, which was provided by that company, collaborating with the procedure.

(4) On February 24, 2021 LATAM and Delta Air Lines received from the Administrative Council for Economic Defense (CADE) in Brazil the unrestricted approval of their commercial agreement ("Trans-American Joint Venture Agreement" or "JVA"), then of initial approval in September 2020.

After December 31, 2020 and until the date of issuance of these financial statements, there is no knowledge of other events of a financial or other nature, which significantly affect the balances or interpretation thereof.

The consolidated financial statements of LATAM Airlines Group S.A. and Subsidiaries as of December 31, 2020, have been approved in the Ordinary Board Session of March 9, 2021.

Affiliates and subsidiaries

LATAM AIRLINES GROUP S.A

Name: LATAM Airlines Group S.A., R.U.T. 89.862.200-2

Professional Airline Services Inc.

Incorporation: It was established as a limited liability company via a public deed dated December 30, 1983 before Notary Eduardo Avello Arellano; an excerpt of this deed is recorded in the Santiago Commerce Registry on page 20,341 number 11,248 of the year 1983, and published in the Official Gazette on December 31, 1983.

Pursuant to the public deed dated August 20, 1985, granted by Notary Miguel Garay Figueroa's Office, the company became a joint-stock corporation known as Línea Aérea Nacional Chile S.A. (nowadays, LATAM Airlines Group S.A.) which, by express rendering of Law N° 18,400, has the quality of legal follower of the state-owned company created in the year 1929 under the name Línea Aérea Nacional de Chile, pursuant to the aeronautical and radio communications concessions, traffic rights, and other administrative concessions.

LAN Chile S.A.'s Extraoridnary Shareholders' Meeting agreed on July 23, 2004 to change the company's name to "LAN Airlines S.A." An excerpt of the deed to which the Minutes of said Meeting referred was recorded in the Real Estate Registry of the Registry of Commerce on page 25,128 number 18,764 of the year 2004 and published in the Official Gazette on August 21, 2004. The effective date for the name change was September 8, 2004.

LAN Airlines S.A.'s Extraordinary Shareholders' meeting held on December 21, 2011 agreed to change the company's name to "LATAM Airlines Group S.A." An excerpt of the deed to which the Minutes of said Meeting referred was recorded in the Real Estate Registry of the Registry of Commerce on page 4,238 number 2,921 of the year 2012 and published in the Official Gazette on January 14, 2012. The effective date for the name change was June 22, 2012.

LATAM Airlines Group S.A. is ruled by the regulation applicable to open stock companies, and registered to this effect under Nº 0306, dated January 22, 1987, in the Securities Register of the Superintendency of Securities and Insurance (SVS).

Note: A summary of the subsidiaries' Financial Statements is presented herein. The full information is available to the public in our offices and at the CMF.

TAM S.A. AND AFFILIATES

Incorporation: Joint Stock Corporation established in Brazil in May, 1997.

Purpose: To participate as shareholder in other companies, particularly those operating scheduled air transport services on a national and international level, as well as activities connected, related, and complementary to scheduled air transport.

Paid-in Capital: THUS$907,532
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.61318%

Chairperson:
Jerome Paul Jacques Cadier

Management team:
Jerome Paul Jacques Cadier – CEO
Felipe Ignacio Pumarino Mendoza– CFO
Euzébio Angelotti Neto – Director without specific designation
Jefferson Cestari – Director without specific designation

TAM S.A. AFFILIATE COMPANIES

TAM Linhas Aéreas S.A.

Individualization: Joint Stock Corporation established in Brazil in February, 1998.

Purpose: (a) The operation of regular air transport services for passengers, cargo or suitcases, in accordance with current legislation; (b) Operation of complementary activities of air transport services for the transport of passengers, cargo, and suitcases; (c) Rendering of maintenance and repair of own or third-party aircraft, engines, and spare parts; (d) The rendering of aircraft hangar services; (e) rendering of yard and runway services, rendering of the person in charge of aircraft on-board cleaning; (f) Rendering of engineering services, technical assistance and other activities related to the aeronautical industry; (g) conducting instruction and training, related to aeronautical activities; (h) analysis and development of programs and systems; (i) purchase and sale of aeronautical parts, accessories and equipment; (j) development and implementation of other connected activities, related or complementary to air transport, in addition to those expressly listed above; (k) import and export of finished lubricating oil; and (l) provision of banking correspondent services; (e) storage and deposit of all types of products, solids, liquids and gases on behalf of third parties.

Paid-in Capital: THUS$907,532
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.61318%

Chairperson:
Jerome Paul Jacques Cadier

Management team:
Jerome Paul Jacques Cadier – CEO
Felipe Ignacio Pumarino Mendoza – Financial Director
Euzébio Angelotti Neto – Director without specific designation
Jefferson Cestari – Board member without specific designation

ABSA: Aerolinhas Brasileiras S.A.

Individualization: Joint Stock Corporation established in Brazil in August 1995.

Purpose: (a) The operation of regular domestic and international air transport services for passengers, cargo and postal services, in accordance with current legislation; (b) operation of ancillary air transport activities, such as aircraft care, cleaning, and towing, cargo monitoring, operational flight clearance, check-in and check-out, and other services provided for in its own legislation; (c) commercial and operational leasing, as well as aircraft transportation; (d) operation of maintenance and marketing services for aircraft parts and equipment; and (e) development and implementation of other connected activities, related or complementary to air transport, in addition to those expressly listed above.

Paid-in Capital: THUS$9,755
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.0%

Chairperson:
Jerome Paul Jacques Cadier

Management team:
Jerome Paul Jacques Cadier – CEO
Diogo Abadio – Director without specific designation
Felipe Ignacio Pumarino Mendoza – Financial Director
Jefferson Cestari – Director without specific designation

Transportes Aereos del Mercosur S.A.

Individualization: Joint Stock Corporation established in Paraguay.

Purpose: It has a broad corporate purpose that includes aeronautical, commercial, tourist, service, financial, representation, and investment activities, with a focus on scheduled and charter, domestic and international, aeronautical transportation activities for people, objects, and/or correspondence, among others, as well as commercial and maintenance and technical assistance services for all types of aircraft, equipment, accessories, and material for airworthiness, among others.

Paid-in Capital: THUS$7,867
Stake in 2020: 94.98%
YOY variation: 0.00%
% of Holding assets: 0.08621%

Chairperson:
Enrique Alcaide Hidalgo

Board members:
Chief Executive: Enrique Alcaide Hidalgo
Permanent Member: Esteban Burt
Permanent Member: Diego Martínez
Alternate member: Augusto Sanabria Benítez

Managers:
Enrique Alcaide Hidalgo
Esteban Burt Artaza
Diego Martinez
Enzo Pangrazio Martinez Luis Galeano

Fidelidade Viagens e Turismo S.A.

Individualization: Joint Stock Corporation established in Brazil in December 2013.

Purpose: (i) dedication to the activities of private and non-private travel and tourism agencies, provided for in current tourist legislation; and (ii) administration and operation of tourist activities for events and leisure.

Paid-in Capital: THUS$29,379
Participación 2019: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.10315%

Management team:
Jerome Paul Jacques Cadier – CEO
Felipe Ignacio Pumarino Mendoza – Financial Director
Jefferson Cestari – Director without specific designation
Euzébio Angelotti Neto – Director without specific designation

Corsair Participações S.A.

Individualization: Joint Stock Corporation established in Brazil in January 2011.

Purpose: (i) Participation in other civil or commercial companies, as a shareholder or creditor; and (ii) The administration of own assets.

Paid-in Capital: THUS$37
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.00240%

Chairperson:
Carlos Eduardo Prado

Management team:
Carlos Eduardo Prado – CEO
Euzébio Angelotti Neto – Director

TP Franchising Ltda.

Individualization: Limited Liability Company established in Brazil in August 2004.

Purpose: (a) to award franchises; (b) to temporarily award its franchisees, free of charge or for a fee, the right to use its brands, systems, knowledge, methods, patents, actuation technology, and any other rights, stakes, or assets, movable or immovable, tangible or intangible, owned by the Company, as present or future owner or licensee, for the development, implementation, operation, or management of the franchises that it may grant; (c) to develop any and all necessary activities to ensure, insofar as possible, the ongoing maintenance and perfecting of the actuation patterns of its franchise network; (d) to develop implementation, operation, and management models for its franchise network and their transfer to the franchisees; and (e) the distribution, sale, and marketing of airfares and related products, as well as any related or accessory business to its main objective, while also able to participate in other companies as partner or shareholder, either in Brazil or abroad, or in consortiums, as well as to carry out its own projects, or form partnerships with third parties in their projects, even to obtain tax benefits, pursuant to current legislation.

Paid-in Capital: THUS$6
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.00543%

Managers:
Jerome Paul Jacques Cadier
Jefferson Cestari
Euzébio Angelotti Neto

LAN CARGO S.A. AND AFFILIATES

Incorporation: Established as a private limited company via the public deed dated May 22, 1970, before Notary Sergio Rodriguez Garces, its incorporation was materialized through the contribution of assets and liabilities from company Linea Aerea del Cobre Limitada (Ladeco Limitada), established on September 3, 1958, before Notary Jaime Garcia Palazuelos.

By public deed dated November 20, 1998, and whose extract was registered on page 30,091 number 24,117 of the Santiago Trade Register and published in the Official Journal dated December 3, 1998, Ladeco S.A. was merged by incorporation into the subsidiary of LAN Chile S.A. called Fast Air Carrier S.A.

In the public deed dated October 22, 2001, wherein the Minutes from the Extraordinary Shareholders' Meeting of Ladeco S.A. held on the same date were recorded, the company's name was changed to "LAN Chile Cargo S.A." An excerpt of said deed was recorded in the Real Estate Registry of the Santiago Registry of Commerce on page 27,746 number 22,624 of the year 2001, and published in the Official Gazette on November 5, 2001. The name change became effective as of December 10, 2001.

In the public deed dated August 23, 2004, wherein the Minutes from the Extraordinary Shareholders' Meeting of LAN Chile Cargo S.A. held on August 17, 2004 were recorded, the company's name was changed to "LAN Cargo S.A. An excerpt of said deed was recorded in the Real Estate Registry of the Santiago Registry of Commerce on page 26,994 number 20,082 of the year 2004 and published in the Official Gazette on August 30, 2004.

The company has undergone various reforms, the latest of which is recorded in the public deed dated March 20, 2018 before Santiago Notary Patricio Raby Benavente, and recorded on page 28810, N° 15276 of the Santiago Trade Register for the year 2018, and published in the Official Gazette on September 2, 2018, by virtue of which the number of board members was reduced.

Purpose: To perform and develop, either on its own behalf or for third parties, the following: general transportation in any form and, specifically, air transport of passengers, cargo, and correspondence, within the country and abroad; tourism, lodging, and other related activities, in any form, within the country and abroad; purchase, sale, manufacture and/or integration, maintenance, leasing, or any other form of use, be it on its own behalf or for third parties, of airplanes, spare parts, and aeronautical equipment, and their operation for any given purpose; provide all sorts of services and counseling related to transportation in general and, specifically, to air transportation in any of its forms, be it ground support, maintenance, technical assistance, or any other type, within the country and abroad, and all sorts of services and activities related to tourism, lodging, and other abovementioned activities and goods, within the country and abroad. In order to meet the abovementioned goals, the Company may perform investments or participate as partner in other companies, either by purchasing stocks or rights or stakes in any other type of corporation, be it an already established one or one created in the future, and overall, perform all acts and enter all contracts necessary and relevant to the purposes described.

Paid-in Capital: THUS$346,140
Profit for the period: THUS$(268,450)
Stake in 2020: 99.898%
YOY variation: 0.00%
% of Holding assets: 3.69330%

Chairperson:
Andrés Bianchi Urdinola

Management team:
Andrés Bianchi Urdinola (LATAM executive)
Ramiro Alfonsin Balza (LATAM executive)
Andres Del Valle Eitel (LATAM executive)

General Manager:
Andrés Bianchi Urdinola (LATAM executive)

LAN CARGO S.A. AFFILIATE COMPANIES

Fast Air Almacenes de Carga S.A.

Individualization: Joint Stock Corporation established in Chile.

Purpose: To operate or manage the warehouses or storage facilities of customs deposits, where any type of good or merchandise can be stored until its withdrawal, for imports, exports, or other customs destination, pursuant to the terms stated within the Customs Ordinance, its rules, and other corresponding regulation.

Paid-in Capital: THUS$6,741
Stake in 2020: 99.89%
YOY variation: 0.00%
% of Holding assets: 0.05467%

Board members:
Ramiro Alfonsín Balza (LATAM executive)
Andrés Bianchi Urdinola (LATAM executive)
Roberto Alvo Milosawiewitsch (LATAM executive)

General Manager:
Javier Andrés Durán Fernández (LATAM executive)

Prime Airport Services Inc. and affiliate

Individualization: Corporation established in the United States.

Purpose: To operate or manage the warehouses or storage facilities of customs deposits, where any type of good or merchandise can be stored until its withdrawal, for imports, exports, or other customs destination, pursuant to the terms stated within the Customs Ordinance, its rules, and other corresponding regulation.

Paid-in Capital: THUS$2
Stake in 2020: 99.971%
YOY variation: 0.00%
% of Holding assets: 0.0%

Board members:
Andrés Bianchi Urdinola (LATAM Executive)

LAN Cargo Overseas Limited and affiliates

Individualization: Limited Liability Company established in Bahamas.

Purpose: To participate in any act or activity that is not expressly forbidden by any existing law in Bahamas.

Paid-in Capital: THUS$263,057
Stake in 2020: 99.98%
YOY variation: 0.00%
% of Holding assets: 1.30396%

Board members:
Joaquin Arias
Jorge Marin

Transporte Aéreo S.A.

Individualization: Joint Stock Corporation established in Chile.

Purpose: To participate in any act or activity that is not expressly forbidden by any existing law in Bahamas.

Paid-in Capital: THUS$32,469
Stake in 2020: 87.126%
YOY variation: 0.00%
% of Holding assets: 1.26838%

Board Members:
Andrés Del Valle Eitel (LATAM Executive)
Ramiro Alfonsín Balza (LATAM Executive)
Roberto Alvo Milosawlewitsch (LATAM Executive)

General Manager:
José Tomás Covarrubias Cervero (LATAM executive)

LAN Cargo Inversiones S.A. and affiliate

Individualization: Joint Stock Corporation established in Chile.

Purpose: a) to trade in air transportation, in any of its forms, be it of passengers, correspondence, and/or cargo, and anything related directly or indirectly to said activity within the country or abroad, on its own behalf or for third parties; b) to provide services releated to the maintenance and repair of own and third-party aircraft; c) to market and perform activities related to travel, tourism, and lodging; d) to make and/or participate in all types of investments, both in Chile and abroad, in matters directly or indirectly related to aeronautical issues and/or to any of the other corporate purposes; and e) to carry out and operate all other activities derived from the corporate purpose and/or related, connected, contributory, or complementary activities thereof.

Paid-in Capital: THUS$147
Stake in 2020: 99.00%
YOY variation: 0.00%
% of Holding assets: 0.94033%

Board Members:
Andrés Bianchi Urdinola Plaza (LATAM executive)
Ramiro Alfonsín Balza (LATAM executive)
Roberto Alvo Milosawlewitsch (LATAM executive)

General Manager:
Andrés del Valle Eitel (LATAM executive)

Connecta Corporation

Individualization: Corporation established in the United States.

Purpose: Ownership, operating leasing, and subleasing of aircraft.

Paid-in Capital: THUS$1
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.25934%

General Manager:
Andrés Bianchi Urdinola

Línea Aérea Carguera de Colombia S.A. (a subsidiary of LAN Cargo Inversiones)

Individualization: Joint Stock Corporation established in Colombia.

Purpose: To provide public, commercial cargo, and correspondence air transportation within the Republic of Colombia and from and to Colombia. As a secondary corporate purpose, the company can offer maintenance services to itself and to third parties; run its operations school and provide theoretical and practical instruction services, as well as tranining for its own and third-party aeronautical personnel in the various modes and specialties; import spare parts and replacements related to aeronautical activities, for itself and for third parties; provide airport services to third parties; represent or broker national and foreign air transport companies for passengers or cargo, and in general, companies that provide services to the aeronautical sector.

Paid-in Capital: THUS$796
Stake in 2020: 81.31%
YOY variation: 0.00%
% of Holding assets: 1.07710%

Board members:
Jorge Nicolas Cortazar Cardoso (permanent member)
Jose Mauricio Rodríguez Munera (permanent member)
Jaime Antonio Gongora Esguerra (permanent member)
Andrés Bianchi Urdinola (alternate Member)
Santiago Alvarez Matamoros (permanent member)
Helen Victoria Warner Sanchez (alternate member)

Management:
Jaime Antonio Gongora Esguerra
(permanent legal representative)
Erika Zarante Bahamon
(alternate legal representative)

Mas Investment Limited (a subsidiary of LAN Overseas Limited)

Individualization: Limited Liability Company established in Bahamas.

Purpose: To perform all activities that are not expressly forbidden by Bahaman law, and specifically, to hold stakes in other LATAM affiliates.

Paid-in Capital: THUS$1,446
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.14633%

Board members:
Andres Del Valle

Inversiones Aéreas S.A. (a subsidiary of Mas Investmet Limited)

Individualization: Joint Stock Corporation established in Peru.

Purpose: To devote itself to all types of investments, mainly to those related to air transport and related activities and to any other activity that the Shareholders' Meeting so defines.

Paid-in Capital: THUS$263.430
Stake in 2020: 66.43%
YOY variation: 0.00%
% of Holding assets: 1.17001%

Chairperson:
Antonio Olortegui Marky

Board Members:
Antonio Olortegui Marky
Andrés Enrique del Valle Eitel
Ramiro Diego Alfonsín Balza

General Manager:
Antonio Olortegui Marky

Americonsult S.A de C.V.

Individualization: Variable Capital Corporation established in Mexico.

Purpose: To provide and receive all manner of technical, administrative, or counseling services for industrial, commercial, and service companies; Promote, organize, manage, supervise, provide, and direct personnel training courses; Perform all types of studies, plans, projects, and research; Engage the necessary professional and technical personnel.

Paid-in Capital: THUS$5
Stake in 2020: 99.80%
YOY variation: 0.00%
% of Holding assets: 0.00000%

Management:
Diana Olivares
Eduardo Opazo
Francisco José Sánchez González
Raúl Moreno González

Americonsult de Guatemala S.A. (a subsidiary of Americonsul S.A de C.V)

Individualization: Joint Stock Corporation established in Guatemala.

Purpose: Powers to represent, broker, negotiate, and market; Carry out all types of commercial and industrial activities; All manner of trade in general. Broad purpose that allows for all manner of operations within the country.

Paid-in Capital: THUS$76
Stake in 2020: 99.13%
YOY variation: 0.00%
% of Holding assets: 0.00056%

Chairperson:
Luis Ignacio Sierra Arriola

Board members:
Carlos Fernando Pellecer Valenzuela

Management:
Carlos Fernando Pellecer Valenzuela

Americonsult de Costa Rica S.A. (a subsidiary of Americonsul S.A de C.V)

Incorporation: Joint Stock Corporation established in Costa Rica.

Purpose: General trade; industry, agriculture, and livestock.

Paid-in Capital: THUS$20
Stake in 2020: 99.80%
YOY variation: 0.00%
% of Holding assets: 0.00744%

Management:
Luis Ignacio Sierra Arriola
Luis Miguel Renguel López
Tomás Nassar Pérez
Marjorie Hernández Valverde.
Alejandro Fernández Espinoza (treasurer)

LATAM AIRLINES PERÚ S.A.

Constitución: Joint Stock Corporation established in Peru on February 20, 1997.

Purpose: Provide air transportation services for passengers, cargo, and correspondence, both nationally and internationally, pursuant to current civil aeronautical legislation.

Paid-in Capital: THUS$349,341
Resultado del ejercicio: THUS$(175,485)
Stake in 2020: 99.81%
YOY variation: 0.00%
% of Holding assets: 0.0%

Chairperson:
Cesar Emilio Rodríguez Larraín Salinas

Management team:
César Emilio Rodríguez Larraín Salinas
Ignacio Cueto Plaza (LATAM executive)
Enrique Cueto Plaza (LATAM executive)
Jorge Harten Costa
Andrés Rodríguez Larraín Miró Quesada
Emilio Rodríguez Larraín Miró Quesada
Roberto Alejandro Alvo Milosawlewitsch (LATAM executive)

General Manager:
Manuel Van Oordt

LAN INVERSIONES S.A.

Incorporation: Established as a private limited company through the Public Deed dated January 23, 1990 before Notary Humberto Quezada M., recorded in the Santiago Commerce Registry on page 3,462 N° 1,833 of the year 1990, and published in the Official Gazette on February 2, 1990.

Purpose: Perform investments in all manner of goods, be they movable or immovable, tangible or intangible. Moreover, the Company may establish other types of companies of any sort; acquire rights in already existing corporations, manage, modify, and settle them.

Paid-in Capital: THUS$458
Resultado del ejercicio: THUS$50
Stake in 2020: 100.00%
YOY variation: 0.0%
% of Holding assets: 0.00849%

Chairperson:
Enrique Cueto Plaza (LATAM executive)
Ramiro Alfonsín Balza (LATAM executive)
Roberto Alvo Milosawlewitsch (LATAM executive)

General Manager:
Gregorio Bekes (LATAM executive)

LATAM TRAVEL CHILE II S.A.

Individualization: Joint Stock Corporation established in Chile.

Purpose: Operation, management, and representation of national or foreign companies or businesses in the lodging, shipping, air, and tourism activities in general; brokerage of tourist services, such as: (a) booking seats and selling tickets for all types of national transportation, (b) booking, acquisition, and sale of lodging and tourism services, and tickets to all types of entertainment, museums, monuments, and protected areas in the country, (c) organization, promotion, and sale of tourist packages, understood as the group of tourist services (food, transportation, lodging, etc.), adjusted or projected at the client's behest, at a preset price, to be operated in national territory, (d) air, land, sea, and river tourist transportation within the national territory; (e) leasing and charter of planes, ships, buses, trains, and other forms of transportation for the provision of tourist services; (f) any other activity directly or indirectly related to the provision of the abovementioned services; (g) everything related directly or indirectly to the rendering of the services mentioned above.

Paid-in Capital: THUS$10
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.0%

Board Members:
Andrés del Valle Eitel (LATAM executive)
Roberto Alvo Milosawlewitsch (LATAM executive)
Ramiro Alfonsin Balza (LATAM executive)

General Manager:
Federico Helman (LATAM executive)

LATAM TRAVEL S.R.L.

Incorporation: Limited Liability Company established in Bolivia.

Purpose: Operation, management, and representation of national or foreign companies or businesses in the lodging, shipping, air, and tourism activities in general.

Paid-in Capital: THUS$0
Participación 2019: 99.00%
YOY variation: 0.00%
% of Holding assets: (0.00011%)

Management team:
Julio Quintanilla Quiroga
Sergio Antelmo

LAN PAX GROUP S.A. AND AFFILIATES

Incorporation: Established as a private limited company through the Public Deed dated September 27, 2001 before Santiago Notary Patricio Zaldivar Mackenna, recorded in the Santiago Commerce Registry on page 25,636 N° 20,794 on October 4, 2001, and published in the Official Gazette on October 6, 2001.

Purpose: Perform investments in all manner of goods, be they movable or immovable, tangible or intangible. Within its line of business, the Company may create other types of companies of any sort; acquire rights in already existing corporations, manage, modify, and settle them. Overall, it may acquire and sell all manner of goods and operate them, on its own behalf or for third parties, as well as perform all manner of acts and enter into all manner of contracts conducive to its goals. Exercise the development and operation of all other activities derived from and/or related, connected, contributory, or complementary to the company's corporate purpose.

Paid-in Capital: THUS$4,550
Resultado del ejercicio: THUS$(302,794)
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.00%

Board Members:
Andrés del Valle Eitel (LATAM executive)
Roberto Alvo Milosawlewitsch (LATAM executive)
Ramiro Alfonsin Balza (LATAM executive)

General Manager:
Andrés del Valle Eitel (LATAM executive)

AFFILIATE COMPANIES OF LAN PAX GROUP S.A. AND STAKES

Inversora Cordillera S.A. and affiliates

Individualization: Joint Stock Corporation established in Argentina.

Purpose: To perform investments on its own behalf or for third parties, or related to third parties, in other stock companies, regardless of corporate purpose, established or to be established, within the Argentine Republic or abroad, via acquisition, incorporation, or sale of stakes, shares, quotas, bonds, options, commercial paper, convertible or otherwise, other transferrable securities, or other forms of investment allowed by the applicable regulation at any given moment, either to hold them in its own portfolio, or to sell them partially or in full, as may be the case. For this purpose, the company may carry out all transactions that are not expressly forbidden by law in compliance with its corporate purpose, and it has full legal capacity to acquire rights, contract obligations, and exercise all acts that are not expressly forbidden by law or statute.

Paid-in Capital: THUS$432,827
Stake in 2020: 99.984%
YOY variation: 0.00%
% of Holding assets: 0.19894%

Chairman of the Board: Jorge L. Perez Alati

Board Members:
Jorge L. Perez Alati (Chairman)
Manuel M. Benites (Chairman)
Rosario Altgelt (permanent member)

LATAM Travel S.A.

Individualization: Joint Stock Corporation established in Argentina.

Purpose: To perform on its own behalf or for third parties and/or in partnership with third parties, within the country and/or abroad, the following activities and transactions: A) COMMERCIAL: Carry out, intervene, develop, or design all manner of operations and activities involving the sale of airfare, land, river, and sea tickets, both nationally and abroad, or any other service related to the tourism industry in general. The aforementioned services may be carried out on its own behalf or upon request from third parties, via mandate, commission, the use of systems or methods deemed convenient for said purpose, be they manual, mechanical, electronic, telephone, or internet methods, or any other type or technology that may suit said purpose. The Company may perform ad hoc or related activities to the purpose described, such as purchase and sales, imports, exports, reexport, licensing, and representation of all manner of goods, services, know-how, and technology directly or indirectly related to the purpose described; market, by any means the technology created or whose license or patent it has acquired or manages; develop, distribute, promote, and market all types of content for mass media of any sort. B) TOURIST: Via the performance of all activities related to the tourist and lodging industry, as responsible operator or third-party service operator, or as travel agent. Via the creation of exchange, tourism, excursion, and tour programs; the brokerage and booking and rendering of services through any form of transportation within the country or abroad, and ticket sales; brokerage for hiring lodging services in the country or abroad; booking of hotels, motels, tourist apartments, and other tourist facilities; organization of trips and tourism for individuals or groups, excursions, or similar activities within the country or abroad; reception and assistance for tourists during their trip and stay in the country, provision of tour guide services, and forwarding of these services. C) CONTRACTOR: Via the acceptance, performance, and granting of representations, concessions, commissions, agencies, and mandates in general. D) CONSULTING: Provide consulting, support, and management services on all matters related to the organization, installation, service, development, support, and promotion of companies related to air transportation activities, but not exclusive to said activity, in the management, industrial, commercial, technical, and advertising areas, to be provided, when the nature of the issue so requires, by certified professionals per the corresponding regulation, and the provision of organization and management, care, maintenance, and surveillance services, and of the suitable personnel, especially prepared to carry out said tasks. E) FINANCIAL: Via its participation in other companies already created or to be created, either through the acquisition of shares in established companies, or through the establishment of new companies, via the awarding or securing of credits, loans, cash advances secured or unsecured by collateral o personal guarantee; the awarding of guarantees and sureties in favor of third parties for a fee or free of charge; placement of funds in foreign currency, gold or currencies, or bank deposits of any type. To achieve these purposes, the company has full legal capacity to exercise all acts not expressly forbidden by law or statue, including making borrowings publicly or privately via the issuance of debentures and tradable securities, and performing all manner of financial transactions except those comprised under Law 21,526 and any others requiring a public tender process.

Paid-in Capital: THUS$3,884
Stake in 2020: 95.00%
YOY variation: 0.00%
% of Holding assets: 0.00%

Board members:
Jerónimo F. Cortes

Atlantic Aviation Investments LLC

Individualization: Limited Liability Company established in the United States.

Purpose: Any and all lawful business that the company may undertake.

Paid-in Capital: THUS$1
Stake in 2020: 99.00%
YOY variation: 0.00%
% of Holding assets: 0.07317%

Board Members:
Andrés del Valle Eitel

Management:
Andrés del Valle (LATAM executive)

LATAM Airlines Ecuador S.A.

Individualization: Joint Stock Corporation established in Ecuador.

Purpose: Combined air transport of passengers, cargo, and correspondence.

Paid-in Capital: THUS$18,625
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.05462%

Board members:
Xavier Rivera
Maximiliano Naranjo
Daniel Leng
Professional Counsellor C.I.

CEO:
Maximiliano Naranjo

Holdco Ecuador S.A.

Individualization: Joint Stock Corporation established in Chile.

Purpose: Carry out all manner of investments for profitable purposes pertaining to tangible or intangible, movable or immovable assets, either in Chile or abroad.

Paid-in Capital: THUS$491
Stake in 2020: 54.791%
YOY variation: 0.0%
% of Holding assets: 0.00621%

Board Members:
Antonio Stagg (LATAM executive)
Manuel Van Oordt (LATAM executive)
Mariana Villagómez (LATAM executive)

Board Members:
Ramiro Alfonsin Balza (LATAM executive)

Aerovias de Integración Regional S.A., Aires S.A.

Individualization: Joint Stock Corporation established in Colombia.

Purpose: The company's purpose shall be the operation of commercial, national or international air transport services, in any of their modalities, and therefore, the entering into and execution of contracts for transporting passengers, objects and baggage, mail and cargo in general, in accordance with the operating permits issued by the Special Administrative Unit of Civil Aeronautics, or of the entity that in the future should replace it, adhering fully to the provisions of the Code of Commerce, the Colombian Aeronautical Regulations, and any other regulations governing the matter. Likewise, to provide maintenance and adaptation services for the equipment related to the operation of air transportation services within the country and abroad. In order to fulfill said purpose, the company will be authorized to invest in other national or foreign companies with purposes that are the same, similar, or complementary to the company's. To fulfill its corporate purpose, the company may, among other things: (a) review, inspect, or provide maintenance and/or repairs to its own or third-party aircraft, as well as spare parts and accessories, through the Company's Aeronautical Repair Stations, providing the necessary trainings for said purpose; (b) organize, establish, and invest in commercial transportation companies in Colombia or abroad to perform, industrially or commercially, the economic activity that is its purpose, so the company can acquire, for any purpose, airplanes, spare parts, replacements, and accessories of any kind, necessary for public air transportation, as well as sell them, and to set up and operate stations to repair and give maintenance to the aircraft; (c) enter leasing, charter, code-sharing, service rendering, or any other contracts pertaining to aircraft to exercise its purpose; (d) to operate scheduled air transport lines for passengers, cargo, correspondence, and securities, as well as the vehicle that will make it possible to coordinate the social management; (e) merge with equal, similar, or complementary companies to perform its activity; (f) accept national or foreign representations of services in the same sector or in complementary sectors; (g) acquire movable or immovable assets to develop its corporate purposes, build said facilities or constructions, such as warehouses, deposits, offices, etc., sell, or encumber them; (h) carry out imports and exports, as well as all foreign trade operations required; (i) take money on interest and provide personal, real, and bank guarantees, either on its own behalf or for third parties; (j) participate in all manner of securities transactions, such as purchase or sale of debentures acquired by third parties when resulting in an economic or equity benefit for the company, and obtain loans through bonds or other liability instruments; (l) form partnerships and acquire shares and stakes in already established companies, both national and foreign; make contributions to one and all; (m) merge with other companies and form partnerships with similar companies to ensure provision of air transportation or for other purposes pertaining to the industry; (n) promote, provide technical assistance, finance, or manage companies or associations related to the corporate purpose; (o) carry out all manner of civil or commercial, industrial or financial contracts necessary or convenient to achieve its own purposes; (p) do business and fulfill activities that will ensure the flow of clients, and obtain the necessary authorizations and licenses from the corresponding authorities to provide its services; (q) develop and carry out any other activities resulting from and/or related, connected, contributory, or complementary to the corporate purpose, including the provision of tourist services under any and all forms allowed by law, such as travel agencies; (r) practice any business or legal activity, whether or not related to trade, as long as it is related to its corporate purpose, or that it enables a more rational operation of the public service that it will provide; and (s) make any manner of investments to employ the funds and reserves created pursuant to law or the current bylaws.

Paid-in Capital: THUS$3,389
Stake in 2020: 98.94%
YOY variation: 0.00%
% of Holding assets: 0.00%

Board Members:
Jorge Nicolas Cortazar Cardoso (permanent member)
Jaime Antonio Gongora Esguerra (permanent member)
José Mauricio Rodríguez Munera (permanent member)
Gabriel Vallejo López (alternate member)
Helen Victoria Warner Sanchez (alternate member)
Santiago Alvarez Matamoros (permanent member)

Management:
Erika Zarante Bahamon (permanent legal representative)
Jaime Antonio Gongora Esguerra (alternate legal representative)

LAN Argentina S.A (a subsidiary of Inversora Cordillera S.A.)

Individualization: Joint Stock Corporation established in Argentina.

Purpose: Carry out on its own behalf or for others, independently or associated with third parties in the country or abroad, the following activities: I) AERONAUTICAL: In all its manifestations, scheduled and/or unscheduled (chartered and air taxi) domestic and international air transportation, of persons or objects, post, clearing, works and air services in general, as a public or private concession; operate public services, piloting school and personnel training related to air navigation, design, engineering, research, assembly, manufacturing, import and/or export of all types of aircraft and their parts, equipment, accessories and materials for air navigation, as well as provide maintenance and technical assistance services thereof. II) COMMERCIAL: Thorough purchases, sales, swaps, location, in all its forms, leasing, renting, importing and exporting all types of goods, supplying and transferring aircraft, their parts, components, accessories, materials and inputs, brokerage services in the formalization of insurance covering the risks of contracted services and the performance of all kinds of commercial operations that normally take place at airports. III) TOURISM: Through the creation, development and operation of resorts and properties intended for the accommodation of people, as well as tourist activity in all its forms, including the rental of motor vehicles and tourist reservation systems. IV) SERVICES: Rendering maintenance and technical assistance services on all types of aircraft, equipment, accessories and materials for air navigation, computer reservation services, transport of persons and/or cargo and/or post, by land or water, as an accessory to aeronautical transportation and/or integrating a combined transportation with it, as well as any assistance to aircraft activities, such as the provision of food and/or elements to be used on board. V) MANDATES: Comply with mandates and commissions. VI) FINANCIAL: Carry out any type of financial transactions, in general, excluding those provided for in the Law on Financial Institutions and any others that require public tendering. VII) REPRESENTATIONS: Of national and foreign persons related to activities linked to its corporate purpose. VIII) INVESTOR: Establish and participate in companies through shares, promote their creation, invest in them the necessary capital for such purposes, and render services to them within the limits established. For this purpose, the Company has full legal capacity to acquire rights, obligations, and exercise acts that are not prohibited by law or by these Bylaws.

Paid-in Capital: THUS$446,474
Stake in 2020: 95.00%
YOY variation: 0.00%
% of Holding assets: 0.17691%

Board members:
Manuel Maria Benites
Jorge Luis Perez Alati
Rosario Altgelt

Management:
Manuel María Benites
Jorge Luis Perez Alati
Jerónimo Federico Cortes
Diego Alejandro Potenza
Christian Martin Bevacqua
Javier Norberto Macias
Gregorio Francisco Bekes
Andres del Valle Eitel
Julieta Susana Ventura

TECHNICAL TRAINING LATAM S.A.

Incorporation: Established as a Joint Stock Corporation per the public deed dated December 23, 1997 in Santiago de Chile, and then recorded in the Santiago Commerce Registry on page 878 number 675 of the year 1998.

Purpose: Its corporate purpose is to provide technical training and other types of related services.

Paid-in Capital: THUS$752
Resultado del ejercicio: THUS$60
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0.00994%

Board members:
Sebastián Acuto (LATAM executive)
Ramiro Alfonsín Balza (LATAM executive)
Hernán Pasman (LATAM executive)

General Manager:
Guido Opazo Aneotz (LATAM executive)

JARLETUL S.A.

Incorporation: Joint Stock Corporation established in Uruguay in November 2017.

Purpose: Its corporate purpose is the operation, management, and representation of national or foreign companies or businesses in the lodging, shipping, air, and tourism activities in general.

Paid-in Capital: THUS$0
Resultado del ejercicio: THUS$(332)
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: (0.00%)

Chairperson:
Javier Norberto Macías Raschía

Board members:
Patricia Cáceres Araya

PROFESIONAL AIRLINE SERVICES INC.

Incorporation: Company established in the U.S. on February 1994.

Purpose: Its corporate purpose is airport staffing services.

Paid-in Capital: THUS$63
Resultado del ejercicio: THUS$ 1,156
Stake in 2020: 100.00%
YOY variation: 0.00%
% Sobre activos Matriz: 0.017%

Board members:
Francisco Arana

LATAM FINANCE LIMITED

Constitución: Company established in the Caiman Islands in September 2016.

Purpose: Its purpose is the issuance of secured bonds.

Paid-in Capital: THUS$0
Resultado del ejercicio: THUS$(105,100)
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: (0.00)%

Chairperson:
Not applicable.

Board Members:
Andrés del Valle Eitel
Ramiro Alfonsín Balza
Joaquín Arias Acuña

PEUCO FINANCE LIMITED

Constitución: Joint Stock Corporation established in the Caiman Islands in November 2015.

Purpose: Its purpose is the participation in financing aircraft.

Paid-in Capital: THUS$0
Resultado del ejercicio: THUS$0
Stake in 2020: 100.00%
YOY variation: 0.00%
% of Holding assets: 0%

Chairperson:
Not applicable.

Board Members:
Andrés del Valle Eitel
Joaquín Arias Acuña

AFFILIATES AND SUBSIDIARIES

TAM S.A. AND AFFILIATES
STATEMENT OF FINANCIAL SITUATION

	As at December 2020 MUS$	As at December 2019 MUS$
ASSETS		
Total current assets	1.492.792	2.583.040
Total non-current assets	1.617.263	2.456.199
Total activos	3.110.055	5.039.239

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	2.206.089	2.558.655
Total non-current liabilities	798.846	941.279
Total liabilities	3.004.935	3.499.934
EQUITY		
Equity attributable to the owners of the parent company	104.407	1.537.799
Participations no parent companys	713	1.506
Total Equity	105.120	1.539.305
Total Equity and liabilities	3.110.055	5.039.239

TAM S.A. AND AFFILIATES
CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	1.809.314	5.013.294
Cost of sales	(2.109.529)	(4.093.465)
Gross gain (loss)	(300.215)	919.829
Gain (loss) from operating activities	(847.429)	348.149
Gain (loss) before tax	(831.918)	270.031
Income tax expense	(193.894)	(83.892)
Gain (loss) for the fiscal year	(1.025.812)	186.139
Gain (loss) attributable to the owners of the parent company	(1.025.624)	185.720
Gain (loss) attributable to non-controlling stakes	(188)	419
Gain (loss) for the fiscal year	(1.025.812)	186.139

TAM S.A. AND AFFILIATES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(1.025.812)	186.139
Other components of other comprehensive income, before tax	(570.327)	46.522
Taxes on earnings accrued related to components of other comprehensive income that will not be classified under income for the fiscal year	1.047	(1.390)
Other comprehensive income	(569.280)	45.132
Total comprehensive income	(1.595.092)	231.271
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(1.594.481)	102.515
Comprehensive income attributable to non-controlling stakes	(611)	128.756
TOTAL COMPREHENSIVE INCOME	(1.595.092)	231.271

TAM S.A. AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	1.537.799	1.506	1.539.305
Total comprehensive income	(1.594.481)	(611)	(1.595.092)
Total transactions with shareholders	161.089	(182)	160.907
Final balance current year			
December 31, 2020	104.407	713	105.120

TAM S.A. AND AFFILIATES
CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(367.638)	795.468
Net cash flows used in investment activities	227.469	(328.102)
Net cash flows from (used in) financing activities	134.607	(393.503)
Net increase (decrease) in cash and cash equivalents, before F/X changes	(5.562)	73.863
Effects of F/X variation on cash and cash equivalents	(76.154)	19.517
Net increase (decrease) in cash and cash equivalents	(81.716)	93.380
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	237.468	319.184

LAN CARGO S.A. AND AFFILIATES
STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	788.956	501.870
Total non-current assets	673.874	477.133
Total assets	1.462.830	979.003
LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	811.274	447.569
Total non-current liabilities	133.172	182.829
Total liabilities	944.446	630.398
EQUITY		
Equity attributable to the owners of the parent company	578.004	349.351
non-controlling stakes	(59.620)	(746)
Total Equity	518.384	348.605
Total Equity and liabilities	1.462.830	979.003

LAN CARGO S.A. AND AFFILIATES
CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	532.547	679.204
Cost of sales	(741.113)	(738.243)
Gross gain (loss)	(208.566)	(59.039)
Gain (loss) from operating activities	238.021	14.069
Gain (loss) before tax	(268.048)	14.120
Income tax expense	(402)	(9.910)
Gain (loss) for the fiscal year	(268.450)	4.210
Gain (loss) attributable to the owners of the parent company	(192.820)	4.674
Gain (loss) attributable to non-controlling stakes	(75.630)	(464)
Gain (loss) for the fiscal year	(268.450)	4.210

LAN CARGO S.A. AND AFFILIATES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(268.450)	4.210
Total Other comprehensive income not to be reclassified as income for the fiscal year before tax	(594)	(369)
Total Other comprehensive income to be classified as income for the fiscal year before tax	(347)	265
Other components of other comprehensive income, before tax	(941)	(104)
Taxes on earnings accrued related to components of other comprehensive income that will not be classified under income for the fiscal year	-	100
Other comprehensive income	(941)	(4)
Total comprehensive income	(269.391)	4.206
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(193.601)	4.670
Comprehensive income attributable to non-controlling stakes	(75.630)	(464)
TOTAL COMPREHENSIVE INCOME	(269.231)	4.206

LAN CARGO S.A. AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total Equity MUS$
Equity			
January 1, 2020	349.351	(746)	348.605
Total comprehensive income	(193.601)	(75.630)	(269.231)
Increase (decrease)			
from transfers and other changes	422.254	16.756	439.010
Final balance current year			
December 31, 2020	578.004	(59.620)	518.384

LAN CARGO S.A. AND AFFILIATES

CONSOLIDATED CASH FLOW STATEMENT – DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	27.416	(11.294)
Net cash flows used in investment activities	(20.960)	(3.885)
Net cash flows from (used in) financing activities	(10.166)	(9.232)
Net increase (decrease) cash and cash equivalents, before F/X changes	(3.710)	(24.411)
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	54.607	58.317

LATAM AIRLINES PERÚ S.A.

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	629.910	481.592
Total non-current assets	31.811	37.771
Total assets	661.721	519.363

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	484.450	508.541
Total non-current liabilities	1.648	2.131
Total liabilities	486.098	510.672
EQUITY		
Equity attributable to the owners of the parent company	175.623	8.691
Total Equity	175.623	8.691
Total Equity and liabilities	661.721	519.363

LATAM AIRLINES PERÚ S.A.

CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2019 MUS$	As at December 2019 MUS$
Income from ordinary activities	372.255	1.186.668
Cost of sales	(467.622)	(1.054.610)
Gross gain (loss)	(95.367)	132.058
Gain (loss) from operating activities	(165.263)	(2.816)
Gain (loss) before tax	(171.522)	5.065
Income tax expense	(3.964)	(8.615)
Gain (loss) for the fiscal year	(175.486)	(3.550)
Gain (loss) attributable to the owners of the parent company	(175.486)	(3.550)
Gain (loss) for the fiscal year	(175.486)	(3.550)

LATAM AIRLINES PERÚ S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2019 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(175.486)	(3.550)
Total comprehensive income	(175.486)	(3.550)
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(175.486)	(3.550)
TOTAL COMPREHENSIVE INCOME	(175.486)	(3.550)

LATAM AIRLINES PERÚ S.A.

CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2019 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(263.744)	(30.385)
Net cash flows used in investment activities	(260)	(3.630)
Net cash flows from (used in) financing activities	270.391	34.913
Net increase (decrease) in cash and cash equivalents, before F/X changes	6.387	898
Net increase (decrease) in cash and cash equivalents	6.387	898
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	45.628	39.241

LATAM AIRLINES PERÚ S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2018	8.691	-	8.691
Total comprehensive income	(175.486)	-	(175.486)
Total transactions with shareholders	342.418	-	342.418
Final balance current year			
December 31, 2018	175.623	-	175.623

LATAM AIRLINES PERÚ S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2019	10.103	-	10.103
Total comprehensive income	(3.550)	-	(3.550)
Total transactions with shareholders	2.138		2.138
Final balance current year			
December 31, 2019	8.691	-	8.691

INVERSIONES LAN S.A.
STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	1.336	1.271
Total non-current assets	58	58
Total assets	1.394	1.329
LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	21	5
Total non-current liabilities	44	45
Total liabilities	65	50
EQUITY		
Equity attributable to the owners of the parent company	1.329	1.279
Total Equity	1.329	1.279
Total Equity and liabilities	1.394	1.329

INVERSIONES LAN S.A.
CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	-	-
Cost of sales	-	-
Gross gain (loss)	-	-
Gain (loss) from operating activities	(7)	(8)
Gain (loss) before tax	23	(54)
Income tax expense	27	-
Gain (loss) for the fiscal year	50	(54)
Gain (loss) attributable to the owners of the parent company	50	(54)
Gain (loss) for the fiscal year	50	(54)

INVERSIONES LAN S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	50	(54)
Total other comprehensive income not to be reclassified as income for the fiscal year before tax	-	-
Total Other comprehensive income to be classified as income for the fiscal year before tax	-	-
Other components of other comprehensive income, before tax	-	-
Taxes on earnings accrued related to components of other comprehensive income that will not be classified under income for the fiscal year	-	-
Other comprehensive income	-	-
Total comprehensive income	50	(54)
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	50	(54)
TOTAL COMPREHENSIVE INCOME	50	(54)

INVERSIONES LAN S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	1.279	-	1.279
Total comprehensive income	50	-	50
Final balance current year			
December 31, 2020	1.329	-	1.329

INVERSIONES LAN S.A.
CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	24	(10)
Net cash flows used in investment activities	-	-
Net increase (decrease) cash and cash equivalents, before F/X changes	24	(10)
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	483	459

LATAM TRAVEL S.R.L.
STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	1.128	161
Total assets	1.128	161

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	1.173	138
Total liabilities	1.173	138
EQUITY		
Equity attributable to the owners of the parent company	(45)	23
Total Equity	(45)	23
Total Equity and liabilities	1.128	161

LATAM TRAVEL S.R.L.

CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	11	166
Gross gain (loss)	11	166
Gain (loss) from operating activities	(68)	44
Gain (loss) before tax	(68)	44
Gain (loss) for the fiscal year	(68)	44
Gain (loss) attributable to the owners of the parent company	(68)	44
Gain (loss) for the fiscal year	(68)	44

LATAM TRAVEL S.R.L.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(68)	44
Total comprehensive income	(68)	44
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(68)	44
TOTAL COMPREHENSIVE INCOME	(68)	44

LATAM TRAVEL S.R.L.

CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2019 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(59)	20
Net cash flows used in investment activities	(28)	-
Net increase (decrease) in cash and cash equivalents, before F/X changes	(87)	20
Net increase (decrease) in cash and cash equivalents, before F/X changes	(87)	20
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	(67)	20

LATAM TRAVEL S.R.L.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	23	-	23
Total comprehensive income	(68)	-	(68)
Final balance current year			
December 31, 2020	(45)	-	(45)

LATAM TRAVEL CHILE II S.A.
STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets		
	293	539
Total assets	650	-
	943	539
LIABILITIES AND EQUITY	Al 31 de diciembre de 2020	Al 31 de diciembre de 2019
LIABILITIES	MUS$	MUS$
Total current liabilities	1.625	1.122
	216	99
Total liabilities	1.841	1.221
EQUITY		
Equity attributable to the owners of the parent company	(898)	(682)
Total Equity	(898)	(682)
Total Equity and liabilities	943	539

LATAM TRAVEL CHILE II S.A.
CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	407	-
Cost of sales	(19)	-
Gross gain (loss)	388	-
Gain (loss) from operating activities	(599)	-
Gain (loss) before tax	(599)	(78)
Income tax expense	383	-
Gain (loss) for the fiscal year	(216)	(78)
Gain (loss) attributable to the owners of the parent company	(216)	(78)
Gain (loss) for the fiscal year	(216)	(78)

LATAM TRAVEL CHILE II S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
Gain (loss) for the fiscal year	(216)	(78)
Total comprehensive income	(216)	(78)
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(216)	(78)
TOTAL COMPREHENSIVE INCOME	(216)	(78)

LATAM TRAVEL CHILE II S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	(682)	-	(682)
Total comprehensive income	(216)	-	(216)
Final balance current year			
December 31, 2020	(898)	-	(898)

LATAM TRAVEL CHILE II S.A.
CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	195	316
Net cash flows used in investment activities	(4)	-
Net cash flows from (used in) financing activities	(465)	-
Net increase (decrease) in cash and cash equivalents, before F/X changes	(274)	316
Net increase (decrease) in cash and cash equivalents	(274)	316
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	260	534

LAN PAX GROUP AND AFFILIATES

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	204.062	312.596
Total non-current assets	200.875	320.091
Total assets	404.937	632.687

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	1.415.327	1.280.202
Total non-current liabilities	209.610	207.060
Total liabilities	1.624.937	1.487.262
EQUITY		
Equity attributable to the owners of the parent company	(1.220.319)	(856.611)
Non-controlling stakes	319	2.036
Total Equity	(1.220.000)	(854.575)
Total Equity and liabilities	404.937	632.687

LAN PAX GROUP AND AFFILIATES

CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	187.176	741.308
Cost of sales	(266.110)	(680.034)
Gross gain (loss)	(78.934)	61.274
Gain (loss) from operating activities	(336.276)	(81.751)
Gain (loss) before tax	(260.367)	(10.284)
Income tax expense	(42.427)	(16.267)
Gain (loss) for the fiscal year	(302.794)	(26.551)
Gain (loss) attributable to the owners of the parent company	(291.257)	(26.927)
Gain (loss) attributable to non-controlling stakes	(11.537)	376
Gain (loss) for the fiscal year	(302.794)	(26.551)

LAN PAX GROUP AND AFFILIATES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(302.794)	(26.551)
Other components of other comprehensive income, before tax	(66.845)	(64.586)
Other comprehensive income	(66.845)	(64.586)
Total comprehensive income	(369.639)	(91.137)
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(367.922)	(91.551)
Comprehensive income attributable to non-controlling stakes	(1.717)	414
TOTAL COMPREHENSIVE INCOME	(369.639)	(91.137)

LAN PAX GROUP AND AFFILIATES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	(856.611)	2.036	(854.575)
Total comprehensive income	(367.922)	(1.717)	(369.639)
Increase (decrease) from transfers and other changes	4.214	-	4.214
Final balance current year December 31, 2020	(1.220.319)	319	(1.220.000)

LAN PAX GROUP AND AFFILIATES

CONSOLIDATED CASH FLOW STATEMENT – DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(61.606)	310.838
Net cash flows used in investment activities	(5.607)	(598.000)
Net cash flows from (used in) financing activities	(2.224)	341.767
Net increase (decrease) in cash and cash equivalents, before F/X changes	(69.437)	54.604
Effects of F/X variation on cash and cash equivalents	12.010	(313)
Net increase (decrease) in cash and cash equivalents	(57.427)	54.291
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	61.307	118.734

HOLDCO I S.A.

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	6	6
Total non-current assets	351.593	351.586
Total assets	351.599	351.592

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	2.152	2.040
Total liabilities	2.152	2.040
EQUITY		
Equity attributable to the owners of the parent company	349.441	349.552
Total Equity	349.441	349.552
Total Equity and liabilities	351.593	351.592

HOLDCO I S.A.

CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Gain (loss) from operating activities	-	(4)
Gain (loss) before tax	(111)	159
Income tax expense	-	-
Gain (loss) for the fiscal year	(111)	159
Gain (loss) attributable to the owners of the parent company	(111)	159
Gain (loss) for the fiscal year	(111)	159

HOLDCO I S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(111)	159
Total comprehensive income	(111)	159
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	(111)	159
TOTAL COMPREHENSIVE INCOME	(111)	159

HOLDCO I S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	349.552	-	349.552
Total comprehensive income	(111)	-	(111)
Final balance current year			
December 31, 2018	349.441	-	349.441

HOLDCO I S.A.
CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	-	-
Net increase (decrease) in cash and cash equivalents, before F/X changes	-	-
Net increase (decrease) in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	6	6

TECHNICAL TRAINING LATAM S.A.
STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	1.345.034	1.610.212
Total non-current assets	202.075	170.347
Total assets	1.547.109	1.780.559

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	118.243	358.436
Total non-current liabilities	325.370	445.791
Total liabilities	443.613	804.227
EQUITY		
Equity attributable to the owners of the parent company	1.103.496	976.332
Non-controlling stakes	-	-
Total Equity	1.103.496	976.332
Total Equity and liabilities	1.547.109	1.780.559

TECHNICAL TRAINING LATAM S.A.
CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	698.676	853.443
Cost of sales	(584.594)	(1.005.473)
Gross gain (loss)	114.082	(152.030)
Gain (loss) from operating activities	(128.632)	(150.965)
Gain (loss) before tax	(128.632)	(150.965)
Income tax expense	169.035	(55.375)
Gain (loss) for the fiscal year	40.403	(206.340)
Gain (loss) attributable to the owners of the parent company	40.403	(206.340)
Gain (loss) for the fiscal year	40.403	(206.340)

TECHNICAL TRAINING LATAM S.A.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	40.403	(206.340)
Other components of other comprehensive income, before tax	86.761	(102.111)
Other comprehensive income	86.761	(102.111)
Total comprehensive income	127.164	(308.451)
Comprehensive income attributable to:		
Comprehensive income attributable to the owners of the parent company	127.164	(308.451)
TOTAL COMPREHENSIVE INCOME	127.164	(308.451)

TECHNICAL TRAINING LATAM S.A.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company M$	Non-controlling stakes M$	Total equity M$
Equity			
January 1, 2020	976.332	-	976.332
Total comprehensive income	127.164	-	127.164
Final balance current year			
December 31, 2020	1.103.496	-	1.103.496

TECHNICAL TRAINING LATAM S.A.

CONSOLIDATED CASH FLOW STATEMENT – DIRECT METHOD

	As at December 2020 M$	As at December 2019 M$
Net cash flows from operating activities	(321.544)	422.825
Net increase (decrease) in cash and cash equivalents, before F/X changes	(321.544)	422.825
Effects of F/X variation on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	(321.544)	422.825
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	593.254	914.798

JARLETUL S.A.

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	32	124
Total non-current assets	2	26
Total assets	34	150

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	1.076	860
Total liabilities	1.076	860
EQUITY		
Equity attributable to the owners of the parent company	(1.042)	(710)
Total Equity	(1.042)	(710)
Total Equity and liabilities	34	150

JARLETUL S.A.

CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	-	162
Cost of sales	-	1
Gross gain (loss)	-	163
Gain (loss) from operating activities	(328)	(603)
Gain (loss) before tax	(327)	(603)
Gain (loss) for the fiscal year	(332)	(603)

JARLETUL S.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(332)	(603)
Total comprehensive income	(332)	(603)

JARLETUL S.A.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	(710)	-	(710)
Total comprehensive income	(332)	-	(332)
Final balance current year			
December 31, 2020	(1.042)	-	(1.042)

JARLETUL S.A.

CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(92)	133
Net cash flows used in investment activities	-	(26)
Net increase (decrease) in cash and cash equivalents, before F/X changes	(92)	107
Net increase (decrease) in cash and cash equivalents	(92)	107
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	31	123

PROFESSIONAL AIRLINE SERVICES INC

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	45.512	22.404
Total assets	45.512	22.404

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	42.797	20.845
Total liabilities	42.797	20.845
EQUITY		
Equity attributable to the owners of the parent company	2.715	1.559
Total Equity	2.715	1.559
Total Equity and liabilities	45.512	22.404

PROFESSIONAL AIRLINE SERVICES INC
CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	-	-
Cost of sales	(26.980)	(27.177)
Gross gain (loss)	(26.980)	(27.177)
Gain (loss) from operating activities	1.321	1.198
Gain (loss) before tax	1.321	1.198
Income tax expense	(165)	(102)
Gain (loss) for the fiscal year	1.156	1.096

PROFESSIONAL AIRLINE SERVICES INC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	1.156	1.096
Total comprehensive income	1.156	1.096

PROFESSIONAL AIRLINE SERVICES INC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	1.559	-	1.559
Total comprehensive income	1.156	-	1.156
Final balance current year			
December 31, 2020	2.715	-	2.715

PROFESSIONAL AIRLINE SERVICES INC

CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(1.555)	4
Net increase (decrease) in cash and cash equivalents, before F/X changes	(1.555)	4
Net increase (decrease) in cash and cash equivalents	(1.555)	4
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	90	1.645

LATAM FINANCE LIMITED

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	1.310.735	1.362.762
Total non-current assets	-	-
Total assets	1.310.735	1.362.762

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	82.572	29.419
Total non-current liabilities	1.501.739	1.501.819
Total liabilities	1.584.311	1.531.238
EQUITY		
Equity attributable to the owners of the parent company	(273.576)	(168.476)
Total Equity	(273.576)	(168.476)
Total Equity and liabilities	1.310.735	1.362.762

LATAM FINANCE LIMITED

CONSOLIDATED INCOME STATEMENT BY FUNCTION

	As at December 2020 MUS$	As at December 2019 MUS$
Income from ordinary activities	5	509
Cost of sales	(105.103)	(91.930)
Gross gain (loss)	(105.098)	(91.421)
Gain (loss) from operating activities	(105.100)	(90.736)
Gain (loss) before tax	(105.100)	(90.736)
Gain (loss) for the fiscal year	(105.100)	(90.736)

LATAM FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	As at December 2020 MUS$	As at December 2019 MUS$
GAIN (LOSS) FOR THE FISCAL YEAR	(105.100)	(90.736)
Total comprehensive income	(105.100)	(90.736)

LATAM FINANCE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the parent company MUS$	Non-controlling stakes MUS$	Total equity MUS$
Equity			
January 1, 2020	(168.476)	-	(168.476)
Total comprehensive income	(105.100)	-	(105.100)
Final balance current year			
December 31, 2020	(273.576)	-	(273.576)

LATAM FINANCE LIMITED

CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	996	(2.093)
Net cash flows used in investment activities	51.184	(786.262)
Net cash flows from (used in) financing activities	(52.063)	775.612
Net increase (decrease) in cash and cash equivalents	117	(12.743)
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	117	1.083

PEUCO FINANCE LIMITED

STATEMENT OF FINANCIAL SITUATION

ASSETS	As at December 2020 MUS$	As at December 2019 MUS$
Total current assets	1.307.721	664.458
Total assets	1.307.721	664.458

LIABILITIES AND EQUITY	As at December 2020 MUS$	As at December 2019 MUS$
LIABILITIES		
Total current liabilities	1.307.721	664.458
Total liabilities	1.307.721	664.458
Total Equity and liabilities	1.307.721	664.458

PEUCO FINANCE LIMITED

CONSOLIDATED CASH FLOW STATEMENT - DIRECT METHOD

	As at December 2020 MUS$	As at December 2019 MUS$
Net cash flows from operating activities	(643.263)	(104.392)
Net cash flows used in investment activities	643.263	104.392
Net increase (decrease) in cash and cash equivalents, before F/X changes	-	-
Net increase (decrease) in cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE FISCAL YEAR	-	-

Rationale

Comparative analysis and explanation of main trends:

Consolidated financial statement

At December 31, 2020, the Company's assets totaled ThUS$15,650,090 which, compared to the value at December 31, 2019, represents a ThUS$5,437,716 decrease (25.8%).

The Company's current assets decreased by ThUS$874,690 (21.87%) compared to yearend 2019. The main decreases were seen in the following line items: Commercial debtors and other accounts receivable, current, worth ThUS$644,967 (51.8%), linked to decreased sales during the period; Non-current assets or groups of assets for disposal, classified as held for sale or held for distribution to owners, worth ThUS$209,028 (43.1%), mainly resulting from the net effect of the movements to and from the line item Property, Plant, and Equipment during 2020, corresponding, respectively, to: The ThUS$464,812 decrease due to the cancellation of the purchase by Delta Air Lines Inc. of four Airbus A350 aircraft, and the ThUS$275,000 increase corresponding to the fair value of 11 B767 airplanes. These negative variations are compensated by the net effect between Cash and cash equivalents and Other financial assets, current, worth ThUS$174,008.

The Company's liquidity index shows a decrease from 0.58 times by the end of 2019 to 0.42 times at December 2020, mainly due to a 21.8% decrease in Current assets. Moreover, the quick ratio increased from 0.15 times at yearend 2019 to 0.23 times at the end of 2020.

The Company's Non-current assets decreased by ThUS$4,563,026 (26.7%) compared to 2019. The main decrease comes from the negative variation in Capital gains totaling ThUS$2,209,576, mainly due to the recognition of an impairment loss worth ThUS$1,728,975 resulting from the impairment tests made in the first quarter of 2020, by identifying said impairment resulting from the suspension of most of the passenger air transport operations, due to the protection measures for the population, related to Covid 19, and to the loss from translation adjustment worth ThUS$480,601. Other items of the Non-current asset that show decreases: Property, plant, and equipment for ThUS$2,189,349 (16.9%), whose variation is explained, net, mainly due to the rejection of the fleet by the Chapter 11 process, worth ThUS$1,090,668, the depreciation of the period totaling ThUS$1,137,195, a translation difference of ThUS$188,156, a decrease of ThUS$141,710, linked to the reincorporation of Non-current assets or groups of assets for disposal classified as assets held for sale or held for distribution to owners, due to the cancellation by Delta Air Lines Inc. of the purchase of four Airbus A350 airplanes for ThUS$464,812, and the reclassification of Non-current assets or groups of assets for disposal classified as held for sale or held for distribution to owners of 11 B767 airplanes for ThUS$606,522; Intangible assets other than goodwill worth ThUS$401,682 (27.7%), mainly originated by a conversion adjustment of ThUS$271,700 and ThUS$169,800, corresponding to the amortization of the period, including US$103 million from the new IT programs that will no longer be used, as a result of the implementation of the new digital platform developed to offer simple, agile, and multiplatform interactions to improve customers' digital experience and the internal processes of the Company known as LATAM XP, among other movements in the period; and increase in Assets from deferred taxes totaling ThUS$329,233 (139.8%), mainly generated from the operating losses of LATAM Chile S.A.

At December 31, 2020, the Company's liabilities totaled ThUS$18,092,475 which, compared to the value as at December 31, 2019, represents a ThUS$133,846 increase, equivalent to 0.7%.

The Company's Current liabilities increased by ThUS$530,946 (7.6%) compared to yearend 2019. The main increase is seen in Other financial liabilities, current, totaling ThUS$1,170,070 (62.1%), which are mainly explained by the net effect of the de las capital gains and interest payments made in the year, totaling ThUS$(273,591), the ThUS$472,273 increase in accrued interest, reclassifications from the non-current line item worth ThUS$995,966, and derivatives movement in the year, totaling ThUS$(45,000), which is mainly compensated by the decrease in Other non-financial liabilities, current, worth ThUS$746,430

(26.3%), related to the decrease in sales due to the health contingency.

The indebtedness indicator of the Company's Current liabilities for the period is (3.08). The impact of current Liabilities on total debt increased by 2.65 percentage points, from 38.76% at yearend 2019 to 41.41% at the end of the current period.

The Company's non-current Liabilities decreased by ThUS$397,100 (3.6%), compared to the sum reached by December 31, 2019. The main negative variations are seen in the Other non-current financial liabilities line item totaling ThUS$726,617 (8.5%). This variation is mainly explained by the approval of the motion filed by the Company before the Bankruptcy Court to reject certain aircraft leasing contracts. The rejected contracts included 17 aircrafts financed under the EETC structure totaling US$844.1 million; two aircrafts financed with a financial lease for US$38.8 million, due to the net effect of the capital gains and payments made in the year totaling ThUS$1,132,879, reclassifications from the line item to current position, totaling ThUS$(995,796), and an appraisal effect and other movements in the period for ThUS$(38,027).

The other negative variations are seen in the Liabilities from deferred taxes line item, totaling ThUS$232,523 (37.7%) also linked to the rejection of the fleet and Other non-current non-financial liabilities for ThUS$149,375 (17.5%) explained mainly by the reclassification of balances to current position. This is slightly compensated by the positive variation in Other provisions, non-current, for ThUS$301,956 (105.4%), explained by the net effect between the ThUS$452,078 increase in provisions and the ThUS$47,238 reduction from payments made, conversion adjustments for ThUS$58,654, and a provision reversal of ThUS$25,563; and Accounts payable to related companies, non-current, for ThUS$396,423 due to capital gains.

The indebtedness indicator of the Company's Non-current liabilities for the period is (4.35). The impact of non-current Liabilities on total debt decreased by 2.65 percentage points, from 61.24% at yearend 2019 to 58.59% at December 2020.

The total indebtedness indicator on the Company's Equity at December 2020 is (7.43).

At December 31, 2020, roughly 42% of the debt has a fixed rate or is linked to one of the financial hedging instruments arranged. The average rate on the debt is 5.44%.

The Equity attributable to the owners of the parent company decreased by ThUS$5,566,495 from ThUS$3,130,782 at December 31, 2019 to ThUS$2,435,713 by December 31, 2020. The decreases are seen in the results for the year, attributable to the owners of the parent company, translating into a loss of ThUS$4,545,887, mainly affected by the recognition of a Goodwill impairment and Expenses from restructuring activities, totaling ThUS$1,728975 and ThUS$990,009, respectively; and the Other reserves totaling ThUS$1,020,608, mainly due to the negative effect from a ThUS$900,226 variation in exchange rate conversion reserves, mainly due to the variation in the Brazilian real.

Consolidated income statement

At December 31, 2020, the controller reported a negative result of ThUS$4,545,887, translating into a negative variation of ThUS$4,736,317 compared to the ThUS$190,430 profit from the previous year. Net margin went from 1.8% in 2019 to -104.9% during 2020.

Operating result for 2020 totaled a loss of ThUS$1,665,288 which, compared to the ThUS$741,602 profit as at December 31, 2019, shows a negative variation equivalent to 324.6%, whereas operating margin reached -38.45%,45.5 percentage points below the figures for 2019.

Operating revenues for the twelve months of 2020 decreased by 58.4% compared to 2019, settling at ThUS$4.334.669.This decrease is largely due to a 69.9% drop in Passenger revenues; on the other hand, Cargo revenues and the Other revenues item increased by 13.7% and 13.9%, respectively. The effect of the Brazilian real's depreciation represents lower ordinary revenues worth around US$360 million.

In June 2020, LATAM Airlines Argentina S.A.'s operations were indefinitely suspended, due to the conditions of the local industry, worsened by the Covid-19 pandemic, whereby 12 destinations are no longer operated. By the end of 2019, LATAM Airlines Argentina S.A. reported US$229 million in its individual Operating revenue results.

Passenger revenues totaled ThUS$2,713,774 which, compared to the ThUS$9,005,629 of the twelve months of 2019, represents a 69.9% decrease. This variation is mainly due to the 62.7% drop in capacity measured in ASK, as well as an 18.8% decrease in RASK, as a result of a 7 percentage-point decrease in load factor, together with a 12% drop in yields compared to the previous year. The drop in load factor is explained by the implementation of quarantines, travel restrictions, and lower demand as a result of the Covid-19 outbreak.

At December 31, 2020, Cargo revenues totaled ThUS$1,209,893, which translates into a 13.7% increase from 2019, despite the 12.7% drop in traffic measured in RTK and a 25.9% decline in capacity measured in ATK. Yields increased 30.2%, mainly driven by the change in the competitive scene, due to the Covid-19 crisis. Moreover, passenger plane cabins were refurbished for cargo transportation, and the frequencies and destinations of cargo flights were increased.

The Other income line item shows an increase of ThUS$50,138, mainly due to ThUS$62,000 received as compensation from Delta Air Lines Inc. for the cancellation of four A350 aircrafts and ThUS$9,240 from the anticipated return of planes leased to Qatar Airways, both in the second half of 2020.

At December 31, 2020, Operating costs totaled ThUS$5,999,957 which, compared to 2019, translate into ThUS$3,689,368 lower costs, equivalent to a 38.1% drop, whereas unit cost per ASK increased by 65.8%. Furthermore, the effect of the Brazilian Real's depreciation on this line item translates into lower costs by roughly US$440 million. Item variations are explained as follows:

a) Compensations and benefits decreased by ThUS$832,702 due to the voluntary salary reduction, agreed upon in March, for over 90% of the employees. This resulted in around US$130 million in savings, together with the drop in the average provision and the depreciation of local currencies, particularly the Brazilian real and the Chilean peso.

b) Fuel decreased by 64.3% equivalent to ThUS$1,883,665. This drop is mainly the result of a 22.8% reduction in unhedged prices, and a 53.9% decrease in consumption measured in gallons. During 2020, the company reported a loss of ThUS$14,316 from fuel hedges, compared to the ThUS$23,110 loss from the twelve months of 2019.

c) Commissions report a ThUS$129,974 decrease as a result of the drop in passenger traffic.

d) Depreciation and Amortization declined by ThUS$80,590 at December 31, 2020. This variation is mainly explained by the drop in maintenance depreciation, as a result of the decrease in flight hours of the passenger fleet during the last nine months of 2020.

e) Other Leases and Landing Fees decreased by ThUS$555,854, mainly in airport and handling service fees, impacted by the decreased operation.

f) Passenger Services decreased by ThUS$163,642, translating into a 62.6% variation, mainly explained by a 61,9% reduction in the number of passengers.

g) Maintenance costs increased by ThUS$27,771, equivalent to a 6.2% rise. Despite the decrease in operation, during the last months of 2020, necessary costs were incurred for the preservation of the grounded aircraft. In addition, in the fourth quarter, the values of commitments from scheduled returns of leased aircrafts were updated.

h) Other Operating Costs show a decrease of ThUS$70,712, mainly due to lower crew costs and reservations systems as a result of the decreased operations and demand.

Financial revenues totaled ThUS$50,397 which, compared to the ThUS$26,283 from 2019, translates into higher revenues by ThUS$24,114, mainly due to an increase in interest-earning assets as part of the portfolio that the company uses to manage its cash.

Financial cost decreased by 0.5%, totaling ThUS$586,979 by December 31, 2020. The variation is a result of lower interest rates and a decrease in financial debt compared to the same period of 2019, compensated by the interest recognized during the fourth quarter 2020, linked to the DIP financing.

The Other income/expenses as at December 31, 2020 show a negative result of US$2,903,853. The contingency generated by the Covid-19 outbreak affected the company's impairment tests, hampering the total goodwill, corresponding to a US$1.72 billion loss. Moreover, during the second half of 2020 the costs related to the reorganization were recognized, involving the impact on results from the rejected fleet contracts worth US$269 million, US$291 million in compensation related to the company's restructure, and US$332 million in adjusted value net of the fleet available for sale.

The main line items in the Consolidated Financial Statement of TAM S.A. and Affiliates, which caused a ThUS$480 currency exchange loss at December 31, 2020, are as follows: Other financial liabilities; ThUS$82,634 loss from USD-denominated loans and financial leasing for fleet acquisitions; net accounts receivable and payable to related companies, totaling a profit of THUS$105,037, and net accounts receivable and payable to third parties, totaling a loss of ThUS$18,049. The other net assets and liabilities line items generated a loss of ThUS$4,833.

Analysis and explanation of consolidated net cash flow generated by operation, investment, and financing activities

The Company's cash flow, after the first quarter of 2020, has been affected mainly by the decreased operations of passenger transportation due to the closing of borders and quarantine periods designed to control the Covid-19 pandemic in the countries where the company operates, and due to the filing for voluntary reorganization under Chapter 11 of the US Bankruptcy Code, which has made it possible to protect the Company's liquidity.

Cash Flow from Operating Activities up to December 31, 2020 shows a negative variation of ThUS$3,321,364 compared to the previous year, mainly because of the negative variation nfrom Collections from the sale of goods and services rendered totaling ThUS$6,458,924, Other cash receipts from operation activities totaling ThUS$75,783; taxes on gains refunded (paid) ThUS$20,381, and Other cash income and expenses totaling ThUS$227,693.This is compensated by positive variations on Supplier payments for the supply of goods and Payments to and on behalf of employees, whose positive variations arise from lower payments made totaling ThUS$2,846,536 and ThUS$417,796, respectively, as well as Other payments for operating activities totaling ThUS$197,085.

The negative variation of ThUS$227,693 in Other cash income and expenses, from the Operating Activities Flow, is mainly the result of the net effect between the lower compensation received from Delta Air Lines Inc. worth ThUS$288,000 and the collateral increase worth ThUS$38,805, compensated by the positive variation in legal deposits for ThUS$61,503 linked to recoveries received in Brazil during the second and third quarters of 2020 (legal deposit from TAM Linheas Aéreas S.A for ThUS$38,476); lower payments of interest on financial transactions and others for ThUS$24,907 and the positive variation from transactions with fuel derivatives for ThUS$12,702.

The flow from Investment Activities shows a positive variation of ThUS$1,452,815 over the previous year. The main positive variations are related to the following concepts: The net effect between Other collections from the sale and Other payments to acquire equity or debt instruments from other entities for ThUS$391,380, lower Property, plant, and equipment purchases, and purchases of intangible assets worth ThUS$952,357, and ThUS$64,740, respectively; greater additions of Sums from the sale of property, plant, and equipment for ThUS$25,244 and Interest received for ThUS$19,037.

The Flow from financing Activities shows a positive variation of ThUS$2,464,350 compared to the previous year, which is mainly explained by the positive variations of the following concepts: Payments from changes in the stakes in subsidiaries that do not lead to a loss of control for ThUS$290,880; Sums from loans for ThUS$110,752; Loans from related companies ThUS$373,125 corresponding to a part of Tranche C of the DIP financing, provided by the LATAM shareholders group comprised by the Cueto Group, the Eblen Group, and Qatar Airways, and certain companies related to the latter; Loan payments for ThUS$1,066,743; Interest paid for ThUS$340,459; Payment of liabilities from leases for ThUS$276,930; and Dividends paid for ThUS$54,545 as the minimum dividends corresponding to the shareholders of LATAM Airlines S.A on the profits of 2019 are still outstanding, in compliance with the restrictions imposed by Chapter 11 of the US Bankruptcy code.. The positive variations presented are compensate by the negative variation in Other cash income and expenses for ThUS$49,084.

The positive variations in the Flow of Financing Activities in the line items of Loan payments, Interest paid, and Payment of liabilities from leasing are mainly originated by the suspension of payments on the debts contracted prior to the date of the petition for voluntary reorganization and acceptance of the rejection of leasing or financing contracts of a total of 29 airplanes throughout 2020 by the Bankruptcy Court.

The flows from loans described above include the following events:

a) On February 11, 2019, LATAM Finance Limited, a limited liability company established in the Caiman Islands and exclusively owned by LATAM Airlines Group S.A., issued on the international market, under Standard 144-A and Regulation S of the US Securities Act, unsecured long-term bonds called LATAM 2026 for a notional amount of US$600,000,000 at an annual interest rate of 7.00%. The bonds were placed at an issuance price of 99.309% of their par value. The bonds have biannual interest payments and full capital amortization at maturity, the maturity date being March 1, 2026. As was announced to the market, the goal of the issuance and placement was for general corporate financing purposes.

b) On June 6, 2019, LATAM Airlines Group S.A. issued on the local market (Santiago Stock Exchange) unsecured long-term bonds called Series E (BLATM-E), corresponding to the first series of bonds charged to the facility registered in the Registry of the Financial Market Commission ("CMF", for its Spanish acronym), under N° 921 dated November 26, 2018, for a total of UF9,000,000.

The total sum issued was UF5,000,000 at an annual coupon rate of 3.60% with biannual interest payments and maturing on April 15, 2029. The placement rate was 2.73%, equivalent to ThUS$215,093.

Of the funds raised through the placement, 50% were destined to refinancing liabilities, 30% to financing investments, and 20% for general corporate purposes.

c) On July 11, 2019, LATAM Finance Limited, a limited liability company established in the Caiman Islands and exclusively owned by LATAM Airlines Group S.A., issued a re-opening of the LATAM 2026 bond, issued on February 11, 2019, for US$200,000.000.This reopening had a placement rate of 5.979%.

Simultaneously, on July 11, 2019, LATAM Airlines Group S.A. announced the repurchase of up to US$300 million of the unsecured bond LATAM 2020, issued on June 9, 2015 for US$500 million at a coupon rate of 7.25% and maturing in June 2020. The buyback price of the offer was 103.8 cents per dollar of the face value of the bonds offered up to July 24, 2019; after that date and up to August 7, 2019, the buyback price offered decreased to 100.8 cents per dollar. At maturity of the offer, a total of US$238,412,000 of the bonds were repurchased, US$238,162,000 of which were received on or prior to July 24, 2019, and US$250,000 after that date. The income from the reopening of the LATAM 2026 bond was used to pay for part of the public tender of the LATAM 2020 bond. The remainder of the public tender was paid in cash.

On December 17, 2019, LATAM Airlines Group S.A. completed the repurchase of the balance (US$262 million) of the LATAM 2020 unsecured bond which, added to the buyback from July 11, 2019, totaled the balance of the bond. The buyback was performed through the so-called "Make-Whole" call mechanism, which is a right that the issuer of the bond has to buy back the outstanding debt balance, based on a price calculated using the US Treasury bonds with a similar maturity to the callable bond and adding a spread. The buyback price was 102.45 cents per dollar of the nominal sum of the bonds.

d) March 16, 2020 was the maturity date of the obligations contained in the contract called "Indenture" signed by Guanay Finance Limited (see Note 1 of the Consolidated Financial Statement), LATAM Airlines Group S.A., and Citibank, N.A. on November 7, 2013. The bonds secured with the future flows from credit card sales in the US and Canada were issued in 2013 totaling US$450 million.

e) During March and April, LATAM Airlines Group S.A. withdrew the whole sum (US$600 million) from the Revolving Credit Facility (RCF). This financing matures on March 29, 2022. The facility is backed by collateral comprising aircraft, engines, and spare parts. The first withdrawal was done on March 27, 2020, totaling US$504.7 million, the second was on April 7, 2020, for US$72 million, and the third was on April 14, 2020, for US$11.2 million; the fourth and last was on April 21, 2020, totaling US$12.1 million."

f) On June 24, 2020, the US District Court for the Southern District of New York approved the motion filed by the Company to reject certain aircraft leasing contracts. The rejected contracts included 17 aircrafts financed under the EETC structure, totaling US$844.1 million and an aircraft financed through a financial lease totaling US$4.5 million.

g) On October 20, 2020, the US District Court of the Southern District of New York approved the motion filed by the Company to reject the aircraft leasing contract financed under a financial lease for US$34.3 million.

In addition to the aircraft contracts presented in items (f) and (g), 10 aircrafts are recognized as Liabilities from leasing.

h) On October 10, 2020, LATAM Airlines Group S.A. withdrew part (US$1.15 billion) of the credit facility from the "DIP" financing. This financing matures on April 10, 2022. The facility is backed by collateral comprising routes, slots, engines, and spare parts. With this sole withdrawal, the company still has available US$1.30 billion for withdrawal. This facility is committed for a total of US$2.45 billion, US$750 million of which are committed by related parties.

Last, the Company's net cash flow as at December 31, 2020, prior to the effects of exchange rate differences, shows a negative variation of ThUS$595,801, compared to the same period of a year earlier.

4. Financial risk analysis

The goal of the Company's global risk management program is to minimize the adverse effects of the financial risks that affect the company.

(a) Market risk

Given the nature of its business, the Company is exposed to market factors, such as: (i) fuel price risk, (ii) interest rate risk, and (iii) local exchange rate risk.

(i) Fuel price risk

To carry out its operations, the Company purchases fuel known as USGC 54 grade Jet Fuel, which is subject to variations in international fuel prices.

To hedge against fuel risk exposure, the Company trades in derivatives instruments (Swaps and Options) whose underlying assets may be different from Jet Fuel, whereby it is possible to hedge in West Texas Intermediate crude oil ("WTI"), Brent crude oil ("BRENT"), and distilled Heating Oil ("HO"), which are closely related to Jet Fuel and have greater liquidity.

At December 31, 2020, the Company recognized ThUS$14,316 (negative) in losses on fuel hedges, net of premiums, on the period's cost of sales. Part of the spreads resulting between the lower and higher market value of these contracts is recognized as a hedge reserves component in the Company's net equity. At December 31, 2020, the market value of existing contracts stood at ThUS$1,296.

As of March 31, the Company has decided that the transactions expected to be highly probable, which comprised the hedged entry, will not be happening at the formerly established magnitude, so they have ceased to recognize these contracts under hedging accounting, recognizing at December 31 a loss of ThUS$50,766 in the Other gains (losses) in the income statement, as an effect of the reclassification of other reserves from the integrated income statement and a loss of ThUS$$30,847 corresponding to the premiums linked to these contracts. As of the end of November 2020, fuel derivatives taken by the Company are classified as hedging accounting.

(ii) Exchange rate risk

The functional currency, also used in presenting the Parent Company's Financial Statements, is the US dollar; therefore, Transactional and Conversion exchange rate risks are mainly a result of the operating activities of the business, as well as the Company's strategic and accounting activities, which are presented in monetary units other than the functional currency.

LATAM's Affiliates are also exposed to exchange rate risk, whose impact affects the Company's Consolidated Result.

The greatest exposure to exchange rate risk for LATAM comes from the concentration of businesses in Brazil, as they are mainly denominated in Brazilian Reals (BRL), and it is managed actively by the Company.

The Company minimizes exchange risk exposure by contracting derivative instruments or through natural hedges or the execution of internal transactions.

As at December 31, 2020, the Company held no current FX derivatives.

During the period ended on December 31, 2020, the Company recognized a gain of THUS$3,248 from F/X hedges net of premiums. Part of the spreads resulting between the lower and higher market value of these contracts is recognized as a hedge reserves component in the Company's net equity.

The Company has signed cross-currency swaps (CCS) to dollarize the cash flows of existing obligations, both contracted in Chile's inflation-linked units (Unidades de Fomento, UF), with a fixed interest rate. Through this financial instrument, it is possible to pay an interest rate in dollars, both fixed and floating (LIBOR plus a fixed spread). At December 31, 2020, the Company held no current positions in CCS.

(iii) Interest rate risk

The Company is exposed to variations in interest rates on the markets, affecting the future cash flows of its current and future financial assets and liabilities.

The Company is mainly exposed to the London Inter Bank Offer Rate ("LIBOR") and other less relevant interest rates, such as Brazilian Interbank Deposit Certificates ("CDI").

In order to reduce the risk from an eventual hike in interest rates, the Company has entered interest rate swap contracts. With regard to said contracts, the Company pays and receives, or only receives, as may be the case, the spread between the agreed fixed rate and the floating rate calculated on the capital outstanding in each contract. For these contracts, the Company recognized in the results of this period a ThUS$174 loss. Losses and gains on interest rate swaps are recognized as a component of the financial expense over the amortization of the hedged loan. As at December 31, 2020, the Company held no current interest rate swap contracts.

As at December 31, 2020, roughly 42% of the debt has a fixed rate. Considering these hedges, the average rate on debt is 5.44%.

(b) Concentration of credit risk

A high percentage of the Company's accounts receivables comes from passengers, cargo services for individuals, and various trade companies that are spread out both economically and geographically; thus, they are generally short term. Thereby, the Company is not exposed to a significant concentration of credit risk.

5. Economic environment

In order to analyze the economic environment in which the Company exists, below we present a brief explanation of the situation and evolution of the main economies that affect it nationally, regionally, and worldwide.

Even though the economy is starting to leave behind the lower levels of activity that were seen in the first months of 2020, during the year, the Covid-19 pandemic has had a huge impact on the whole world. To protect people's lives and enable the healthcare systems to deal with the situation, countries have resorted to isolation, confinement, and generalized shutdowns to contain the spread of the virus. This caused the growth of the global economy to slowdown throughout 2020.

Although the world growth forecast is subject to great uncertainty, for 2020. the International Monetary Fund (IMF)1 expects the global economy to contract 3.5%, 0,9 percentage points higher than the previous estimate, given an improvement that took place in the second half of the year, before it was expected. The IMF is expecting global growth in 2021 to reach 5.5%, 0.3 percentage points higher than previously estimated, due to the same acceleration seen in late 2020, and positive expectations related to the vaccination process worldwide, together with additional fiscal relief announced by various governments.

For the US, the IMF estimated a 3.4% contraction for 2020 and 5.1% growth for 2021 (2.0 percentage points more growth than previously expected for 2021). Likewise, the IMF's transversal estimates for the European Union's countries have dropped, with a 7.2% contraction in 2020 and 4.2% growth in 2021 (1.0 percentage points less growth than formerly expected for 2021).

On the other hand, it estimated a 7.4% contraction for the Latin American economy in 2020, and 4.1% growth for 2021, 0.5 percentage points more growth compared to the previous IMF estimates for 2021. Brazil's economy is expected to grow 3.6% in 2021, and as for Chile, the Central Bank expects the economy to expand between 5.5% and 6.5% in 2021.

a) Below, we are presenting the main financial indicators in the Consolidated Financial Statement:

1 According to report published in January 2021: **https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update.**

LIQUIDITY INDICATORS	12-31-2020	12-31-2019
Current liquidity (times) (Current assets in operation/ Current liabilities)	0.42	0.58
Quick ratio (times) (Funds available/ current liabilities)	0.23	0.15
INDEBTEDNESS INDICATORS		
Debt ratio (times) (Current liabilities+non-current liabilities/ Net equity)	(7.43)	5.74
Current debt/ Total debt (%)	41.41	38.76
Non-current debt/ Total debt (%)	58.59	61.24
Hedging of financial expenses (EBIT / financial expenses)	0.00	1.25
ACTIVITY INDICATORS		
Total Assets	15,650,090	21,087,806
Investments	1,465,204	5,408,511
Disposal of property	1,537,386	4,111,655

Profitability indicators

Profitability indicators are calculated on equity and income attributable to Majority Shareholders.

	12-31-2020	12-31-2019
Return on Equity[1] (Net income / average net equity)	-	0.06
Return on assets (Net income/ average assets)	(0.29)	0.01
Yield of operating assets (Net income/ operating assets[2] Average)	(0.31)	0.01

1 As at December 31, 2020, LATAM Airlines Group S.A. and its Affiliates report negative Equity.

2 Total assets less deferred taxes, personnel current accounts, permanent and temporary investments, and goodwill.

	12-31-2020	12-31-2019
Dividend returns	0.00	0.00
(Dividends paid/ market price)	0.00	0.00

b) Below, we are presenting the main financial indicators in the Consolidated Financial Statement:

FOR THE YEARS ENDED ON DECEMBER 31,	2020 THUS$	2019 THUS$
Operating income	4,334,669	10,430,927
Passengers	2,713,774	9,005,629
Cargo	1,209,893	1,064,434
Others	411,002	360,864
Operating Costs	(5,999,957)	(9,689,325)
Compensation	(962,060)	(1,794,762)
Fuel	(1,045,343)	(2,929,008)
Fees	(91,910)	(221,884)
Depreciation and Amortization	(1,389,386)	(1,469,976)
Other Leasing and Landing Fees	(720,005)	(1,275,859)
Passenger Services	(97,688)	(261,330)
Maintenance	(472,382)	(444,611)
Other Operating Costs	(1,221,183)	(1,291,895)
Operating result	(1,665,288)	741,602
Operating Margin	***-38.4%***	***7.1%***
Financial Revenues	50,397	26,283
Financial costs	(586,979)	(589,934)
Other Revenues / Costs	(2,903,853)	(36,035)
Earnings before interest and taxes	(5,105,723)	141,916
Taxes	550,188	53,697
Profit/loss before minority interest	(4,555,535)	195,613
Attributable to:		
Gain/(Loss) attributable to the parent company's owners	(4,545,887)	190,430
Gain/(Loss) attributable to non-controlling interests	(9,648)	5,183
Gain/(Loss) for the period	(4,545,887)	190,430
Net Margin	***-104.9%***	***1.8%***
Effective Tax Rate	***10.8%***	***37.8%***
Total shares	606,407,693	606,407,693
Gain/(Loss) per share (US$)	(7.50)	0.31
EBITDA	(3,170,107)	2,170,360

Other income/expenses considers the line items Other gains (losses), Exchange differences, and Results from readjustment units presented in the consolidated financial statement by function.

Sworn statement

As directors, chief executive officer (CEO), and chief financial officer (CFO) of LATAM Airlines Group, we acknowledge our responsibility regarding the veracity of the information contained in the LATAM Integrated Report 2020.

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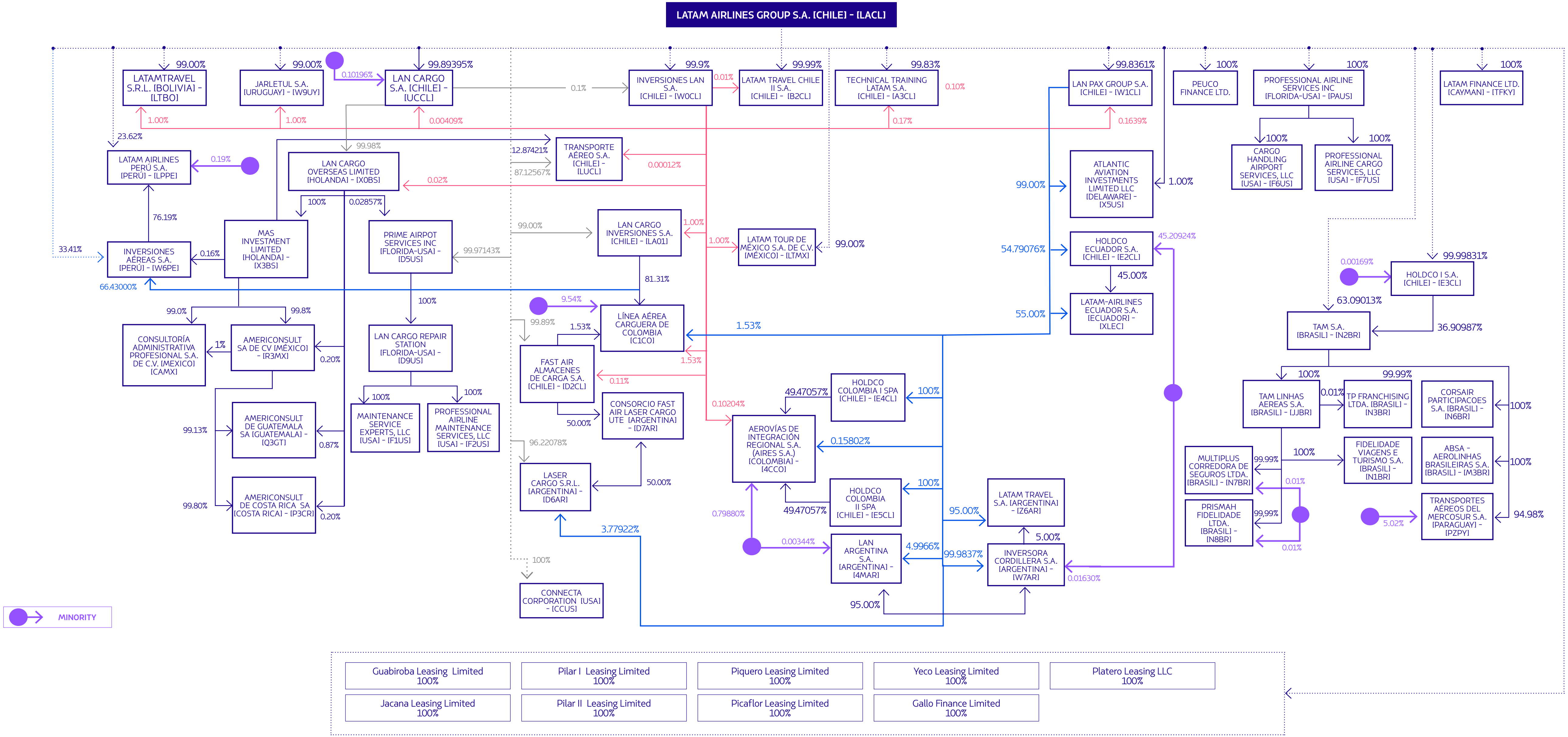
CORPORATE STRUCTURE



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