

EXPLICATION OF PROPOSITIONS RELATIVE TO THE CAPITAL INCREASE
LATAM AIRLINES GROUP S.A. (“LATAM” o la “Sociedad”)
EXTRAORDINARY SHAREHOLDERS MEETING
AUGUST, 18 2016

The Board of Directors of LATAM has arranged an Extraordinary Shareholders Meeting, with the objective to submit for consideration of the shareholders a capital increase, the terms of which are explained below:

1. Increasing capital in the amount of USD 613,164,240 (Six hundred thirteen million, one hundred and sixty-four thousand, two hundred and forty United States Dollars), through the issuance of 61,316,424 shares, all ordinary, without nominal value, at a subscription price of USD 10 per share. This capital increase will be used to preserve the soundness of the balance sheet of the company. Adding the proposed capital increase to the available resources of the Company, and once certain financial commitments have been covered, it is expected that the cash available by the end of 2016 will reach an amount of proximately USD 1,500 million. This agreement will permit LATAM to approach its strategic plans with a solid financial base.
2. To authorize the Company to place the remaining unsubscribed shares after the expiry of the preferred option period and at the referred subscription price, to Qatar Airways (or that related entity established by it). As stated by the Company in the Material Fact dated July 12, 2016, Qatar Airways is obligated to subscribe to those shares offered through the capital increase.

Santiago, August 2016