



“We are looking ahead to a post-COVID future and are focused on transforming our group to adapt to a new and evolving way of flying, with the health and safety of our passengers and employees being paramount.”

Roberto Alvo, CEO, LATAM Airlines Group



## LATAM Airlines Group Taking Action to Keep Flying

LATAM entered the COVID-19 pandemic as a healthy and profitable airline group, yet exceptional circumstances have led to a collapse in global demand and brought aviation and revenues to a virtual standstill. In light of the industry-wide collapse in demand and subsequent financial pressures caused by COVID-19, we need to take further action to ensure our airline group long-term sustainability. On May 26, 2020, LATAM and its affiliates in Chile, Peru, Colombia, Ecuador and the United States filed to carry out a voluntary reorganization and restructuring of its debt under the Chapter 11 financial reorganization process.

## Why is Chapter 11 the Best Path for LATAM Airlines Group?

The U.S. Chapter 11 process is designed to allow companies like LATAM to operate their business as usual while they reorganize. LATAM will continue flying, paying its employees, meeting benefit obligations, and paying critical suppliers, as well as respecting LATAM Pass miles and flight reservations as we work through the Chapter 11 reorganization process.

## Is the Whole Group in the Reorganization Process?

While most of our affiliates are included in the reorganization process, our entities incorporated in Brazil, Argentina, and Paraguay are not, due to the nature of their debt structure and current financial status. Whether included in the filing or not, all of our affiliates are able to operate as travel restrictions and customer demand permit.

## Is This a Proven Process?

Many notable longstanding airlines with U.S. operations have used the process and emerged successfully. That is exactly what we intend to do.



## What does this mean for you?



### Direct Customers & LATAM Pass Members

While nothing about our industry can be considered normal in light of the COVID-19 pandemic, we want all our customers to know that we are continuing to operate through this process and expect to emerge as a more agile, resilient, and sustainable airline group, ready to welcome our customers back when they begin to fly again. We will continue to honor current and future tickets, frequent flier points (or miles), vouchers, and gift cards held by our customers, just as we did prior to our reorganization.



### Cargo Customers

Our Cargo operations have been operating above capacity through these challenging times, and that will not change as a result of our reorganization. We will continue our Cargo operations uninterrupted throughout this process.



### Employees

Today's announcement will not affect our ongoing efforts to return to our regular operations. While we know that COVID-19 has dramatically changed our operations and will continue to require adjustments to our business, we are committed to preserving continuity as much as possible. We will continue to pay employees and meet benefit obligations as we work through the Chapter 11 reorganization process.



### Suppliers

We know how important our vendors are to sustaining our operations and preparing us to return to the skies when customers begin to fly again. Through the Chapter 11 protection process, we will pay vendors for all goods and services ordered or delivered after the filing date in the ordinary course and according to our existing terms.



### Lessors

A key part of the reorganization of the business is the right sizing and shape of the fleet to reflect the current and anticipated market conditions. To support these objectives and protect the value of our group, we have made the difficult but necessary decision to terminate certain leases that no longer serve the best interest of our business from an operational or financial standpoint. These are not easy decisions to make, but they are important for the long-term sustainability of our group, and we will continue evaluating our remaining leases and capacity requirements as this process progresses.



### Commercial Partners & Agencies

Throughout this process, we are committed to minimizing disruption to our business. This includes maintaining our current commercial partnerships.

# UNDERSTANDING THE CHAPTER 11 RESTRUCTURING PROCESS

## How Does the Chapter 11 Process Work?

### Filing of Chapter 11 Petitions

The first stage in this process and what we announced on May 26, 2020, this initial step gives us access to the court process that allows us to keep flying, build a plan, and pause to restructure our balance sheet, access the tools to preserve the group, retain jobs where possible, and maintain connectivity in the region.

### First Day Motions Hearing

This hearing will focus on establishing the initial legal framework for our Chapter 11 process. The U.S. court's goal is to ensure that we can continue operating our group as usual through an orderly process, and this is the moment where we will officially be allowed to do so.

### Development of Plan

LATAM and its creditors will work to agree on a "Plan of Reorganization" that outlines how the group will emerge from the process. We are confident that this stage of the process will bring together our diverse stakeholders to build a new LATAM that is better placed to succeed for years to come.

### Confirmation of Plan

Once our plan has been developed, our creditors will vote on it, and, if we have effectively outlined the vision for the future of LATAM, approve a clear path to emergence from the process.

### Emergence

After the plan is confirmed by the appropriate parties, we will be ready to emerge as a more efficient and ultimately strengthened airline group that is better placed to serve Latin America and navigate to a bright future.

## What is Chapter 11?

The Chapter 11 financial reorganization process is not a liquidation proceeding, but rather a legal framework under which LATAM will have the opportunity to reorganize our balance sheet, enabling us to emerge more agile, resilient, and sustainable. We will continue flying throughout the reorganization process.

