

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-14728

LATAM Airlines Group S.A.
(Exact name of registrant as specified in its charter)

LATAM Airlines Group S.A.
(Translation of registrant's name into English)

Republic of Chile
(Jurisdiction of incorporation or organization)

Presidente Riesco 5711, 20th Floor
Las Condes
Santiago, Chile
(Address of principal executive offices)

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Santiago, Chile
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
None

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Title of each class:
American Depositary Shares (as evidenced by American Depositary Receipts), each
representing one share of Common Stock, without par value

Name of each exchange on which registered:
Over The Counter (OTC) Markets

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 606,407,693.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer

Accelerated filer

Non-Accelerated filer

Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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EXPLANATORY NOTE

COVID-19 Pandemic

On March 11, 2020, the World Health Organization (the “WHO”) declared COVID-19 a pandemic and, that same month, governments around the world, including those of the United States, Chile and most Latin American countries, declared states of emergency in their respective jurisdictions and implemented measures to halt the spread of the virus, including enhanced screenings, quarantine requirements and severe travel restrictions. The government-imposed travel restrictions (both domestic and international), flight cancellations, and a dramatic decline in worldwide air travel, resulted in a significant reduction in the group’s passenger service, which comprises the vast majority of LATAM’s operating revenues. By April of 2020, the group had reduced its operations to a mere 5.7% of the capacity (measured in ASKs) as compared to the same month of the prior year.

In 2021, the group saw a gradual recovery of its passenger operations in line with the roll out of vaccinations processes across the region and the easing of certain international travel restrictions, ending the year in December operating 70.1% of December 2019 capacity levels (measured in ASKs). In addition, as the pandemic has evolved, many government-imposed travel restrictions have been terminated and subsequently reimposed, including in response to new variants of COVID-19. As a result, the recovery has been driven by the ramp up of domestic operations, which is generally less impacted by travel restrictions.

In response to the pandemic, the Company has implemented numerous changes to its operations related to health safety, as well as modifications to commercial policies and customer relations. For more information regarding these changes and the economic impact of the pandemic on our operations, see “Item 4. Information of the Company—B. Business Overview—Passenger Operations—Passenger Marketing and Sales” and “Item 3. Key Information—D. Risk Factors—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.*”

Chapter 11 Proceedings

On May 26, 2020 (the “Initial Petition Date”), LATAM Airlines Group S.A. and 28 affiliates (collectively, the “Initial Debtors”) filed their petitions for relief under Chapter 11 (“Chapter 11”) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, (as amended, the “Bankruptcy Code”), with the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). On July 7, 2020 and July 9, 2020 (as applicable, the “Subsequent Petition Date”), nine additional affiliates of LATAM Parent (the “Subsequent Debtors”) and together with the Initial Debtors, the “Debtors”) filed their petitions for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court. We refer to these proceedings in this annual report as our “Chapter 11 proceedings.” The information in this annual report is presented as of December 31, 2021, unless expressly stated otherwise, and is subject to and qualified in its entirety by our Chapter 11 proceedings and developments related thereto.

As part of their overall reorganization process, the Debtors also have sought and received relief in certain non-U.S. jurisdictions. Parallel and ancillary proceedings were filed in the Cayman Islands, Chile and Colombia. 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 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, therefore, final. In addition, on June 12, 2020, the Superintendencia 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.

On November 26, 2021, the Debtors filed an initial proposed plan of reorganization under our Chapter 11 proceedings (as it has been and may be subsequently supplemented, revised or amended, or otherwise modified in accordance with its terms, the “Plan of Reorganization” or “Plan”) resulting from the negotiation of a restructuring support agreement (as amended, restated, amended and restated, supplemented or otherwise modified, the “Restructuring Support Agreement” or “RSA”), also dated as of November 26, 2021, with an ad hoc group of LATAM Airlines Group S.A. general unsecured creditors, certain of the Debtors’ large existing equity holders, and Andes Aerea SpA, Inversiones Pia SpA and Comercial Las Vertientes (the “Eblen Group”). The Debtors filed the solicitation version of the Plan of Reorganization on March 25, 2022.

In accordance with the RSA, on January 12, 2022 we entered into a backstop commitment agreement with certain shareholders, which we refer to as the “Shareholder Backstop Agreement” and the “Backstop Shareholders”, respectively and certain of our creditors, which we refer to as the “Creditor Backstop Agreement” and the “Backstop Creditors”, respectively. Both the Shareholder Backstop Agreement and the Creditor Backstop Agreement, which we refer to collectively as the “Backstop Agreements.” On March 15, 2022, the Bankruptcy Court issued a memorandum decision approving the Debtors’ entry into the Backstop Agreements, and issued a corresponding order on March 22, 2022. On March 24, 2022, the Unsecured Creditors Committee (“UCC”) and certain other creditors filed a notice to appeal this ruling to the United States District Court for the Southern District of New York.

Pursuant to the Backstop Agreements, the Backstop Shareholders have agreed to backstop up to US\$400 million of an issuance of new common stock by the Company and the placement of US\$1,373 million of New Convertible Notes Class B to be issued by the Company. The Backstop Creditors have agreed to backstop the remaining US\$400 million of the common stock issuance and up to US\$6,816 million of the New Convertible Notes Class C to be issued by the Company; which reflects a total cash commitment of approximately US\$3,269 million, considering that a portion of the New Convertible Notes Class C will be delivered as payment of claims held by the Backstop Creditors. The Backstop Creditors will receive a fee of 20% of the committed cash amount of their investment pursuant to the Creditor Backstop Agreement, whereas the Backstop Shareholders are not receiving a fee for the Shareholder Backstop Agreement. All new common stock and all new convertible notes will be preemptively offered to LATAM’s shareholders as required by applicable law. New Convertible Notes Class B and New Convertible Notes Class C, together with New Convertible Notes Class A (whose issuance is also contemplated by the Plan), are convertible into shares of the Company that, together with the new common stock to be issued by the Company, are expected to substantially dilute existing shareholders.

Furthermore, following execution of the RSA, we continued to engage in discussions with members of a separate ad hoc group of certain of the Debtors’ creditors, each of whom executed a joinder agreement to the RSA, effective as of February 10, 2022.

As a result of our Chapter 11 proceedings, the New York Stock Exchange (the “NYSE”) filed with the SEC a notice on June 10, 2020 in order to delist our American Depositary Shares (ADSs). The delisting became effective on June 22, 2020. Our ADSs continue to trade in the over-the-counter market under the ticker “LTMAQ.”

For more information regarding the Chapter 11 filings and proceedings, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Chapter 11 Proceedings” and “Item 4. Information on the Company – B. Business Overview – Chapter 11 Proceedings.”

PRESENTATION OF INFORMATION

Throughout this annual report on Form 20-F, we make numerous references to “LATAM.” 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,” “we,” “us,” “our,” the “group” or the “Company” are to LATAM Airlines Group S.A. and its consolidated affiliates including: Transporte Aéreo S.A. (“LATAM Airlines Chile”), LATAM Airlines Perú S.A. (f/k/a LAN Perú S.A., “LATAM Airlines Peru”), LATAM-Airlines Ecuador S.A. (f/k/a Aerolineas Líneas Aéreas Nacionales del Ecuador S.A., “LATAM Airlines Ecuador”), LAN Argentina S.A. (“LATAM Airlines Argentina,” previously Aero 2000 S.A.), Aerovías de Integración Regional S.A. (“LATAM Airlines Colombia”), TAM S.A. (“TAM”), TAM Linhas Aéreas S.A. (“LATAM Airlines Brazil”), Transporte Aéreos del Mercosur S.A. (“LATAM Paraguay”), LAN Cargo S.A. (“LATAM Cargo”) and its two regional affiliates: Linea Aerea Carguera de Colombia S.A. (“LANCO” or “LATAM Cargo Colombia”) in Colombia and Aerolinhas Brasileiras S.A. (“ABSA” or LATAM Cargo Brazil) in Brazil. Other references to “LATAM”, as the context requires, 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 S.A. and LATAM Airlines Brazil.

LATAM Airlines Argentina continues to be a consolidated affiliate, however, on June 17, 2020, it announced the indefinite cessation of its passenger and cargo operations.

References to “LAN” are to LAN Airlines S.A., currently known as LATAM Airlines Group S.A., and its consolidated affiliates, in connection with circumstances and facts occurring prior to the completion date of the combination between LAN Airlines S.A. and TAM S.A. See “Item 4. Information on the Company—A. History and Development of the Company.”

In this annual report on Form 20-F, 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 does business under the name “LATAM Airlines Brazil”, Fidelidade Viagens e Turismo Limited (“TAM Viagens”) and Transportes Aéreos Del Mercosur S.A. (“TAM Mercosur”).

LATAM Airlines Group and the majority of our affiliates maintain accounting records and prepare financial statements in U.S. dollars. Some of our affiliates, however, maintain their accounting records and prepare their financial statements in Chilean pesos, Argentinean pesos, Colombian pesos or Brazilian real. In particular, TAM maintains its accounting records and prepares its financial statements in Brazilian real. Our audited consolidated financial statements include the results of these affiliates translated into U.S. 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 each transaction date, although a monthly rate may also be used if exchange rates do not vary widely.

In this annual report on Form 20-F, all references to “Chile” are references to the Republic of Chile. This annual report contains conversions of certain Chilean peso and Brazilian real amounts into U.S. dollars at specified rates solely for the convenience of the reader. These conversions should not be construed as representations that the Chilean peso and the Brazilian real amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless we specify otherwise, all references to “\$”, “US\$”, “U.S. dollars” or “dollars” are to United States dollars, references to “pesos,” “Chilean pesos” or “Ch\$” are to Chilean pesos. References to “real,” “Brazilian real” or “R\$” are to Brazilian real, and references to “UF” are to *Unidades de Fomento*, a daily indexed Chilean peso-denominated monetary unit that takes into account the effect of the Chilean inflation rate. Unless we indicate otherwise, the U.S. dollar equivalent for information in Chilean pesos used in this annual report and in our audited consolidated financial statements is based on the “*dólar observado*” or “observed” exchange rate published by *Banco Central de Chile* (the “Central Bank of Chile”) on December 31, 2021, which was Ch\$850.25 = US\$1.00. The observed exchange rate on February 28, 2022, was Ch\$805.25 = US\$1.00. Unless we indicate otherwise, the U.S. dollar equivalent for information in Brazilian real used in this annual report and in our audited consolidated financial statements is based on the average “*bid and offer rate*” published by Banco Central do Brasil (the “Central Bank of Brazil”) on December 31, 2021, which was R\$5.58 = US\$1.00. The observed exchange rate on February 25, 2022, was R\$5.14 = US\$1.00. The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos or Brazilian real. Unless we indicate otherwise, the Chilean peso equivalent for information in UF used in this annual report and in our audited consolidated financial statements is based on the UF rate published by Central Bank of Chile on December 31, 2021, which was Ch\$30,991.74 = UF1.00.

LATAM has a single series of shares of Common Stock, without par value, listed on Chilean Stock Exchange and American Depositary Shares (evidenced by American Depositary Receipts), each representing one share of Common Stock, that were listed on the New York Stock Exchange until June 22, 2020 and currently trade in the over-the-counter market.

We have rounded percentages and certain U.S. dollar, Chilean peso and Brazilian real amounts contained in this annual report for ease of presentation. Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

LATAM’s audited consolidated financial statements for the periods ended December 31, 2019, 2020 and 2021 were prepared in accordance with IFRS.

This annual report contains certain terms that may be unfamiliar to some readers. You can find a glossary of these terms on page vii of this annual report.

FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements. Such statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “forecast” or other similar expressions. Forward-looking statements, including statements about our beliefs and expectations, are not statements of historical facts. These statements are based on current plans, estimates and projections, and, therefore, you should not place undue reliance on them. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. These factors include, but are not limited to:

- developments relating to our Chapter 11 proceedings and our ability to effectively implement a reorganization plan;
- uncertainty regarding the terms of a reorganization plan;
- conflicting interests among the multiple parties on which our restructuring efforts depend;
- the sufficiency of the DIP facility to allow us to continue our operations;
- our ability to successfully emerge from Chapter 11, which will be contingent upon numerous factors, including our ability to obtain new financing upon our emergence from Chapter 11, general economic, political and business conditions in our core markets of Chile, Brazil, other Latin American countries and the other geographic markets we serve;
- developments relating to the COVID-19 pandemic or any other pandemic and measures to address them;
- the factors described in “Item 3. Key Information—Risk Factors”;
- our ability to service our debt and fund our working capital requirements;
- future demand for passenger and cargo air services in Chile, Brazil, other countries in Latin America and the rest of the world;
- the determination of relationships with customers;
- the state of the Chilean, Brazilian, other Latin American and world economies and their impact on the airline industry;
- the effects of competition in the airline industry;
- future terrorist incidents, cyberattacks or related activities affecting the airline industry;
- future outbreak of diseases, or the spread of already existing diseases, affecting travel behavior and/or exports;
- natural disasters affecting travel behavior and/or exports;
- the relative value of the Chilean peso and other Latin American currencies compared to other world currencies;
- inflation;
- competitive pressures on pricing;
- our capital expenditure plans;
- changes in labor costs, maintenance costs and insurance premiums;
- fluctuation of crude oil prices and its effect on fuel costs;
- cyclical and seasonal fluctuations in our operating results;
- defects or mechanical problems with our aircraft;
- our ability to successfully implement our growth strategy;
- increases in interest rates; and
- changes in regulations, including regulations related to access to routes in which the group operates and environmental regulations.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update any of them, whether in light of new information, future events or otherwise. You should also read carefully the risk factors described in “Item 3. Key Information—Risk Factors.”

GLOSSARY OF TERMS

The following terms, as used in this annual report, have the meanings set forth below.

Consolidated Affiliates of LATAM:

“ABSA or LATAM Cargo Brazil”	Aerolinhas Brasileiras S.A., incorporated in Brazil.
“LANCO” or LATAM Cargo Colombia	Línea Aérea Carguera de Colombia S.A., incorporated in Colombia.
“LATAM Airlines Argentina”	LAN Argentina S.A., incorporated in Argentina.
“LATAM Airlines Brazil”	TAM Linhas Aéreas S.A., incorporated in Brazil.
“LATAM Airlines Chile”	Transporte Aéreo S.A., incorporated in Chile.
“LATAM Airlines Paraguay”	Transporte Aéreos del Mercosur S.A., incorporated in Paraguay.
“LATAM Airlines Colombia”	Aerovías de Integración Regional S.A., incorporated in Colombia.
“LATAM Airlines Ecuador”	LATAM-Airlines Ecuador S.A. (f/k/a Aerolineas Líneas Aéreas Nacionales del Ecuador S.A.), incorporated in Ecuador.
“LATAM Airlines Peru”	LATAM Airlines Perú S.A. (f/k/a LAN Perú S.A.), incorporated in Perú.
“LATAM Cargo”	LAN Cargo S.A., incorporated in Chile.
“TAM”	TAM S.A., incorporated in Brazil.

Capacity Measurements:

“available seat kilometers” or “ASKs”	The sum, across our network, of the number of seats made available for sale on each flight multiplied by the kilometers flown by the respective flight.
“available ton kilometers” or “ATKs”	The sum, across our network, of the number of tons available for the transportation of revenue load (cargo) on each flight multiplied by the kilometers flown by the respective flight.

Traffic Measurements:

“revenue passenger kilometers” or “RPKs”	The sum, across our network, of the number of revenue passengers on each flight multiplied by the number of kilometers flown by the respective flight.
“revenue ton kilometers” or “RTKs”	The sum, across our network, of the load (cargo) in tons on each flight multiplied by the kilometers flown by the respective flight.
“traffic revenue”	Revenue from passenger and cargo operations.

Yield Measurements:

“cargo yield”	Revenue from cargo operations divided by RTKs.
“passenger yield”	Revenue from passenger operations divided by RPKs.

Load Factors:

“cargo load factor”	RTKs expressed as a percentage of ATKs.
“passenger load factor”	RPKs expressed as a percentage of ASKs.

Other:

“Airbus A320-Family Aircraft”	The Airbus A319, Airbus A320, and Airbus A321 models of aircraft, including both ceo and neo variants.
“m ² ”	Square meters.
“ton”	A metric ton, equivalent to 2,204.6 pounds.
“utilization rates”	The actual number of service hours per aircraft per operating day.
“operating expenses”	Operating expenses, which are calculated in accordance with IFRS, comprise the sum of the line items “cost of sales” plus “distribution costs” plus “administrative expenses” plus “other operating expenses,” as shown on our consolidated statement of comprehensive income. These operating expenses include: wages and benefits, fuel, depreciation and amortization, commissions to agents, aircraft rentals, other rental and landing fees, passenger services, aircraft maintenance and other operating expenses.
“MiSchDynamicDT”	Market Intelligence Schedule Dynamic Table.
“Diiio Mi”	Data In Intelligence Out Market Intelligence.
“CO ₂ ”	Carbon Dioxide Gas

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A Reserved

B Capitalization and Indebtedness

Not applicable.

C Reasons for the Offer and Use of Proceeds

Not applicable.

D 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 entered an order approving the Debtors' motion to approve certain debtor-in-possession financing consisting of a Tranche A facility in an amount of up to US\$1.3 billion, and an initial Tranche C facility in an amount of up to US\$1.15 billion. On October 18, 2021, the Bankruptcy Court entered an order approving the Debtor's motion for additional debtor-in-possession financing consisting of a Tranche B facility in an amount of up to US\$750 million. Among other things, the Tranche B facility provided certain improved pricing terms and conditions as compared to the pricing conditions of the existing Tranche A and C facilities.

On November 26, 2021, the Debtors filed the Plan of Reorganization and entered into the RSA and on January 12, 2022 entered into the Backstop Agreements. We cannot predict whether the Plan will be confirmed. If the Plan is not confirmed and we have to renegotiate a new plan of reorganization, our Chapter 11 proceedings may take longer to conclude, which may adversely impact our ability to reorganize our business and emerge from bankruptcy.

Our Plan of Reorganization provides that we may refinance certain of our existing obligations and that we may also seek additional exit financing to repay certain other existing obligations and to fund our operations. Our Chapter 11 proceedings may also make it necessary for 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 positive cash flow from operations, which in part depends 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. On March 21, 2022, the Bankruptcy Court entered an order approving the disclosure statement regarding the proposed Plan of Reorganization, and corresponding solicitation materials, finding that the disclosure statement contained adequate information and permitting solicitation to commence (the "Disclosure Statement Order"). Pursuant to the Disclosure Statement Order, the Debtors are obligated to commence solicitation of its Plan of Reorganization within five business days after entry of the Disclosure Statement Order.

Notwithstanding the approval of the disclosure statement, we will still 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, and as described herein, although we have filed a proposed plan of reorganization, there can be no assurance as to whether parties in interest will seek to challenge confirmation of the plan, and as to when or whether the Bankruptcy Court will approve the Plan of Reorganization. Moreover, certain parties in interest have sought relief from the Bankruptcy Court which, if granted, could materially affect the Plan and the transactions contemplated therein. 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 nonbankruptcy law so provides. While the Debtors do not believe that applicable nonbankruptcy law voids 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 and new variants, 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 possible that one or more of the assumptions and estimates that are the basis of these financial forecasts will not result as expected. 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 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, our actual financial condition and results of operations could 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 the confirmation of the 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.

Operating in bankruptcy imposes significant risks on the Debtors' operations. Although the Debtors believe that the effective date of the Plan will occur in the second half of 2022, there can be no assurance as to such timing or that the conditions to the effective date will ever be satisfied, including without limitation: (i) entry of the confirmation order confirming the Plan by the Bankruptcy Court in form and substance reasonably satisfactory to the Debtors, and not having been stayed or reversed or vacated on appeal and (ii) the satisfaction (or waiver in accordance with the terms therein) of the conditions precedent for the closing of the exit financing.

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 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 materially 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.

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 despite 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.

Health safety and sanitation measures that 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. For further information on the health safety and sanitation measures implemented by the group, see "Explanatory Note—COVID-19 Pandemic," above. 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, regarding 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.

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. For further information, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Risk of Variation in Foreign Exchange Rates."

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 deteriorate, 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. See "Item 4. Information on the Company—B. Business Overview—Regulation."

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 routes, airports 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, Brasília'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 cancellations 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 was expected to be completed by 2021, but opened in February 2022. There is 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.

Santiago's Comodoro Arturo Merino Benítez International Airport opened its expansion at the end of February 2022. One of the most challenging issues with the new terminal is that the check-in process considers a 50% reduction in assisted check-in counters, which obligates airlines to implement self-service models, where the success depends on the companies but is also associated with the government restrictions of the destination country.

One of the major operational risks we have faced 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 or limitations due to the ongoing works 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 Brasília 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 ability 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 generates 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 on 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 30.0% of our total costs of sales in 2021. For additional information, see "Item 11. Quantitative and Qualitative Disclosures about Market Risk—Risk of Fluctuations in Fuel Prices." 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, the conflict in Ukraine 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. 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. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Risk of Fluctuations in Fuel Prices."

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 aircraft fall 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 and the decrease in operations, the 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. As LATAM recovers its operations, both domestic and international, the turnaround times between flights is expected to decrease and the aircraft utilization is expected to increase. 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 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, 2021, LATAM Airlines Group has a total fleet of 238 Airbus and 72 Boeing aircraft (six of these B767 aircraft were classified as non-current assets available for sale). 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;
- 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; or
- the delay, for any reason, to conclude cabin upgrade projects that could result in aircraft unavailability for a certain period of time.

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. For further information, related to current contractual obligations, see “Item 5. Operating and Financial Review and Prospects—E. Contractual Obligations—Long Term Indebtedness.”

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, through LATAM’s emergence from Chapter 11 proceedings, 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. For further information, related to current contractual obligations, see “Item 5. Operating and Financial Review and Prospects—E. Contractual Obligations—Long Term Indebtedness.”

Moreover, external conditions in the financial and credit markets may limit the availability of funding 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. As of December 31, 2021, 57% of our outstanding consolidated debt bears interest at a floating rate (and 61% taking into account the US\$662.3 million in DIP financing provided by Related Parties). 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 head of the United Kingdom Financial Conduct Authority (“FCA”) (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. On March 5, 2021 the FCA announced in a public statement that LIBOR for certain tenors would cease to be published on June 30, 2023. 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. In this regard, our derivative and debt contracts may be affected by the change in the relevant rate. Because the publication of LIBOR will cease for June 2023, we have begun to migrate to the adoption of SOFR as an alternative rate, which will materialize with the termination of LIBOR. The impact of such a transition away from LIBOR could be significant for us because of our substantial indebtedness. See also the discussion of interest rate risk in “Item 11. Quantitative and Qualitative Disclosures About Market Risks—Risk of Fluctuations in Interest Rates.”

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 also 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 our 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 2021, LATAM Airline Group'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, Pratt & Whitney Canada, CMF International and Honeywell, among others.

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 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. See "Item 4. Information on the Company—B. Business Overview—Chapter 11 Proceedings through 2021 and Recent Developments in 2022 involving our Chapter 11 Proceedings."

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, security breaches in the supply chain (suppliers) 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 customers 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 incidents. 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.

Rapid technological advancements and digitalization could generate risks in implementation and regulatory control.

Globally, there have been large advances in processes of digitization and technological innovation, some of them as a result of the COVID-19 pandemic. These new technologies could generate new risks in their implementation that could impact us directly or indirectly. As an example, the implementation of 5G in the United States had a temporary impact on operations at certain airports and generated a review by the FAA on the specific requirements for its implementation. All processes of digitization and technological innovation may be exposed to this risk.

Similarly, the rapidly increasing technological transformation may advance faster than the review and control capacity of the authorities and the knowledge about the effects of their possible impacts, which could affect us directly or indirectly in ways we cannot foresee.

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 cost of sales (15.4% in 2021) 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, 2021, approximately 44% 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. For further information regarding the unions representing employees in each country in which the group operates and with which there are established collective bargaining agreements, see "Item 6. Directors, Senior Management and Employees—D. Employees—Labor Relations."

LATAM 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, which has somewhat intensified during the recovery phase of air traffic following the peak of the pandemic. 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 turnover of employees, particularly pilots and maintenance technicians, sharply increase, our training costs will be significantly higher. LATAM cannot assure 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 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 re-allocated 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 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 intends 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 has 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 liabilities; 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 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. For more information regarding our main competitors, see "Item 4. Information of the Company—B. Business Overview—Passenger Operations—International Passenger Operations" and "Item 4. Information of the Company—B. Business Overview—Passenger Operations—Business Model for Domestic Operations."

Low-cost carriers have an important impact on 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, Aerolíneas Argentinas has historically been government subsidized. Additionally, during the COVID-19 pandemic, some of our competitors on long-haul routes have received 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 a Chapter 15 ruling by the Bankruptcy Court related to the bankruptcy proceedings of Avianca Brazil may appear to be inconsistent with the timeline set out for a debtor to cure a default or to return an aircraft in the Cape Town Convention (CTC) treaty that Brazil has signed, thus raising concerns about timings for remedies by creditors in respect of financings secured by aircraft. Accordingly, creditors may perceive that an increased business risk is created by these rulings for leasing or other financing transactions involving aircraft in Brazil and 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.

LATAM'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.

LATAM's operations are affected by environmental regulations at local, national and international levels. These regulations cover, among other things, emissions to the atmosphere, 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 ("CO₂") 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 CO₂ 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 CO₂ 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.

Our 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. Increasing geopolitical tensions and hostilities in connection with the conflict in Ukraine, and the trade and monetary sanctions that have been imposed in connection with those developments, have affected, and could significantly affect, worldwide oil prices and demand, cause turmoil in the global financial system and negatively impact air travel. Situations such as these 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 canceled 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 canceled 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 canceled 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 Company 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 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. 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 Company 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 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. For further information, see "Item 8. Financial Information—Legal and Arbitration Proceedings" and Note 31 to our audited consolidated financial statements included in this report.

The group is subject to anti-corruption, anti-bribery, anti-money laundering and antitrust laws and regulations in Chile, Brazil, Peru, the United States and in the various other 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 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 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 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 had 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.

On June 6, 2021, the second electoral round between Keiko Fujimori and Pedro Castillo was held. The winner of the election by a tight margin was Pedro Castillo, however, accusations of electoral fraud have arisen since then, generating instability in the country and raising the US dollar exchange rate to historical levels. Currently, the instability in the country continues due to the policies implemented by the current president and the current Congress of the Republic, a period that has also been marked by a high level of uncertainty following recurrent changes in the members of the government's cabinet.

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 took place on May 15 and 16, 2021. On July 4, 2021, the constitutional convention was installed, having 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 held presidential elections in December 2021, with leftist Gabriel Boric winning by a wide margin.

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. LATAM cannot ensure 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. LATAM cannot ensure 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 gross domestic product decreased 3.5% in 2015, decreased 3.3% in 2016, increased 1.3% in 2017, increased 1.8% in 2018 and 1.1% in 2019, and decreased 4.1% in 2020, according to the Brazilian Institute for Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*, or "IBGE"). 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. LATAM 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, 2022. In addition, other shareholders including, Delta Air Lines, Inc, which, as of February 28, 2022, held 20.00% of our common shares, and Qatar Airways Investments (UK) Ltd., which as of February 28, 2022, held 9.99999918% of our common shares, could have interests that may differ from those of our other shareholders. See "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders." Moreover, our shareholder structure may change after emergence from Chapter 11 proceedings, and future major shareholders 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 2021 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 depository 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 depository could be adversely affected. Cash distributions made in respect of the ADSs are received by the depository (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 depository to the holders of the ADRs evidencing those ADSs. In addition, the depository 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. For further information, see “Item 10. Additional Information—D. Exchange Controls—Foreign Investment and Exchange Controls in Chile.”

Our ADS holders may not be able to exercise preemptive rights in certain circumstances.

As described further in “Item 10. Additional Information—Preemptive Rights and Increases in Share Capital,” 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 depository may attempt to sell the holder’s preemptive rights and distribute the net proceeds of the sale, net of the depository’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 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. See “Item 10. Additional Information—E. Taxation—Chilean Tax—Capital Gains.” As described further in “Item 10. Additional Information—B. Memorandum and Articles of Association—Preemptive Rights and Increases in Share Capital,” 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. For further information, see “Item 16. G. Corporate Governance.”

ITEM 4. INFORMATION ON THE COMPANY

A History and Development of the Company

General

LATAM Airlines Group is a Chilean-based airline holding company formed through the business combination of LAN Airlines S.A. of Chile and TAM of Brazil in 2012. Following the combination, LAN Airlines S.A. became “LATAM Airlines Group S.A.” and TAM S.A. continues to exist as a subsidiary of LATAM. The Company is primarily involved in the transportation of passengers and cargo and operates as one unified business enterprise. During 2016, we began the transition of unifying LAN and TAM into a single brand: LATAM.

LATAM’s airline holdings include LATAM and its affiliates in Chile, Peru, Argentina, Colombia and Ecuador, and LATAM Cargo and its affiliate LANCO (in Colombia), as well as TAM S.A. and its affiliates LATAM Airlines Brazil, LATAM Airlines Paraguay, ABSA and Multiplus S.A. (“Multiplus”). LATAM Airlines Group is a publicly traded corporation listed on the Santiago Stock Exchange (“SSE”), the Chilean Electronic Exchange, and its ADSs currently trade in the over-the-counter market. LATAM Airlines Group has a market capitalization of US\$ 236.5 million as of February 28, 2022.

LATAM’s history goes back to 1929, when the Chilean government founded LAN. In 1989, the Chilean government sold 51.0% of LAN’s capital stock to Chilean investors and to the Scandinavian Airlines System. In 1994, the Cueto Group, one of LATAM’s major shareholders, together with other major shareholders, acquired 98.7% of LAN’s stock, including the remaining shares then held by the Chilean government. In 1997, LAN became the first Latin American airline to list its shares (which trade in the form of ADSs) on the New York Stock Exchange.

Over the past decade, LATAM has significantly expanded its passenger operations in Latin America, initiating services in Peru in 1999, Ecuador in 2003, Argentina in 2005, and Colombia in 2010. The business combination of LAN and TAM in June 2012 further expanded the Company’s operations in Brazil, where TAM Linhas Aéreas S.A. (“TLA” or “LATAM Airlines Brazil”), the TAM operating entity, is a leading domestic and international airline offering flights throughout Brazil with a strong domestic market share, international passenger services and significant cargo operations. TAM was founded in May 1997 (under the name *Companhia de Investimentos em Transportes*), for the purpose of participating in, managing and consolidating shareholdings in airlines. In September 2002, TAM’s name was changed to TAM S.A. and its shares were listed on the Brazilian Stock Exchange (“Bovespa”) in June 2005. From 2006 until the combination with LAN in 2012, TAM ADSs were also listed on the New York Stock Exchange (“NYSE”).

As a result of the COVID-19 pandemic and its profound impact on worldwide travel and our operations, on May 26, 2020, LATAM Airlines Group S.A. and 28 affiliates filed their petitions for relief under Chapter 11 of the Bankruptcy Code, with the Bankruptcy Court. On July 7, 2020 and July 9, 2020 nine additional affiliates of LATAM Airlines Group S.A. filed their petitions for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court. Additional parallel and ancillary proceedings were filed in the Cayman Islands, Colombia, Peru and Chile. In June 2020, LATAM Airlines Argentina announced its indefinite cessation of passenger and cargo operations.

Throughout the Chapter 11 proceedings, the Debtors have worked to advance the Chapter 11 proceedings by, among other things, right-sizing our fleet and executing our fleet strategy, reviewing claims filed against the Debtors and refining the total claims pool, and streamlining the Debtors’ prepetition agreements by rejecting executory contracts and leases and negotiating favorable post-petition and post-emergence agreements with key vendors across our business. The Debtors also have worked steadily to develop a long-term business plan, identify new sources of capital to support an exit strategy and to build consensus around the structure and terms of a plan of reorganization.

On November 26, 2021, the Debtors filed their Plan of Reorganization resulting from the negotiation of the Restructuring Support Agreement also dated as of November 26, 2021, with an ad hoc group of LATAM Airlines Group S.A. general unsecured creditors, certain of the Debtors’ large existing equity holders and the Eblen Group. In accordance with the Restructuring Support Agreement, on January 12, 2022 we entered into the Backstop Agreements. On March 15, 2022, the Bankruptcy Court issued a memorandum decision approving the Debtors’ entry into the Backstop Agreements, and issued a corresponding order on March 22, 2022. Furthermore, following execution of the RSA, we continued to engage in discussions with members of a separate ad hoc group of certain of the Debtors’ creditors, each of whom executed a joinder agreement to the RSA effective as of February 10, 2022. The Debtors filed a solicitation version of the Plan of Reorganization on March 25, 2022.

Our principal executive offices are located at Presidente Riesco 5711, 20th floor, Las Condes, Santiago, Chile and our general telephone number at this location is (56-2) 2565-2525. We have designated LATAM Airlines Group as our agent in the United States, located at 6500 NW 22nd Street, Miami, Florida 33122. Our Investor Relations website address is www.latamairlinesgroup.net. Information obtained on, or accessible through, this website is not incorporated by reference herein and shall not be considered part of this annual report. For more information, contact Andrés del Valle, Senior Vice President of Corporate Finance and Investor Relations, at InvestorRelations@latam.com.

The SEC maintains an internet site at <http://www.sec.gov> that contains reports, information statements, and other information regarding issuers that file electronically with the SEC.

Capital Expenditures

For a description of our capital expenditures, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures.”

B Business Overview

General

LATAM is the largest passenger airline group in South America as measured by ASKs in the year 2021. We are also one of the largest airline groups in the world in terms of network connections, as of December 31, 2021, providing passenger transport services to 129 destinations in 18 countries and cargo services to approximately 137 destinations in 22 countries, with an operating fleet of 303 aircraft (LATAM's total fleet is 310 aircraft, but six aircraft are classified as non-current assets available for sale and one B767 cargo freighter is subleased to a third party) and a set of bilateral alliances. In total, LATAM Airlines Group has approximately 29,100 employees.

For the year 2021, LATAM transported approximately 40 million passengers, a decrease from prior years due to the impact of the COVID-19 pandemic on worldwide travel. LATAM Airlines Group and its affiliates currently provide domestic services in Brazil, Chile, Peru, Colombia and Ecuador (the Group suspended its operations in Argentina in June 2020); and also provide intra-regional and long-haul operations. The cargo affiliate carriers of LATAM in Chile, Brazil, and Colombia carry out cargo operations through the use of belly space on the passenger flights and dedicated cargo operations using freight aircraft. The group also offers other services, such as ground handling, courier, logistics and maintenance.

As of December 31, 2021, the group provided scheduled passenger service to 16 destinations in Chile, 19 destinations in Peru, 7 destinations in Ecuador, 16 destinations in Colombia, 49 destinations in Brazil, 5 destinations in other Latin American countries and the Caribbean, 5 destinations in North America, and 7 destinations in Europe, a decrease from last year due to impacts of the COVID-19 pandemic on the operations.

In addition, as of December 31, 2021, through various code-sharing agreements, the group offers service to 91 destinations in North America, 23 destinations in South America, 59 destinations in Europe, 16 destinations in Australasia, 27 destinations in Asia and 9 destinations in Africa.

Competitive Strengths

Our strategy is to maintain LATAM Airlines Group's position as the leading airline in South America by leveraging our unique position in the airline industry. LATAM Airlines Group is the only airline group in the region with a domestic presence in five markets, as well as intra-regional and long-haul operations to three continents. As a result, the Company has geographical diversity and operational flexibility, as well as a proven track record of acting quickly to adapt its business to economic challenges. Moreover, LATAM's unique leadership position in a region with growth potential and the focus on our existing competitive strengths, will allow us to continue building our business model and fuel our future growth, ensuring LATAM's long term sustainability. We believe our most important competitive strengths are:

Leader in the South America Airlines Space, with a Unique Leadership Position among Global Airlines

Through a successful regional expansion strategy, LATAM Airlines Group has become the leading international and domestic passenger airline group in South America as measured by ASKs in full year. LATAM and its affiliates have domestic passenger operations in Chile, Brazil, Peru, Colombia and Ecuador. We are also the largest operator of intra-regional routes as measured by ASKs in 2021, connecting the main cities and also some secondary cities in South America. Furthermore, through our significant presence in the largest hubs in South America—Lima and São Paulo—we believe that we are able to offer the best connectivity options between South America and the rest of the world.

Geographically Diversified Revenue Base, including both Passenger and Cargo Operations

Our operations are highly geographically diversified, including domestic operations in five countries, as well as operations within South America and connecting South America with various international destinations. As measured by ASKs, 30.2% of the group's operations are international, 26.4% domestic Spanish speaking countries and 43.4% domestic Brazil. We believe this provides resilience to external shocks that may occur in any particular market. Furthermore, we believe that one of our distinct competitive advantages is our ability to profitably integrate our scheduled passenger and cargo operations. We take into account potential cargo services when planning passenger routes, and also serve certain dedicated cargo routes using our freighter aircraft when needed. By adding cargo revenues to our existing passenger service, we are able to increase the productivity of our assets and maximize revenue, reducing our break-even load factors and enhancing our per flight profitability. Additionally, we believe that this revenue diversification helps offset seasonal revenue fluctuations and reduces the volatility of the business over time. For the year ended December 31, 2021, passenger, cargo and other revenues accounted for 65.4%, 30.2% and 4.4% of total revenues respectively.

Modern Fleet and Optimized Fleet Strategy

The average age of our fleet was approximately 10.6 years as of December 31, 2021, a reflection of the fleet restructuring performed during Chapter 11, which includes an ambitious fleet renewal plan based entirely on new technology aircraft (including 70 new Airbus A-320neo family aircraft to be delivered until 2028) and existing fleet lease re-negotiations under improved terms.

LATAM selects aircraft based on their ability to effectively and efficiently serve the short- and long-haul flight needs, while still striving to reduce operational complexity by minimizing the number of different aircraft types that the group operates.

Our fleet plan as of December 31, 2021, includes a short-haul fleet formed exclusively by aircraft from the A320 family, with a focus on the A321 and A320neo (Neo: New Engine Option), a more efficient version of the A320; which we introduced into our fleet in 2016, becoming then the first airline in Latin America to fly this model. For long-haul passenger flights, we operate the Boeing 787-8, the Boeing 787-9, the Boeing 767-300ER, and the Boeing 777-300ER. We believe the Boeing 787 model allows us to achieve important savings in fuel consumption, while incorporating modern technology to deliver the best travel experience for our passengers. For cargo flights, we operate Boeing 767-300F aircraft.

Strong Brand Teamed with Key Global Strategic Alliances

In May 2016, our new brand, LATAM, was officially launched. We believe that our new brand is associated with superior service and technologically advanced operations, and is well recognized and respected in the markets in which the group operates. In 2021, despite the continued challenging global conditions, LATAM received first place of the ranking “Punctuality List 2021” compiled by the Official Airline Guide (OAG). In addition, LATAM Airlines Group was recognized as the ‘Best Airline in South America’ in Skytrax World Airline Awards in 2021 for the second year in a row and was recognized with a COVID-19 Airline Excellence award. Furthermore, in the 2021 edition of the APEX Passenger Choice Awards LATAM was recognized as “Best Global Airline of South America.”

Our strategic global alliances and existing commercial agreements provide our customers with access to more destinations worldwide, a combined reservations system, itinerary flexibility and various other benefits, which substantially enhance our competitive position within the Latin American market.

In 2020, LATAM entered into a Trans-American Joint Venture Agreement with Delta Air Lines Inc, following the framework agreement signed in 2019, which we expect to unlock new growth opportunities, building upon Delta’s and LATAM’s global footprint. During 2021, LATAM and Delta Air Lines obtained the regulatory approvals for their Joint Venture Agreement from respective authorities in all South American countries involved. LATAM and Delta Air Lines will continue with the Joint Venture Agreement regulatory process in 2022 pending approval from the U.S. Department of Transportation. For more information on the framework agreement see “Item 4. Information on the Company—B. Business Overview—Passenger Alliances and Commercial Agreements.”

Recognized Loyalty Program

Our frequent flyer program, LATAM Pass, is the leading frequent flyer program in South America as measured by total number of members as of the end of 2021, with strong participation rates and brand recognition by our customers. Customers in the program earn miles and points based on the price paid for the ticket, class of ticket purchased, and elite level, as well as by using the services of outside partners in the program. We believe that our program is attractive to customers because it does not impose restrictions on those flights for which points can be redeemed, or limit the number of seats available on any particular flight to members using the loyalty program. LATAM Pass members can also accrue and redeem points for flights on other airlines with whom we have bilateral commercial agreements.

Business Strategy

Our mission is to connect people safely, with operational excellence and a personal touch, seeking to become one of the most admired airline groups in the world. In order to achieve our mission, the principal areas on which we plan to focus our efforts going forward are as follows:

Continually Strengthen Our Network

We intend to continue to strengthen our route network in South America, offering the best connectivity within the region at competitive prices and ensuring that we are the most convenient option for our passengers. We are the only airline group in South America with a local presence in five home markets and an international and intra-regional operation. This position is bolstered by our enhanced infrastructure in several of our key hubs, allowing us to further strengthen our network. We intend to leverage our position to create a leading portfolio of services and destinations, providing more options to our passengers and building a platform to support continued growth.

Enhance Brand Leadership and Customer Experience

We will always seek to be the preferred choice of passengers in South America. Our efforts are supported by a differentiated passenger experience and our leveraging of mobile digital technologies. We continue working on the implementation of our single, unified brand, culture, product and value proposition for our passengers. Additionally, we are focused on the evolution of LATAM’s E-business strategy, including applications to achieve ancillary revenues and improving the management of contingencies, so that we are able to provide information and solutions to our customers in a timely and transparent manner. We continually assess opportunities to incorporate service improvements in order to respond effectively to our customers’ needs.

Improving Efficiency and Cost Competitiveness

We are continually working to maintain a competitive cost structure and further improve our efficiency, simplify our organization and increase flexibility and speed in decision-making. We look to implement cost savings, including reductions in fuel and fees, procurement, operations, overhead and distribution costs, among others, as well as the implementation of a customized service offering in domestic and international markets. In 2021 and in the context of our Chapter 11 proceedings, we worked to reduce and to turn variable our fixed costs, specifically fleet costs and wages and benefits.

Organizational Strength

We aspire to be a group of passionate people, working in a simple and aligned manner, with inspiring leaders that make agile decisions. This will allow us to deliver a distinctive value proposition to our customers and operate sustainably over the long term.

COVID-19 Effects

As government-imposed travel restrictions continued to loosen throughout 2021, LATAM continued gradually restarting its operations. For the month ended December 31, 2021, LATAM operated 83.1% more ASKs than December 2020, though compared to 2019 and a pre-pandemic context recovered 70.1% of ASKs. LATAM Cargo continued to play a key role during 2021 in terms of supporting the communities in which LATAM operates by transporting medical supplies and vaccines to the region from all over the world. Notably, as part of the Solidary Plane program, by December 2021, LATAM had transported more than 200 million vaccines within the region free of charge.

Since our cargo operation transports the majority of goods in the bellies of our passenger aircraft, complementing the 12 dedicated cargo freighters, the worldwide decline in air travel led to a drastic decline in cargo capacity. Therefore, cargo operated many passenger planes adapted for cargo in order to compensate for the capacity reduction and continue to support companies and industries that depend on the network to sustain their own business operations, including, for example, the Chilean salmon industry. In 2019, cargo revenues represented 10.2% of LATAM's revenues, during 2020 this figure increased to 27.9% of our total revenues, and in 2021, 30.2%.

In response to the COVID-19 pandemic, we implemented numerous changes to our operations related to aircraft sanitation, changes in boarding and disembarking procedures, making the use of face masks mandatory for passengers and crew, installation of HEPA filters in cabin ventilation systems in all of the group's aircraft, among others, all of the foregoing in accordance with the recommendations of international organizations such as the International Air Transport Association (IATA), the WHO, and local governments. This has resulted in a substantial increase in our operating costs as well as an increase in the turnaround time between flights. LATAM also modified its commercial policies as needed to adapt to the impact of the pandemic.

For more information regarding the economic impact of the pandemic on our operations, see "Item 4. Information of the Company—B. Business Overview—Passenger Operations—Passenger Marketing and Sales" and "Item 3. Key Information—D. Risk Factors—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.*"

Chapter 11 Proceedings through 2021

As a result of the COVID-19 pandemic and its profound impact on worldwide travel and our operations, the Debtors filed their petitions for relief under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court. LATAM also filed parallel and ancillary proceedings, which are intended to extend the relief provided for by the Bankruptcy Code to various local jurisdictions and help effectuate a global restructuring. The Bankruptcy Court and foreign courts have agreed to a cross-border communications protocol to facilitate the administration of the cases across jurisdictions.

Under the Bankruptcy Code, the Debtors have the right to assume, amend and assume, or reject certain contracts, subject to the approval of the Bankruptcy Court and certain other conditions. Generally, the assumption of a contract requires a debtor to satisfy pre-petition obligations under the contract, which may include payment of pre-petition liabilities in whole or in part. Rejection of a contract is typically treated as a breach occurring as of the moment immediately preceding the Chapter 11 filing. Subject to certain exceptions, this rejection relieves the debtor from performing its future obligations under the contract but entitles the counterparty to assert a pre-petition general unsecured claim for damages. Parties to contracts rejected by a debtor may file proofs of claim against that debtor's estate for damages.

First Day Relief

Upon the commencement of our Chapter 11 proceedings, the Initial Debtors filed numerous motions seeking the relief provided by certain first day orders (the "First Day Orders") intended to ensure a seamless transition between a Debtor's prepetition and post-petition business operations. The First Day Orders approve certain normal business conduct that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. The First Day Orders authorized the Initial Debtors to, among other things (i) continue to pay critical and foreign vendors and service providers; (ii) continue to use the Initial Debtors' cash management system and to make and receive intercompany loans; (iii) pay certain prepetition employee wages, reimbursable expenses, and benefits; (iv) permission to continue entering into certain derivative and hedging contracts in the ordinary course of business; (v) authorizing the Initial Debtors to pay certain prepetition amounts owed to fuel supply parties and to continue performing under such fuel supply arrangements; (vi) authorizing but not directing the Initial Debtors to assume certain critical airline contracts; and (vii) pay for goods and services ordered pre-petition but delivered post-petition.

The Initial Debtors later filed motions seeking additional relief (the "Second Day Orders"). The Second Day Orders included a motion to authorize rejection procedures for executory contracts and non-aircraft leases, a motion to authorize de minimis claims and judgment procedures and a motion to authorize additional payments to employees for wages, severance and other compensation. The Second Day Orders also authorized the Initial Debtors to retain, as of the Petition Date, various professionals and advisors to assist the Initial Debtors during the Chapter 11 proceedings.

Upon commencement of the Subsequent Debtors' Chapter 11 proceedings, the Subsequent Debtors filed a motion seeking for certain orders in the Initial Debtors' Chapter 11 cases be made applicable to the Subsequent Debtors (the "Bringdown Motion").

Appointment of the Creditors' Committee

On June 5, 2020, the U.S. Trustee appointed an official committee of unsecured creditors (the "Creditors' Committee") in the Initial Debtors' Chapter 11 cases. The Committee consists of (1) Bank of New York Mellon, as Indenture Trustee, (2) Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A., (3) AerCap Holdings, N.V., (4) Airastle Limited, (5) Sindicato de Empresa de Pilotos, (6) Lufthansa Technik Aktiengesellschaft and (7) Repsol, S.A. On June 12, 2020, Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A. resigned from the Creditors' Committee. From time to time, certain members of the Creditors' Committee resigned. As of July 7, 2021, the Creditors' Committee comprised (1) BNYM, as Indenture Trustee, (2) Sindicato de Empresa de Pilotos, (3) Lufthansa Technik Aktiengesellschaft and (4) Repsol, S.A.

Aircraft and Engine Stipulations

On or around the Initial Petition Date, the Initial Debtors sent the First Stipulation and Order Between Debtors and Aircraft Counterparties Concerning Certain Aircraft (the "First Aircraft Stipulation") to the majority of their financial and operating lessors. On or around the Subsequent Petition Date, the Subsequent Debtors did the same with their financial and operating lease counterparties. The First Aircraft Stipulation was essentially a standstill agreement to provide the Debtors with the necessary additional time to consider their fleet strategy. The terms of the First Aircraft Stipulation provided a temporary reprieve from immediate economic obligations that otherwise would have made continued leasing burdensome or uneconomic for the Debtors, while giving certain protections to the counterparties. The majority of the First Aircraft Stipulations were signed by the Bankruptcy Court between June and August 2020. Following entry of the First Aircraft Stipulations, certain aircraft counterparties entered into side letter agreements with the Debtors, which among other things, established a period for which certain adjusted aircraft lease payments to aircraft counterparties would be made. Such agreements were subsequently amended to extend the time to make certain payments.

LATAM and most of its lessors have since negotiated the Second Stipulation and Order Between Debtors and Aircraft Counterparties Concerning Certain Aircraft (the "Second Aircraft Stipulation"), which supersedes the First Aircraft Stipulation and provides that during the specified stipulation period the Debtors shall pay as rent for any usage of the subject aircraft on a "power-by-the-hour" basis pursuant to rates set forth in the relevant Second Stipulations. The Bankruptcy Court signed the majority of the Second Aircraft Stipulations in January and February 2021.

On March 19, 2021, April 9, 2021, and June 4, 2021, the Debtors and their certain engine lessors entered into the First Stipulation and Order Between Debtors and Aircraft Engine Counterparties Concerning Certain Equipment (each, a "First Engine Stipulation"). The First Engine Stipulations were substantially similar to the First Aircraft Stipulations and Second Aircraft Stipulations.

Aircraft Rejections and Assumptions

After undertaking a review of their existing fleet to develop and determine their fleet strategy to account both for current circumstances and expected future needs and larger business considerations, LATAM has largely completed the process and to date, the Debtors have rejected 42 aircraft leases and 12 engine leases from the Initial Petition Date. In addition, the Debtors assumed certain aircraft leases, including 65 leases supported by the European Export Credit Agencies ("ECAs"). The Debtors have also sought to enter into new lease agreements or otherwise amend their existing lease agreements. See "Item 4. Information on the Company—B. Business Overview—Fleet."

Debtor-in-Possession Financing

In connection with our Chapter 11 proceedings, the Bankruptcy Court approved our initial debtor-in-possession ("DIP") financing agreement on September 19, 2020 (the "Existing DIP Credit Agreement"), providing the group with access to US\$2.45 billion for working capital and other purposes approved by the Bankruptcy Court.

The terms of the initial DIP financing include three tranches: Tranche A for a principal amount of up to US\$1.3 billion, a potential Tranche B for up to an additional amount of US\$750 million, which would be subject to further authorization of the Bankruptcy Court and other conditions customary for this type of transactions, and a Tranche C for a principal amount of up to US\$1.15 billion. Only Tranches A and C were initially committed.

On October 18, 2021, the Bankruptcy Court approved a Tranche B facility of up to US\$750 million. On November 10, 2021, we entered into an amendment to the Existing DIP Credit Agreement implementing, among other things, certain amendments to the maturity date definition and effectuating the terms and conditions of the Tranche B facility.

In January and February of 2022, we initiated the process of seeking financing proposals from financial institutions, funds, and other entities for certain amendments, extensions to the Existing DIP Credit Agreement and certain increases to the DIP financing thereunder.

On February 18, 2022, we filed a motion requesting Bankruptcy Court approval for certain amendments to the Existing DIP Credit Agreement, providing for, among other things, a new replacement Tranche C facility in an aggregate principal amount of up to \$1,245,436,360.42 (including pursuant to a cashless roll of a partition of the existing Tranche C loans held by certain Tranche C Lenders), the proceeds of which will be applied, among other things, to repay in full the existing Tranche C facility, an extension of the existing maturity date, and certain modifications and reductions to the existing fees and interest rates applicable to the Tranche A and Tranche B facilities, with such terms reflected in an amended and restated DIP credit agreement (the "A&R DIP Credit Agreement"). On March 7, 2022, we filed a supplement to the motion reflecting new terms agreed with the prospective DIP lenders with respect to the A&R DIP Credit Agreement.

Notwithstanding the foregoing, we continued to engage in a marketing process for an amendment and restatement of the Existing DIP Credit Agreement with the expectation of obtaining improved terms and conditions than those included in the A&R DIP Credit Agreement as supplemented. In this regard, we agreed to an alternative proposal provided by a different group of prospective lenders with such proposal reflected in an amendment and restatement of the Existing DIP Credit Agreement (the “New A&R DIP Credit Agreement”). On March 15, 2022, we filed a motion requesting Bankruptcy Court approval of the New A&R DIP Credit Agreement. The New A&R DIP Credit Agreement (i) repays in full the existing Tranche A, Tranche B and Tranche C facilities under the Existing DIP Credit Agreement from the proceeds of a new Tranche A facility and new Tranche C facility; (ii) contemplates an extended maturity date that is intended to reflect the timeline that we are envisioning for our prospective emergence from our Chapter 11 proceeding; and (iii) provides for certain reductions in fees and interest as compared to the Existing DIP Credit Agreement and the A&R DIP Credit Agreement. On March 18, 2022 the Bankruptcy Court entered an order approving our entry into the A&R DIP Credit Agreement.

As of December 31, 2021, \$1.95 billion of the total \$3.2 billion DIP facility had been drawn, with \$1.25 billion of the committed funds remaining.

Current LATAM shareholders, Qatar Airways, the Cueto Group and the Eblen Group, participated in Tranche C of the DIP financing agreement committing a total of US\$750 million.

Claims Reconciliation Process

On September 24, 2020, the Bankruptcy Court entered an order (the “Bar Date Order”) establishing December 18, 2020 at 4:00 p.m., prevailing Eastern Time as the last date and time for each person or entity to file proofs of claim based on prepetition Claims or on section 503(b)(9) of the Bankruptcy Code. Additionally, the Bar Date Order establishes separate Bar Dates for Claims arising from Debtors’ rejection of executory contracts and unexpired leases and Claims that Debtors have amended in Debtors’ Schedules (collectively, the “Bar Dates”).

On September 30, 2020, the Debtors mailed a notice of the Bar Dates to the U.S. Trustee, the Creditors’ Committee, and other parties as required by the Bar Date Order. Additionally, in compliance with the Bar Date Order, the Debtors caused a notice to be published in the New York Times, the Wall Street Journal, USA Today, the Miami Herald, La Tercera, El Mercurio, El Tiempo, La Republica, O Estado de S. Paulo, Valor Económico, El Comercio and El Universo.

Additionally, on December 17, 2020, the Bankruptcy Court entered an order (the “Supplemental Bar Date Order”) establishing February 5, 2021 at 4:00 p.m., prevailing Eastern Time as a supplemental bar date (the “Supplemental Bar Date”) for certain parties to litigations in which the Debtors have been involved (the “Supplemental Bar Date Parties”). On December 24, 2020, the Debtors mailed a notice of the Supplemental Bar Date to the Supplemental Bar Date Parties in compliance with the Supplemental Bar Date Order.

For more information regarding our Chapter 11 proceedings, see “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Chapter 11 Proceedings.”

Alternative Dispute Resolution Procedures

On February 10, 2021, the Debtors proposed alternate dispute resolution procedures (the “ADR Procedures”) for certain claimants from Chile and Colombia (the “Designated Claimants”). The ADR Procedures are designed to promote the resolution of certain claims without the time and potentially greater expense of a full-blown proceeding before the Bankruptcy Court while also providing each Designated Claimant with the opportunity to fairly prosecute and resolve its claim. The ADR Procedures allow claimants from those countries whose claims are less than \$500,000 to submit their claims to alternative dispute resolution that include an offer exchange, mediation and arbitration. Claims that equal or exceed \$500,000 or claims that are by claimants from countries other than Chile and Colombia, by aircraft lessors, by financial claimants, by governmental units, are governed by U.S. law or subject to dispute resolution in the U.S. or subject to an objection on the basis of section 502(e)(1) of the Bankruptcy Code are excluded from the ADR Procedures. The Debtors are also authorized, at their election, to use the settlement offer exchange and non-binding mediation portions of the ADR Procedures to resolve consensually all other disputed claims. The Bankruptcy Court entered an order approving the ADR Procedures on March 17, 2021.

To date, two claims have been submitted to the ADR Procedures and both have been resolved successfully.

Recapitalization Motions

On November 20, 2020 and December 20, 2020, the Bankruptcy Court entered two orders approving the recapitalization of certain Debtors. The recapitalizations were a series of intercompany transactions involving the contribution of equity and the capitalization of certain intercompany accounts receivable that prevented Debtors LATAM Airlines Peru and LATAM-Airlines Ecuador from suffering dissolution events under local law related to net equity falling below a certain threshold of paid-in capital stock. The transactions with respect to LATAM Airlines Peru also prevent the potential violation of a provision of Peruvian law, which requires operating airlines to have at least 30% of their equity held by Peruvian persons or corporations.

On July 19, 2021, the Bankruptcy Court entered an Order approving a subsequent recapitalization of LATAM Airlines Peru. *See* ECF No. 2750. Similar to the prior motion, LATAM Airlines Peru sought a recapitalization to prevent the potential violation of Peruvian law, which requires LATAM Airlines Peru to have its net equity be more than one-third of its paid in capital stock. The Bankruptcy Court authorized a two-step capital reduction whereby LATAM Airlines Peru adjusted the nominal value of its shares in July and September 2021 to offset accumulated losses.

Recent Developments in 2022 involving our Chapter 11 Proceedings

Lease and Contract Assumptions and Rejections

The Debtors continue to analyze their leases and contracts in order to best match the future needs of the Debtors' businesses. Outside of the Debtors' fleet, through the Bankruptcy Court the Debtors have rejected over 100 executory contracts or nonresidential real property leases. The Debtors have also assumed key contracts for their business needs, including assuming contracts with various airports including Miami International Airport, John F. Kennedy International Airport and Los Angeles International Airport for critical office and storage space. The Group is currently negotiating amendments and new lease agreements to its fleet.

Claims Reconciliation Process

As of March 21, 2022, approximately 6,484 proofs of claim had been filed against the Debtors, asserting approximately \$125,116,743,050 in aggregate liquidated and unliquidated claims.

The Debtors and their professionals have undertaken the process of reconciling the amount and classification of the claims submitted in the Chapter 11 proceedings. Additionally, the Debtors have made various objections to certain claims through the Bankruptcy Court in furtherance of their effort to ensure the claims register accurately reflects the Debtors' obligations. As of March 21, 2022, the Debtors have expunged, reclassified, and reduced 3,930 claims through orders of the Bankruptcy Court. The Debtors have satisfied at least 1,200 claims in part or in full and are continuing to reconcile claims to identify additional claims that have been previously satisfied. The Debtors also have resolved at least 812 claims through joint stipulations and/or other consensual resolutions. The Debtors continue to reconcile their claims and expect to continue preparing, filing and resolving objections to claims throughout the course of the Chapter 11 proceedings. The initial estimate of reconciled claims amounts to approximately US\$ 8.1 billion in the low scenario and US\$ 9.9 billion in the high scenario.

Notably, a significant number of claims have not yet been resolved, additional claims could be filed and the actual ultimate aggregate amount of allowed claims may differ significantly from the amounts used for the purposes of the Debtors' estimates. The Debtors continue to investigate differences between the claim amounts filed by creditors and claim amounts determined by the Debtors. Certain claims filed may be duplicative (particularly given the multiple jurisdictions that are implicated), may be based on contingencies that have not occurred, or may be otherwise overstated, and would therefore be subject to revision or disallowance. Pursuant to the Plan, after the effective date, the Reorganized Debtors and the Disbursing Agent (as defined in the Plan) shall have the exclusive right to make and file objections to claims, which shall be filed prior to the claims objection deadline.

For more information regarding our claims reconciliation, please see Note 2 of our audited consolidated financial statements.

Claims Motions

The Debtors have filed eighty omnibus claims objections over the course of the Chapter 11 proceedings (two of which were subsequently withdrawn). The Debtors also have filed eleven standalone objections seeking to disallow, expunge or modify certain specific claims.

Airline Operations and Route Network

The following tables set forth our operating revenues by activity and point of sale for the periods indicated:

	Year ended December 31,		
	2021	2020	2019
	(in US\$ millions)		
Total passenger revenues	3,342.4	2,713.8	9,005.6
Total cargo revenues	1,541.6	1,209.9	1,064.4
Total traffic revenues	4,884.0	3,923.6	10,070.1

	Year ended December 31,		
	2021	2020	2019
	(in US\$ millions)		
Peru	503.6	297.5	802.0
Argentina	75.5	172.2	585.0
United States	578.0	505.1	1,004.2
Europe	376.9	338.6	726.2
Colombia	368.5	177.0	380.4
Brazil	1,664.5	1,304.0	3,949.8
Ecuador	163.0	112.6	203.3
Chile	794.1	638.2	1,547.0
Asia Pacific and rest of Latin America	360.0	378.4	872.2
Total Operating Revenues	4,884.0	3,923.6	10,070.1

Passenger Operations

General

As of December 31, 2021, our passenger operations were performed through airlines in Chile, Brazil, Peru, Colombia and Ecuador, where the group operates both domestic and international services. We collect and report operating data for our passenger operations in three categories: international (connecting more than one country), Domestic operations in Spanish speaking countries or “SSC” (including Chile, Peru, Colombia, and Ecuador), and Domestic Brazil (entirely within Brazil).

The following table sets forth certain of our passenger operating data for international and domestic routes for the periods indicated:

	Year ended December 31,		
	2021	2020	2019
ASKs (million) (at period end)			
International	20,461.0	23,883.3	81,332.3
SSC	17,847.8	10,974.5	27,337.2
Domestic Brazil	29,326.8	20,830.2	40,442.3
Total	67,635.7	55,688.0	149,111.8
RPKs (million)			
International	13,500.5	17,620.4	69,065.4
SSC	13,359.8	8,346.3	22,092.7
Domestic Brazil	23,456.3	16,657.8	33,363.0
Total	50,316.5	42,624.5	124,521.1
Passengers (thousands)			
International	2,852	4,016	16,186
SSC	17,513	9,822	26,619
Domestic Brazil	19,830	14,461	31,384
Total	40,195	28,299	74,189
Passenger RASK (passenger revenues/ASK, in US cents)			
International ⁽¹⁾	US\$4.6	n.a	US\$5.8
SSC ⁽¹⁾	US\$5.8	n.a	US\$6.5
Domestic Brazil ⁽¹⁾	US\$4.8	n.a	US\$6.9
Combined Passenger RASK⁽²⁾	US\$4.9	n.a	US\$6.0
Passenger load factor (%)			
International	66.0	73.8	84.9
SSC	74.9	76.1	80.8
Domestic Brazil	80.0	80.0	82.5
Combined load factor	74.4	76.5	83.5

(1) RASK information for each of our business units is provided because LATAM believes that it is useful information to understand trends in each of our operations. We use our revenues as defined under IFRS to calculate this metric. The revenues per business unit include ticket revenue, breakage, excess baggage fee, frequent flyer program revenues and other revenues. These operating measures may differ from similarly titled measures reported by other companies and should not be considered in isolation or as a substitute for measures of performance in accordance with IFRS. This unaudited operating data is not included in or derived from LATAM's financial statements.

(2) The combined Passenger RASK for LATAM is calculated by dividing passenger revenues by total passenger ASKs

International Passenger Operations

Our international network includes the international operations of our Chilean, Peruvian, Ecuadorian, Colombian and Brazilian affiliates. LATAM Airlines Group and its affiliates have operated international services out of Chile since 1946 and have since greatly expanded international services, offering flights out of Peru, Ecuador, Argentina, Colombia and Brazil. As of December 31, 2021, LATAM offers 30 international destinations in 18 countries, in addition to our domestic destinations and international flights and connections between our domestic destinations.

The general strategy to expand our international network is aimed at enhancing our value proposition by offering customers more destinations and routing alternatives. Sustained development of LATAM's international network is a crucial factor in the long-term strategy. The group provides long-haul services out of Santiago, Lima, Bogota and São Paulo. The group also provides regional services from Chile, Peru, Ecuador, Colombia and Brazil.

As part of our mission, LATAM seeks to promote tourism to South America. Due to our large network of services, visitors from around the world can experience world-renowned destinations such as Cusco, the Galapagos Islands, Iguazu Falls in Brazil, and Patagonia in Chile, including the cities of Punta Arenas and Puerto Natales.

Market Share Information

The following table presents air passenger traffic information for international flights (including intra-regional flights) and LATAM's market share in each geographic market in which the group operates:

Country	LATAM passenger figures % variation	LATAM's Market Share		
	2021-2020	2021	2020	% variation
Brazil ⁽¹⁾	(39.7)%	19.6%	16.2%	3.4p.p.
Chile ⁽²⁾	(35.0)%	40.7%	36.6%	4.1p.p.
Peru ⁽³⁾	6.1%	43.9%	51.5%	(7.6)p.p.
Colombia ⁽⁴⁾	(69.4)%	4.1%	5.4%	(1.3)p.p.
Ecuador ⁽⁵⁾	(91.5)%	2.5%	9.5%	(7.0)p.p.

(1) Source: ANAC Brazil's website. Passenger figures considers passengers carried, measured in RPKs, in 2021 vs 2020. Market share considers passengers carried, measured in RPKs, as of December 2021.

(2) Source: JAC Chile's website. Passenger figures considers passengers carried, measured in RPKs, in 2021 vs 2020. Market share considers passenger carried, measured in RPKs, as of December 2021.

(3) Source: DGAC Peru's website. Passenger figures considers passengers carried in 2021 vs 2020. Market share considers the number of passengers carried as of December 2021.

(4) Source: Diiio.net. Passenger figures considers ASK changes in 2021 vs 2020. Market share considers ASKs as of December 2021.

(5) Source: Diiio.net. Passenger figures considers ASK changes in 2021 vs 2020. Market share considers ASKs as of December 2021.

Competitors in international routes

The following table shows LATAM's main competitors in each geographic market in which it operates:

Country	Route	Competitors
Brazil	North America	American Airlines, United Airlines, Azul Linhas Aereas, Delta Air Lines, Air Canada, Aeromexico and GOL.
	Latin America	Copa, GOL, Avianca, Aerolineas Argentinas, Aeromexico, Azul Linhas Aereas, and Sky Airline.
	Europe	TAP Portugal, Air France-KLM, IAG, Alitalia, and Lufthansa.
Chile	North America	American Airlines, Air Canada, Delta Air Lines, United Airlines, and Aeromexico.
	Latin America	Copa, Sky Airline, Avianca, JetSmart Aeromexico, Gol, and Aerolineas Argentinas.
	Europe	IAG, Air France-KLM, and Alitalia.
Argentina	North America	American Airlines, Aerolineas Argentinas, Aeromexico, United Airlines, and Delta Air Lines.
	Latin America	Aerolineas Argentinas, Copa, GOL, Avianca, and Azul Linhas Aereas.
Peru	North America	American Airlines, Avianca, Aeromexico, InterJet, United Airlines, Air Canada, Delta Air Lines, JetBlue Airways and Spirit Airlines.
	Latin America	Avianca, Copa, Aeromexico, InterJet, JetSMART, and Sky Airline.
	Europe	Air France-KLM, IAG, Air Europa, and Plus Ultra.
Colombia	North America	Avianca, InterJet, American Airlines, Spirit Airlines, Aeromexico, JetBlue Airways, United Airlines, Air Canada and Delta Air Lines.
	Latin America	Avianca, InterJet, Aeromexico, and Copa.
Ecuador	North America	American Airlines, JetBlue Airways, InterJet, Delta Air Lines, United Airlines, and Spirit Airlines.
	Latin America	Avianca, Copa, InterJet, Aeromexico, and GOL
	Europe	Air France-KLM, Iberia and Air Europa.

Source: Diiio.net considering ASKs.

Domestic Passenger Operations

As of December 31, 2021, domestic passenger services within Chile, Brazil, Peru, Ecuador and Colombia were operated by LATAM Airlines Chile, LATAM Airlines Brazil, LATAM Airlines Peru, LATAM Airlines Ecuador and LATAM Airlines Colombia, respectively.

Business Model for Domestic Operations

In November 2016, the group announced an important project to revamp the business model of its domestic services offerings in the six domestic markets where it operated in South America at that time. The purpose of this change was to increase competitiveness and ensure the long-term sustainability of its domestic business model. LATAM group implemented this new business model in all of its domestic operations, allowing them to provide more competitive fares and contributing to the development of tourism and the growth of air travel per capita in the region. The domestic service model requires continuous cost reduction efforts, and the group continues to implement a series of initiatives to reduce cost per ASK in all domestic operations. These efforts are aimed at significantly reducing selling and distribution expenses, increasing fleet utilization and operational productivity and simplifying back-office and support functions, thereby allowing the LATAM group to expand operations while controlling fixed costs.

Another key element of this business model is initiatives to increase ancillary revenues, while allowing passengers to customize their journey. Customers on domestic flights are now able to access a simpler sales platform, which allows them to choose their fare depending on the type of journey they want, and to purchase additional services such as extra luggage, a variety of food and beverage options on board, preferred seating options and the flexibility to change tickets.

In March 2020, LATAM group introduced its superior cabin class, Premium Economy, in all domestic and international flights within Latin America operated by the Airbus A320 family (A319, A320, A320neo and A321; "short-/medium-haul") aircraft. This cabin class offers premium services both at the airport and in-flight, including priority check-in and boarding, VIP lounge access in airports where available, a differentiated onboard service including complimentary snacks and drinks (although on-board beverage and food service is subject to COVID-19 regulations and restrictions of local governments and not available on all routes), an exclusive overhead bin for carry-on luggage and a blocked middle seat, providing greater space and privacy.

LATAM group continues to develop digital initiatives to empower passengers providing them with an enhanced digital experience with end-to-end control of their reservation. LATAM customers will increasingly be able to buy, check-in and manage the after sale service in a simpler and faster manner through their smartphones.

The following table shows LATAM's number of destinations, passengers transported, market share and main competitors in each domestic market in which we operate:

	Brazil	Chile	Peru	Colombia	Ecuador
Destinations	49	16	19	16	7
Passengers Transported (million)	19.8	5.4	5.5	5.9	0.8
Change (YoY)	+37.1%	+49.2%	+78.7%	+173.0%	+70.5%
Market share	35.7% ⁽¹⁾	60.3% ⁽²⁾	67.9% ⁽³⁾	27.8% ⁽⁴⁾	52.5% ⁽⁴⁾
Main competitors	Gol, Azul, Itapemirim Airlines (ITA)	Sky Airlines, JetSmart	Sky Airlines Peru, Viva Airlines Peru, Star Peru	Avianca, Viva Colombia, EasyFly, Satena, Copa Airlines Colombia ("Wingo")	Avianca

(1) Source: ANAC Brazil's website. Market share considers RPKs as of December 2021.

(2) Source: JAC Chile's website. Market share considers RPK as of December 2021.

(3) Source: DGAC Peru's website. Market share considers the number of passengers carried as of December 2021.

(4) Source: Diio.net. Market share considers ASKs as of December 2021.

Passenger Alliances and Commercial Agreements

Strategic Alliance with Delta

Continuing with the framework agreement signed on September 26, 2019, LATAM on May 7, 2020, entered into a Trans-American Joint Venture Agreement with Delta Air Lines, in order to (i) deliver robust consumer benefits through the metal-neutral orientation contemplated by this Agreement, providing expanded capacity on joint routes, expanded customer offerings and joint investments in customer experience, (ii) provide a seamless high-quality travel experience for passengers, (iii) develop and enhance the quality and quantity of services delivered to the traveling public through the use of common customer standards, and (iv) become the preferred airlines of choice by customers in the U.S./Canada – South America air transportation market. In the context of our Chapter 11 proceedings, on November 24, 2020, the Bankruptcy Court approved the Debtors' assumption of the Trans-American Joint Venture Agreement and related pre-petition contracts. The Bankruptcy Court also authorized the Debtors to enter into and continue performing under any related post-petition contracts.

During 2021, LATAM and Delta Air Lines obtained the regulatory approvals for their Joint Venture Agreement from the respective authorities in all the South American countries involved in the agreement. LATAM and Delta Air Lines will continue with the Joint Venture Agreement regulatory process in 2022 pending approval from the U.S. Department of Transportation.

On November 15, 2021, LATAM Airlines Group and Delta Air Lines announced the expansion of their codeshares, providing access for their customers to more than 20 international routes between the U.S. and South America besides connections to domestic destinations and within South America.

Termination of previous arrangements and alliances and subscription of new codeshare agreements

On August 22, 2021, LATAM Airlines Brazil and Azul Linhas Aéreas terminated the codeshare and reciprocal frequent flyer agreements subscribed in 2020 within Brazil's domestic market.

In December 2021, LATAM Airlines Brazil and LATAM Airlines Peru signed codeshare agreements with Virgin Atlantic, which are expected to be implemented in 2022, seeking to increase the offering and connectivity of both networks.

Other alliances and material commercial agreements

In addition, LATAM and its affiliates have ongoing passenger commercial agreements with several airlines, including Qatar Airways, Aeromexico, Lufthansa, Swiss, Korean Air, China Eastern, among others. These commercial agreements allow us to provide additional benefits to our passengers, including access to a wider network, more flight options with better connection times, and increased potential for developing new routes and adding direct flights to new destinations and to destinations already served by LATAM.

Passenger Marketing and Sales

Given the current global situation resulting from the COVID-19 pandemic, we have made several adjustments to our services, implementing additional hygiene and safety measures in all of the customer's touchpoints and adjusting our commercial policies as needed.

With regard to hygiene and safety measures, various implementations were made to comply with authorities' requirements and to maximize hygiene and safety for customers and crews when flying. Some of those measures include social distancing while checking in, contactless boarding, deplaning by row, improvements to cabin hygiene, hand sanitizer availability, and other onboard procedure adjustments to limit physical interactions. Because the pandemic has changed our customers' behavior and increased their desire to avoid or minimize contact with others, we intend to use technology to change the passenger experience when traveling and meet these expectations. We had the opportunity to implement and test some of these technologies in our main airports, such as automatic check-in, self-bag tag and drop, digital signage and biometrics (testing only), with promising results that encourage us to accelerate our digital transformation in the upcoming year.

In 2021, LATAM group continued transforming the travel experience of its passengers through cabin retrofits. As of December 31, 2021, we have ten B777, nine B767 and ninety-six A320/A321 aircraft with renovated interiors. During the year 2021, we have retrofitted 26 aircraft, which required approximately US\$50 million in capital expenditures during the year. We continued equipping aircraft with Wi-Fi connectivity in Brazil, reaching 50 aircraft in total. In addition, 258 aircraft have been repainted and rebranded with the new LATAM livery, with the goal of having all the remaining aircraft finished by early 2022.

Although the COVID-19 pandemic impacted our services, customer experience continues to be a key driver of success for the group. In recent years the group implemented the “Net Promoter System” in an effort to create a culture focused on earning the passionate loyalty of customers while inspiring the energy, enthusiasm and creativity of employees and ultimately accelerate profitable and sustainable organic growth. This system’s primary key performance indicator is the Net Promoter Score (“NPS”). To calculate NPS, we have a customer survey, where we ask “How likely are you to recommend us to a friend or colleague?” Customers score answers on a zero-to-ten scale and we then calculate the NPS as the percentage of customers who are promoters (those who scored 9 or 10) minus the percentage of customers who are detractors (those who scored 0 to 6).

LATAM’s Net Promoter Score for 2021 showed an increase of 11 points compared to 2020 (2021’s NPS was 51 points, versus 40 points in 2020), reaching the highest level since we started measuring our NPS. According to NPS survey customer comments, satisfaction is driven by the on-time performance of our operations, crew care and service, and COVID-19 prevention measures implemented.

Working on the evolution of the customer’s digital experience was the main focus of the E-business area this year. With the objective of improving the online experience of our customers, we launched LATAM Airlines’ new website for the Ecuadorian market in May 2020, Chile and Colombia in the second half of 2020, and Brazil and Peru in the first half of 2021. The new experience includes, among other features, a notifications system that allows customers to choose how they want to receive their flight information, a more seamless booking process, automatic check-in (boarding passes are automatically sent to customers before arriving at the airport) and LATAM Wallet, our virtual payment method. We intend to keep working in 2022 to incorporate additional markets and features.

In 2021, LATAM ranked first place on the “Punctuality List 2021” compiled by the Official Airline Guide (OAG). In addition, LATAM Airlines Group was recognized as the “Best Airline in South America” in Skytrax World Airline Awards, and was recognized with a COVID-19 Airline Excellence award. In the Global Traveler GT Tested Reader Survey Awards, the group was recognized as the Best Airline of South America. Furthermore, in the 2021 edition of the APEX Passenger Choice Awards LATAM was recognized as “Best Global Airline of South America.”

Branding

The challenging context of 2020 and 2021 meant that as a brand we had a leading role in the development of communications that kept our employees, customers and all the Company’s stakeholders informed. We established a three-phase strategy to build our communications that focused first on communicating our commitment to safety, the flexibilization of commercial policies, and our support channels.

As part of the strategy of working to achieve closeness and recover our engagement with our customers, we worked on developing partnerships with important entities for the community. In Peru, for example, we are now the Official Airline of the Peruvian National Soccer Team.

Distribution Channels

We are committed to being the preferred choice of our customers, placing the passenger at the center of our decision making. Our distribution structure is divided into direct and indirect distribution channels, both focused on improving their respective platforms to allow for easy interaction for our client in sales and services alike. Direct channels owned by LATAM are city ticket offices, contact-centers and e-Business (including website, mobile and smart business), and accounted for approximately 55% of total sales in 2021 (including award passengers). These direct channels support sales and service, both before and after the flight.

Our city ticket offices include additional services in order to complement the experience of our customers. Our contact centers are a multi-service channel providing support in six languages (Spanish, English, Portuguese, French, German and Italian).

We are committed to constantly improving the way we offer our products via our distribution channels, including the adoption of new technology. The Company intends to continue to improve its e-Business platforms to support expected future growth and simplify our customers' online experience.

Our digital strategy includes mobile applications that provide trip information to our passengers. These applications improve management of contingencies, enable us to provide information and solutions to our customers in a timely and transparent manner and serve as a new direct sales channel.

Indirect channels currently include travel agencies, general sales agencies, direct channels from other airlines and online agencies, and accounted for 45% of total sales in 2021. LATAM offers travel agencies different options to connect to our systems and provide their customers our best product offering. These options include Global Distribution Systems as well as our direct connection "eLATAM," which we are continuously expanding and improving.

LATAM is strongly committed to the digital transformation of distribution in agencies during 2022, through the IATA's New Distribution Capability ("NDC") standard.

Frequent Flyer Program

Our frequent flyer program is a key element of our marketing and loyalty strategy. The program rewards customer loyalty, and, as a result, we believe it generates incremental revenue and promotes customer retention.

In 2019, we established a new way to qualify for "Elite" status in our frequent flyer program based on the price paid for the ticket, which is aligned with a simpler methodology for mileage accrual, generating simplicity and efficiency to our frequent flyer program. LATAM Pass members can access superior categories and enjoy better benefits by earning Qualifying Points on all their flights. Qualifying Points are different from LATAM Pass Points, which members can use to redeem for tickets and on-board benefits. The number of Qualifying Points that members earn depends on the dollars spent on purchasing the ticket (discounting charges, taxes and additional services) and the multiplier of the destination (domestic or international).

During 2020 we also introduced another rule to access superior categories, the "Segment rule," under which a passenger can qualify for "Elite Status" by earning Qualifying Points (the existing rule, where they accumulate points depending on the dollars spent on purchasing the ticket), or by reaching a goal of number of segments flown. Introducing this new rule makes it possible for more customers to qualify for our categories, especially for those domestic passengers who fly many segments a year that generally have lower rates.

As a result of the pandemic, our members would not be able to travel as much as the prior year, so we adapted some of our policies to be more flexible to avoid negative impacts in their LATAM Pass member categories. All categories reached in 2020 were extended through March 2022. We reduced the Qualifying Points and Qualifying Segments goals by 30% to make it easier to maintain or reach a new tier. We also increased the accumulation of Qualifying Points with some of our associated banks' credit cards and extended the expiration of miles/points during March and August 2020 (depending on the situation of each country) for three more months so that members would not lose them. These measures were available until December 2021.

We believe the frequent flyer program is a strategic asset for the airline group, and a core source of value that differentiates LATAM from other carriers. The acquisition of Multiplus and its full integration into LATAM's network, together with LATAM Pass, create what LATAM estimates to be one of the top frequent flyer and loyalty programs in the world (measured by the number of members). LATAM Airline Brazil's decision is consistent with recent transactions in the industry, and with the strategy of in-house frequent flyer business models of the largest global airlines.

In addition, a new tier category, Gold Plus, was launched in its market with focus on recovering Brazilian's domestic corporate market share delivering to a specific type of customer a better experience at the airport, and also a better mileage accrual. Improvements to the Gold category include priority check-in in all flights (for Gold category only in international flights) and free same day changes for Brazilian domestic flights. In February 2020, this new category was also launched in all Spanish-speaking countries, improving the value proposition of all our domestic corporate passengers, and also introducing new benefits for all of our high-value customers such as seat selection, preferred check-in and boarding in all markets.

As of December 31, 2021, LATAM Pass had approximately 39 million members, representing an increase of 4% compared to 2020. Members of the LATAM Pass program receive benefits and accrue miles for ticket purchases in accordance with their elite level status, as well as by purchasing the services of other partners in the LATAM Pass program. Customers of the program can redeem miles or points for free tickets as well as for other products. LATAM Pass members are classified in five elite levels: Gold, Gold Plus, Platinum, Black and Black Signature. These different groups determine which benefits customers are eligible to receive, including mile earning bonuses, free upgrades, VIP lounge access and preferred boarding and check-in privileges.

Cargo Operations

The Cargo business is operated internationally and domestically by affiliate airlines under the unified LATAM Cargo brand, which has acquired significant market recognition. The cargo business generally operates on the same route network used by the passenger airline business. It includes 135 destinations, of which 129 are served by passenger and/or freighter aircraft and six are served only by freighter aircraft.

The following table sets forth certain of our cargo-operating statistics for domestic and international routes for the periods indicated:

	For the year ended and as of December 31,		
	2021	2020	2019
ATKs (millions)	4,788.1	4,708.3	6,356.7
RTKs (millions)	3,034.9	3,077.8	3,526.0
Weight of cargo carried (thousands of tons)	801.5	784.6	903.8
Total cargo yield (cargo revenues/RTKs, in U.S. cents)	50.8	39.3	30.2
Total cargo load factor (%)	63.4%	65.4%	55.5%

We derive our revenues from the transport of cargo through our dedicated freighter fleet and in the bellies of our passenger aircraft. Also, throughout the COVID-19 pandemic we have utilized some passenger aircraft exclusively for cargo transportation (passenger freighter flights) to keep products and economies moving.

We consider our passenger network to be a key competitive advantage due to the synergies between passenger and cargo operations and, accordingly, we have developed a strategy aimed at increasing our competitiveness by enhancing our belly offering. We primarily use the belly of our passenger aircraft for our cargo operations; however, during 2021 we have also flown passenger freighter flights where the main deck was also utilized for cargo transportation. Additionally, we have modified 4 Boeing 767-300 removing seats to increase cargo capacity.

As of December 31, 2021, the cargo affiliates' freighter fleet consisted of nine Boeing 767-300 freighters and four Boeing 767-300BCF, each with a capacity for 58 structural chargeable tons of freight. The freighter fleet under operation consisted of eight Boeing 767-300F and four Boeing 767-300BCF, since one of the Boeing 767-300F was subleased to former affiliate MasAir S.A. The group expects to continue to grow its freighter fleet with the reception of three passenger to freighter conversions of Boeing 767-300 aircraft during 2022 and has orders for the conversion of six additional frames in 2023. The freighter fleet program has two main focus areas: first, to support the group's belly business, improving its load factor by feeding cargo into passenger routes, and second, to enhance our product offering by providing our customers flexibility in scheduling, origins, destinations and types of cargo.

The United States is the main market for cargo traffic to and from Latin America. Besides being the main market for Latin American exports by air, cargo consolidated in the United States accounts for the majority of the goods transported by air to Latin American countries. Accordingly, we have headquartered our international cargo operations in Miami. This geographical location is a natural gateway between Latin America and the United States. We also utilize passenger flights to and from New York, Los Angeles and Orlando and our seasonal dedicated freighter service to Chicago. Additionally, with more than ten different trucking companies we operate a road-feeder network, connecting our hub in Miami with the other main gateways in the United States (Los Angeles, New York, Chicago, Houston and Atlanta), in between the cities in which we operate and to secondary origins and destinations. During the temporary route suspension and cargo capacity decrease due to the pandemic, the trucking network was of great support for the belly and freighter network.

The LATAM group also transports cargo to and from eight destinations in Europe: Barcelona, London, Lisbon, Milan, Paris, Frankfurt, Madrid and Amsterdam. The first five points are served only via passenger aircraft. Frankfurt and Madrid are served by both passenger and freighter aircraft, while Amsterdam is only served through freighter operations. The group operates a road-feeder service within Europe to expand our footprint and balance traffic between our different origins.

Chile, Colombia, Peru, Ecuador, and Brazil represent a large part of the northbound traffic. This demand is mainly concentrated on a small number of product categories, such as exports of fish, sea products and fruits from Chile, asparagus and fruits from Peru, and fresh flowers from Ecuador and Colombia.

The main destinations for southbound traffic are Brazil, Chile, Colombia and Peru. Southbound demand is mainly concentrated on a small number of product categories including high-tech equipment, mining equipment, electronics, auto parts and pharmaceuticals.

The largest domestic cargo operations are in Brazil, where LATAM Cargo Brazil has a strong position as the only wide body freighter operator, carrying cargo for a variety of customers, including freight-forwarding companies, logistics operators, e-commerce companies and individual consumers.

During 2021, cargo revenues increased by 27.4%. Total cargo capacity increased 1.7% with a 1.2% increase in freighter capacity. Cargo traffic decreased 1.4%, resulting in a 2.0 percentage point decrease of the cargo load factor driven mainly by an earlier recovery of the domestic and leisure routes operated by narrow bodies compared to other routes with higher cargo demand. Cargo yield grew 29.2% year-over-year. As a result, revenues per ATK increased 25.3% in comparison to the previous year. Over 4,328 passenger freighter flights were operated; resulting in over 100,000 cargo tons transported on passenger freighters during this year. In response to the pandemic we operated 15 passenger freighters to China for the transportation of vaccines from Beijing, to Brazil, Chile and Uruguay. We also flew vaccines from Europe and the US to Chile, Perú, Brazil, Ecuador, Argentina, Uruguay and Paraguay reaching 144,103,190 doses transported. As part of our solidarity plane program we flew over 205 million doses in our domestic markets free of charge.

The cargo business in the region is highly competitive, as international and regional carriers often have spare capacity in their cargo operations. However, since 2020, decreased belly capacity in passenger flights due to the COVID-19 pandemic has resulted in limited capacity in cargo freighters that has not fully recovered in 2021, which LATAM views as a temporary situation until passenger flights fully recover. In the region, LATAM group has been able to maintain solid market shares through efficient utilization of the fleet and network. The main competitors can be divided into three categories. Hybrid carriers, operating mixed fleets of belly and freighters such as AirFrance-KLM, Lufthansa, Qatar, Ethiopian, Korean Airlines and Avianca; pure freighters such as Atlas, Cargolux and Centurion; and, full belly such as IAG, American Airlines and United Airlines. Carriers operating freighters have greater flexibility and mixed routings that allows them to serve a wider variety of markets, diversifying their portfolio while pure belly carriers tend to have more stable service and are usually limited to their countries of origin.

Cargo-Related Investigations

See “Item 8. Financial Information—A. Consolidated Financial Statements and Other Financial Information—Legal and Arbitration Proceedings.”

Fleet

General

In connection with our Chapter 11 proceedings, we are evaluating the adequate fleet needs and right-sizing our fleet for the coming years. From the Initial Petition Date to December 31, 2021, the group has rejected 42 aircraft, agreed on stipulations with its lessors for more favorable rent terms, negotiated lease amendments and new lease agreements and reincorporated 18 aircraft with new leases. As of December 31, 2021, we had a total fleet of 310 aircraft, comprised of 297 passenger aircraft and 13 cargo aircraft, one of which was subleased to a third party (this includes six Boeing 767-ER aircraft that are classified as non-current assets available for sale; see Note 13 of our audited consolidated financial statements). The group’s fleet may continue to change after the date hereof. For further information, see “Item 4. Information on the Company—B. Business Overview—Chapter 11 Proceedings through 2021—Aircraft Stipulations” and “Item 4. Information on the Company—B. Business Overview—Recent Developments in 2022 involving our Chapter 11 Proceedings.”

	Number of aircraft in operation				
	Total	Aircraft included in Property, plant and equipment	Aircraft included as Rights of use assets	Average term of lease remaining (years)	Average age (years)
Passenger aircraft⁽¹⁾					
Airbus A320-Family Aircraft					
Airbus A319-100	44	37	7	1.19	14.03
Airbus A320-200	133	94	39	7.53	12.03
Airbus A321-200	49	18	31	7.09	7.61
Airbus A320-neo	12	-	12	11.39	3.13
Boeing Aircraft					
Boeing 767-300ER ⁽²⁾	22	22	0	-	11.47
Boeing 787-8	10	4	6	7.47	8.12
Boeing 787-9	17	2	15	7.52	5.43
Boeing 777-300ER	10	4	6	5.51	10.68
Total passenger aircraft	297	181	116	7.32	10.64
Cargo aircraft					
Boeing 767-300 Freighter ⁽³⁾	13 ⁽³⁾	12 ⁽³⁾	1	9.04	17.65
Total cargo aircraft	13	12	1	9.04	17.65
Total fleet	310	193	117	7.33	10.94

(1) All passenger aircraft bellies are available for cargo.

(2) This includes six Boeing 767-ER aircraft that are classified as non-current assets available for sale. For more information, see Note 13 of our audited consolidated financial statements.

(3) One Boeing 767-300F aircraft leased to a third party.

LATAM Airlines Group and its affiliates operate various different aircraft types that are suited for our different services, which include short-haul domestic and intracontinental trips as well as long-haul intercontinental flights. The aircraft have been selected based on their ability to effectively and efficiently serve all of these routes while trying to minimize the number of aircraft families that we operate.

For short-haul domestic and continental flights, LATAM Airlines Group and its affiliates operate Airbus A320-Family aircraft. The Airbus A320-Family has been incorporated into our fleet pursuant to leases and has been acquired directly from Airbus pursuant to various purchase agreements since 1999. For long-haul passengers LATAM Airlines Group and its affiliates operate Boeing 767-300ER, Boeing 787-8 and 787-9, Boeing 777-200ER and 777-300ER.

For cargo flights, we operate Boeing 767-300F aircraft.

Utilization

The average utilization rates of LATAM's aircraft for each of the periods indicated are set forth below, in hours per day.

	2021	2020	2019 ⁽¹⁾
Passenger aircraft ⁽²⁾			
Boeing 767-300ER	3.8	3.7	10.1
Boeing 787-8/9	4.2	4.0	11.0
Airbus A320-Family	6.0	4.1	10.3
Boeing 777-300ER	3.3	3.2	10.1
Airbus A350-900 ⁽³⁾	0.1	3.5	10.7
Total passenger aircraft	5.4	4.0	10.2
Cargo aircraft			
Boeing 767-300 Freighter	13.3	12.9	12.3
Total cargo aircraft	13.3	12.9	12.3
Total passenger and cargo	5.7	4.7	10.5

(1) Utilization rates are calculated by dividing total block hours by total aircraft, excluding subleased aircraft. Previously, the distinction for subleased aircraft was not made and thus, in order to facilitate comparison between 2019, 2020 and 2021, utilization rates from 2019 have been restated to reflect the change in methodology.

(2) Passenger Utilization excluded Flights in passenger aircraft with only cargo

(3) LATAM retired its A350s in 2021 and they are no longer currently part of the fleet.

Fleet Leasing and Financing Arrangements

LATAM's fleet financing and leasing structures include borrowing from financial institutions and leasing under financial leases, tax leases, sale-leaseback transactions and pure leases. As of December 31, 2021, LATAM had a total fleet of 310 aircraft, of which 1 was subleased to a third party and six B767 aircraft are classified as non-current assets available for sale, resulting in 303 aircraft in operation.

As of December 31, 2021, LATAM's fleet comprised 93 financial leases, 18 tax leases, 110 leases, 60 aircraft as loan collateral and 28 unencumbered aircraft. Most of LATAM's financial and tax leases are structured with a 12-year initial term. LATAM has 27 financial aircraft leases supported by the U.S. Export-Import Bank ("EXIM Bank") and 53 supported by the European Export Credit Agencies (the "ECAs"). LATAM's lease maturities initially range from three to twelve years.

LATAM's aircraft debt, which consists of financial and tax leases, is denominated in U.S. dollars and typically has quarterly amortization payments. Both the financial leases and tax leases have a bank (or a group of banks) as counterparty; however, the tax leases also include third parties. 32% of our aircraft debt has a fixed interest rate and the balance has a floating rate based on USD LIBOR.

In order to reduce LATAM Airlines Brazil's balance sheet currency exchange exposure to the Brazilian real, as part of the integration plan following the combination with TAM, LATAM Airlines Brazil sought to transfer the majority of its aircraft under financial leases to LATAM Airlines Group SA. As of December 31, 2021, only 1 aircraft is subject to financial lease by LATAM Airlines Brazil. See "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Sources of financing" and "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures" for a description of expected sources of financing and expected expenditures on aircraft.

The leases provide us with flexibility to adjust our fleet to any demand volatility that may affect the airline industry and therefore we consider such arrangements to be of great value to our strategy and financial performance. The aircraft lease obligation as of December 31, 2021 for all remaining periods through maturity (the latest of which expires in 2031) was US\$ 2,202.9 million. See "Item 5. Operating and Financial Review and Prospects—E. Contractual Obligations—Long Term Indebtedness."

Under the aforementioned leases, LATAM is responsible for all maintenance, insurance and other costs associated with operating these aircraft. The Company has not made any residual value or similar guarantees to our lessors. There are certain guarantees and indemnities to other unrelated parties that are not reflected on the Company's balance sheet, but we believe that these will not have a significant impact on our results of operations or financial condition.

See Note 32 to our audited consolidated financial statements for a more detailed discussion of these commitments.

Maintenance

LATAM Maintenance

The heavy maintenance, line maintenance and component shops are equipped and certified to service the group's fleet of Airbus and Boeing aircraft. LATAM's maintenance capabilities allow the group flexibility in scheduling airframe maintenance, offering an alternative to third-party maintenance providers. More than 3,500 LATAM Maintenance professionals ensure the fleet operates safely and in compliance with all local and international regulations. LATAM group strives to provide the best experience to its passengers through the highest standards of safety, on-time performance and cabin image and functionality.

The heavy maintenance and component repair shop facilities are located in São Carlos (Brazil) and Santiago (Chile), adding up to a total of eleven heavy maintenance production lines, including painting capabilities, and component repair shops, including landing gear, hydraulics, pneumatics, avionics, electroplating, composites, wheels and brakes, emergency equipment, galleys and structures.

In 2021, LATAM Maintenance's continuous improvement efforts were focused on reducing costs and cash outflows. Therefore, our Digital and LEAN-Six Sigma projects were aimed to raise technician productivity, optimize inventory and diminish repair TATs.

LATAM Line Maintenance

The Line Maintenance Network serves over 140 locations and carried out over 1.6 million man hours of preventive and corrective maintenance tasks (including preservations) on the LATAM fleet during 2021. We also rely on certified third party services in many of our international destinations where it is economically convenient, such as in Frankfurt, (where we are served by Lufthansa Technik), and London (served by KLM) among others.

LATAM Line Maintenance Network has hangar facilities in Santiago, São Paulo (CGH and GRU), Lima, Miami and Bogota, among others. These multiple locations improve the flexibility of the Line Maintenance Network by allowing the execution of tasks that might be restricted because of adverse weather conditions and environmental authority restrictions.

In 2021, the GRU station developed the capability to perform heavy maintenance on its hangar, taking advantage of the installation and line maintenance teams. This allowed the addition of a production line where B777 C Checks and landing gear replacements for the A320FAM fleet were carried out.

In order to strictly comply with applicable regulations, all of our maintenance operations are supervised and audited by the local authorities and international entities around the Network, such as Dirección General de Aeronáutica Civil in Chile ("DGAC"), *Agência Nacional de Aviação Civil* in Brazil ("ANAC"), the Federal Aviation Administration in the United States ("FAA"), the International Air Transport Association Operational Safety Audit ("IOSA") (by the International Air Transport Association or "IATA") and the International Civil Aviation Organization ("ICAO"), among others. The audits are conducted in connection with each country's certification procedures and enable us to perform maintenance for the aircraft types registered in the certifying jurisdictions. Our repair stations hold FAA Part-145 certifications under these approvals.

In addition, to ensure the most qualified personnel as needed for safe, accurate and on-time Line Maintenance, LATAM Airlines Group seeks to improve technicians' skills through extensive training programs at our LATAM Technical Training Centers in Chile and Brazil, and through specific training programs designed and conducted by our partnerships.

LATAM MRO

The two main MRO ("Maintenance, Repair and Overhaul") facilities, one in São Carlos (Brazil) and one in Santiago (Chile), are equipped and certified to service our fleet of Airbus and Boeing aircraft and provide 83% of all heavy maintenance services that LATAM demands, effectively executed 1.3 million man-hours. LATAM MRO is also responsible for the planning and execution of aircraft redeliveries. The services not executed internally are contracted to our extensive network of MRO partners around the globe. Occasionally other certain heavy maintenance and component services are performed for other airlines or OEMs.

The São Carlos MRO (LATAM Airlines Brazil MRO) is prepared to service up to nine aircraft (narrow and wide body) simultaneously with a dedicated hangar for stripping and painting. This facility also has 23 technical component shops, including a full landing gear repair & overhaul shop, hydraulics, pneumatics, electronics, electrical components, electroplating, composites, wheels & brakes, interiors and emergency equipment shops. MRO São Carlos is certified and audited by major international aeronautical authorities such as the FAA, the European Aviation Safety Agency ("EASA"), ANAC Brazil, the Chilean DGAC, the Argentinean *Administración Nacional de Aviación Civil* ("ANAC Argentina"), the Ecuadorian *Dirección General de Aviación Civil* ("DGCA"), the Paraguayan *Dirección Nacional de Aeronautica Civil* ("DINAC"), and Transport Canada ("TC"), among others, for Heavy Maintenance and Components Repair and Overhaul for the Airbus A-320 family and Boeing 767. The MRO also has some minor capabilities for the repair and overhaul of Boeing 777 - 787 components, and has the capability to retrofit aircraft interiors. MRO São Carlos includes its own support engineering capabilities and a full technical training center.

In MRO Santiago, located near Comodoro Arturo Merino Benítez International Airport in Santiago, LATAM group has two hangars capable of servicing one wide body aircraft and two narrow body aircraft simultaneously. MRO Santiago is certified and audited by FAA, ANAC Brazil, DGAC, ANAC Argentina and DGCA, among others, for Heavy Maintenance for the Airbus A320-Family (A318, A319, A320 and A321) and Boeing B767 - B787. MRO Santiago has 11 shops prepared to support hangar activities such as cabin shops, galleys, structures, composite materials, avionics, wheels & brakes. MRO Santiago includes its own support engineering capabilities.

During 2021, LATAM MRO executed 446 services, including C checks (122) and Special Checks (324) for the LATAM group fleet.

LATAM Safety and Security

In terms of Safety and Security, LATAM has faced an unprecedented scenario during the current COVID-19 pandemic. Given this situation, and in order to ensure the health of our employees and customers, LATAM has integrated standards and guidelines set out by world authorities, as well as those established by the different countries where we currently operate. At present, we exercise constant communication with all of our collaborators and clients in regards to health and safety measures resulting from the COVID-19 pandemic. Internally, we have developed safety and security protocols for both our flight and ground operations. The latter include, but are not limited to, the thorough sanitization of our personnel, facilities and other assets, use of personal protective equipment (PPE), active monitoring of confirmed and suspected cases, basic prevention standards and training, in addition to basic and common prevention methods practiced worldwide.

The safety of our passengers and employees remains LATAM's highest priority. It is for this reason that we constantly strive to further develop and improve standards in order to mitigate everyday risks, and to guarantee an acceptable level of safety and security in our operations.

Organizational Structure of LATAM Safety and Security Vice-Presidency

Safety Management

The Safety Management Department ensures that providing safe and reliable air service remains LATAM's highest priority. Given the operational complexity, as well as the multicultural challenges that we face, LATAM has decided to concentrate its safety management activities under the umbrella of a coordinated structure, which is responsible for the implementation and oversight of unified policies and procedures throughout the group.

The core foundation of this department lies within its robust Safety Management System ("SMS"), which is built upon four main components (Policies and Objectives, Risk Management, Safety Assurance, and Safety Promotion). These components give the SMS a proper structure and provide management with the necessary tools to oversee the safety of our operations. For example, through Flight Data Monitoring ("FDM"), also known as Flight Operations Quality Assurance ("FOQA"), we are able to capture, analyze and even visualize the data recorded during revenue flights and compare it with the company's Standard Operating Procedures ("SOPs"). In parallel, the Line Operations Monitoring Program (LOMP) permits us to monitor Flight Crew performance and detect errors ahead of time. As a result of these proactive activities, we intend to improve overall safety, increase maintenance effectiveness, and reduce operational costs. The company's SMS is documented, available internally to all employees, and it provides the guidelines and responsibilities that each employee must meet, regardless of function or hierarchy, which in turn assures our commitment towards safety as a whole. Furthermore, IOSA certification ensures the proper qualification of our employees, including the provision of a Senior Safety Manager responsible for each system implementation within the Safety Department, as well as defining standardized procedures for measuring the quality of services provided by third party companies and contractors.

In 2020, Safety Management has implemented a new approach: *Safety II* is a new model that seeks to learn from good practices of daily operations, rather than focusing merely on operational mistakes and pitfalls. This type of system requires the integration of LATAM's SMS data, which must be analyzed thoroughly (advanced analytics) in order to predict a safety occurrence. In summary, it is a proactive and predictive method that continuously anticipates catastrophic events. With *Safety II*, we expect to be able to improve LATAM's risk performance by using all available resources, implementing effective action plans, in addition to adopting a more proactive and predictive approach.

Security Management

The Security Management Department is responsible for coordinating the security of LATAM's passengers, employees, aircraft, equipment and facilities. This department secures LATAM's infrastructure while protecting people against any threat or unlawful action.

Corporate Security Policies and a Security Management System ("SeMS") have been implemented to detect any vulnerabilities in our security operations and to prevent unlawful acts. These policies, as well as the SeMS itself, are constantly evaluated, analyzed and assigned a risk level (high, medium or low) by qualified Corporate Security Managers, who are in turn responsible for establishing new security protocols or modifying current ones. Corporate Security Management then oversees all of these security processes and procedures through annual audits.

In addition to protecting the organization against any threat or unlawful action, LATAM is committed to the general health and safety of all of its employees. Therefore, through Security Management, LATAM has created a dedicated Health, Safety and Environment ("HSE") team that, in addition to safeguarding the general wellbeing of its employees, is responsible for ensuring a safe work environment and educating against common dangers/risks associated with everyday activities. This became even more important during the COVID-19 pandemic.

Emergency Response Management

This Department is responsible for managing the company's Emergency Response Plan ("ERP"). It has been designed to provide an effective response to various emergency scenarios, such as aircraft accidents, natural disasters, union strikes and pandemics. We aim to be able to mitigate the impact that these contingencies have on our passengers and their relatives, in addition to ensuring the continuity of our operations. The structure of the ERP includes (but is not limited to) Emergency Process and Procedures, Emergency Control Centers, a Relatives & Passengers Assistance Team, a Notification Team, Aircraft Recovery, and a dedicated "Go Team" that can be activated and address an emergency situation.

Fuel Supplies

Fuel costs comprise one of the single largest categories of our operating expenses. In 2021, total fuel costs represented 23.9% of our total operating expenses. As of December 31, 2021, crude oil prices increased significantly compared to December 31, 2020, and were similar to the 2019 cost per gallon. Our average into-wing price for 2021 (fuel price plus taxes and transportation costs, including hedging and gains/losses) was US\$2.20 per gallon, representing an increase of 22.8% from the 2020 into-wing average fuel price. We can neither control nor accurately predict the volatility of fuel prices. Despite the foregoing, we believe it is possible to partially offset the price volatility risk through our hedging and fuel surcharge programs, which is in place in both our passenger and cargo business. For more information, see “Item 11. Quantitative and Qualitative Disclosures About Market Risk—Risk of Fluctuations in Fuel Prices.”

The following table details our consolidated fuel consumption and operating expenses, after related hedging gains and losses (which exclude fuel costs related to charter operations because fuel expenses are covered by the entity that charters the flight) for the last three years.

	Year ended December 31, ⁽¹⁾		
	2021	2020	2019
Fuel consumption (thousands of gallons)	677,110.0	586,191.5	1,272,676.8
ASK (millions)	67,635.7	55,688.0	149,116.6
Fuel gallons consumed per 1,000 ASK	10.0	10.5	8.5
Total fuel costs (US\$ thousands)	1,487,776	1,045,343	2,929,008
Cost per gallon (US\$)	2.2	1.8	2.3
Total fuel costs as a percentage of total operating expenses	23.9%	17.4%	30.2%

In our fuel supply agreements, we manage different price structures and price update calculations. The main price structure is Jet Fuel plus fixed fees and taxes, and the main fuel price updates are on a weekly, bi-weekly and monthly basis. Brazil, our largest market, bases its price on a refinery posting updated every month, which is set in Brazilian real per liter, plus fees and taxes. Refinery prices in Brazil have stabilized recently creating a more competitive market for the region.

Our fuel supply agreements vary by airport and are distributed among 30 suppliers. Our fuel consumption volume is mainly concentrated in Brazil (45%), Chile (17%), the United States (13%) and Peru (12%). In 2021, as part of the Chapter 11 proceedings and due to the expiration of some Fuel Supply contracts, we negotiated Fuel Supply in Chile, Perú, USA, Brazil, Argentina and certain major European airports. This negotiation strengthened our relations with global fuel suppliers with long term agreements and generally favorable commercial conditions that are expected to contribute to LATAM’s business plan.

In Chile and Peru, a fuel import model is used in addition to the traditional local refinery supply, creating a more competitive market and ensuring our supply with different sources. During 2018 we implemented the fuel import model in Brazil, by creating a jet fuel import project that will allow imported jet fuel to reach the Terminal of San Sebastian in São Paulo and move from there to Guarulhos, São Paulo’s International Airport. LATAM was awarded pipeline capacity to move product from the Terminal into Guarulhos and became the first airline to do so. In 2019 refinery prices in Brazil stabilized as a result of the fuel import project from LATAM. During 2019 we also worked along with the Latin American and Caribbean Air Transport Association (“ALTA”) to ensure a more competitive refinery price in Uruguay and reached an agreement that lowered its price by approximately 50 cents per gallon and which we believe achieved competitive parity with the rest of the region. During 2020 we worked along with IATA and ALTA in initiatives and financial incentives to help the industry during the crisis, and managed to accomplish a significant price reduction for international prices in Bolivia and a VAT reduction for domestic flights in Colombia.

As part of a comprehensive energy efficiency initiative, LATAM Airlines group worked with a team of stakeholders to generate a streamlined fuel efficiency program (the “LATAM Fuel Efficiency Program”), which encompasses a wide range of different innovations and technologies for fuel efficiency:

- Investments in more modern and efficient aircraft, such as the Boeing 787 and the Airbus A320neo. Investment has been carried out to perform retrofits to a portion of our Airbus A320 fleet, allowing more efficient standard operational procedures. In 2021 LATAM committed the acquisition of 28 A320Neo to the company’s operations, which will be added to the 42 previously acquired, reducing fuel consumption, CO2 and NO emissions for each flight.
- Weight reduction measures, such as minimizing unnecessary onboard water, using ultra-light service carts, optimizing fuel according to destination, improving the distribution of weight to have an optimal center of gravity and the improvement of freight factor (the combination of passenger and cargo services). During late 2019 and early 2020, the in-flight magazine was removed from all aircraft, reducing nearly 50 kg from each flight. In addition, work with local authorities in Brazil have allowed for changes in fuel policy regulations, reducing unnecessary route reserve fuel and standardizing said fuel policy with the rest of the region.
- As of 2019, we deployed LATAM Pilot Tools, an in-house developed mobile app. This app allows personalized feedback to flight crews, focusing on captain fuel requests and usage, and ground fuel consumption, among other efficiency and safety indicators. As of December 2019, fuel efficiency initiatives were added to the pilot app, giving more visibility to their KPIs and adding significant savings.

- Standardized operational procedures on every stage of the flight (taxiing, climb, cruise, approach and landing); for example, changes in climb profiles that generate savings with minimum changes in the workload of the flight crew, or minimizing the use of the auxiliary power unit when aircraft is on the ground.
- Monitoring maintenance and performance of the fleet, including frequent engine washes, which allow more efficient combustion of fuel and reduce emissions in airport areas.
- Various aircraft retrofits have taken place, among them, engine wiring that allows the reduction of fuel consumption during taxi operations, Auxiliary Power Units replacements for more efficient models, and software updates on them that improve fuel consumption.
- Improvements of the flight plan management, including continuous feedback using a post flight analysis tool called Full Tracks developed by the Fuel Team with the support and collaboration of Operations and Safety. This tool allows us to better program and optimize our flight plans. During 2019, we implemented policy changes, optimizing fuel planning according to destination, standardizing policies for all dispatch centers, allowing for centralized performance tracking and unified criteria.
- During 2020, in the context of the COVID-19 pandemic, operational parameters flight speed/fuel cost relations (Cost Index) were revised to take into account the new variable cost structure, thus generating optimal Cost Indices for each aircraft to assure the most efficient operation. Regarding flight planning, route optimization was introduced, given the overflight cost reduction presented by some governments, hence allowing for shorter trajectories to be flown between long haul city pairs.
- In a new and innovative front, work has begun with the Advanced Analytics department in order to generate Machine Learning models that allow for better weight forecasts during planning are in implementation stages. The department is expected to continue work in this line in order to generate tools for flight dispatch and planning that give them critical recommendations in flight plan parameters that directly influence fuel consumption.
- LATAM implemented the new software from Airbus DPO (Descent Profile Optimization) optimizing the landing trajectory and is going to be installed in 200 A320 airplanes. For each year, each airplane is expected to reduce 300 tons of CO2 emissions and 100 tons of fuel consumption.

As a direct result of this program, LATAM Airlines Group was recognized between 2014 and 2019 by the Dow Jones Sustainability Index as one of the world's leading companies in eco-efficiency (due to LATAM Airlines Group and several of its affiliates filing for Chapter 11 and the LATAM ADRs delisting from the New York Stock Exchange, the group is not eligible to be considered for the Dow Jones Sustainability Index). The magnitude of this program has allowed us to reduce operational costs along with the improvement of environmental performance, and to enhance environmental awareness both within the Company and externally.

Ground Facilities and Services

The main operations are based at the Guarulhos Airport in São Paulo, Brazil. The Brazilian affiliate also operates significant ground facilities and services at its headquarters located at Congonhas International Airport in São Paulo, Brazil.

We also have significant operations at the Comodoro Arturo Merino Benítez International Airport in Santiago, Chile, where we operate hangars, aircraft parking and other airport service facilities pursuant to concessions granted by the DGAC and other outsourced concessions. We also maintain a customs warehouse at the Comodoro Arturo Merino Benítez International Airport, additional customs warehouses in Chile and operate cargo warehouses at the Miami International Airport to service our cargo customers. Our facilities at Miami International Airport include corporate offices for our cargo and passenger operations and temperature-controlled and freezer space for imports and exports. We also operate from various other airports in Chile and abroad.

We incur certain airport usage fees and other charges for services performed by the various airports where we operate, such as air traffic control charges, take-off and landing fees, aircraft parking fees and fees payable in connection with the use of passenger waiting rooms and check-in counter space.

Ancillary Airline Activities

In recent years, LATAM has been developing different initiatives to increase its ancillary revenues generated by its airline operations. The implementation of these initiatives aims to offer a better on-board experience, while allowing passengers to customize their journey. LATAM's customers are able to purchase additional services such as extra luggage, preferred seating options and the flexibility to change tickets on the same day of their flight, among others.

In addition to airline operations, LATAM generates revenues from a variety of other activities, including aircraft leases (including subleases, dry-leases, wet-leases and capacity sales to certain alliance partners) and charter flights, tours, maintenance services for third parties, handling, storage, customs services, income from other non-airline products (LATAM Pass) and other miscellaneous income (including compensation corresponding to the JBA with Delta Air Lines). In 2021, LATAM generated other revenues of US\$227.3 million from these activities.

Insurance

LATAM maintains aviation insurance policies as required by law, aircraft financing, and leasing agreements, for its entire fleet (aircraft that LATAM and its affiliates own, operate, and are responsible for).

These policies provide all-risk coverage for aircraft hulls (including war risks and spares), third-party legal liability for passengers, cargo, baggage, injuries, property damage, and loss of cargo. LATAM's policies are in full force and are renewed annually along with IAG Group (British Airways, Iberia, and their affiliates), which allows LATAM to obtain better premiums and improved coverage at the best level of the aviation industry.

LATAM also insures its physical properties and equipment from theft, fire, flood, earthquake, hurricane, and other damages. In general, LATAM's vehicles are insured against the risk of robbery, damages, fire, and civil and general liabilities.

Information and Digital Technologies

During 2020 and 2021, LATAM launched a new website and mobile app in selected regions to help customers complete their purchases in less time than it took before, and manage payments, refunds and compensations through a digital wallet, all while seeking to strengthen its ancillary offering.

The group is also working on a new airport experience, with automatic check-in, new layouts, and a new kiosk experience. During 2021, we expanded airport digitization with several projects that positively impacted our customers experience, such as automatic check-in (more than 88% of customers), self-bag tag (63% of customers) and advancing with self-bag drop implementation (20% of customers by December). Besides that, the flexibility and opening of borders allowed the re-opening and expansion of several international routes, after more than 12 months of impacts. Following this trend, our customers can now send their documents digitally prior to boarding to be validated through the Ready to Fly (Pre-Flight check documentation). At the end of 2022 we expect to have an advanced implementation of digital products on customer experience for all the journey, and will face some innovations such as self-boarding (biometric). For more information on other measures, see "Item 4. Information of the Company—B. Business Overview—Passenger Operations—Passenger Marketing and Sales."

We have also incorporated a dedicated analytics and AI taskforce, focused on network optimization and flight offer personalization, fuel consumption and predictive maintenance.

Regarding compliance, LATAM has periodic reviews by internal and external advisors, alignment with best international practices and approved industry standards such as SOX (Sarbanes–Oxley Law), PCI-DSS (Payment Card Industry Data Security Standard), ISO/IEC 27001 Information Security Management, GDPR (General Data Protection Regulation - Europe) and LGPD (General Data Protection Law - Brazil), Data Protection – Colombia (Law No. 1581, 2012, and Decree No. 1377, 2013), and any other local data privacy laws of each country where LATAM operates.

LATAM has been preparing itself for cybersecurity challenges, committing resources to tools and capabilities. We have also made progress on improving our systems reliability, by adopting industry practices. Finally, we have reduced our technology vendor footprint, and re-negotiated key contracts to ensure flexibility and cost efficiency.

Regulation

Below is a brief reference to the material effects of aeronautical and other regulations in force in the relevant jurisdictions in which we operate. We are subject to the jurisdiction of various regulatory and enforcement agencies in each of the countries where we operate. We believe we have obtained and maintained 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 we carry out most of our 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 we operate have 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.

Environmental and Noise Regulation

There are no material environmental regulations or controls in the jurisdictions in which we operate 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 (CORSA), providing a framework for a global market-based measure to stabilize CO2 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 CO2 emissions. The scheme, which defines a unified standard to regulate CO2 emissions in international flights, will be implemented in various phases by ICAO member states starting in 2021 (with the voluntary member states).

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 round-trip 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 in 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 operates 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 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.

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 Airlines 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 operates 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 recent years the PDGAC has revoked the unused route frequencies of several 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.

The DGAC 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 operates 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 in 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 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

Chile

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 of 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).

As described above under “—Route Rights—Airfare Pricing Policy,” in the Resolution N°445 of August 1995, the TDLC approved a merger control transaction between LAN Chile and LADECO, but imposed a specific self-regulatory fare plan for 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 its 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; approval is still pending. For more information regarding these mitigation measures please see below:

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.

Around 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 to 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.

As of October 15, 2019, LATAM Airlines Group S.A. was notified that Fiscalía Nacional Económica (“FNE”) began the investigation Rol N° 2585-19, regarding the Agreement between LATAM Airlines Group S.A. and Delta Airlines Inc. On August 13, 2021, FNE, Delta and LATAM reached an out-of-court-agreement by which the investigation was closed.

On January 31, 2022, LATAM Airlines Group S.A. received a resolution issued by TDLC regarding a LATAM request for clarification about the Seventh Condition of the Decision. This resolution says that paragraphs VII.1 and VII.3 of the mentioned Condition apply to LATAM even if it doesn’t belong to a global airline alliance.

LATAM Airlines Group S.A. and Delta Air Lines successfully reached an agreement on the implementation, along with certain mitigation measures for their TransAmerican Joint Venture Agreement (JVA) with FNE and on October 28, 2021 received approval of the agreement from Chile’s Tribunal de la Libre Competencia (“TDLC”).

Brazil

The CADE approved the LAN/TAM association 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

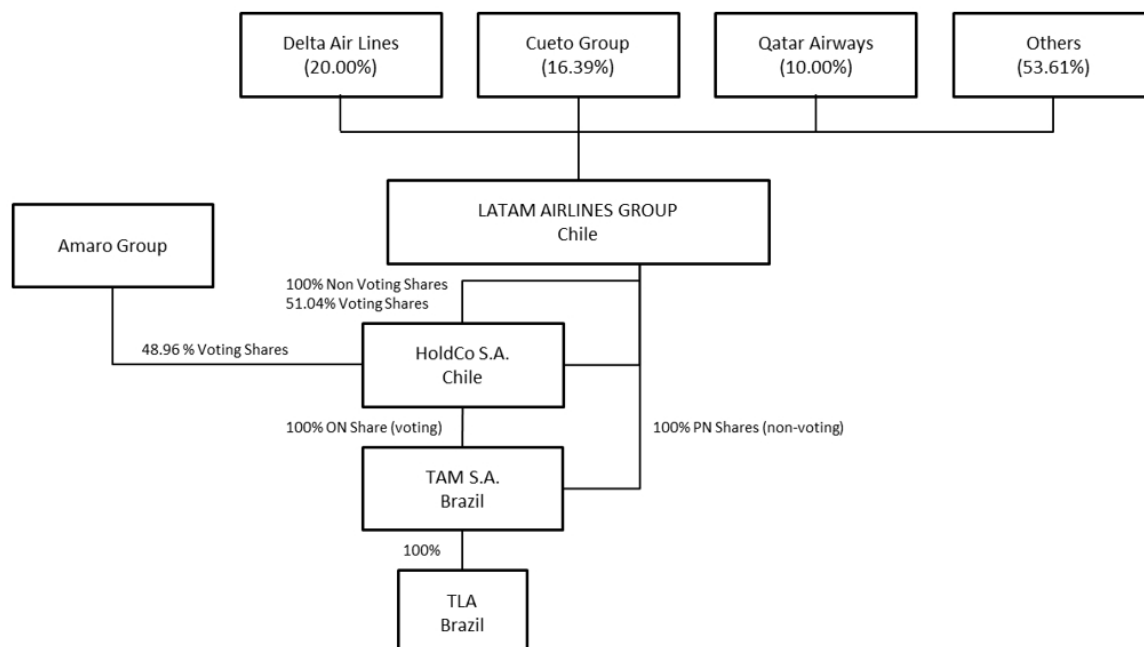
On July 8, 2020 LATAM and Delta Air Lines filed their joint venture before the DOT applying for approval of and antitrust clearance for all the alliance agreements.

Colombia

On September 4, 2020 LATAM and Delta filed the joint venture before Aerocivil, applying for an approval of the agreement, which was finally received on May 10, 2021.

C Organizational Structure

LATAM Airlines Group and LATAM Airlines Brazil ownership structure as of February 28, 2022 is as follows:



The LATAM group is composed of LATAM Airlines Group S.A., incorporated in Chile, and ten main affiliates: Transporte Aéreo S.A. (“LATAM Airlines Chile”), a Chilean subsidiary; LATAM Airlines Peru S.A. (“LATAM Airlines Peru”), a Peruvian subsidiary; LATAM-Airlines Ecuador S.A. (“LATAM Airlines Ecuador,” previously Aerolane, Líneas Aéreas Nacionales del Ecuador S.A.), an Ecuadorian subsidiary; LAN Argentina S.A. (“LATAM Airlines Argentina,” previously Aero 2000 S.A.), an Argentine subsidiary; Aerovías de Integración Regional S.A. (“LATAM Airlines Colombia”), a Colombian subsidiary; TAM Linhas Aereas S.A. (“LATAM Airlines Brazil”) incorporated in Brazil; Transporte Aéreos del Mercosur S.A. (“LATAM Paraguay”), incorporated in Paraguay; LAN Cargo S.A. (“LATAM Cargo”); Linea Aerea Carguera de Colombia S.A. (“LANCO” or “LATAM Cargo Colombia”) in Colombia and Aerolinhas Brasileiras S.A. (“ABSA” or LATAM Cargo Brazil”) in Brazil.

As of December 31, 2021 we held a 100% stake in Transporte Aéreo S.A. through direct and indirect interests, a 99.81% stake in LATAM Airlines Peru through direct and indirect interests, a 55.00% stake of the voting shares of LATAM-Airlines Ecuador and a 100% of the non-voting shares of Holdco Ecuador S.A., who has 45.00% of the voting shares of LATAM-Airlines Ecuador, a 99.20% indirect stake in LATAM Airlines Colombia and a 100% stake of the non-voting shares of TAM, and 51.04% of the voting shares and 100% of the non-voting shares of Holdco I S.A., which has 100% of the voting shares of TAM. Following changes in Brazilian law, which now permits foreign persons to own up to 100% of the voting capital of Brazilian airlines, in February 2019, we increased our ownership of the voting shares of Holdco I S.A. to 51.04%.

The cargo operations are carried out by LATAM Cargo, LATAM Cargo Brazil and LATAM Cargo Colombia. As of December 31, 2021, we held 100% of the non-voting shares and 20% (preferred) of TAM S.A. (a total of 63.09% of TAM S.A.) which is the sole shareholder of LATAM Cargo Brazil and a 90% stake in LATAM Cargo Colombia through direct and indirect participation. TAM S.A. has 100% of the non-voting shares and 100% of the voting shares of LATAM Cargo Brazil. The cargo business is marketed internationally primarily under the LATAM Cargo brand.

D Property, Plant and Equipment

Chile

Headquarters

Our main facilities are located on approximately five acres of land that we rent near the Comodoro Arturo Merino Benítez International Airport in Santiago. The complex includes approximately 14,000 m² of office space, 3,000 m² of conference space and training facilities, 1,000 m² of dining facilities and mock-up cabins used for crew instruction.

In addition, we rent 8,100 m² for our executive offices in a central location of Santiago, Chile. This space is distributed in nine floors along two buildings. We also own a 17,000 m² property in Santiago, Chile.

Maintenance Base

Our 82,000 m² maintenance base is located on a site that we own inside Comodoro Arturo Merino Benítez International Airport. This facility contains our aircraft hangar, warehouses, workshops and offices, as well as a 52,000 m² aircraft parking area capable of accommodating up to seventeen short-haul aircraft. We have a 5,000 m² office building plus a 1,000 m² office and workshop space. We also lease from the Sociedad Concesionaria Nuevo Pudahuel S.A. approximately 10,700 m² of space inside the Comodoro Arturo Merino Benítez International Airport for operational and service purposes. The lease has a duration of 30 days and is renewed monthly.

Other Facilities

We own sixteen acres of land and a building on the west side of the Comodoro Arturo Merino Benítez International Airport that houses a flight-training center. This facility features three full-flight simulators (which are not property of LATAM), one for Boeing 787 and two for Airbus A320 aircraft.

Fast Air Almacenes de Carga S.A., one of our affiliates that operates import customs warehouses, utilizes a 5,600 m² warehouse located at Comodoro Arturo Merino Benítez International Airport.

Brazil

Headquarters

LATAM Airlines Brazil's main facilities are located in São Paulo, in hangars within the Congonhas Airport and nearby. At Congonhas Airport, LATAM Airlines Brazil leases office facilities in converted hangars belonging to INFRAERO (the Local Airport Administrator). These facilities comprise an area of approximately 38,807 m².

Headquarters of the Presidency

The Headquarters of the Presidency and Service Academy is located at Rua Atica, about 2.5 km from Congonhas Airport. This property, which LATAM Airlines Brazil owns, is used for human resources selection, medical services, training, mock-ups and offices- The Service Academy comprises 15,342 m² of land area and 9,032 m² of building area.

Maintenance Base

At Hangars II and V in Congonhas Airport, which LATAM Airlines Brazil leases from INFRAERO, LATAM Airlines Brazil has 23,886 m² of offices and hangars with about 1,300 workstations. This site also houses the aircraft maintenance, procurement, aeronautical materials logistics and retrofitting departments.

Other Facilities

In São Paulo, LATAM Airlines Brazil has other facilities, including: a Call Center Building with 3,199 m², distributed over five floors (plus a ground floor and a basement) that currently holds about 272 workstations and support rooms (meetings / training / dining room / coordination) of the operations of Call Center Reservations, Talk to People and ABSA back office.

In Guarulhos, LATAM has a total area of approximately 12,649 m² distributed within the Passenger Terminal, including areas such as Check-in, Ticket Sales, Check Out, Operations Areas, a VIP Lounge and Aircraft Maintenance spaces. The Hangar Complex adds an area of 65,080 m². The cargo terminal has 252 m² of office and 17,215 m² of open area. Our Distribution Center Supplies area occupies 3,030 m².

New Facilities

LATAM Airlines Brazil completed several infrastructure projects in Brazil during 2021, including:

1. Opening of 4 new bases: Petrolina, Juazeiro do Norte, Vitória da Conquista and Jericoacoara
2. Optimization of spaces in 16 Airports
3. Installation of new energy generating equipment in the Guarulhos Cargo Terminal Cooler

Other locations

We occupy a 36.3-acre site at the Miami International Airport that has been leased to us under a concession agreement by the Miami Dade Aviation Department. Our facilities include a 13,609 m² corporate building, a 115,824 m² cargo warehouse (including 35,561 m² refrigerated area) and a 238,658 m² aircraft-parking platform. These facilities were constructed and are now leased to us under a long-term contract by Aero Term, a division of Real Term Global. For the year ended 2021, we paid US\$10.5 million in rent under the foregoing leases.

In February 2014, the Company entered into a lease agreement with Miami-Dade County covering approximately 1.81 acres of land located on the grounds of the Miami International Airport. The lease has a term of 30 years with a total annual land cost of US\$172,080.

Under the lease, we retained the right to construct a hangar facility on the leased premises. The Company completed construction in November 2015 and the hangar has been operational since June 2016. The property has a 15,479 m² aircraft maintenance space, sufficient to house a Boeing B777 aircraft, in addition to a 9,888 m² area designated for office space. Total investment in this hangar in construction and related expenditures by LATAM was US\$16.5 million.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

A Operating Results

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements and the accompanying notes beginning on page F-1 of this annual report.

The summary consolidated annual financial information as of December 31, 2021, 2020 and for the years ended December 31, 2021, 2020 and 2019, has been prepared in accordance with IFRS and has been derived from our audited consolidated annual financial statements included in this annual report. 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.

Overview

We derive our revenues primarily from transporting passengers on our passenger aircraft, as well as from transporting cargo in the belly of our passenger aircraft and in our dedicated freighter aircraft. In 2021, 65.4% of our total revenues (including in the total for this purpose other income from operating activities) came from passenger revenues and 30.2% came from our cargo business. The remaining 4.4% was classified as other operating income, which consists primarily of subleases of aircraft to third parties and other miscellaneous income.

Our operating environment in 2021 was marked by volatility in the region resulting from the COVID-19 pandemic. Our results of operations and our ability to continue as a going concern depend on developments relating to our Chapter 11 proceedings.

Passenger Operations

In general, our passenger revenues are driven by international and country-specific political and economic conditions, competitive activity, and the attractiveness of the destinations that we serve. Passenger revenues are also affected by our capacity, traffic, load factors, yield and unit revenue. Our capacity is measured in terms of available seat kilometers (“ASKs”), which represents the sum, across our network, of the number of seats we make available for sale on each flight, multiplied by the kilometers flown by the respective flight. We measure traffic in RPKs, as the sum, across our network, of the number of revenue passengers on each flight multiplied by the number of kilometers flown by the respective flight. Load factors represent RPKs (traffic) as a percentage of ASKs (capacity), or the percentage of our capacity that is actually used by paying customers. We use yield, revenue from passenger operations divided by RPKs, to measure the average amount that one passenger pays to fly one kilometer and unit revenue, or revenue per ASK, to measure the effect of capacity on revenues.

	Year ended December 31,		
	2021	2020	Var. %
ASKs (million) (at period end)			
International	20,461.0	23,883.3	(14.3)%
SSC	17,847.8	10,974.5	62.6%
Domestic Brazil	29,326.8	20,830.2	40.8%
Total	67,635.7	55,688.0	21.5%
RPKs (million)			
International	13,500.5	17,620.4	(23.4)%
SSC	13,359.8	8,346.3	60.1%
Domestic Brazil	23,456.3	16,657.8	40.8%
Total	50,316.5	42,624.5	18.0%
Passenger load factor (%)			
International	66.0	73.8	(7.8)pp
SSC	74.9	76.1	(1.2)pp
Domestic Brazil	80.0	80.0	0.0pp
Combined load factor	74.4	76.5	(2.1)pp

In terms of passengers transported by LATAM, during 2021 we carried 11.9 million more passengers than in 2020, totaling 40.2 million passengers. For the full year 2021, passenger traffic increased 18% and total passenger capacity increased 21.5%

During 2021, ASKs for domestic operations in Brazil increased by 40.8% compared to the previous year. Passenger traffic as measured by RPKs increased by 40.8% in 2021 with regard to 2020, resulting in a stable passenger load factor, remaining at 80.0%

The domestic operations of our affiliate carriers based in SSC, which accounted for 26.4% of total passenger capacity (measured by ASKs) in 2021, showed an increase of 60.1% in passenger traffic (measured by RPKs) in the year while capacity increased 62.6% as compared to 2020. As a result, the passenger load factor declined by 1.2 percentage points to 74.9%.

The group's international operations were most affected by the pandemic's resulting government-imposed lockdowns, border closures and travel restrictions. Compared to the previous year, capacity in international operations decreased by 14.3% and traffic by 23.4% compared to 2020, resulting in a decrease of 7.8 percentage points in passenger load factors, which reached 66.0%.

Cargo Operations

Cargo operations depend on exports from South America to North America and Europe, and imports from North America and Europe to South America, where Brazil is the main import market. Cargo markets are affected by economic conditions, foreign exchange rates, changes in international trade, the health of particular industries and competition and fuel prices (which we usually pass on to our customers through a cargo fuel surcharge). Cargo revenues are affected by our capacity, traffic, cargo load factors and yield. Our capacity is measured in terms of available ton kilometers (“ATKs”) which represents the number of tons available across our network for the transportation of cargo on each flight, multiplied by the kilometers flown by the respective flights. We measure traffic in revenue ton kilometers (“RTKs”) as the amount of cargo loads (measured in tons) on each flight multiplied by the number of kilometers flown by the respective flights. Load factors represent RTKs (traffic) as a percentage of ATKs (capacity), or the percentage of our cargo capacity that is actually used to transport cargo for our customers. Finally, we use cargo yield, or revenue from cargo operations divided by RTKs, to measure the average amount that our customers pay to transport one ton of cargo per kilometer.

During 2021, cargo traffic declined by 1.4% compared to 2020, while cargo capacity increased 1.7% year-over-year, which led to a drop of 2.0 percentage points in cargo load factors to 63.4%. Cargo yield grew 29.2% year-over-year. As a result, revenues per ATK increased 25.3% in comparison to the previous year.

Cost Structure

LATAM Airlines group’s costs are largely driven by the size of our operations, fuel prices, fleet costs and exchange rates. Our operating expenses are calculated in accordance with IFRS and comprise the sum of the line items “cost of sales” plus “distribution costs” plus “administrative expenses” plus “other gains/(losses)” plus “restructuring activities” plus “other operating expenses,” as shown on our consolidated statement of comprehensive income. These operating expenses include wages and benefits, fuel, depreciation and amortization, commissions to agents, aircraft rentals, other rental and landing fees, passenger services, aircraft maintenance and other operating expenses. Restructuring activities expenses are those costs related to the Initial and Subsequent debtors’ filing for Chapter 11 voluntary protection and associated restructuring. The following is a discussion of the drivers of the most important costs.

As an airline, we are subject to fluctuations in costs that are outside of our control, particularly fuel prices. During 2021, average jet fuel prices increased 25.3%. LATAM Airlines group has a hedging policy to protect medium term liquidity risk from fuel price increases, while participating in the benefits of fuel price reductions. Upon filing for Chapter 11, counterparties terminated all of our hedging contracts. Subsequently, the Company has entered into new fuel hedging contracts in accordance with orders from the Bankruptcy Court. Cost of fuel is also affected by the amount of gallons we consume, which depends on the size of our operation, the efficiency of our fleet and the impact of our efficiency programs.

Personnel expenses are another significant component of our overall costs. Because a significant portion of our labor costs are denominated in Chilean pesos and in Brazilian Reals, appreciation of these currencies against the U.S. dollar as well as increases in local inflation rates can result in increased costs in U.S. dollar terms and can negatively affect our results. Depreciation of local currencies results in decreases in costs in dollars. Other important drivers of personnel expenses are average headcount and average wages.

Commissions paid to travel and cargo agents are also a significant cost to the Company. We compete with other airlines over the amount of commission we pay per sale, particularly in connection with special programs and marketing efforts, and to maintain competitive incentives with travel agents.

Fleet related expenses, namely aircraft rentals and depreciation, are another significant cost, and mainly depend on the number and type of aircraft that are owned and that are under leases. Generally, these costs are largely fixed and can be reduced on a per unit basis by achieving higher aircraft utilization rates. Currently, however, the majority of the LATAM fleet is operating on a payment-by-use basis (known as Power-by-the-Hour, “PBH”), resulting from the company’s Chapter 11 proceedings and negotiations with lessors.

The Aircraft Rentals expense line is used to account for the expenses associated with the group’s variable payments related to aircraft with operating leases whose long-term agreements have been signed and approved by the US Court. During 2021, the Company amended its Aircraft Lease Contracts which included lease payment based on Power by the Hour (PBH) at the beginning of the contract and then switches to fixed-rent payments. A right of use asset and a lease liability was recognized as result of those amendments at the date of modification of the contract, even if they initially have a variable payment period. As a result of the application of the lease accounting policy, the right of use assets continues to be amortized on a straight-line basis over the term of the lease from the contract modification date. The expenses for the year include both: the lease expense for variable payments (Aircraft Rentals) as well as the expenses resulting from the amortization of the right of use assets from the beginning of the contract (included in the Depreciation line) and interest from the lease liability (included in Lease Liabilities).

Restructuring activities expenses refers to the expenses in connection with the Chapter 11 proceedings, including costs related with the rejection of aircraft lease contracts, rejection of IT contracts, renegotiation of fleet contracts and legal advice fees, among others. For more information on the restructuring activities expenses, please see Note 2, 17 and 27 of our audited consolidated financial statements.

Results of Operations

LATAM Airlines Group Financial Results Discussion: Year ended December 31, 2021 compared to year ended December 31, 2020.

The following table sets forth certain income statement data for LATAM Airlines Group, for the year ended December 31, 2021, and December 31, 2020.

	Year Ended December 31,				
	2021	2020	2021	2020	2021/2020 % change
	(in US\$ millions, except per share data)		As a percentage of total operating revenues		
Consolidated Results of Income by Function					
Operating revenues					
Passenger	3,342.4	2,713.8	68.4%	69.2%	23.3%
Cargo	1,541.6	1,209.9	31.6%	30.8%	27.4%
Total operating revenues	4,884.0	3,923.7	100.0%	100.0%	24.5%
Cost of sales	(4,963.5)	(4,513.2)	(101.6)%	(115.0)%	10.0%
Gross margin	(79.5)	(589.5)	(1.6)%	(15.0)%	(86.5)%
Other operating income	227.3	411.0	4.7%	10.5%	(44.7)%
Distribution costs	(291.8)	(294.3)	(6.0)%	(7.5)%	(0.8)%
Administrative expenses	(439.5)	(499.5)	(9.0)%	(12.7)%	(12.0)%
Other operating expenses	(535.8)	(692.9)	(11.0)%	(17.7)%	(22.7)%
Restructuring activities expenses	(2,337.2)	(990.0)	(47.9)%	(25.2)%	136.1%
Financial income	21.1	50.4	0.4%	1.3%	(58.1)%
Financial costs	(805.5)	(587.0)	(16.5)%	(15.0)%	37.2%
Foreign exchange gains/(losses)	131.4	(48.4)	2.7%	(1.2)%	(371.5)%
Result of indexation units	(5.4)	9.3	(0.1)%	0.2%	(157.7)%
Other gains/(losses)	30.7	(1,874.8)	0.6%	(47.8)%	(101.6)%
Income (loss) before income taxes	(4,084.2)	(5,105.8)	(83.6)%	(130.1)%	(20.0)%
Income (loss) tax expense	(568.9)	550.2	(11.6)%	14.0%	(203.4)%
Net income (loss) for the period	(4,653.1)	(4,555.5)	(95.2)%	(116.1)%	2.0%
Income (loss) for the period attributable to the parent company's equity holders	(4,647.5)	(4,545.9)	(95.2)%	(115.9)%	2.2%
Income (loss) for the period attributable to non-controlling interests	(5.7)	(9.6)	(0.1)%	(0.2)%	(41.4)%
Net income (loss) for the period	(4,653.1)	(4,555.5)	(95.2)%	(116.1)%	2.0%
Earnings per share					
Basic earnings per share (US\$)	(7.66397)	(7.49642)	n.a	n.a	2.1%
Diluted earnings per share (US\$)	(7.66397)	(7.49642)	n.a	n.a	2.1%

The abbreviation "n.a." means not available.

Operating Revenues

Our total operating revenues increased by 24.5% to US\$4,884.0 million for the year ended December 31, 2021 compared to revenues of US\$3,923.7 million in 2020. The 2021 increase in operating revenues was mainly attributable to the recovery in air travel and its impact on passenger revenues. Passenger and cargo revenues accounted for 68.4% and 31.6% of total operating revenues in 2021, respectively.

Our consolidated passenger revenues increased by 23.2% to US\$3,342.4 million in 2021 from US\$2,713.8 million in 2020, as a result of the easing of travel restrictions both in the region and worldwide, and its subsequent impact on passenger operations. Consequently, load factor increased to 74.4% in 2021, a decrease of 2.1 percentage points with respect to 2020.

Cargo revenues increased by 27.4%, to US\$1,541.6 million in 2021 from US\$1,209.9 million in 2020, mainly driven by the cargo freighters' strong performance and the increasing trend in yields during the year. Cargo capacity increased by 1.7% and traffic decreased by 1.4%, resulting in a 2.0 p.p. load factor decreased. Cargo yields grew 29.2% year over year and as a result, revenues per ATK increased by 25.3%.

Cost of Sales

Cost of sales increased by 10.0% to US\$4,963.5 million for the year ended December 31, 2021 (from US\$4,513.2 million in 2020), mainly due to the operational recovery and its direct impact on variable costs.

The table below presents cost of sales information for the fiscal year ended December 31, 2021 and 2020.

	Year Ended December 31,				
	2021	2020	2021	2020	2021/2020 % change
	(in US\$ millions, except as otherwise stated)		As a percentage of total operating revenues		
Revenues	4,884.0	3,923.7	100.0%	100.0%	24.5
Cost of sales	(4,963.5)	(4,513.2)	(101.6)%	(115.0)%	10.0
Aircraft Fuel	(1,487.8)	(1,045.3)	(30.5)%	(26.6)%	42.3
Wages and Benefits	(766.2)	(779.7)	(15.7)%	(19.9)%	(1.7)
Other Rental and Landing Fees	(749.8)	(717.0)	(15.4)%	(18.3)%	4.6
Depreciation and Amortization	(1,073.0)	(1,168.5)	(22.0)%	(29.8)%	(8.2)
Aircraft Maintenance	(533.9)	(472.4)	(10.9)%	(12.0)%	13.0
Passenger Services	(77.4)	(97.5)	(1.6)%	(2.5)%	(20.6)
Aircraft Rentals	(120.6)	0	(2.5)%	n.a.	n.a.
Other Costs of Sales	(154.8)	(232.8)	(3.2)%	(5.9)%	(33.5)

Fuel costs increased by 42.3%, mainly as a result of a 15.5% increase in fuel consumption compared to 2020 attributed to the easing of travel and sanitary restrictions followed by the recovering trend in passenger operations.

Wages and benefits decreased slightly by 1.7%, explained by the decline in average headcount and outsourcing of certain airport operations in order to improve efficiency in 2021, which both compensate for the return to normal salary levels for the majority of employees after the voluntary salary reductions adopted in 2020.

Other rental and landing fees increased 4.6%, mainly due to the recovery in passenger operations during the year.

Depreciation and amortization decreased by 8.2%, primarily following LATAM's reduction in fleet size, an effect that has been accentuated with the wide body fleet rejections, though partially offset increasing catch-up maintenance tasks associated with the return of aircraft into service and engine and components repairs.

Aircraft maintenance increased by 13.0% mainly due to the increased level of operations and to catch up on task deferrals and costs associated with the return of aircraft into service after extended downtime.

Passenger service declined by 20.6% mainly explained by the renegotiation of contracts with suppliers and restrictions to onboard catering services from certain countries due to the pandemic.

The Aircraft Rentals line includes costs associated with lease payments based on power by the hour (PBH) for contracts that have been modified to that structure. The Aircraft Rentals expense line is used to account for the expenses associated with the group's variable payments related to aircraft with operating leases whose long-term agreements have been signed and approved by the US Court. During 2021, the Company amended its Aircraft Lease Contracts which included lease payment based on Power by the Hour (PBH) at the beginning of the contract and then switches to fixed-rent payments. A right of use asset and a lease liability was recognized as result of those amendments at the date of modification of the contract, even if they initially have a variable payment period. As a result of the application of the lease accounting policy, the right of use assets continues to be amortized on a straight-line basis over the term of the lease from the contract modification date. The expenses for the year include both: the lease expense for variable payments (Aircraft Rentals) as well as the expenses resulting from the amortization of the right of use assets from the beginning of the contract (included in the Depreciation line) and interest from the lease liability (included in Lease Liabilities). In 2021, aircraft rental expenses totaled US\$120.6 million.

As a result of the above, gross margin (defined as operating revenue minus cost of sales) totaled a loss of US\$79.5 million, compared to a loss of US\$589.5 in 2020.

Other Consolidated Results

Other operating income decreased in 2021 by 44.7%, from US\$411.0 million in 2020 to US\$227.3 million in 2021, as a result of the reduction in aircraft rental revenue due to the reduction of subleased aircraft to third parties, and a reduction in LATAM Travel tours and revenues for approximately US\$60 million and a compensatory payment of US\$62 million from Delta received in 2020 for the cancellation of four A350 purchase agreements. Additionally, in 2020 LATAM received compensation payments for the early return of certain subleased aircraft, which is not present in the 2021 comparison.

Distribution costs maintained stable, totaling US\$291.8 million, compared to US\$294.3 million in 2020.

Administrative expenses decreased by 12.0% from US\$499.5 million in 2020 to US\$439.5 million, due to the reduction in headcount which started to take place by the end of the second quarter of 2020. In 2020, LATAM group had an average of 35,281 employees, while in 2021 this was reduced to an average of 28,429 employees.

Other operating expenses decreased by 22.7% from US\$692.9 million in 2020 to US\$535.8 million as a result of bad debt provisions and various labor, civil and legal processes..

Restructuring activities expenses totaled US\$2,337.2 million in 2021, in connection with our Chapter 11 proceedings, and included costs related with the renegotiation of fleet contracts and legal advice fees. For more information on the restructuring expenses, please see Note 2, 17 and 27 of our audited consolidated financial statements.

Financial income decreased by 58.1% to US\$21.1 million in 2021 from US\$50.4 million in 2020, due to cash investment restrictions arising from the Chapter 11 process under which, part of the company's cash balance must be allocated in authorized banks, subject to lower investment rates, in spite of the overall higher cash balance during the year.

Financial costs increased by 37.2% to US\$805.5 million in 2021 from US\$587.0 million in 2020, resulting from the draws from the DIP financing that the company has made, increasing the debt by US\$1.95 billion, with a higher interest rate, in addition to debt that has not been repaid that continues to generate additional interest.

The foreign exchange gain of US\$131.4 million in 2021, compared to a loss of US\$48.4 million in 2020 was driven mainly by the Exchange rate gains in updating the value in dollars of the debt denominated in UF, mainly as a result of the 15.7% devaluation of the Chilean Peso during the year.

Other gains (losses) registered a gain of US\$30.7 million, compared to a loss of US\$1,874.8 million in 2020, principally due to the goodwill impairment recognized in 2020.

The income tax expense for 2021 amounted to US\$(568.9) million as compared to an income tax benefit of US\$550.2 million in 2020. This variation is mainly explained by a derecognition of deferred tax assets, related to accumulated tax losses that the Company does not expect to utilize in the foreseeable future of US\$1.25 billion. For more information, see Note 18 to our audited consolidated financial statements.

Net loss

Net loss for the year ended December 31, 2021 totaled US\$4,653.1 million. Net loss attributable to the parent company's shareholders was US\$4,647.5 million in 2021.

LATAM Airlines Group Financial Results Discussion: Year ended December 31, 2020 compared to year ended December 31, 2019.

The following table sets forth certain income statement data for LATAM Airlines Group, for the year ended December 31, 2020, and December 31, 2019.

	Year Ended December 31,				
	2020	2019	2020	2019	2020/2019 % change
	(in US\$ millions, except per share data)		As a percentage of total operating revenues		
Consolidated Results of Income by Function					
Operating revenues					
Passenger	2,713.8	9,005.6	69.2%	89.4%	(69.9)%
Cargo	1,209.9	1,064.4	30.8%	10.6%	13.7%
Total operating revenues	3,923.7	10,070.1	100.0%	100.0%	(61.0)%
Cost of sales	(4,513.2)	(7,951.3)	(115.0)%	(79.0)%	(43.2)%
Gross margin	(589.5)	2,118.8	(15.0)%	21.1%	(131.9)%
Other operating income	411.0	360.9	10.6%	3.6%	13.9%
Distribution costs	(294.3)	(580.0)	(7.5)%	(5.8)%	(49.3)%
Administrative expenses	(499.5)	(735.2)	(12.7)%	(7.3)%	(32.1)%
Other operating expenses	(692.9)	(422.8)	(17.7)%	(4.2)%	63.9%
Restructuring activities expense	(990.0)	0	(25.2)%	0	n.a.
Financial income	50.4	26.3	1.3%	0.3%	91.7%
Financial costs	(587.0)	(589.9)	(15.0)%	(5.9)%	(0.5)%
Foreign exchange gains/(losses)	(48.4)	(32.6)	(1.2)%	(0.3)%	48.6%
Result of indexation units	9.3	(15.0)	0.2%	(0.1)%	(162.4)%
Other gains/(losses)	(1,874.8)	11.5	(47.8)%	0.1%	(16,367.1)%
Income (loss) before income taxes	(5,105.8)	142.0	(130.1)%	1.5%	(16,525.2)%
Income (loss) tax expense	550.2	53.7	14.0%	0.5%	924.6%
Net income (loss) for the period	(4,555.5)	195.6	(116.1)%	2.0%	(2,773.1)%
Income (loss) for the period attributable to the parent company's equity holders	(4,545.9)	190.4	(115.9)%	1.9%	(2,487.2)%
Income (loss) for the period attributable to non-controlling interests	(9.6)	5.2	(0.2)%	0.1%	(286.1)%
Net income (loss) for the period	(4,555.5)	195.6	(116.1)	2.0	(2,773.1)%
Earnings per share					
Basic earnings per share (US\$)	(7.49642)	0.31403	n.a	n.a	n.a
Diluted earnings per share (US\$)	(7.49642)	0.31403	n.a	n.a	n.a

* The abbreviation "n.a." means not available.

Operating Revenues

Our total operating revenues decreased by 61.0% to US\$3,923.7 million in the year ended December 31, 2020 compared to revenues of US\$10,070.1 million in 2019. The 2020 decrease in operating revenues was attributable to a 69.9% decrease in passenger revenues, partially offset by a 13.7% increase in cargo revenues. Passenger and cargo revenues accounted for 69.2% and 30.8% of total operating revenues in 2020, respectively.

Our consolidated passenger revenues decreased by 69.9% to US\$2,713.8 million in 2020 from US\$9,005.6 million in 2019, as a result of the significant decrease in both capacity and passenger traffic stemming from the COVID-19 pandemic. Consequently, load factor decreased to 76.5% in 2020, a reduction of 7.0 percentage points with respect to 2019.

Cargo revenues increased by 13.7%, to US\$1,209.9 million in 2020 from US\$1,064.4 million in 2019, mainly driven by changes in the competitive environment due to the COVID-19 crisis and the contribution of our 11 freighters, which have increased their flight frequency and destinations, in addition to cargo flights made by passenger aircraft. Cargo capacity decreased by 25.9% and traffic by 12.7%, resulting in a 9.9 p.p. load factor increase. Cargo yields grew 30.2% year over year and as a result, revenues per ATK increased by 53.5%.

Cost of Sales

Cost of sales decreased by 43.2% to US\$4,513.2 million for the year ended December 31, 2020 (from US\$7,951.3 million in 2019), mainly due to the group's effort to reduce and variabilize costs in light of the diminished operations.

The table below presents cost of sales information for the fiscal year ended December 31, 2020 and 2019.

	Year Ended December 31,				
	2020	2019	2020	2019	2020/2019 % change
	(in US\$ millions, except as otherwise stated)		As a percentage of total operating revenues		
Revenues	3,923.7	10,070.1	100.0%	100.0%	(61.0)%
Cost of sales	(4,513.2)	(7,951.3)	(115.0)%	(79.0)%	(43.2)%
Aircraft Fuel	(1,045.3)	(2,929.0)	(26.6)%	(29.1)%	(64.3)%
Wages and Benefits	(779.7)	(1,428.1)	(19.9)%	(14.2)%	(45.4)%
Other Rental and Landing Fees	(717.0)	(1,271.4)	(18.3)%	(12.6)%	(43.6)%
Depreciation and Amortization	(1,168.5)	(1,329.9)	(29.8)%	(13.2)%	(12.1)%
Aircraft Maintenance	(472.4)	(444.6)	(12.0)%	(4.4)%	6.3%
Passenger Services	(97.5)	(261.5)	(2.5)%	(2.6)%	(62.7)%
Other Costs of Sales	(232.8)	(286.8)	(5.9)%	(2.8)%	(18.8)%

Fuel costs declined by 64.3%, mainly as a result of a 53.9% decrease in fuel consumption compared to 2019 attributed to the significant decrease in capacity during the year and a 22.7% decline in fuel price (excluding hedge).

Wages and benefits decreased 45.4%, explained by a decrease of 14.0% in the average headcount, voluntary salary reductions adhered to by the vast majority of employees, and the depreciation of local currencies.

Other rental and landing fees decreased 43.6%, mainly due to a decrease in aeronautical rates and ground handling operations derived from the reduction of the operation during this year.

Depreciation and amortization fell by 12.1%, due to a decrease in maintenance depreciation derived from a lower level of operations.

Aircraft maintenance increased by 6.3% mainly due to non-recurring expenses associated with aircraft preservation measures, and the yearly adjustment to the maintenance provision for leased aircraft, though compensated by lower variable maintenance costs resulting from the reduced operation.

Passenger service declined by 62.6% mainly explained by a decrease in the number of passengers carried in the year.

As a result of the above, gross margin (defined as operating revenue minus cost of sales) totaled a loss of US\$589.5 million, compared to US\$2,118.8 in 2019.

Other Consolidated Results

Other operating income increased in 2020 by 13.9%, from US\$360.9 million in 2019 to US\$411.0 million in 2020, as a result of US\$62.0 million in compensation from Delta Air Lines Inc. for the cancellation of the purchase of four A350 aircraft and US\$132.5 million associated with the Joint Business Agreement signed in 2019, as well as US\$9.2 million from Qatar Airways for the early return of leased aircraft.

Distribution costs decreased by 49.3% to US\$294.3 million from US\$580.0 million in 2019, mainly as a result of lower reservations systems and data processing costs and wages and benefits costs, in line with the reduction in passenger traffic, decrease in average headcount and the devaluation of local currencies.

Administrative expenses decreased by 32.1% from US\$735.2 million in 2019 to US\$499.5 million, due to a reduction in average headcount in the year and a devaluation of local currencies.

Other operating expenses increased by 63.9% from US\$422.8 million in 2019 to US\$692.9 million as a result of expenses associated with tax, labor and civil legal proceedings.

Restructuring expenses totaled US\$990.0 million in the year since the Initial Debtors filed for voluntary protection under Chapter 11 of the U.S. Bankruptcy Code on May 26, 2020, and included the fair value adjustment of fleet available for sale for US\$331.5 million, aircraft lease rejections for US\$268.5 million, employee layoff expenses of US\$290.8 million and other legal and financial counsel fees.

Financial income increased by 91.7% to US\$50.4 million in 2020 from US\$26.3 million in 2019, due to an increase in interest-accruing assets as part of the portfolio that the company uses to manage cash.

Financial costs remained relatively flat year-over-year, decreasing by 0.5% to US\$587.0 million in 2020 from US\$589.9 million in 2019, resulting from a lower interest rate and offset by interests accrued on the company's DIP financing facility.

Foreign exchange result increased by 48.6% to a net loss of US\$48.4 million in 2020, mainly as a result of the devaluation of the Brazilian Real and Chilean Peso.

Other gains (losses) registered a loss of US\$1,874.8 million, compared to a gain of US\$11.5 million in 2019, principally due to a goodwill impairment of US\$1,729.0 million, in addition to fuel hedging losses and slot write offs.

Income tax benefit for 2020 amounted to US\$550.2 million as compared to an income tax benefit of US\$53.7 million in 2019. This variation is mainly explained by an increase in the tax losses compared with the previous year, which implies a higher deferred tax asset in the current year and for the tax effect derived from several aircraft rejections. The higher deferred tax asset is reduced by a derecognition of previous and current deferred tax assets in some countries and for the non-recognition of taxes on losses derived from the goodwill impairment recognized in the current year. For more information, see Note 18 to our audited consolidated financial statements.

Net loss

Net loss for the year ended December 31, 2020 totaled US\$4,555.5 million. Net loss attributable to the parent company's shareholders was US\$4,545.9 million in 2020.

U.S. Dollar Presentation and Price-Level Adjustments

General

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 Argentina entities, whose functional currency corresponds to a hyperinflationary economy, 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, 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) on currency translation, 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.

Effects of Exchange Rate Fluctuations

Our functional currency is the U.S. dollar for the pricing of our products, composition of our balance sheet and effects on our results of operations. In 2021, approximately 40% of our revenues were in U.S. dollars or in currencies pegged to the U.S. dollar and approximately 63% of our expenses were denominated in dollars or pegged to the U.S. dollar, particularly fuel costs, landing and over-flight fees, aircraft rentals, insurance and aircraft components and supplies.

A substantial majority of our liabilities are denominated in U.S. dollars (79.0% as of December 31, 2021), including bank loans, certain air traffic liabilities, and certain amounts payable to our suppliers. As of December 31, 2021, 80.1% of our assets were denominated in U.S. dollars, principally aircraft, cash and cash equivalents, accounts receivable and other fixed assets. Substantially all of our commitments, including operating lease and purchase commitments for aircraft, are denominated in U.S. dollars.

Balance sheet imbalance denominated in currencies other than the functional currency of each specific entity creates a foreign exchange rate exposure that impacts our foreign exchange losses and gains due to exchange rate fluctuations. We recorded net foreign exchange losses of US\$48.4 million in 2020 and net foreign exchange gain of US\$131.4 million in 2021, which are set forth in our consolidated statement of income under "Foreign Exchange gains/(losses)." For more information, see Notes 2.3 and 29 to our audited consolidated financial statements.

Critical Accounting Policies

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 intangible assets with indefinite useful life
- (b) Useful life, residual value, and impairment of property, plant, and equipment
- (c) Recoverability of deferred tax assets
- (d) Air tickets sold that will not be finally used.
- (e) Valuation of miles and points awarded to holders of loyalty programs, pending use.
- (f) Provisions needs, and their valuation when required
- (g) Leases
- (h) Investment in subsidiary (TAM)

See Note 4 (Accounting estimates and judgments) to our audited consolidated financial statements for a full description of our critical accounting policies.

IFRS/Non-IFRS Reconciliation

We use “Cost per ASK” and “Cost per ASK excluding fuel price variations” in analyzing operating expenses on a per unit basis. “ASKs” (available seat kilometers) measures the number of seats of capacity available for the transportation of passengers multiplied by the kilometers flown across our network. To obtain our unit costs, which are used by our management in the analysis of our results, we divide our total Operating Expenses by our total ASKs. The cost component is further adjusted to obtain “costs per ASK excluding fuel price variations,” in order to remove the impact of changes in fuel prices for the year. “Cost per ASK” and “Cost per ASK excluding fuel price variations” do not have a standardized meaning, and as such may not be comparable to similarly titled measures provided by other companies. These metrics should not be considered in isolation or as a substitute for operating expenses or as indicators of performance or cash flows or as a measure of liquidity.

	2021	2020	2019
Cost per ASK			
Operating expenses (US\$ thousands)	6,230,623	5,999,957	9,689,325
Divided by ASK (million)	67,635.7	55,688.0	149,111.9
= Cost per ASK (US\$ cents)	9.21	10.77	6.50
Cost per ASK excluding fuel price variations			
Operating expenses (US\$ thousands)	6,230,623	5,999,957	9,689,325
– Aircraft fuel (US\$ thousands)	1,487,776	1,045,343	2,929,008
Divided by ASK (million)	67,635.7	55,688.0	149,111.9
= Cost per ASK excluding fuel price variations (US\$ cents)	7.01	8.90	4.53

Other Operating Measures

LATAM uses revenues per ASK or ATK, as applicable, in analyzing revenues on a per unit basis. To obtain unit revenues, we divide our passenger revenues by our total ASKs and our cargo revenues by our total ATKs. We use our revenues as defined under IFRS for purposes of the calculation of this metric. Revenues per ASK or ATK, as the case may be, do not have a standardized meaning, and as such may not be comparable to similarly titled measures provided by other companies. This metric is not an IFRS measure of performance or liquidity. It should not be considered in isolation or as a substitute for revenues or as indicators of performance or cash flows as a measure of liquidity.

The table below shows the calculation of our revenues per ASK or ATK, as applicable, in each of the periods indicated.

	2021	2020	2019
Passenger Revenues (US\$ thousands)	3,342,381	2,713,774	9,005,629
ASK (million)	67,635.7	55,688.0	149,111.9
Passenger Revenues/ASK (US\$ cents)	4.94	4.87	6.04
Cargo Revenues (US\$ thousands)	1,541,634	1,209,893	1,064,434
ATK (million)	4,788.1	4,708.3	6,356.7
Cargo Revenues/ATK (US\$ cents)	32.20	25.70	16.75

Seasonality

Our operating revenues are substantially dependent on overall passenger and cargo traffic volume, which is subject to seasonal and other changes in traffic patterns. Our passenger revenues are generally higher in the first and fourth quarters of each year, during the southern hemisphere's spring and summer. In the Brazilian passenger air transportation market, there is generally higher demand for air transportation services in the second half of the year, making the second quarter the weakest for the Company. However, seasonality is partially mitigated by LATAM's focus on business passengers (which are less sensitive to seasonality). Additionally, the expansion of the Company into other countries with different seasonal patterns has also moderated the overall seasonality of the passenger business. COVID-19 has also disrupted traditional seasonality patterns and introduced new factors to consider, such as the consideration of months or seasons in which the number of cases tends to be higher, traveling restrictions imposed by different countries, vaccination rates or the surge or spread of new variants of COVID-19.

Operating Data

The table below presents LATAM's unaudited operating data as of and for the year ended December 31, 2019, December 31, 2020 and December 31, 2021. LATAM believes this operating data is useful in reporting the operating performance of its business and may be used by certain investors in evaluating companies operating in the global air transportation sector. However, these measures may differ from similarly titled measures reported by other companies, and should not be considered in isolation or as a substitute for measures of performance in accordance with IFRS. This unaudited operating data is not included in or derived from LATAM's financial statements.

Operating Data:	For the year ended and as of December 31,		
	2021	2020	2019
ASKs (million)	67,635.7	55,688.0	149,111.9
RPKs (million)	50,316.5	42,624.4	124,521.1
ATKs (million)	4,788.1	4,708.3	6,356.7
RTKs (million)	3,034.9	3,077.8	3,526.0

B Liquidity and Capital Resources

LATAM's cash and cash equivalents amounted to US\$1,046.8 million as of December 31, 2021, US\$1,695.8 million as of December 31, 2020 and US\$1,072.6 million as of December 31, 2019. Additionally, the Company had short-term marketable securities totaling US\$0.3 million as of December 31, 2021, US\$0.3 million as of December 31, 2020, US\$386.7 million as of December 31, 2019. LATAM's cash and cash equivalents and marketable securities totaled US\$1,047.2 million as of December 31, 2021, US\$1,696.2 million as of December 31, 2020 and US\$1,459.2 million as of December 31, 2019.

The US\$ 649.0 million decrease in cash and cash equivalents and marketable securities from 2020 to 2021 can be explained mainly by the continued limited operations due to the restrictions and border closures of countries during the COVID-19 outbreak and deferral of capital expenditures corresponding to the previous year compensated by partial draws of the Debtor in Possession ("DIP") financing during the year.

The US\$237.0 million increase in cash and cash equivalents and marketable securities from 2019 to 2020 can be explained mainly by a first, partial draw of the Debtor in Possession ("DIP") financing obtained by the company and the draw in full of the Revolver Credit Facility ("RCF"), which more than offset the negative cash flow from operating activities in a year marked by the COVID-19 pandemic and its severe impact on the airline industry, and debt repayments mostly in the first quarter of the year.

Cash position and liquidity

The following table provides a summary of our cash flows from operating activities, investing activities and financing activities for the years ended December 31, 2021, 2020 and 2019 and our total cash position as of December 31, 2021, 2020 and 2019.

	2021	2020	2019
	(in US\$ million)		
Net cash flow from operating activities	(184.1)	(494.7)	2,826.7
Net cash flow from (used in) investing activities	(542.7)	33.6	(1,419.2)
Net cash flow from (used in) financing activities	109.6	1,120.8	(1,343.5)
Effects of variation in the exchange rate on cash and cash equivalents	(31.9)	(36.5)	(73.0)
Cash and cash equivalents at the beginning of the year	1,695.8	1,072.6	1,081.6
Cash and cash equivalents at the end of the year	1,046.8	1,695.8	1,072.6

As of December 31, 2021 in addition to cash and marketable securities, LATAM has US\$1,250 million related to the undrawn portion of the DIP.

Net cash flows from operating activities

Cash flow from operations derives primarily from providing air passenger and cargo transportation to customers. Operating cash outflows are primarily related to expenses of airline operations, including fuel consumption. Net cash inflows from operating activities in 2021 increased by US\$310.6 million, from US\$(494.7) million to US\$ (184.1) million, mainly due to an increase in operations (a 21% increase compared to 2020) thanks to the recovery of the operation and the lifting of the most severe travel restrictions across the region.

Net cash inflows from operating activities in 2020 decreased by US\$3,321.4 million, or 117.5%, from US\$2,826.7 million to US\$ (494.7) million. This was a direct consequence of the reduced operation (37% of ASKs compared to 2019) caused by the COVID19 pandemic and government restrictions on travel.

Net cash flow used in investing activities

Net cash used in investing activities in 2021 increased to US\$ 542.7 million from US\$(33.6) million in 2020. The increase is explained mainly by deferred capital expenditures in aircraft, engines, freighter conversions, maintenance and investment projects from 2020 and by the recovery in operation.

The inflow related to the net predelivery payments received by LATAM reached US\$ 263.4 million for the year 2019, higher than the net predelivery payments outflows of US\$54.7million for the year 2018. For further details, please refer to Note 35 to our audited consolidated financial statements.

Net cash flows used in financing activities

In 2021, net cash in financing activities amounted to US\$109.6 million, a decrease of US\$1,011.2 million from the US\$1,120.8 million in cash used in financing activities in 2020. In 2021, the company paid US\$463.0 million in loan repayments, a reduction of US\$330.7 million explained mainly by the Chapter 11 process. Total debt issuances in 2021 amounted to US\$ 791.1 million, a decrease of US\$ 1,006.6 million compared to US\$ 1,798.3 million issued in 2020.

In 2020, net cash in financing activities amounted to US\$1,120.8 million, an increase of US\$2,464.3 million from the US\$1,343.5 million in cash used in financing activities in 2019. In 2020, the company paid US\$793.7 million in loan repayments, a reduction of US\$1,066.7 million explained mainly by the Chapter 11 process. Total debt issuances in 2020 amounted to US\$1,798.3 million, an increase of US\$16.6 million compared to US\$1,781.7 million issued in 2019. This is explained by the drawing of DIP financing and the Revolving Credit Facility that the Company had available, as the Company issued no bonds nor obtained loans.

Sources of financing

Long term

The Company typically finances our fleet with long-term loans covering between 80% and 100% of the net purchase price. It also finances our aircraft under sale and leaseback arrangements and operational leases in order to add flexibility to our fleet. For more information regarding fleet financing, please refer to the information below and to “—E. Contractual Obligations—Long Term Indebtedness.”

From time to time in the past, we have considered, and may consider in the future, other forms of financing such as equity or debt, either secured or unsecured, securitization of ticket receivables or the securitization of fleet and engines.

Short term

As of December 31, 2021, the company had US\$ 1,250 million fully committed and available from the undrawn Debtor in Possession - DIP - facility. Following the year end, on March 14, 2022, the Company drew an additional US\$300 million, with a remainder of US\$950 million in undrawn DIP financing.

Capital expenditures

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\$ 587.2 million in 2021, US\$ 324.3 million in 2020 and US\$1,276.6 million in 2019, and purchases of intangible assets totaled US\$ 88.5 million in 2021, US\$ 75.4 million in 2020 and US\$140.2 million in 2019. See “—Sources of financing” above.

The following chart sets forth the Company’s estimated capital expenditures for the 2022 calendar year, which are subject to change and may differ from the actual capital expenditures.

	Estimated capital expenditures by year, as of December 31,	
	2022	
	(in US\$ millions)	
	2022	
Fleet Commitments ⁽¹⁾		534
PDPs ⁽²⁾		(27)
Other expenditures ⁽³⁾		1,067

(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 of which we do not expect to take delivery, regardless of the financing that the aircraft will have upon arrival, thus representing the sum of aircraft capex and future sale and leasebacks.

(2) Represents pre-delivery payments made by LATAM, or inflows received by LATAM after the delivery of the aircraft is made.

(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.

C Research and Development, Patents and Licenses, etc.

Trademark **LATAM** has been registered in Argentina, Australia, Bolivia, Canadá, China, Colombia, South Korea, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Hong Kong, India, Japan, Mexico, Nicaragua, New Zealand, Panama, Paraguay, Peru, Dominican Republic, Taiwan, European Union, Uruguay, the United States, and Venezuela; Trademark **LATAM AIRLINES** has been registered in Argentina, Bolivia, China, Colombia, South Korea, Cuba, Ecuador, El Salvador, Guatemala, Honduras, India, Japan, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, Taiwan, European Union, Uruguay and Venezuela.

LATAM AIRLINES ARGENTINA has been registered in Argentina; **LATAM AIRLINES COLOMBIA** has been registered in Colombia; **LATAM AIRLINES ECUADOR** has been registered in Ecuador; **LATAM AIRLINES PARAGUAY** has been registered in Paraguay and **LATAM AIRLINES PERU** has been registered in Peru. **LATAM CARGO** has been registered and/or renewed in Argentina, Bolivia, Colombia, Ecuador, Mexico, Paraguay, Peru, European Union, Uruguay, the United States, and Venezuela. **LATAM CARGO BRASIL** has been registered in Brazil; **LATAM CARGO COLOMBIA** has been registered in Colombia; **LATAM CARGO MEXICO** has been registered in Mexico.

LATAM CORPORATE has been registered in Argentina, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, European Union and Uruguay. **LATAM FIDELIDADE** has been registered in the following countries, Argentina, Australia, Bolivia, Colombia, Ecuador, Mexico, New Zealand, Paraguay, Peru, European Union, Uruguay, and the United States. **LATAM LINEAS AEREAS** has been registered in Argentina, Colombia, Ecuador and Peru; **LATAM MRO** has been registered in Argentina; Bolivia, Colombia, Ecuador, Mexico, Paraguay, Peru, European Union, Uruguay, the United States, and Venezuela. **LATAM PASS** has been registered in Argentina, Australia, Bolivia, Canada, Colombia, Ecuador, Mexico, New Zealand, Paraguay, Peru, European Union, Uruguay, the United States, Venezuela and Australia. **LATAM PASS MILES** has been registered in New Zealand and Australia. **LATAM TOURS** has been registered in Argentina, Colombia, Ecuador and Peru. **LATAM TRADE** has been registered in Argentina, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Dominican Republic, European Union and Uruguay. Trademark **LATAM TRAVEL** has been registered in Argentina, Bolivia, Colombia, Ecuador, Mexico, Paraguay, Peru, European Union, Uruguay, the United States, and Venezuela; trademark **LATAM TRAVEL SOLUTIONS** has been registered in Panama; **LATAM VIAGENS** has been registered in Brazil; **LATAM, JUNTOS MÁS LEJOS** has been registered in Argentina and Ecuador. **LATAM, TOGETHER, FURTHER** has been registered in Australia, New Zealand and the European Union.

LATAMPLAY has been registered in Argentina, Colombia and Ecuador. **LATIN AIRLINE NETWORK** has been registered in Mexico, Nicaragua, New Zealand and the European Union. **LIBREVOLADOR** has been registered in Bolivia, Ecuador, Paraguay and Peru. **LIBREVOLADORES** has been registered in Bolivia, Ecuador, Paraguay and Peru. **LIDERES DEL SERVICIO** has been registered in Argentina, **LINEA AEREA CARGUERA DE COLOMBIA** has been registered in Colombia.

TAM has filed for trademark registration, registered or renewed the following trademarks in Brazil, LATAM; LATAM AIRLINES; LATAM AIRLINES BRASIL; LATAM CARGO, LATAM CARGO BRASIL; LATAM FIDELIDADE; LATAM MRO, LATAM PASS; LATAM TRADE; TAM LINHAS AÉREAS; LATAM TRAVEL; LATAM VIAGENS; LATAM TRADE; LATAMPLAY; MERCADO LATAM; VAMOS LATAM.

FIDELIDAD has been registered in Argentina; **FIDELIDAD TAM** has been registered in Paraguay; **LATAM AIRLINES ARGENTINA** has been registered in Argentina; **LATAM AIRLINES COLOMBIA** has been registered in Colombia; **LATAM AIRLINES ECUADOR** has been registered in Ecuador; **LATAM AIRLINES PARAGUAY** has been registered in Paraguay and **LATAM AIRLINES PERU** has been registered in Peru.

D Trend Information

On March 12, 2020, LATAM Airlines announced the suspension of its guidance for 2020 in light of the uncertainty due to the COVID-19 pandemic that is affecting the demand for air traffic. As of this date, LATAM has not reinstated its standard guidance, due to the continued uncertainty and 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.

E Contractual Obligations

Long Term Indebtedness

Secured Debt

Aircraft Debt

1. ECA/EX-IM: Bank loans & bonds guaranteed by Export-Import Bank of the United States (“EX-IM Bank”) and Export Credit Agency (“ECA”) guaranteed loan debt. As of December 31, 2021, the total outstanding amount under these facilities was US\$1,101.0 million. In general, ECA and EX-IM financings have a 12-year repayment profile.

2. Commercial Bank Loans: As of December 31, 2021, secured commercial bank loans debt totaled US\$ 719.4 million.

3. Tax Leases: LATAM has secured debt through Japanese Leases with a call option (“JOLCO”). As of December 31, 2021, the outstanding obligations under these tax leases were US\$382.5 million.

Non Aircraft Debt

1. Revolving Credit Facility (RCF): During March and April 2020, LATAM Airlines Group S.A. fully drew the secured line of US \$600 million. This financing expires on March 29, 2022 and is guaranteed by collateral consisting of aircrafts, engines and spare parts.

2. The total aggregate principal amount of the existing Debtor in Possession facility is US\$3.2 billion (taking into account the aggregate principal amount of the Tranche A, B and C facilities). In 2020, LATAM Airlines Group S.A. drew a total of US\$ 1.15 billion from Tranche A and Tranche C facilities. On June 23 and 25, 2021, the Company drew an additional US\$ 225.5 million from the Tranche A facility and US\$ 273.0 million from the Tranche C facility. On October 18, 2021, LATAM Airlines Group S.A. entered into an amendment to the existing Debtor in Possession facility, providing for a new \$750 million Tranche B facility. On November 10, 2021, the Company drew US\$200 million from the Tranche B facility and on December 28, 2021, the Company drew US\$200 million from the Tranche B facility. For additional information, see “Item 4. Information on the Company—B. Business Overview—Chapter 11 Proceedings through 2021 and Recent Developments in 2022 involving our Chapter 11 Proceedings—Debtor-in-Possession Financing.”

Other

1. Pre-Delivery Payments (“PDP”) financing: As of December 31, 2021, the outstanding amount under PDP financings was US\$106.4 million.

Unsecured Debt

2 LATAM 2024 Notes: On April 11, 2017, LATAM Finance Limited, an affiliate of LATAM Airlines Group S.A., issued long-term bonds in the international markets in the amount of US\$700 million, maturing in 2024 with an annual interest rate of 6.875%. As of December 31, 2021, the outstanding amount under the LATAM 2024 Notes was US\$700 million.

3 2026 Notes: On February 4, 2019, LATAM Finance Limited, an affiliate of LATAM Airlines Group S.A., issued long-term bonds in the international markets in the amount of US\$600 million, maturing in 2026 with an annual interest rate of 7.000% (the “2026 Notes”). On July 11, 2019, LATAM Finance Limited, an affiliate of LATAM Airlines Group S.A., issued a re-opening of the 2026 notes in the amount of US\$200 million, maturing in 2026 with an annual interest rate of 7.000%. As of December 31, 2021, the outstanding amount under the 2026 Notes was US\$800 million.

4 Local Bonds: On August 17, 2017, LATAM Airlines Group S.A. issued local bonds on the Santiago Stock Exchange in the aggregate amount of UF 9,000,000 comprised of the Series A Bonds (BLATM-A), Series B Bonds (BLATM-B), Series C Bonds (BLATM-C) and Series D Bonds (BLATM-D), which correspond to the first issue of bonds under the bond line registered in the Securities Registry of the CMF under number 862. The total amount of Series A Bonds issued was UF 2,500,000 with a maturity date of June 1, 2022 bearing nominal interest rate at 5.25% annually. The total amount of Series B Bonds issued was UF 2,500,000 with a maturity date of January 1, 2028 bearing nominal interest rate at 5.75% annually. The total amount of Series C Bonds issued was UF 1,850,000 with a maturity date of June 1, 2022 bearing nominal interest rate at 5.25% annually. The total amount of Series D Bonds issued was UF 1,850,000, with a maturity date of January 1, 2028 bearing nominal interest rate at 5.75% annually. On June 6, 2019, LATAM Airlines Group S.A. issued local bonds listed on the Santiago Stock Exchange designated as the Series E Bonds (BLATM-E), which correspond to the first issue of bonds under the bond line registered in the Securities Registry of the CMF under number 921. The total amount of Series E Bonds issued was UF 5,500,000 with a maturity date of April 15, 2029 bearing nominal interest rate at 3.60% annually. As of December 31, 2021, the outstanding amount of Local Bonds was US\$502.9 million.

5 Commercial Bank Loans: As of December 31, 2021, unsecured Commercial Bank loans debt stood at US\$ 148.5 million.

As of December 31, 2021, the average interest rate of our debt was 5.6%. Out of the total debt, approximately 44% accrues interest at a fixed rate (either through a stated fixed interest rate or through the use of interest rate swap agreements) or is subject to interest rate caps. When considering the US\$625.0 million of DIP financing provided by Related Parties, the average interest rate of our debt was 6.5% and the portion of debt at a fixed rate was 39.5%.

As of December 31, 2021, LATAM had US\$7.8 billion in current debt liabilities. Of this amount, US\$ 406.5 million consisted of short-term debt, which represents 5.2% of our total current debt liabilities.

As of December 31, 2021, we had purchase obligations with Airbus and Boeing totaling US\$10.8 billion (according to manufacturer’s list price), with deliveries between 2022 and 2028, as set forth below:

- Narrow-body passenger aircraft deliveries (Airbus A320-Family): 70 aircraft
- Wide-body passenger aircraft deliveries (Boeing 787-9): 2 aircraft

2021 Fleet Additions

During 2021, LATAM completed the addition of the following wide-body aircraft:

- Five Boeing 787-9 through operating leases.

During 2021, LATAM completed the addition of the following narrow-body aircraft:

- Two Airbus A320 through operating leases, and eleven Airbus A321 through operating leases.

2020 Fleet Additions

During 2020, LATAM had no additions to the fleet.

2019 Fleet Additions

During 2019, LATAM completed the addition of the following wide body aircraft:

- Three Airbus A350-900 through leases, one Airbus A350-900 through cash payment and two Boeing 787-9 through a tax lease.
- During 2019, LATAM completed the addition of the following narrow body aircraft:
- Fourteen Airbus A320-200 and three A320 Neo through leases and six Airbus A320 Neo through tax leases.

F Safe Harbor

Not applicable.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A Directors and Senior Management

The LATAM Airlines Group board of directors consists of nine directors who are elected every two years for two-year terms at annual regular shareholders' meetings or, if necessary, at an extraordinary shareholders' meeting, and may be re-elected. The board of directors may appoint replacements to fill any vacancies that occur during periods between elections. Scheduled meetings of the board of directors are held once a month and extraordinary board of directors' meetings are called by the chairman of the board of directors. Extraordinary meetings can be called by the chairman, or when requested by one or more directors if the need for such a meeting is previously approved by the chairman, unless the meeting is requested by a majority of the directors, in which case the meeting must be held without the previous approval of the chairman. Board compensation is determined at the Ordinary Shareholders' Meeting and is the same for all board members, with the exception of the chairman. Compensation is based on attendance of meetings and we pay each member of the board 60 UFs per assistance to board meetings and the chairman 120 UFs for attendance.

On March 31, 2020 Roberto Alvo, former Chief Commercial Officer, took over as CEO of LATAM Airlines Group, in the place of Enrique Cueto, who served LATAM in that capacity for 25 years.

The current board of directors was elected at the ordinary shareholders' meeting held on April 20, 2021.

The following are LATAM Airlines Group's directors:

Directors	Position
Ignacio Cueto ⁽¹⁾	Director / Chairman
Enrique Ostalé	Director
Enrique Cueto ⁽¹⁾	Director
Nicolás Eblen ⁽²⁾	Director
Henri Philippe Reichstul	Director
Patrick Horn	Director
Alexander Wilcox	Director
Eduardo Novoa	Director
Sonia Villalobos	Director
Senior Management	Position
Roberto Alvo	CEO LATAM
Ramiro Alfonsín	CFO LATAM
Martin St. George	CCO LATAM
Paulo Miranda	VP Customers LATAM
Hernán Pasman	VP Operations, Maintenance and Fleet LATAM
Emilio del Real	VP Human Resources
Juan Carlos Menció	VP Legal

(1) Messrs. Ignacio and Enrique Cueto are brothers. Both are members of the Cueto Group, which is defined in "Item 7" as a "Major Shareholder."

(2) Mr. Nicolás Eblen is a member of the Eblen Group, which is defined in "Item 7" as a "Major Shareholder."

Biographical Information

Set forth below are brief biographical descriptions of LATAM Airlines Group's directors and senior management. All of LATAM's directors are Chilean citizens, with the exception of three members.

Directors

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 alliances with other airlines. Mr. Cueto is a member of the Cueto Group. As of February 28, 2022, Mr. Cueto shared in the beneficial ownership of 99,381,777 common shares of LATAM Airlines Group (16.4% of LATAM Airlines Group's outstanding shares) held by the Cueto Group. For more information, see "Item 7. Major Shareholders and Related Party Transactions."

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 a 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, 2022, Mr. Cueto shared in the beneficial ownership of 99,381,777 common shares of LATAM Airlines Group (16.4% of LATAM Airlines Group's outstanding shares) held by the Cueto Group. For more information, see "Item 7. Major Shareholders and Related Party Transactions."

Mr. Enrique Ostalé joined LATAM Airlines Group's Board of Directors in April 2020. He was chairman of the Board of Walmart Chile up to March 2021 and is currently Chairman of the Board of Walmart Mexico and Central America SBA (until April 2022 as publicly announced). 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.

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, 2022, the Eblen Group had the beneficial ownership of 27,644,702 common shares of LATAM Airlines Group (4.6% of LATAM Airlines Group's outstanding shares). For more information, see "Item 7. Major Shareholders and Related Party Transactions."

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.

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 Valparaíso 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).

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.

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 Amcham-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 CorpGroup, 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.

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.

Senior Management

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 Senior 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.

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 de Argentina.

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.

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.

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).

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.

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.

B Compensation

For information on executive compensation, see “—D. Employees” below.

C Board Practices

Our board of directors is currently comprised of nine members. The terms of each of our current directors will expire in 2023, unless previously renewed in accordance to applicable law or pursuant to the Company’s Chapter 11 proceedings. See “—Directors and Senior Management” above.

Committees

Board of Directors’ Committee and Audit Committee

Pursuant to the *Ley sobre Sociedades Anónimas No. 18,046* (“Chilean Corporation Act”) and the *Reglamento de Sociedades Anónimas* (the “Regulation to the Chilean Corporate Law”), and together with the Chilean Corporation Act, the “Chilean Corporate Law”), LATAM Airlines Group must have a board of directors’ committee composed of no less than three board members. LATAM Airlines Group has established a three-person Board of Directors’ Committee, which, among other duties, is responsible for:

- examining the reports of LATAM Airlines Group’s external auditors, the balance sheets and other financial statements submitted by LATAM Airlines Group’s administrators to the shareholders, and issuing an opinion with respect thereto prior to their presentation to the shareholders for their approval;
- evaluating and proposing external auditors and rating agencies;
- reviewing internal control reports pertaining to related-party transactions;
- examining and reporting on all related-party transactions; and
- reviewing the pay scale of LATAM Airlines Group’s senior management.

Under Chilean Corporate Law we are required, to the extent possible, to appoint a majority of independent board members to the board of directors committee. Pursuant to the Chilean Corporations Act, no person shall be considered independent who, at any time during the previous eighteen months: (1) Maintained any relationship, interest or economic, professional, credit or commercial dependence, of a nature and relevant volume, with the company, other companies of the financial conglomerate to which the company belongs, its comptroller, or principal executive officer of any one of them, or was a director, manager, administrator, principal executive officer or advisor of such companies; (2) Was a close relative (i.e., parents, father/mother in law, siblings, sisters/brothers in law), to any one of the persons referred to in 1 above; (3) Was a director, manager, administrator or principal executive officer of non-profit organizations that received contributions or large donations from any individual referred to in clause 1 above; (4) Was a partner or shareholder that possessed or controlled, directly or indirectly, 10% or more of the company’s capital; a director; manager; administrator or principal executive officer of entities who had provided consulting or legal services, for relevant amounts, or of external audit, to the persons referred to in 1 above; or (5) Was a partner or shareholder who possessed or controlled, directly or indirectly, 10% or more of the company’s capital; a director; manager; administrator or principal executive officer of principal competitors, suppliers or clients of the company. Should there be more than three directors entitled to participate in the directors committee, the board of directors shall elect the members of the directors committee by unanimous vote.

Should the board of directors fail to reach an agreement, preference to be appointed to the committee shall be given to directors elected with the highest percentage of votes cast by shareholders that individually control or possess less than 10% of the company's shares. If there is only one independent director, such director shall appoint the other members of the committee among non-independent directors. Such directors shall be entitled to exercise full powers as members of the committee. The chairman of the board of directors shall not be entitled to be appointed as a member of the committee nor any of its subcommittees, unless he is an independent director.

To be elected as independent director, the candidates must be proposed by shareholders that represent 1% or more of the shares of the company, at least 10 days prior to the date of the shareholders' meeting called to that end. The candidate who obtains the highest number of votes shall be elected as independent director.

Pursuant to U.S. regulations, we are required to have an audit committee of at least three board members, which complies with the independence requirements set forth in Rule 10A-3 under the Exchange Act. Given the similarity in the functions that must be performed by our board of directors' committee and the audit committee, our Board of Directors' Committee serves as our Audit Committee for purposes of Rule 10A-3 under the Exchange Act.

As of December 31, 2021, all of the members of our Board of Directors' Committee, which also serves as our Audit Committee, were independent under Rule 10A-3 of the Exchange Act. As of December 31, 2021, the committee members were Mr. Eduardo Novoa Castellón, Mr. Nicolás Eblen Hirmas and Mr. Patrick Horn Garcia. We pay each member of the committee 80 UFs per meeting.

Other LATAM Board Committees

LATAM's board of directors has also established four other committees to review, discuss and make recommendations to our board of directors. These include a Strategy & Sustainability Committee, a Leadership Committee, a Finance Committee and a Customers and Businesses Committee. The Strategy & Sustainability Committee focuses on the corporate strategy, current strategic issues and the three-year plans and budgets for the main business units and functional areas and high-level competitive strategy reviews. The Leadership Committee focuses on, among other things, group culture, high-level organizational structure, appointment of the LATAM CEO and his or her other reports, corporate compensation philosophy, compensation structures and levels for the LATAM CEO and other key executives, succession or contingency planning for the LATAM CEO and performance assessment of the LATAM CEO. The Finance Committee is responsible for financial policies and strategy, capital structure, monitoring policy compliance, taxation strategy and the quality and reliability of financial information. Finally, the Customers and Businesses Committee is responsible for setting the competitive strategies of the Customers and Commercial Vice Presidencies with a focus on sales, marketing, network and fleet initiatives, customer experience and revenue management. We pay each member of a sub-committee 48 UFs per meeting.

In June 2014, LATAM's board of directors established a Risk Committee to oversee the creation, implementation and management of a risk matrix for the Company.

Corporate Governance Practices

The company follows strict procedures in order to comply with current legislation in the United States and in Chile on corporate governance. In this context, the Company has published a Manual for Corporate Practices which can be found on the LATAM investor relations website and incorporates the applicable legislation in its policies and decisions. Information obtained on, or accessible through, this website is not incorporated by reference herein and shall not be considered part of this annual report.

D Employees

The following table sets forth the number of employees in various positions at the Company.

Employees ending the period	As of December 31,		
	2021	2020	2019
Administrative	4,372	4,477	6,966
Sales	891	982	2,505
Maintenance	4,541	4,487	4,911
Operations	9,352	10,195	13,538
Cabin crew	6,708	5,918	9,511
Cockpit crew	3,250	3,056	4,298
Total	29,114	29,115	41,729

(1) As of December 31, 2021, approximately 54% of our employees worked in Brazil, 25% in Chile, 9% in Peru, 1% in Argentina, 5% in Colombia, 1% in Ecuador and 5% in the rest of the world.

Our salary structure is comprised of: (a) fixed payments (base salary and other fixed payments such as legal gratifications, local bonus, company seniority and others, depending on each country's law and market practice); (b) short term incentives (associated with corporate, area and individual performance), applicable to our ground staff; (c) long term incentives (applicable to our senior executives (Senior Directors and above)).

According to the local law requirements, we make pension and social security contributions on behalf of our employees. Additionally, for our air staff and specialized professionals such as mechanics, we have fixed and variable payments, subject to the local collective agreements.

Regarding benefits, we usually provide life insurance and medical insurance, complementary to the coverage provided by the legal system. We also grant other benefits, according to local market practice (meal, transportation, maternal and paternal leave, etc.). In addition, we have a global staff travel program, which grants free and discounted tickets to our permanent employees.

Long Term Incentive Compensation Program

LP3 compensation plans (2020-2023)

The Company implemented a program for a group of executives effective between October 2020 and March 2023 that expires in March 2023 (the "Compensation Plan"), which consists of an extraordinary bonus that may be paid annually or subject to accrual and is based on target prices of the shares of LATAM. This Compensation Plan has not yet been provisioned due to the fact that the strike price required for collection is below the initial target.

Subsidiary's compensation plans

a. As a consequence of the resignation of the executives of Multiplus, the option plans granted in respect of Multiplus S.A. were canceled (as of December 31, 2018, the options for current shares amounted to 247,500 shares for Multiplus S.A.).

b. As of December 31, 2019, payment contracts based on restricted shares signed with the executives of Multiplus were canceled.

For more information, see Note 34 to our consolidated financial statements.

Corporate Incentive Plan

As part of the Backstop Agreements, the parties agreed on proposed terms for a Corporate Incentive Plan, subject to the approval, allocation and implementation by the company's board of directors. The Corporate Incentive Plan is expected to be equivalent to 2.5% of the fully-diluted, fully-converted post-reorganization shares, is intended to be implemented after the date of substantial consummation of the Plan of Reorganization (the "Effective Date") by the board of directors to be elected post-Effective Date, and is anticipated to cover senior executives, other executives, and other employees, in the terms and conditions of, and as described in the Backstop Agreements. The terms and conditions of any subsequent incentive plans are expected to be determined and approved by the board of directors to be elected post-Effective Date, in its sole discretion.

Labor Relations

Latam has maintained and intensified its efforts to ensure that labor relations between the group, its employees and their legal representatives are carried out through dialogue and result in agreements that benefit both parties, but always with safety criteria for the operation, efficiency, sustainability and care for people. During the year, the company has had to make the necessary adjustments essential to maintaining its sustainability, as a result of which the collective agreements (Protocols) were maintained with the different unions aimed at adapting the operational conditions and costs associated especially with the personnel of air (command and cabin crew). One of the main efforts that the company had to carry out during 2021 was the implementation of the remote work models that it had to apply as a result of the pandemic, modifications to labor legislation and restrictions from health organizations. However, the company continues to be concerned with permanently evaluating possible labor conflicts, for which it is always preparing contingency plans if necessary.

Chile

In 2021, the company carried out 6 collective bargaining processes with unions, all of them voluntary by the parties, which means that they were not the product of a legal obligation, and that they were approved by a large majority by their assemblies. During the beginning of 2022, the company will face 12 collective negotiations with the Pilot Unions (4), Administration Unions (4) and Maintenance Unions (4).

Ecuador

In 2011 a union previously exclusive to cabin crew employees was integrated into the general employee's union. This group maintains relations with the Company, but does not have the right to enter into or negotiate collective bargaining agreements under Ecuadorian law because less than half of our employees eligible for membership are members of this union.

Additionally, three employee associations were formed in 2012, including one for pilots, another for general employees but composed mostly of maintenance employees, and another composed mostly by employees of airport administration. In July 2019, the Company renewed the voluntary agreement with the pilot's association, valid until July 2023. Then, this agreement was modified on June 26, 2020, with its term being extended until December 31, 2023.

Argentina

Though LATAM Airlines Argentina has ceased operations, the affiliate continues to exist as a legal entity.

In Argentina, there is only one trade union, which represents workers from different functional areas: airports, technicians and support teams. The current collective bargaining agreement is the same for all commercial airline industries.

In March 2021, Argentina concluded negotiations with the trade union focused on salaries, efficiencies and new ways of work, according to the complex situation for workers and operation during COVID-19 pandemic.

Colombia

In Colombia we have five different unions. As a result of the COVID-19 pandemic, a round table for social dialogue with the five unions that exist was implemented in 2020.

After the round table for social dialogue, the company reached agreements with the following union groups in 2021: (i) the Technicians Union (ACMA), which will be in force until December 2024, (ii) the Cabin Crew Union (ACAV), which will be in force until December 2024, (iii) the Industrial Union of Aviation Workers (SINTRATAC), which will be in force until December 2024, (iv) the Pilots' Latam Colombia Union (ADALAC), which will be in force until December 2023, (v) non – union employees of Airport and the Cabin Crew, which will be in force until December 2024. With respect to the pilots' union (ACDAC) a 2019 arbitration is pending.

Peru

In Peru, there are six unions that represent workers from different functional areas: pilots, cabin crew, aircraft technicians, flight dispatchers and airport workers. Our current collective agreements were signed for a duration of four years.

In March 2021, LATAM Airlines Peru concluded negotiations with the flight dispatchers' union in direct agreement. In September 2021 we started the collective bargaining process with the cabin crew union.

Brazil

Under Brazilian law, the term of collective bargaining agreements is limited to two years. LATAM Airlines Brazil's collective bargaining agreements are valid for one year. LATAM Airlines Brazil has historically negotiated collective bargaining agreements with eleven unions in Brazil— one crew flight union, which represents pilots, copilots and flight attendants, and ten ground staff unions. In December 2021, LATAM Airlines Brazil successfully renegotiated collective bargaining agreements with all unions.

E Share Ownership

As of February 28, 2022, the members of our board of directors and our executive officers as a group owned 20.95% of our shares. See "Item 7. Major Shareholders and Related Party Transactions."

For a description of stock options granted to our executive officers, see "—D. Employees—Long Term Incentive Compensation Program."

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A Major Shareholders

Mr. Ignacio Cueto (Chairman of the Board of LATAM), Mr. Enrique Cueto (LATAM board member) and certain other Cueto family members and entities controlled by them, comprise the Cueto Group. As of February 28, 2022 the Cueto Group beneficially owned (as defined in Rule 13d-3 under the Securities Exchange Act) 16.4%⁽¹⁾ of LATAM Airlines Group's common shares. The Cueto Group is entitled to elect three of the nine members of our board of directors and is in a position to direct the management of the Company. In connection with the combination with TAM, members of the Cueto Group entered into a shareholder's agreement with the Amaro Family, acting through TEP Chile, and TEP Chile entered into shareholder's agreements with LATAM and TAM. See "—Shareholders' Agreements."

In addition to the Cueto Group, three other groups or entities are major shareholders of LATAM. As of February 28, 2022, the Eblen Group, which includes our director Nicolás Eblen, owned 4.6% of our common shares; Qatar Airways Investments (UK) Ltd. owned 10.0%⁽³⁾ of our common shares and Delta Air Lines owned 20.0% of our common shares.

The table below sets forth additional information regarding the beneficial ownership of our common shares, as of February 28, 2022, by our major shareholders or shareholder groups, and minority shareholders.

Shareholder	Beneficial ownership (as of February 28, 2022)	
	Number of shares of common stock beneficially owned	Percentage of common stock beneficially owned
Cueto Group ⁽¹⁾	99,381,777	16.4%
Costa Verde Aeronautica SA ⁽¹⁾	91,605,886	15.1%
Inversiones Costa Verde Ltda.	7,775,891	1.3%
Delta Air Lines	121,281,538	20.0%
Delta Air Lines, Inc.	121,281,538	20.0%
Qatar Airways ⁽³⁾	60,640,768	10.0%
Qatar Airways Investments (UK) Ltda.	60,640,768	10.0%
Eblen Group	27,644,702	4.6%
Andes Aerea SpA	19,339,670	3.2%
Inversiones PIA SpA.	4,155,953	0.7%
Comercial las Vertientes SpA	4,149,079	0.7%
All other minority shareholders	297,458,908	49.1%
Total	606,407,693	100%

(3) Qatar owns 9.999999785% of total issued shares of LATAM.

As of February 28, 2022, 13.9% of our capital stock was held in the form of ADSs. Chilean pension funds held 0% of our capital stock and other minority investors held 35.2% in the form of common shares. It is not practicable for us to determine the number of ADSs or common shares beneficially owned in the United States. As of February 28, 2022, we had 2,637 record holders of our common shares. It is not practicable for us to determine the portion of shares held in Chile or the number of record holders in Chile. All of our shareholders have identical voting rights.

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.

Composition of the LATAM Airlines Group Board

There are no agreements 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 April 20, 2021, Mr. Ignacio Cueto Plaza was elected as President of the Board.

On April 20, 2021 the complete board of directors of LATAM Airlines Group was renewed, being elected Mr. Ignacio Cueto, Mr. Enrique Cueto, Mr. Enrique Ostalé, Mr. Nicolás Eblen, Mr. Henri Philippe Reichstul, Mrs. Sonia Villalobos, Mr. Patrick Horn, Mr. Alexander Wilcox, and Mr. Eduardo Novoa.

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. In the case of a 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.

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;
- 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 reorganization 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 or 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 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

TEP Chile may sell all 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. 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.

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 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 (as defined above under the "—Transfer Restrictions" section). 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.

B Related Party Transactions

See "Item 4. Information on the Company—B. Business Overview—Chapter 11 Proceedings through 2021—Debtor-in-Possession Financing."

General

We have engaged in a variety of transactions with our affiliates, including entities owned or controlled by certain of our major shareholders. In the ordinary course of business, we render to and receive from related companies' services of various types, including aircraft leases, aircraft interchanges, freight transportation and reservation services. Such transactions, none of which is individually material, are summarized in Note 33 to our audited consolidated financial statements for the fiscal year ended December 31, 2021.

On August 2, 2016, the board of directors approved the Policy on Control of Related-Party Transactions of LATAM Airlines Group S.A. and its subsidiaries, which states:

- Related-party means, among others, subsidiaries, affiliates, natural persons or legal entities with control of 10% or more of the Company's voting stock, vice presidents, directors or senior executives as well as their respective spouses, relatives, and companies in which said persons are either direct or indirect owners of 10% or more of the Company's voting stock, or in which they have held a position over the last 18 months.
- Related-Party Transactions can only be executed if said transactions are in LATAM's interest and adjust to price, terms and conditions prevalent in the market for similar transactions with other third parties at the time of its approval.

Any and all negotiations, acts, contracts or operations in which a company of the LATAM Group and a party related to such company serve as the participants will be subject to the Policy.

DIP Financing

See "Item 4. Information on the Company—B. Business Overview—Chapter 11 Proceedings through 2021—Debtor-in-Possession Financing."

ITEM 8. FINANCIAL INFORMATION

A Consolidated Financial Statements and Other Financial Information

See "Item 18. Financial Statements" and pages F-1 through F-158.

Legal and Arbitration Proceedings

We are involved in routine litigation and other proceedings relating to the ordinary course of business. The following is a description of all the material legal and arbitration proceedings.

International Cargo Airlines Investigations

In February 2006 the European Commission (“EC”), the Department of Justice of the United States (“DOJ”), the Canadian Competition Bureau (“CCB”), and the Brazilian Administrative Counsel for Economic Defense (“*Conselho Administrativo de Defesa Econômica*” or “CADE”), among others, initiated a global investigation of a large number of international cargo airlines (among them LAN Cargo) for possible price fixing of cargo fuel surcharges and other fees in the European and United States air cargo markets. As previously announced, LAN Cargo reached plea agreements with the DOJ and the CCB, which included the payment of fines, in relation to such investigation.

On November 9, 2010, the EC imposed fines on 11 air carriers for a total amount of €799.4 million (equivalent to approximately US\$1.1 billion). The fine imposed against LAN Cargo and its parent company, LAN, totaled €8.2 million (equivalent to approximately US\$9.4 million). LAN provisioned US\$25 million during the fourth quarter of 2007 for such fines, and maintained this provision until the fine was imposed in 2010. In 2010, LAN recorded a US\$14.1 million gain (pre-tax) from the reversal of a portion of this provision. This was the lowest fine applied by the EC, which includes a significant reduction due to LAN’s cooperation with the Commission during the course of the investigation. In accordance with European Union law, on January 24, 2011 this administrative decision was appealed by LAN Cargo and LAN to the General Court in Luxembourg. Any judgment by the General Court may also be appealed to the Court of Justice of the European Union. The European Court of Justice overturned the Commission’s decision on December 16, 2015. On May 20 2016 the EC confirmed that they had decided not to appeal the case and to issue a new decision with the aim of correcting the faults identified in the judgment by the European Court of Justice.

On March 17, 2017, the EC re-adopted its decision and imposed on LAN Cargo and its parent company, LATAM, a fine in the same amount, €8.2 million, as the original fine. On May 31, 2017 LAN Cargo and LATAM requested the annulment of this EC decision to the General Court of the European Union. In December 2017 LAN Cargo and LATAM presented their arguments for this annulment and in July 2019 LAN CARGO and LATAM participated in a hearing in the Court of Justice of the European Union. LATAM is waiting for the outcome, which is expected for the end of March 2022, and expects a further reduction of the fine included in the decision by the general court of the European Union. 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 Bankruptcy Court.

Civil actions have also been initiated against many airlines, including LAN Cargo and LATAM Airlines Group, in various European countries (Great Britain, Norway, Holland and Germany). In the particular case of Great Britain there was a mediation process, at the end of the year 2018, with the participation of all airlines involved to try to reach an agreement. 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 mediation process concluded the claim for all class actions except one, for which a settlement was negotiated during the year 2019, and which settled in December 2019 for the amount of approximately GBP 222,469.63. The payment was made during the month of January 2020. This concluded the claim for all class-actions in Great Britain.

In the particular case of Germany, LATAM requested the suspension of the civil process relying on the Company’s Chapter 11 proceedings. Simultaneously, DB Barnsdale AG filed a claim with the US Court, within the opportunity that creditors have for these claims in Chapter 11. Before the Courts ruled, an agreement was concluded with Barnsdale AG. The payment was made in November 2021 and concluded the claim for all class-actions in Germany. British Airways; KLM; Martinair; Air France; Lufthansa; Lufthansa Cargo and Swiss Air filed claims with the US Court. LATAM objected to these claims and after review by the US Court disavowed and annulled them on May 27, 2021.

The two only judicial processes still pending in Norway and the Netherlands are in the evidentiary stages. There has been no activity in Norway since January 2014 and in the Netherlands, since February 2021. The amounts are indeterminate

On September 3, 2013, CADE published its decision to impose a fine of US\$51.0 million against ABSA, after an investigation, commenced in 2008, against several cargo airlines and airlines officers over allegations of anticompetitive practices regarding fuel surcharges in the air cargo business. CADE also imposed fines upon a former Director and two former employees in the amounts of US\$1.0 million and US\$510,000 respectively. On December 5, 2013 ABSA filed its application for Administrative Reconsideration before CADE. On December 19, 2014, CADE issued a new decision which reduced the fine against ABSA to US\$ 9,823,135 (based on an exchange rate of US\$ 1 = R\$ 3.3080). CADE also reduced the fines against ABSA’s Director and employees to US\$ 247,896 and US\$ 123,040, respectively (also based on an exchange rate of US\$ 1 = R\$ 3.3080). ABSA has initiated a judicial appeal against the Union Federal seeking an additional reduction of the fine amount. In December 2018, a Federal Court Judge ruled against ABSA, indicating that it will not apply an additional reduction to the fine imposed. The court’s decision was published on March 12, 2019. On March 13, 2019, ABSA filed a motion seeking clarification of the federal court’s decision. On April 1, 2019, a response to the motions for clarification filed by ABSA was presented. On May 24, 2019, the motions for clarification of ABSA were not accepted.

On June 18, 2019, an appeal was filed by ABSA. On August 14, 2019, CADE’s deadline for filing counter arguments was certified. On August 25, 2019, records were sent to the court. On the same date, the records were distributed to Desa Marli Marques Ferreira. On April 27, 2020, a petition was presented by ABSA attaching the renewal of the insurance-judicial policy. On April 19, 2021, a petition was presented by ABSA attaching the renewal of the insurance-judicial policy. On July 19, 2021, CADE filed a statement challenging the policy presented. On August 11, 2021, ABSA filed a petition with evidence of the regular status of the policy presented. On October 26, 2021, a decision was rendered determining the regularization of the policy by ABSA. On October 27, 2021, ABSA filed a petition reiterating the terms of its last petition, demonstrating the regularity of the policy presented. On February 8, 2022, ABSA was summoned to regularize the policy presented, by proving the existence of a reinsurance contract. On February 16, 2022, ABSA presented proof of reinsurance by *Etze Seguros*. At the moment, the judgment of ABSA’s appeal is awaited.

Jose Marti Airport Complaint

On September 27, 2019 a lawsuit was filed against LATAM Airlines Group S.A. and American Airlines in the U.S. District Court for the Southern District of Florida under the Cuban Liberty and Democratic Solidarity Act, 22 U.S.C. Section 6021 et seq., (the “Helms-Burton Act”). Plaintiff Jose Ramon Lopez Regueiro alleged in the complaint that he holds an interest in the Jose Marti Airport which was confiscated by the Cuban government in 1959, and that LATAM Airlines Group S.A. unlawfully “trafficked” in the said property. The plaintiff seeks all available statutory remedies, including the award of damages for the alleged trafficking in the expropriated property, plus reasonable attorney’s fees and costs incurred, treble damages, post-judgment interest, and any other relief deemed appropriate by the court. On April 6, 2020, the Court issued an Order of Temporary Suspension 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 and required the parties to notify on a monthly basis of the possibility of proceeding.

The stay with respect to the claims against American Airlines, Inc. has been lifted. The stay with respect to the claims against LATAM remains in place until the conclusion of the Chapter 11 proceedings (or until the plaintiff chooses to petition the bankruptcy court for relief from the stay).

Chapter 11 Proceedings

As further described herein, LATAM Airlines Group and thirty seven of its affiliates have filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. The cases are jointly administered under Case No. 20-11254 and are pending before the Honorable Judge James L. Garrity, Jr. Additional information regarding recent developments in the Chapter 11 proceedings can be found in “Item 4. Information on the Company—B. Business Overview—Recent Developments in 2022 involving our Chapter 11 Proceedings.”

On June 1, 2020, LATAM Airlines Group SA, in its capacity as foreign representative of the reorganization proceedings under the rules of Chapter 11 described above, filed the request for recognition of the Chapter 11 proceedings as a main proceeding, pursuant to Law 20,720 (the “Chilean Insolvency Act”) in Chile, before the 2° Civil Court of Santiago (the “Chile Insolvency Court”). Case N° C-8553-2020. On June 4, 2020, the Chile Insolvency Court issued a ruling granting such a request. All appeals filed against such decision were rejected and, therefore, is final. Currently the recognition proceeding remains open.

Aerovías de Integración Regional S.A submitted a request for recognition of the foreign reorganization proceeding in Colombia. On June 12, 2020, the Superintendence of Companies recognized in Colombia the reorganization proceeding filed before the Bankruptcy Court 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 on September 18, 2020 by the United States District Court for the Southern District of New York that approved the DIP financing proposal submitted by LATAM Airlines Group S.A. and the companies that voluntarily petitioned for Chapter 11, including the Colombian companies. On November 4, 2020, the Superintendence of Companies adopted the Protocol on Transborder Communications. On December 14, 2020, the Superintendence of Companies recognized the order issued by the Bankruptcy Court on November 20, 2020, by which it authorized the issuance of shares, the realization of capital contributions and the modification of the security contracts. On October 27, 2021, the Superintendence of Companies recognized the order issued by the Bankruptcy Court on October 18, 2021, by which it approved the second DIP financing proposal submitted by LATAM Airlines Groups S.A., and authorized the modification of the guarantees granted in the first DIP financing proposal and the subscription of the addendum to the DIP financing contract.

On May 26, 2020, LATAM Finance Limited submitted a request for a provisional liquidation in Grand Court of the Cayman Islands, 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.

On May 26, 2020, Peuco Finance Limited submitted a request for a provisional liquidation in Grand Court of the Cayman Islands, 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.

On July 07, 2020, Piquero Leasing Limited submitted a request for a provisional liquidation in Grand Court of the Cayman Islands, 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.

On September 28, 2020, Peuco Finance Limited filed a petition to suspend the liquidation in Grand Court of the Cayman Islands. 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. Currently the proceeding remains open.

On September 28, 2020, LATAM Finance Limited filed a petition to suspend the liquidation in Grand Court of the Cayman Islands. 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. Currently the proceeding remains open.

On September 28, 2020, Piquero Leasing Limited filed a petition to suspend the liquidation in Grand Court of the Cayman Islands. 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. Currently the proceeding remains open.

On May 13, 2021, Peuco Finance Limited filed a petition to suspend the liquidation in Grand Court of the Cayman Islands. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. Currently the proceeding remains open.

On May 13, 2021, LATAM Finance Limited filed a petition to suspend the liquidation in Grand Court of the Cayman Islands. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. Currently the proceeding remains open.

On May 13, 2021, Piquero Leasing Limited filed a petition to suspend the liquidation in Grand Court of the Cayman Islands. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation for a period of 6 months. Currently the proceeding remains open.

On December 1, 2021, Peuco Finance Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.

On December 1, 2021, LATAM Finance Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.

On December 1, 2021, Piquero Leasing Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.

On June 25, 2020, the National Corporation of Consumers and Users (“CONADECUS”) filed a class action against LATAM Airlines Group S.A. in a Chilean Court, 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. On July 4, 2020 we filed a motion for reversal against the ruling that declared the action filed by CONADECUS admissible, a decision is pending to date. On July 11, 2020 we requested the Court to comply with the suspension of this case, ruled by the Chile Insolvency Court, in recognition of the foreign reorganization procedure pursuant to the Chilean Insolvency Act, for the entire period that said proceeding lasts, a request that was accepted by the Court. CONADECUS filed a motion for reconsideration and an appeal against this resolution should the motion for reconsideration be dismissed. The Chile Insolvency Court dismissed the reconsideration motion 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. Parallel to the lawsuit in Chile, on August 31, 2020, CONADECUS filed on appeal with the Bankruptcy Court because of the automatic suspension imposed by Section 362 of the 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 Chile Insolvency Court to hear the matters relating to the claims of CONADECUS in Chile. On September 16, 2020, the Borrowers filed their objection against CONADECUS’ appeal and the Official Unsecured Creditors Committee presented a statement in support of the Borrowers’ position. On December 18, 2020, the Bankruptcy Court partially granted CONADECUS’s request, only in the sense of allowing them to continue with their appeal against the resolution of the 23rd Civil Court and only for the purposes that the Court of Appeals determine whether or not the suspension is appropriate under the Chilean Insolvency Act. On February 9, 2021, the Bankruptcy Court entered an order to lift the automatic stay to permit the continuation of CONADECUS’ appeal in Chile against the judicial approval of a class action settlement with the Chilean Association of Consumers and Users (“AGRECU”).

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 statement of defense on August 21, 2020. The Court admitted the statement of defense and convened the parties to a settlement hearing on October 1, 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. LATAM presented reports on the implementation of the agreement on May 19, 2021 and November 19, 2021. CONADECUS still has appeals pending against these decisions. The amount at the moment is undetermined.

Legal proceedings involving TAM

TAM Linhas Aéreas S.A. is party to one action filed by relatives of victims of an accident that occurred in October 1996 involving one of its Fokker 100 aircraft, in addition to 22 actions filed by residents of the region where the accident occurred, who claimed pain and suffering, and a class action related to this accident. All suits have now been concluded except one suit brought by the association of residents of a local street in respect of which TAM has been found liable by the 2nd Instance Court for damages to be assessed, subject to an appeal to the Superior Court. Most residents of the relevant street appear to have already been compensated through individual claims, which have been satisfied and thus should not be entitled to further compensation. No steps have been taken by any residents to try to obtain further compensation through the decision in favor of the residents’ association. Any further damages resulting from the aforementioned legal claim are covered by the civil liability guarantee provided for in TAM’s insurance policy with Itaú Unibanco Seguros S.A. (now Chubb Seguros).

In relation to the Airbus A320 aircraft (PR-MBK) accident of TAM Linhas Aéreas S.A. (TAM) at CGH on July 17, 2007, settlements were concluded directly between the insurers/reinsurers and the victims' families, third parties and ex-employees. Almost all claims and suits have now been concluded and there is ongoing litigation against TAM relating to only one fatal victim and one third party land owner. The administrative action regarding the extent of the primary insurance coverage payable regarding victims on board the aircraft remains on appeal by TAM and the other defendants to the Superior Court in Brasília. No steps have been taken by any party to attempt preliminary execution of the 2nd Instance decision and there should be good arguments to defend any such action based on the releases signed by all claimants upon receiving final compensation. The insurance coverage with Itaú Unibanco Seguros S.A. (now Chubb Seguros) is adequate to cover any further liabilities arising and LATAM Airlines Brazil will not incur any expenses that were not contemplated by the scope of the insurance policy.

Tax related proceedings

TAM Linhas Aereas and other plaintiffs filed an ordinary claim with a request for injunctive relief for non-payment of the Airline Workers Fund, a tax charged monthly at the rate of 2.5% of an airline's total payroll. Currently, judgment is pending on an appeal that TAM lodged challenging the initial decision (which was ruled in favor of the Brazilian National Institute of Social Security ("INSS")). Regarding the period between 2004 and 2012, the INSS issued a tax assessment notice charging amounts as a result of TAM Linhas Aereas' non-payment of the Airline Workers Fund. The company made cash deposits to the Court of total amounts required to guarantee the debts potentially owed. The administrative proceedings have been suspended until the conclusion of the judicial claim. The approximate adjusted value of amounts potentially due in such proceeding as of December 31, 2012 was US\$43.3 million. In the opinion of our legal advisors, losing in this proceeding is possible. Assuming payment of this tax is required by law, we have established a provision in the amount of US\$ 65.464 million (R\$365.325.548,12) related to the TAM's part as of December 31, 2021.

TAM Linhas Aereas S.A. is a plaintiff in judicial claim against the Brazilian government from 1993 seeking indemnity for damages suffered because of the break-up of an air transportation concession agreement that resulted in the freezing of TAM's prices from 1988 to September 1993 in order to maintain operations with the prices set by the Brazilian government during that period. The process is currently being heard before the Federal Regional Court and judgment is pending an appeal by TAM. The amount of potential recovery is indeterminate at this time. The original amount is estimated at US\$44.1 million (R\$246,086,745.00). This sum is subject to delinquent interest since September 1993 and inflation adjustment since November 1994. Based on the opinion of TAM's legal advisors, and recent rulings handed down by the Brazilian Supreme Court of Justice in favor of airlines in similar cases (specifically, actions filed by Transbrasil and Varig), we believe that TAM's likelihood of success is possible, even after the second judicial level court issued decision denying the claim. The Company filed a motion for clarification on the basis of omitted points in the judgment, which is pending in the Court. We have not recognized these credits in our financial statements and will only do so if and when a positive decision is rendered final by the Court.

TAM Linhas Aereas S.A. filed an ordinary claim, with a request for early judgment, to discuss the legality of charging the Adicional das Tarifas Aeroportuárias ("Additional Airport Tariffs," or "ATAERO"), which are charged at a rate of 50% on the value of tariffs and airport tariffs. A decision by the superior court is pending. The amount of potential recovery is indeterminate at this time. The decision by the superior court (STJ) is pending since May 2020.

A tax assessment was issued by the Brazilian IRS for the collection of Income Tax ("IRPJ") and Social Contribution on Net Income ("CSLL"), and a fine of 150% and interest was imposed on TAM. In summary, the Brazilian IRS intends to levy IRPJ and CSLL on the alleged capital gain earned by TAM S.A. as a result of the reduction of the capital stock of the controlled company Multiplus S/A. On December 31, 2021 the updated amount of the assessment and fees discussed was approximately US\$97.7 million (R\$545,359,629.14 million). The Administrative Court issued a second level decision canceling the tax assessment. This decision was challenged by the Brazilian IRS before the third level Administrative Superior Court. The appeal from IRS is pending judgment by Administrative Superior Court ("CSRF").

A tax assessment was issued by the São Paulo Municipality in order to charge tax (ISS) on tour packages sold by Fidelidade Viagens e Turismo S/A between 2010 and 2015. On December 31, 2021 the updated amount of the assessment discussed was approximately US\$99.2 million (R\$553,576,356.18 million). The Company believes that a favorable outcome is possible. A first level decision was issued favorable to the company, but remains subject to appeal by the counterparty. The appeal from the São Paulo Municipality has been pending a verdict since 05/2020. On 07/2021 the Court denied the São Paulo Municipality appeal. The Municipality of São Paulo presented a new appeal which is awaiting a decision in the STJ.

A tax assessment of PIS/COFINS credits was issued by the Brazilian IRS on International Air Freight Shipping Services in the amount of US\$7.7 million (R\$42,754,220.03 million) as of December 31, 2021. The Administrative Court issued decisions canceling the total penalty and the major part of the amounts owed. The remaining amount is still under determination by the Brazilian IRS.

Federal Revenue Service issued a tax assessment notice against TAM Linhas Aereas S.A. in the amount of US\$92.2 million (R\$514,258,366.10 million) as of December 31, 2021, due to alleged irregularities of the Company related to the social security contribution on the risks of work accident ("GILRAT," former "SAT"), in the term from November 2013 until December 2017. TAM Linhas Aereas S.A. has presented their defense to the Administrative Court, but on February 7, 2019 the court denied the defense and kept the tax assessment. The proceedings are now pending the judgment on the appeal filed before the second level Court (the "CARF"). In the opinion of our legal advisors, losing in this proceeding is possible. It is important to highlight that the Company won a similar case where the Brazilian IRS was seeking the same contribution related the years 2011-2012, and this assessment was canceled by the Administrative Court.

On December 12, 2019 Brazilian tax authority issued a Tax Assessment of PIS COFINS credits related to 2014 on the amount of US\$32.0 million (R\$178,556,485.87 million), as of December 31, 2021. The company filed the defense in the same ground of the case reported above about PIS COFINS. In September 2020, the company was informed that the defense was denied. The appeal filed by the Company is pending judgment.

It is important to highlight that TAM Linhas Aereas S.A. has other relevant legal cases involving tax issues.

In addition, there are a few claims made to, and/or legal proceedings filed against the Company, though those are not expected to have a material impact on the Group's financial situation or profitability. While it is not feasible to predict the outcome of the pending claims, proceedings, and investigations described with certainty, management is of the opinion that their ultimate disposition should not have a material adverse effect on the Company's financial position, cash flows, or results of operations.

For additional legal proceedings relating to the ordinary course of the business, please see Note 31 (Contingencies) in our audited consolidated financial statements.

Dividend Policy

In accordance with the Chilean Corporate Law, and provided it does not have carryover financial losses, LATAM must distribute cash dividends equal to at least 30% of its annual consolidated net income calculated in accordance with IFRS subject to the terms of *Oficio Circular* No. 856 issued on October 17, 2014 by the Chilean Financial Market Commission, subject to limited exceptions. If there is no net income in a given year, LATAM can elect but is not legally obligated to distribute dividends out of retained earnings. The board of directors may declare interim dividends out of profits earned during such interim period. Pursuant to LATAM's by-laws, the annual cash dividend is approved by the shareholders at the annual ordinary shareholders' meeting held between February 1 and April 30 of the year following the year with respect to which the dividend is proposed. All outstanding common shares are entitled to share equally in all dividends declared by LATAM, except for the shares that have not been fully paid by the shareholder after being subscribed.

We declare cash dividends in U.S. dollars, but make dividend payments in Chilean pesos, converted from U.S. dollars at the observed exchange rate two business days prior to the day we first make payment to shareholders. Holders of ADSs will be entitled to receive dividends on the underlying common shares to the same extent as holders of common shares. Holders of ADRs on the applicable record dates will be entitled to receive dividends paid on the common shares represented by the ADSs evidenced by such ADRs. Dividends payable to holders of ADSs will be paid by us to the depository in Chilean pesos and remitted by the depository to such holders net of foreign currency conversion fees and expenses of the depository and will be subject to Chilean withholding tax currently imposed at a rate of 35% (subject to credits in certain cases as described under "Item 10. Additional Information— E. Taxation—Cash Dividends and Other Distributions"). The amount of U.S. dollars distributed to holders of ADSs may be adversely affected by a devaluation of the Chilean currency that may occur before such dividends are converted and remitted. Owners of the ADSs will not be charged any dividend remittance fee by the depository with respect to cash dividends.

Chilean law requires that holders of shares of Chilean companies that are not residents of Chile register as foreign investors under one of the foreign investment regimes established by Chilean law in order to have dividends, sale proceeds or other amounts with respect to their shares remitted outside Chile through the Formal Exchange Market (*Mercado Cambiario Formal*).

LATAM Airlines did not pay the dividend planned for May 28, 2020, even though it was approved and agreed in the 2020 shareholder's meeting of April 30, 2020, due to Chapter 11 proceedings. The rules of the Chapter 11 proceedings prohibit the Company from distributing dividends to its shareholders during the bankruptcy. In addition, any plan of reorganization cannot provide distributions to shareholders on account of the pre-petition claims unless senior creditors are paid in full.

The table below sets forth the cash dividends per common share and per ADS paid by LATAM, as well as the number of common shares entitled to such dividends, for the years indicated. Dividends per common share amounts reflect common share amounts outstanding immediately prior to the distribution of such dividend.

Dividend for year:	Payment date(s)	Total dividend payment (U.S. dollars)	Number of common shares entitled to dividend (in millions)	Cash dividend per common share (U.S. dollars)	Cash dividend per ADS (U.S. dollars)
2018	May 16, 2019	\$ 54,580,443	\$ 606.41	\$ 0.09001	\$ 0.09001
2019 ⁽¹⁾		\$ 0.00	\$ 606.41	\$ 0.00	\$ 0.00
2020		\$ 0.00	\$ 606.41	\$ 0.00	\$ 0.00
2021		\$ 0.00	\$ 606.41	\$ 0.00	\$ 0.00

(1) Although dividend reserves of US\$57,129,120 were set aside for 2019, we did not pay dividends in 2020 due to our Chapter 11 proceedings.

B Significant Changes

Except as otherwise disclosed in our audited consolidated financial statements and in this annual report, there have been no significant changes in our business, financial conditions or results of operations since December 31, 2021.

ITEM 9. THE OFFER AND LISTING

A Offer and Listing Details

The principal trading market for our common shares is the Santiago Stock Exchange (“SSE”). The common shares have been listed on the SSE under the symbol “LAN” since 1989, and the ADSs were listed on the NYSE under the symbol “LFL” on November 7, 1997. LATAM was delisted from the NYSE on June 22, 2020, following its filing for voluntary protection under Chapter 11 of the Bankruptcy Code. Our ADSs currently trade on the over-the-counter market.

As of December 31, 2021, a total of 606,407,693 million common shares were outstanding, including common shares represented by ADSs.

In February 2022, the Company filed an application to register an additional 200 million ADRs (American Depositary Receipt) with the Securities Exchange Commission (“SEC”) with the sole purpose of having them available for issuance in the market, since most of the existing registered ADRs have already been issued. The Company informed that this does not mean that the Company is issuing new shares or increasing capital, but rather allowing investors in the United States to access the ADRs, which have as an underlying security LATAM’s previously issued common stock.

B Plan of Distribution

Not applicable.

C Markets

Trading

Chile

The Chilean stock market, which is regulated by the CMF under Law 18,045 of October 22, 1981, as amended, which we refer to as the “Securities Market Act”, is one of the most developed among emerging markets, reflecting the particular economic history and development of Chile. The Chilean government’s policy of privatizing state-owned companies, implemented during the 1980s, led to an expansion of private ownership of shares, resulting in an increase in the importance of stock markets. Privatization extended to the social security system, which was converted into a privately managed pension fund system. These pension funds have been allowed, subject to certain limitations, to invest in stocks and are currently major investors in the stock market. Some market participants, including pension fund administrators, are highly regulated with respect to investment and remuneration criteria, but the general market is less regulated than the U.S. market with respect to disclosure requirements and information usage.

Equities, closed-end funds, fixed-income securities, short-term and money market securities, gold and U.S. dollars are traded on the SSE. In 1991, the SSE initiated a futures market with two instruments: U.S. dollar futures and Selective Shares Price Index, or IPSA, futures. Securities are traded primarily through an open voice auction system; a firm offers system or daily auctions. Trading through the open voice system occurs on each business day from 9:30 a.m. to 4:00 p.m. The SSE has an electronic system of trade, called *Telepregón HT*, which operates continuously for stocks trading in high volumes from 9:30 a.m. to 4:00 p.m. The Chilean Electronic Stock Exchange operates continuously from 9:30 a.m. to 4:00 p.m. each business day. In February 2000, the SSE Off-Shore Market began operations. In the Off-Shore Market, publicly offered foreign securities are traded and quoted in U.S. dollars.

D Selling Shareholders

Not applicable.

E Dilution

Not applicable.

F Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

This Item reflects legal amendments affected by Chilean Law No. 20,382 on Corporate Governance, which was enacted on October 13, 2009, and came into effect on October 20, 2009, and Chilean Law No. 20,552, which modernized and encouraged competition in the financial system, which was enacted on November 6, 2011 and came into effect on December 17, 2011.

A Share Capital

Not applicable.

B Memorandum and Articles of Association

Set forth below is information concerning our share capital and a brief summary of certain significant provisions of our by-laws and Chilean law. This description contains all material information concerning the common shares but does not purport to be complete and is qualified in its entirety by reference to our by-laws, the Chilean Corporate Law and the Securities Market Law, each referred to below. For additional information regarding the common shares, reference is made to our by-laws, a copy of which is included as Exhibit 1.1 to this annual report on Form 20-F.

Organization and Register

LATAM Airlines Group is a publicly held stock corporation (*sociedad anónima abierta*) incorporated under the laws of Chile. LATAM Airlines Group was incorporated by a public deed dated December 30, 1983, an abstract of which was published in the Chilean Official Gazette (*Diario Oficial de la República de Chile*) No. 31,759 on December 31, 1983, and registered on page 20,341, No. 11,248 of the Chilean Real Estate and Commercial Registrar (*Registro de Comercio del Conservador de Bienes Raíces de Santiago*) for the year 1983. Our corporate purpose, as stated in our by-laws, is to provide a broad range of transportation and related services, as more fully set forth in Article Four thereof.

General

Shareholders' rights in a Chilean corporation are generally governed by the company's by-laws and the Chilean Corporate Law. Article 22 of the Chilean Corporation Act states that the purchaser of shares of a corporation implicitly accepts its by-laws and any prior agreements adopted at shareholders' meetings. Additionally, the Chilean Corporate Law regulates the government and operation of corporations ("*sociedades anónimas*," or S.A.) and provides for certain shareholder rights. Article 137 of the Chilean Corporation Act provides that the provisions of the Chilean Corporation Act take precedence over any contrary provision in a corporation's by-laws. The Chilean Corporate Law and our by-laws also provide that all disputes arising among shareholders in their capacity as such or between us or our administrators and the shareholders may either be submitted to arbitration in Chile or to the courts of Chile at the election of the plaintiff initiating the action. Despite the foregoing, it is forbidden for certain individuals (directors, senior managers, administrators and main executives of the corporation, and any shareholder that directly or indirectly holds shares whose book or market value exceed 5,000 UF at the moment of filing of the action) from submitting such action before the ordinary courts, thus obligating them to proceed with arbitration in all situations. Finally, Decree-Law No. 3,500 on Pension Fund Administrators, which allows pension funds to invest in the stock of qualified corporations, indirectly affects corporate governance and prescribes certain rights of shareholders. The Chilean Corporation Act sets forth the rules and requirements under which a corporation is deemed to be "publicly held." Article 2 of the Chilean Corporation Act defines publicly held corporations as corporations that register their shares with the *Registro de Valores* (Securities Registry) of the CMF, either voluntarily or pursuant to a legal obligation. In addition, Article 5 of the Securities Market Act indicates which corporation's shares must be registered with the Securities Registry:

- one with 500 or more shareholders;
- one in which 100 or more shareholders own at least 10% of the subscribed capital (excluding any direct or indirect individual holdings exceeding 10%); and
- one in which the shareholders agreed voluntarily to be registered.

The framework of the Chilean securities market is regulated by the CMF under the Securities Market Act and the Chilean Corporate Law, which imposes certain disclosure requirements, restricts insider trading, prohibits price manipulation and protects minority investors. In particular, the Securities Market Act establishes requirements for public offerings, stock exchanges and brokers and outlines disclosure requirements for corporations that issue publicly offered securities.

Ownership Restrictions

Under Articles 12 and 20 of the Securities Market Act and General Rule 269 issued by the CMF in 2009, certain information regarding transactions in shares of publicly held corporations must be reported to the CMF and the Chilean stock exchanges on which the shares are listed. Since the ADRs are deemed to represent the shares underlying the ADSs, transactions in ADRs will be subject to those reporting requirements. Among other matters, the beneficial owners of ADSs that directly or indirectly hold 10% or more of the subscribed capital of LATAM Airlines Group, or that reach or exceed such percentage through an acquisition, are required to report to the CMF and the Chilean stock exchanges, the day following the event:

- any acquisition or disposition of shares; and
- any acquisition or disposition of contracts or securities, which price or performance depends on the price variation of the LATAM Airlines Group's shares.

These obligations are extended (i) to certain individuals (immediate family, next of kin and others) if the ADS holder is a natural person; (ii) to any entity controlled by the holder, if the ADS is a legal entity; and (iii) to groups, if a holder has any joint action agreement with other holders and the group reaches or exceeds the cited threshold.

In addition, majority shareholders must state in their report whether their purpose is to acquire control of the company or if they are making a financial investment.

Under Article 54 of the Securities Market Act and under CMF regulations, persons or entities that intend to acquire control, whether directly or indirectly, of a publicly held corporation, must follow certain notice requirements, regardless of the acquisition vehicle or procedure or whether the acquisition will be made through direct subscriptions or private transactions. In the first place, the potential acquirer must send a written communication to the target corporation, any companies controlling or controlled by the target corporation, the CMF and the Chilean stock exchanges on which the target's securities are listed, stating, among other things, the person or entity purchasing or selling and the price and material conditions of any negotiations. Subsequently, the potential acquirer must also inform the public of its planned acquisition by means of a publication in two Chilean newspapers with national distribution and by uploading such notice to the acquirer's website, if available. Both requirements shall be met at least ten business days prior to the date on which the acquisition transaction is to close, and in any event, as soon as negotiations regarding the change of control have been formalized or when confidential information or documents concerning the target are delivered to the potential acquirer. The notices must state, among other things, the person or entity purchasing or selling and the price and conditions of any negotiations.

In addition to the foregoing, Article 54A of the Securities Market Act requires that within two business days of the completion of the transactions pursuant to which a person has acquired control of a publicly traded company, a notice shall be published in the same newspapers in which the notice referred to above was published and notices shall be sent to the same persons mentioned in the preceding paragraphs.

Consequently, a beneficial owner of ADSs intending to acquire control of LATAM Airlines Group will be subject to the foregoing reporting requirements.

The provisions of the aforementioned articles do not apply whenever the acquisition is being made through a tender or exchange offer.

Title XXV of the Securities Market Act on tender offers and CMF regulations provide that certain transactions entailing the acquisition on control of a publicly held corporation must be carried out through a tender offer. In addition, Article 199 bis of the Chilean Securities Market Act extends the obligation to make a tender offer for the remaining outstanding shares to any person, or group of persons with a joint performance agreement, that, as a consequence of the acquisition of shares, becomes the owner of two-thirds or more of the issued shares with voting rights of a publicly held corporation. Such tender offer must be effected within 30 days from the date of such acquisition.

Article 200 of the Securities Market Act prohibits any shareholder that has taken control of a publicly traded company from acquiring, for a period of 12 months from the date of the transaction that granted it control of the publicly traded company, a number of shares equal to or higher than 3.0% of the outstanding issued shares of the target without making a tender offer at a price per share not lower than the price paid at the time of taking control. Should the acquisition from the other shareholders of the company be made on the floor of a stock exchange and on a pro rata basis, the controlling shareholder may purchase a higher percentage of shares, if so permitted by the regulations of the stock exchange.

Title XV of the Securities Market Act sets forth the basis for determining what constitutes a controlling power, a direct holding and a related party.

Capitalization

Under Chilean law, the shareholders of a corporation, acting at an extraordinary shareholders' meeting, have the power to authorize an increase in the corporation's share capital. When an investor subscribes issued shares, the shares are registered in that investor's name even without payment, and the investor is treated as a shareholder for all purposes except with regard to receipt of dividends and return of capital, provided that the shareholders may, by amending the by-laws, also grant the right to receive dividends of distribution of capital despite not having paid for the subscribed shares. The investor becomes eligible to receive dividends once it has paid for the shares, or, if it has paid for only a portion of such shares, it is entitled to receive a corresponding pro rata portion of the dividends declared with respect to such shares, unless the company's by-laws provide otherwise. If an investor does not pay for shares for which it has subscribed on or prior to the date agreed upon for payment, the company is entitled under Chilean law to auction the shares on the appropriate stock exchange, and it has a cause of action against the investor to recover the difference between the subscription price and the price received for the sale of those shares at auction. However, until such shares are sold at auction, the investor continues to exercise all the rights of a shareholder (except the right to receive dividends and return of capital, as noted above). Regarding shares issued but not paid for within the period determined by the extraordinary shareholders' meeting for their payment (which period cannot exceed three years from the date of such shareholders' meeting), until January 1, 2010 they were canceled and no longer available for subscription and payment. As of January 1, 2010, the board of directors of LATAM Airlines Group has a legal obligation to initiate the necessary legal actions to collect the unpaid amounts, unless the shareholders' meeting which authorized the capital increase allowed the board to abstain from taking such action by a vote of two thirds of the issued shares, in which case the former rule still applies. Once the foregoing legal actions are exhausted, the board of directors shall propose to the shareholders' meeting the appropriate capital adjustment measures, to be decided by simple majority. Fully paid shares are not subject to further calls or assessments or to liabilities of LATAM Airlines Group.

As of December 31, 2021, the Company's statutory capital is represented by 606,407,693 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 466,832 outstanding shares, of the last capital increase approved in August of the year 2016. Chilean law recognizes the right of corporations to issue shares of common and preferred stock. To date, we have issued and are authorized by our shareholders to issue only shares of common stock. Each share of common stock is entitled to one vote.

Preemptive Rights and Increases in Share Capital

Chilean Corporate Law requires Chilean corporations to offer existing shareholders the right to purchase a sufficient number of shares to maintain their existing percentage of ownership in a company whenever that corporation issues new shares for cash, except for up to 10% of the subscribed shares arising from the capital increase which may be designated to employee compensation pursuant to article 24 of the Corporation Act. Under this requirement, any preemptive rights will be offered by us to the depository as the registered owner of the common shares underlying the ADSs, but holders of ADSs and shareholders located in the United States will not be allowed to exercise preemptive rights with respect to new issuances of shares by us unless a registration statement under the Securities Market Act is effective with respect to those common shares or an exemption from the registration requirements thereunder is available.

We intend to evaluate at the time of any preemptive rights offering the costs and potential liabilities associated with the preparation and filing of a registration statement with the SEC, as well as the indirect benefits of enabling the exercise by the holders of ADSs and shareholders located in the United States of preemptive rights and any other factors we consider appropriate at the time. No assurances can be given that any registration statement would be filed. If preemptive rights are not made available to ADS holders, the depository may sell those holders' preemptive rights and distribute the proceeds thereof if a secondary market for such rights exists and a premium can be recognized over the cost of such sale. In the event that the depository does not sell such rights at a premium over the cost of any such sale, all or certain holders of ADRs may receive no value for the preemptive rights. 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. See "Item 10: Additional Information—E. Taxation—Chilean Tax—Capital Gains". If the 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. Thus, 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.

Under Chilean law, preemptive rights are freely exercisable, transferable or waived by shareholders during a 30-day period commencing upon publication of the official notice announcing the start of the preemptive rights period in the newspaper designated by the shareholders' meeting. The preemptive right of the shareholders is the pro rata amount of the shares registered in their name in the shareholders' registry of LATAM Airlines Group as of the fifth business day prior to the date of publication of the notice announcing the start of the preemptive rights period. During such 30-day period (except for shares as to which preemptive rights have been waived), Chilean companies are not permitted to offer any newly issued common shares for sale to third parties. For that 30-day period and an additional 30-day period, Chilean publicly held corporations are not permitted to offer any unsubscribed common shares for sale to third parties on terms that are more favorable to the purchaser than those offered to shareholders. At the end of such additional 30-day period, Chilean publicly held corporations are authorized to sell non-subscribed shares to third parties on any terms, provided they are sold on a Chilean stock exchange.

Directors

Our by-laws provide for a board of nine directors. Compensation to be paid to directors must be approved by vote at the annual shareholders' meeting. We hold elections for all positions on the board of directors every two years. Under our by-laws, directors are elected by cumulative voting. Each shareholder has one vote per share and may cast all of his or her votes in favor of one nominee or may apportion his or her votes among any number of nominees. These voting provisions currently ensure that a shareholder owning more than 10% of our outstanding shares is able to elect at least one representative to our board of directors.

Under the Chilean Corporate Law, transactions of a publicly-held corporation with a "related" party must be conducted on an arm's-length basis and must satisfy certain approval and disclosure requirements which are different from the ones that apply to a privately-held company. The conditions apply to the publicly-held corporation and to all of its subsidiaries.

These transactions include any negotiation, act, contract or operation in which the publicly-held corporation intervenes together with either (i) parties which are legally deemed related pursuant to article 100 of the Chilean Securities Market Act, (ii) a director, senior manager, administrator, main executive or liquidator of the company, either on their own behalf or on behalf of a third party, including those individuals' spouses or close relatives, (iii) companies in which the foregoing individuals own at least 10% (directly or indirectly), or in which they serve as directors, senior managers, administrators or main executives, (iv) parties indicated as such in the publicly-traded company's by-laws, or identified by the directors' committee or (v) those who have served as directors, senior managers, administrators, main executives or liquidators of the counterparty in the last 18 months and are now serving in one of those positions at the publicly-traded company.

Pursuant to Article 147 of Chapter XVI of the Chilean Corporations Act, a publicly held corporation shall only be entitled to enter into a related-party transaction when it is in the interest of the company, the price, terms and conditions are similar to those prevailing in the market at the time of its approval and the transaction complies with the requirements and procedures stated below:

1. The directors, managers, administrators, principal executive officers or liquidators that have an interest or that take part in negotiations conducive to the execution of an arrangement with a related party of the open stock corporation, shall report it immediately to the board of directors or whomever the board designates. Those who breach this obligation will be jointly liable for damages caused to the company and its shareholders.

2. Prior to the company's consent to a related party transaction, it must be approved by the absolute majority of the members of the board of directors, with exclusion of the interested directors or liquidators, who nevertheless shall make public his/her/their opinion with respect to the transaction if it is so requested by the board of directors, which opinion shall be set forth in the minutes of the meeting. Likewise, the grounds of the decision and the reasons for excluding such directors from its adoption must also be recorded in the minutes.

3. The resolutions of the board of directors approving a related party transaction shall be reported at the next following shareholders' meeting, including a reference to the directors who approved such transaction. A reference to the transaction is to be included in the notice of the respective shareholders' meeting.

4. In the event that an absolute majority of the members of the board of directors should abstain from voting, the related-party transaction shall only be executed if it is approved by the unanimous vote of the members of the board of directors not involved in such transaction, or if it is approved in a shareholders' extraordinary meeting by two-thirds of the voting shares of the company.

5. If a shareholders' extraordinary meeting is called to approve the transaction, the board of directors shall appoint at least one independent advisor who shall report to the shareholders the terms of the transaction, its effects and the potential impact for the company. In the report, the independent advisor shall include all the matters or issues the directors committee may have expressly requested to be evaluated. The directors committee of the company or, in the absence of such committee, directors not involved in the transaction, shall be entitled to appoint an additional independent advisor, in the event they disagree with the appointment made by the board. The reports of the independent advisors shall be made available to the shareholders by the board on the business day immediately following their receipt by the company, at the company's business offices and on its internet site, for a period of at least 15 business days from the date the last report was received from the independent advisor, and such arrangement shall be communicated to the shareholders by means of a "Relevant Fact" (Communication sent to the CMF and the stock exchanges in Chile). The directors shall decide whether the transaction is in the best interest of the corporation, within five business days from the date the last report was received from the independent advisors.

6. When the directors of the company must decide on a related party-transaction, they must expressly state the relationship with the transaction counterparty or the interest involved. They shall also express their opinion on whether the transaction is in the best interest of the corporation, their objection or objections that the directors committee may have expressed, as well as the conclusions of the reports of the advisors. The opinions of the directors shall be made available to the shareholders the day after they were received by the company, at the business offices of the company as well as on its internet site, and such arrangement shall be reported by the company as a "Relevant Fact."

7. Notwithstanding the applicable sanctions, any infringement of the above provisions will not affect the validity of the transaction, but it will grant the company or the shareholders the right to sue the related party involved in the transaction for reimbursement to the company of a sum equivalent to the benefits that the operation reported to the counterpart involved in the transaction, as well as indemnity for damages incurred. In this case, the defendant bears the burden of proof that the transaction complies with the requirements and procedures referred to above.

Notwithstanding the above, the following related party transactions may be executed, pursuant to letters a), b) and c) of Article 147 of the Chilean Corporations Act, without complying with the requirements and procedures stated above, with prior authorization by the board:

1. Transactions that do not involve a "material amount." For this purpose, any transaction that is both greater than UF 2,000 (as of December 31, 2021, approximately Ch\$ 61.9 million) and in excess of 1% of the corporation's equity, or involving an amount in excess of UF 20,000 (as of December 31, 2021, approximately Ch\$ 619.8 million) shall be deemed to involve a material amount. All transactions executed within a 12-month period that are similar or complementary to each other, with identical parties, including related parties, or objects, shall be deemed to be a single transaction.

2. Transactions that pursuant to the company's policy of usual practice as determined by its board of directors, are in the ordinary course of business of the company. Any agreement or resolution establishing or amending such policies shall be communicated as a "Relevant Fact" and made available to shareholders at the company's business offices and on its internet site, and the transaction shall be reported as a "Relevant Fact," if applicable.

3. Transactions between legal entities in which the company possesses, directly or indirectly, at least 95% of the equity of the counterpart.

The usual practice policy adopted by the board of directors in the meeting held on December 29, 2009 established policies setting forth the transactions that fall within the ordinary course of business. That determination was publicly disclosed on the same day and is currently available on LATAM Airlines Group's website under the "Corporate Governance" section.

Shareholders' Meetings and Voting Rights

Chilean Corporate Law requires that an ordinary annual meeting of shareholders be held within the first four months of each year after being called by the board of directors (generally they are held in April, but in any case following the preparation of our financial statements, including the report of our auditors, for the previous fiscal year). LATAM Airlines Group's by-laws further provide that the ordinary annual meeting of shareholders must take place between February 1 and April 30. The shareholders at the ordinary annual meeting approve the annual financial statements, including the report of our auditors, the annual report, the dividend policy and the final dividend on the prior year's profits, elect the board of directors (in our case, every two years or earlier if a vacancy occurs) and approve any other matter that does not require an extraordinary shareholders' meeting. The most recent extraordinary meeting of our shareholders was held on December 23, 2021, and the most recent ordinary annual meeting of our shareholders was held on April 20, 2021.

Extraordinary shareholders' meetings may be called by the board of directors, if deemed appropriate, and ordinary or extraordinary shareholders' meetings must be called by the board of directors when requested by shareholders representing at least 10.0% of the issued voting shares or by the CMF. In addition, as from January 1, 2010 there are two new rules in this regard: (i) the CMF may directly call for an extraordinary shareholders' meeting in case of a publicly-traded company, and (ii) any kind of shareholders' meeting may be self-convened and take place if all voting shares attend, regardless of the fulfillment of the notice and other type of procedural requirements.

Notice to convene the ordinary annual meeting or an extraordinary meeting is given by means of three notices which must be published in a newspaper of our corporate domicile (currently Santiago, Chile) designated by the shareholders at their annual meeting and, if the shareholders fail to make such designation, the notice must be published in the Chilean Official Gazette pursuant to legal requirements. The first notice must be published no less than 10 days and no more than 20 days in advance of the scheduled meeting. Notice also must be sent to the CMF and the Chilean stock exchanges no less than 10 days in advance of the meeting. Currently, we publish our official notices in the newspaper *La Tercera* (available online at www.latercera.com).

The quorum for a shareholders' meeting is established by the presence, in person or by proxy, of shareholders representing a majority of our issued common shares. If that quorum is not reached, the meeting can be reconvened within 45 days, and at the second meeting the shareholders present are deemed to constitute a quorum regardless of the percentage of the common shares that they represent.

Only shareholders registered with us on the fifth business day prior to the date of a meeting are entitled to attend and vote their shares. A shareholder may appoint another individual (who need not be a shareholder) as his or her proxy to attend and vote on his or her behalf. Proxies addressed to us that do not designate a person to exercise the proxy are taken into account in order to determine if there is a sufficient quorum to hold the meeting, but the shares represented thereby are not entitled to vote at the meeting. The proxies must fulfill the requirements set forth by the Chilean Corporate Law and its regulatory norms. Every shareholder entitled to attend and vote at a shareholders' meeting has one vote for every share subscribed.

The following matters can only be considered at an extraordinary shareholders' meeting:

- our dissolution;
- a merger, transformation, division or other change in our corporate form or the amendment of our by-laws;
- the issuance of bonds or debentures convertible into shares;
- the conveyance of 50% or more of our assets (whether or not it includes our liabilities);
- the adoption or amendment of any business plan which contemplates the conveyance of assets in excess of the foregoing percentage;
- the conveyance of 50% or more of the assets of a subsidiary, if the latter represents at least 20% of our assets;
- the conveyance of shares of a subsidiary which entails the transfer of control;
- granting of a security interest or a personal guarantee in each case to secure the obligations of third parties, unless to secure or guarantee the obligations of a subsidiary, in which case only the approval of the board of directors will suffice; and
- other matters that require shareholder approval according to Chilean law or the by-laws.

The matters referred to in the first seven items listed above may only be approved at a meeting held before a notary public, who shall certify that the minutes are a true record of the events and resolutions of the meeting.

The by-laws establish that resolutions are passed at shareholders' meetings by the affirmative vote of an absolute majority of those voting shares present or represented at the meeting. However, under the Chilean Corporate Law, the vote of a two-thirds majority of the outstanding voting shares is required to approve any of the following actions:

- a change in our corporate form, division or merger with another entity;
- amendment to our term of existence, if any;
- our early dissolution;
- change in our corporate domicile;
- decrease of our capital stock;
- approval of contributions and the assessment thereof whenever consisting of assets other than money;
- any modification of the authority reserved for the shareholders' meetings or limitations on the powers of the board of directors;
- decrease in the number of members of the board of directors;

- the conveyance of 50% or more of our assets (whether or not it includes our liabilities);
- the adoption or amendment of any business plan which contemplates the conveyance of assets in excess of the foregoing percentage;
- the conveyance of 50% or more of the assets of a subsidiary, if the latter represents at least 20% of our assets;
- the conveyance of shares of a subsidiary which entails the transfer of control;
- the form that dividends are paid in;
- granting a security interest or a personal guarantee in each case to secure obligations of third parties that exceeds 50% of our assets, unless to secure or guarantee the obligations of a subsidiary, in which case only approval of the board of directors will suffice;
- the acquisition of our own shares, when, and on the terms and conditions, permitted by law;
- all other matters provided for in the by-laws;
- the correction of any formal defect in our incorporation or any amendment to our by-laws that refers to any of the matters indicated in the first 13 items listed above;
- the institution of the right of the controlling shareholder who has purchased at least 95% of the shares to purchase shares of the outstanding minority shareholders pursuant to the procedure set forth in article 71 bis of the Corporation Law; and
- the approval or ratification of transactions with related parties, as per article 147 of the Corporation Law (described above).

Amendments to the by-laws that have the effect of establishing, modifying or eliminating any special rights pertaining to any series of shares require the consenting vote of holders of two-thirds of the shares of the affected series. As noted above, LATAM Airlines Group does not have a special series of shares.

In general, Chilean law does not require a publicly held corporation to provide the level and type of information that the U.S. securities laws require a reporting company to provide to its shareholders in connection with a solicitation of proxies. However, shareholders are entitled to examine the books of the company and its subsidiaries within the 15-day period before a scheduled meeting. No later than 10 days ahead of the scheduled shareholder's meeting, the board of directors of a publicly held corporation is required to publish such notice on its website including information related to the issues to be discussed in such a meeting together with instructions to obtain copies of the relevant supporting documents. The board is also required to make available to the shareholders the annual report and the financial statements of the company, and to publish such information in the company's webpage at least 10 days in advance of the scheduled shareholders meeting. In addition to these requirements, we regularly have provided, and currently intend to continue to provide, together with the notice of shareholders' meeting, a proposal for the final annual dividend for shareholder approval. See "—Dividend and Liquidation Rights," below.

Chilean Corporate Law provides that, whenever shareholders representing 10% or more of the issued voting shares so request, a Chilean company's annual report must include such shareholders' comments and proposals in relation to the company's affairs, together with the comments and proposals set forth by the directors' committee. Similarly, Chilean Corporate Law provides that whenever the board of directors of a publicly held corporation convenes an ordinary meeting of the shareholders and solicits proxies for that meeting, or distributes information supporting its decisions or other similar material, it is obligated to include as an annex to its annual report any pertinent comments and proposals that may have been made by shareholders owning 10% or more of the company's voting shares who have requested that such comments and proposals be included, together with the comments and proposals set forth by the directors' committee.

Dividend and Liquidation Rights

In accordance with Chilean Corporate Law, LATAM Airlines Group must distribute an annual cash dividend equal to at least 30% of its annual net income calculated in accordance with IFRS, unless otherwise decided by a unanimous vote of the holders of all issued shares, and unless and except to the extent it has accumulated losses. If there is no net income in a given year, LATAM Airlines Group can elect but is not legally obligated to distribute dividends out of retained earnings. All outstanding common shares are entitled to share equally in all dividends declared by LATAM Airlines Group, except for the shares that have not been fully paid by the shareholder after being subscribed.

For all dividend distributions agreed by the board of directors in excess of the mandatory minimum of 30% noted in the preceding paragraph, LATAM Airlines Group may grant an option to its shareholders to receive those dividends in cash, or in shares issued by either LATAM Airlines Group or other corporations. Shareholders who do not expressly elect to receive a dividend other than in cash are legally presumed to have decided to receive the dividend in cash. A U.S. holder of ADSs may, in the absence of an effective registration statement under the Securities Act or an available exemption from the registration requirement thereunder, effectively be required to receive a dividend in cash. See "—Preemptive Rights and Increases in Share Capital," above.

Dividends that are declared but not paid within the appropriate time period set forth in the Chilean Corporate Law (as to minimum dividends, 30 days after declaration; as to additional dividends, the date set for payment at the time of declaration) are adjusted to reflect the change in the value of the UF. The UF is a daily indexed, Chilean peso-denominated accounting unit designed to discount the effect of Chilean inflation and it is based on the previous month's inflation rate as officially determined. Such dividends also accrue interest at the then-prevailing rate for UF-denominated deposits during such period. The right to receive a dividend lapses if it is not claimed within five years from the date such dividend is payable. After that period, the amount not claimed is given to a non-profit organization, the National Corporation of Firefighters (*Cuerpos de Bomberos de Chile*).

In the event of LATAM Airlines Group's liquidation, the holders of fully paid common shares would participate pro rata in the distribution of assets remaining after payment of all creditors. Holders of shares not fully paid will participate in such distribution in proportion to the amount paid.

Approval of Financial Statements

The board of directors is required to submit our consolidated financial statements to the shareholders for their approval at the annual ordinary shareholders' meeting. If the shareholders reject the financial statements, the board of directors must submit new financial statements no later than 60 days from the date of that meeting. If the shareholders reject the new financial statements, the entire board of directors is deemed removed from office and a new board is to be elected at the same meeting. Directors who approved such financial statements are disqualified for re-election for the ensuing period.

Right of Dissenting Shareholders to Tender Their Shares

Chilean Corporate Law provides that, upon the adoption at an extraordinary meeting of shareholders of any of the resolutions or if any of the situations enumerated below takes place, dissenting or affected shareholders acquire the right to withdraw and to compel the company to repurchase their shares, subject to the fulfillment of certain terms and conditions. However, such right shall be suspended if we are a debtor in a bankruptcy liquidation proceeding, or if we are subject to a reorganization agreement approved in accordance with the Chilean Insolvency Act, unless such agreement allows the right to withdraw, or unless it is terminated by the issuance of a liquidation resolution. In the case of holders of ADRs, however, in order to exercise such rights, holders of ADRs would be required to first withdraw the common shares represented by the ADRs pursuant to the terms of the deposit agreement. Such holders of ADRs would need to perfect the withdrawal of the common shares on or before the fifth business day prior to the date of the meeting.

"Dissenting shareholders" are defined as those who attend a shareholders' meeting and vote against a resolution which results in the withdrawal right, or, if absent at such a meeting, those who state in writing to the company their opposition to such resolution within the following 30 days. Dissenting shareholders must perfect their withdrawal rights by tendering their stock to the company within thirty days after adoption of the resolution.

The price to be paid to a dissenting shareholder of a publicly held corporation is its market value. In the case of corporations which shares are actively traded on a stock exchange (*acciones con presencia bursátil*) pursuant to a General Rule issued by the CMF, the weighted average of the sales prices for the shares as reported on the Chilean stock exchanges on which the shares are quoted during the 60 stock-exchange-business-day period elapsed between the 30th and the 90th stock-exchange-business-days-preceding the shareholder resolution giving rise to the withdrawal right. If the shares of the corporation do not qualify as "actively traded" pursuant to the General Rules dictated by the CMF, the market price corresponds to the book value of the shares. Book value for this purpose equals paid capital plus reserves and profits, less losses, divided by the total number of subscribed shares (whether entirely or partially paid). For the purpose of making this calculation, the last annual balance sheet is used and adjusted to reflect inflation up to the date of the shareholders' meeting that gave rise to the withdrawal right.

The resolutions and situations that result in a shareholder's right to withdraw are the following:

- the transformation of the company;
- the merger of the company with or into another company;
- the conveyance of 50% or more of the assets of the company, whether or not such sale includes the company's liabilities;
- the adoption or amendment of any business plan which contemplates the conveyance of assets in excess of the foregoing percentage;
- the conveyance of 50% or more of the assets of a subsidiary, if the latter represents at least 20% of our assets;
- the conveyance of shares of a subsidiary which entails the transfer of control, if the subsidiary represents at least 20% of our assets;
- the creation of preferential rights for a class of shares or an extension, amendment or reduction to those already existing, in which case the right to withdraw only accrues to the dissenting shareholders of the class or classes of shares adversely affected;
- the correction of any formal defect in the incorporation of the company or any amendment to the company's by-laws that grants the right to withdraw;
- the granting of security interests or personal guarantees to secure or guarantee third parties' obligations exceeding 50% of the company's assets, except with regard to subsidiaries;

- resolutions of the shareholders' meeting approving the decision to make private a publicly held corporation in case the requirements set forth in "—General" cease to be met;
- if a publicly-traded company ceases to be obligated to register its shares in the Securities Registry of the CMF, and an extraordinary shareholders' meeting agrees to de-register the shares and finalize its disclosure obligations mandated by the Corporation Law;
- if the controlling shareholder of a publicly-traded company reaches over 95% of the shares (in such case, the right must be exercised within 30 days of the date in which the threshold is reached, circumstance that must be communicated by means of a publication); and
- such other causes as may be established by the company's by-laws (no such additional resolutions currently are specified in our by-laws).

In addition, shareholders of publicly held corporations have the right to withdraw if a person acquires two-thirds or more of the outstanding shares of such corporation with the right to vote (except as a result of other shareholders not having subscribed and paid a capital increase) and does not make a tender offer for the remaining shares within 30 days after acquisition.

Under article 69 bis of the Chilean Corporation Act, the right to withdraw also is granted to shareholders (other than pension funds that administer private pension plans under the national pension law), under certain terms and conditions, if a company were to become controlled by the Chilean government, directly or through any of its agencies, and if two independent rating agencies downgrade the rating of its stock from first class because of certain actions specified in Article 69 bis undertaken by the company or the Chilean government that affect negatively and substantially the earnings of the company. Shareholders must perfect their withdrawal rights by tendering their shares to the company within 30 days of the date of the publication of the new rating by two independent rating agencies. If the withdrawal right is exercised by a shareholder invoking Article 69 bis, the price paid to the dissenting shareholder shall be the weighted average of the sales price for the shares as reported on the stock exchanges on which the company's shares are quoted for the six-month period preceding the publication of the new rating by two independent rating agencies. If, as previously described, the CMF determines that the shares are not actively traded on a stock exchange, the price shall be the book value calculated as described above.

There is no legal precedent as to whether a shareholder that has voted both for and against a proposal (such as the depositary) may exercise withdrawal rights with respect to the shares voted against the proposal. As such, there is doubt as to whether holders of ADRs who have not surrendered their ADRs and withdrawn common shares on or before the fifth business day prior to the shareholder meeting will be able to exercise withdrawal rights either directly or through the depositary with respect to the shares represented by ADRs. Under the provisions of the deposit agreement the depositary will not exercise these withdrawal rights.

The circumstance indicated above regarding ownership in excess of 95% by the controlling shareholder creates not only a withdrawal right for the remaining minority shareholders, but as of January 1, 2010, it also creates a "squeeze out" right by the controlling shareholder with respect to those same shareholders (granting a call option by means of which the controlling shareholder may buy-out the existing ownership participations pursuant to the provisions of article 71 bis of the Corporation Act).

Registration and Transfers

DCV Registros S.A. ("DCV"), a local depository corporation, acts as LATAM Airlines Group's registration agent. In the case of jointly owned common shares, an attorney-in-fact must be appointed to represent the joint owners in dealings with us.

C Material Contracts

Table of Material Contracts for the Purchase of Aircraft

Agreement	Date	Aircraft (number purchased)	Estimated Gross Value of Aircraft at List Price
		Boeing 787-8/9 Fleet	
Purchase Agreement No. 3256 with the Boeing Company	October 29, 2007	<input type="checkbox"/> Boeing 787-8 aircrafts (18)	US\$ 3,200,000,000
		<input type="checkbox"/> Boeing 787-9 aircrafts (8)	
		<input type="checkbox"/> Option of purchasing fifteen additional aircraft to be delivered in 2017 and 2018	
Supplemental Agreement No. 1 to the Purchase Agreement No. 3256	March 22, 2010	<input type="checkbox"/> Advance scheduled delivery date of ten Boeing 787-8 aircraft and substitute four Boeing 787-9 aircraft into four Boeing 787-8 aircraft.	

Agreement	Date	Aircraft (number purchased)	Estimated Gross Value of Aircraft at List Price
Supplemental Agreement No. 3 to the Purchase Agreement No. 3256	August 24, 2012	<input type="checkbox"/> Replace two Boeing 787-8 aircraft with two Boeing 787-8 aircraft with a later delivery.	
Delay Settlement Agreement to the Purchase Agreement No. 3256	September 16, 2013	<input type="checkbox"/> Agreed to update delivery dates, settle consequences of delays and convert several future deliveries of B787-8 aircraft to B787-9 aircraft. This agreement was amended on April 22, 2015 to update delivery dates of certain aircraft.	
Supplemental Agreement No. 4 to the Purchase Agreement No. 3256	April 22, 2015	<input type="checkbox"/> Reschedule the delivery dates of four Boeing 787-8 aircraft and replace four Boeing 787-8 aircraft with four Boeing 787-9 aircraft.	
Supplemental Agreement No. 6 to the Purchase Agreement No. 3256	May 27, 2016	<input type="checkbox"/> Convert four Model 787-8 Aircraft to four Model 787-9 Aircraft, and Defer of two Model 787-9 Aircraft from 1Q 2018 and 2Q 2018 to 3Q 2018 and 4Q 2018 respectively.	
Supplemental Agreement No. 13 to the Purchase Agreement No. 3256	July 3, 2019	<input type="checkbox"/> To include certain letter agreements	
Supplemental Agreement No. 14 to the Purchase Agreement No. 3256	October 11, 2019	<input type="checkbox"/> Reschedule the delivery dates of four Boeing 787-8 aircraft	
Supplemental Agreement No. 15 to the Purchase Agreement No. 3256	October 11, 2019	<input type="checkbox"/> To incorporate Exhibit A1	
Supplemental Agreement No. 16 to the Purchase Agreement No. 3256	October 11, 2019	<input type="checkbox"/> Deferral of PDPs.	
Supplemental Agreement No. 17 to the Purchase Agreement No. 3256	February 17, 2020	<input type="checkbox"/> To include certain letter agreements.	
Supplemental Agreement No. 18 to the Purchase Agreement No. 3256	April 29, 2021	<input type="checkbox"/> Covering the cancellation of the delivery of four Boeing 787-9 aircraft.	
Airbus A320-Family Fleet			
Second A320-Family Purchase Agreement with Airbus S.A.S.	March 20, 1998	<input type="checkbox"/> Airbus A320-Family aircrafts (5)	US\$ 230,000,000
Amendment No. 1 to the Second A320-Family Purchase Agreement	November 14, 2003	<input type="checkbox"/> Exercise three purchase rights for Airbus 319 aircraft, among other things.	
Amendment No. 2 to the Second A320-Family Purchase Agreement	October 4, 2005	<input type="checkbox"/> Acquire 25 additional Airbus 320 family aircraft and 15 purchase rights for Airbus A320-Family aircraft.	
Amendment No. 3 to the Second A320-Family Purchase Agreement	March 6, 2007	<input type="checkbox"/> Exercise 15 purchase rights for 15 Airbus A320-Family Aircraft.	
		<input type="checkbox"/> According to clause 12.2 of the Second A320-Family Purchase Agreement, applicable to all subsequent amendments, in case of a failure, as defined in such agreement, a service life policy for a period of 12 years after delivery of any given aircraft shall apply.	

Agreement	Date	Aircraft (number purchased)	Estimated Gross Value of Aircraft at List Price	
Amendment No. 5 to the Second A320-Family Purchase Agreement	December 23, 2009	<input type="checkbox"/> Airbus A320-Family aircrafts (30)	US\$	2,000,000,000
Amendment No. 6 to the Second A320-Family Purchase Agreement	May 10, 2010	<input type="checkbox"/> Convert the aircraft type of three aircraft and advance the scheduled delivery date of 13 aircraft.		
Amendment No. 8 to the Second A320-Family Purchase Agreement	September 23, 2010	<input type="checkbox"/> Convert the aircraft type of one aircraft and advance the scheduled delivery date of four aircraft.		
Amendment No. 9 to the Second A320-Family Purchase Agreement	December 21, 2010	<input type="checkbox"/> Airbus A320-Family aircrafts (50)	US\$	2,600,000,000
Amendment No. 10 to the Second A320-Family Purchase Agreement	June 10, 2011	<input type="checkbox"/> Convert the aircraft type of three aircraft, to select sharklets for some aircraft and to notify delivery dates for some aircraft.		
Amendment No. 11 to the Second A320-Family Purchase Agreement	November 3, 2011	<input type="checkbox"/> Convert the aircraft type of three aircraft and defer the scheduled delivery date of four aircraft.		
Amendment No. 12 to the Second A320-Family Purchase Agreement	November 19, 2012	<input type="checkbox"/> Convert the aircraft type of three aircraft, identify certain aircraft as Sharklet Installed Aircraft and others as Sharklet Capable Aircraft, as those are defined in such Purchase Agreement, and notify the scheduled delivery month for certain aircraft.		
Amendment No. 13 to the Second A320-Family Purchase Agreement	August 19, 2013	<input type="checkbox"/> Convert several A320 aircraft to A321 aircraft and to postpone the scheduled delivery dates of several aircraft.		
Amendment No. 16 to the Second A320-Family Purchase Agreement	July 15, 2014	<input type="checkbox"/> Covering cancellation and substitution of certain Aircraft.		
Novation Agreement to the Second A320-Family Purchase Agreement	October 30, 2014	<input type="checkbox"/> Novation of the original TAM A320/A330 Family Purchase Agreement from TAM to LATAM.		
Amendment No. 17 to the Second A320-Family Purchase Agreement	December 11, 2014	<input type="checkbox"/> Covering the substitution of certain Aircraft.		
Amendment No. 18 to the Second A320-Family Purchase Agreement	August 4, 2021	<input type="checkbox"/> Covering the postponement of certain relevant deadlines.		
Airbus A320 NEO-Family Fleet				
A320 NEO Purchase Agreement	June 22, 2011	<input type="checkbox"/> Airbus 320 NEO Family aircraft (20)	US\$	1,700,000,000
		<input type="checkbox"/> Delivery scheduled to take place in 2017 and 2018		

Agreement	Date	Aircraft (number purchased)	Estimated Gross Value of Aircraft at List Price
Amendment No. 1 to the A320 NEO Purchase Agreement	February 27, 2014	<input type="checkbox"/> Covering the advancement of the date by which LATAM selects the propulsion systems.	
Amendment No. 2 to the A320 NEO Purchase Agreement	July 15, 2014	<input type="checkbox"/> Covering the order of incremental A320 NEO Aircraft.	
Amendment No. 3 to the A320 NEO Purchase Agreement	December 11, 2014	<input type="checkbox"/> Covering the order of incremental A320 NEO Aircraft and A321 NEO Aircraft.	
Amendment No. 4 to the A320 NEO Purchase Agreement	April 15, 2016	<input type="checkbox"/> Covering the reschedule of the delivery of eight Original NEO Aircraft and the conversion of four Original NEO Aircraft into A321 NEO Aircraft	
Amendment No. 5 to the A320 NEO Purchase Agreement	April 15, 2016	<input type="checkbox"/> Changes in the technical specifications of the aircraft to be received under this agreement.	
Amendment No. 6 to the A320 NEO Purchase Agreement	August 8, 2016	<input type="checkbox"/> Covering the cancellation of the delivery of four A320 NEO Aircraft.	
Amendment No. 7 to the A320 NEO Purchase Agreement	September 22, 2017	<input type="checkbox"/> Covering the rescheduling of certain A320 NEO Family Aircraft.	
Amendment No. 8 to the A320 NEO Purchase Agreement	December 21, 2018	<input type="checkbox"/> Covering the rescheduling of certain A320 NEO Family Aircraft.	
Amendment No. 9 to the A320 NEO Purchase Agreement	August 4, 2021	<input type="checkbox"/> Covering the rescheduling of certain A320 NEO Family Aircraft.	
TAM Material Contracts – A320/A330 Family Purchase Agreement			
Purchase Agreement with Airbus S.A.S.	November 2006	<input type="checkbox"/> Airbus A320-Family aircrafts (31) <input type="checkbox"/> Airbus A330-200 aircrafts (6) <input type="checkbox"/> Delivery was scheduled to take place between 2007 and 2010	US\$ 3,300,000,000
New Purchase Agreement with Airbus S.A.S.	January 2008	<input type="checkbox"/> Airbus A320-Family aircrafts (20) <input type="checkbox"/> Airbus A330-200 aircrafts (4) <input type="checkbox"/> Delivery was scheduled to take place between 2007 and 2014	US\$ 2,140,000,000
New Purchase Agreement with Airbus S.A.S.	July 2010	<input type="checkbox"/> Airbus A320-Family aircrafts (20) <input type="checkbox"/> Delivery was scheduled to take place between 2014 and 2015	US\$ 1,450,000,000
New Purchase Agreement with Airbus S.A.S.	October 2011	<input type="checkbox"/> Airbus A320-Family aircrafts (10) <input type="checkbox"/> Airbus A320 NEO Family aircrafts (22) <input type="checkbox"/> Delivery scheduled to take place between 2016 and 2018 <input type="checkbox"/> Ten option rights for Airbus A320 NEO Family aircraft	US\$ 1,730,000,000

Agreement	Date	Aircraft (number purchased)	Estimated Gross Value of Aircraft at List Price
Amendment No. 13 to the A320/A330 Purchase Agreement	November 2012	<input type="checkbox"/> Convert the aircraft type of A320 family aircraft.	
Amendment No. 14 to the A320/A330 Purchase Agreement	December 2012	<input type="checkbox"/> Convert the aircraft type of an A320 family aircraft and reschedule the delivery date of such aircraft.	
Amendment No. 15 to the A320/A330 Purchase Agreement	February 2013	<input type="checkbox"/> Changes to the scheduled delivery month of certain A320 Family Aircraft.	
Amendment No. 16 to the A320/A330 Purchase Agreement	February 2013	<input type="checkbox"/> Change to the aircraft type of certain A320 Family Aircraft, to the scheduled delivery month/quarter of certain A320 Family Aircraft and make certain changes to the dates by which TAM will select the propulsion systems and NEO propulsion systems for certain Aircraft.	
Amendment No. 17 to the A320/A330 Purchase Agreement	August 2013	<input type="checkbox"/> Change to the scheduled delivery month of a certain A320 Family Aircraft and to make the selection of the propulsion systems and NEO propulsion systems for certain Aircraft.	
Amendment No. 20 to the A320/A330 Purchase Agreement	June 2015	<input type="checkbox"/> Change to the schedule delivery month of one A321 Aircraft.	
Amendment No. 21 to the A320/A330 Purchase Agreement	December 2015	<input type="checkbox"/> Change to the schedule delivery month of two A320 NEO Aircraft.	
Amendment No. 23 to the A320/A330 Purchase Agreement	April 15, 2016	<input type="checkbox"/> Reflect the changes in the technical specifications of the aircraft to be received under this agreement.	
Amendment No. 24 to the A320/A330 Purchase Agreement	August 8, 2016	<input type="checkbox"/> Cancel the delivery of eight A320 NEO Aircraft.	
Amendment No. 26 to the A320/A330 Purchase Agreement	December 21, 2018	<input type="checkbox"/> Rescheduled delivery of five A320 NEO Aircraft and eleven A321 NEO Aircraft. <input type="checkbox"/> Cancel the delivery of one A321 Aircraft.	
Amendment No. 27 to the A320/A330 Purchase Agreement	August 4, 2021	<input type="checkbox"/> Incremental order of 28 additional A320 NEO Family Aircraft. <input type="checkbox"/> Rescheduling of certain A320 NEO Family Aircraft.	

Agreement	Date	Aircraft (number purchased)	Estimated Gross Value of Aircraft at List Price
TAM Material Contracts – A350 Family Purchase Agreement			
Purchase Agreement with Airbus S.A.S.	January 2008	<input type="checkbox"/> Airbus A350 aircrafts (22) <input type="checkbox"/> Ten option rights for Airbus A350 aircraft	US\$ 6,480,000,000
Amendment No. 1 to the A350 Purchase Agreement	July 2010	<input type="checkbox"/> Exercise its option of five A350 XWB options.	
Amendment No. 2 to the A350 Purchase Agreement	July 2014	<input type="checkbox"/> Reschedule the delivery of certain A350-900XWB and to amend certain provisions to reflect the latest aircraft specification.	
Novation Agreement to the A350 Purchase Agreement	July 2014	<input type="checkbox"/> Novating the A350 purchase agreement from TAM to LATAM.	
Amendment No. 4 to the A350 Purchase Agreement	September 2015	<input type="checkbox"/> Modify certain terms and conditions of such agreement and to convert a number of A350-900 XWB Aircraft into A350-1000 XWB Aircraft.	
Amendment No. 5 to the A350 Purchase Agreement	November 2015	<input type="checkbox"/> Convert a number of A350-900 XWB aircraft into six A350-1000 XWB aircraft and to reschedule the delivery of certain A350-900 XWB.	
Amendment No. 7 to the A350 Purchase Agreement	August 8, 2016	<input type="checkbox"/> Change aircraft type, from two A350-900 XWB Aircraft to two A350 - 1000 XWB Aircraft.	
Amendment No. 9 to the A350 Purchase Agreement	September 22, 2017	<input type="checkbox"/> Convert two A350-1000 XWB Aircraft into A350-900 XWB Aircraft	
Amendment No. 10 to the A350 Purchase Agreement	December 21, 2018	<input type="checkbox"/> Convert four A350-1000 XWB Aircraft into A350-900 XWB Aircraft. <input type="checkbox"/> Reschedule of six A350-900 XWB Aircraft and eight A350-1000 XWB.	
Amendment No. 11 to the A350 Purchase Agreement	April 29, 2019	<input type="checkbox"/> Reschedule of two A350-900 XWB Aircraft	
Amendment No. 12 to the A350 Purchase Agreement	August 5, 2019	<input type="checkbox"/> Reschedule of one A350-900 XWB Aircraft	
Termination Agreement in respect of the A350 Purchase Agreement	August 4, 2021	<input type="checkbox"/> Cancellation of 2 remaining deliveries of A350-1000 XWB Aircraft	
TAM Material Contracts – Boeing 777 Purchase Agreement			
Purchase Agreement with Boeing	February 2007	<input type="checkbox"/> Boeing 777-32WER aircrafts (4)	US\$ 1,070,000
Supplemental Agreement No. 1 to the Purchase Agreement	August 2007	<input type="checkbox"/> Exercise four option aircraft and to define certain aircraft configuration.	
Supplemental Agreement No. 2 to the Purchase Agreement	March 2008	<input type="checkbox"/> Document its agreement on the descriptions and pricing of some options and master changes related to certain aircraft.	
Supplemental Agreement No. 3 to the Purchase Agreement	December 2008	<input type="checkbox"/> Purchase of two incremental 777 aircraft.	
Supplemental Agreement No. 5 to the Purchase Agreement	July 2010	<input type="checkbox"/> Reschedule the delivery of certain aircraft.	
Supplemental Agreement No. 6 to the Purchase Agreement	February 2011	<input type="checkbox"/> Purchase of two incremental 777 aircraft.	
Supplemental Agreement No. 7 to the Purchase Agreement	May 2014	<input type="checkbox"/> Substitute two 777-300ER aircraft originally scheduled for delivery in 2014 for two 777-F aircraft for scheduled delivery in 2017.	
Supplemental Agreement No. 8 to the Purchase Agreement	April 2015	<input type="checkbox"/> Reschedule the delivery of certain aircraft.	
Supplemental Agreement No. 11 to the Purchase Agreement	October 11, 2019	<input type="checkbox"/> Option to cancel two Aircraft	
Supplemental Agreement No. 12 to the Purchase Agreement	February 3, 2020	<input type="checkbox"/> Cancellation of one Aircraft	
Supplemental Agreement No. 13 to the Purchase Agreement	April 29, 2021	<input type="checkbox"/> Cancellation of one Aircraft	

Other Material Contracts

Boeing

On May 9, 1997, we entered into the Aircraft General Terms Agreement with The Boeing Company (“AGTA”), applicable to all Boeing aircraft contracted for purchase from The Boeing Company.

Boeing Aircraft Holding Company

On May 8, 2018, we also entered into an Aircraft Lease Common Terms Agreement with The Boeing Aircraft Holding Company for the lease of two B777-200ER aircraft. The average term of the lease is 12 months.

Airbus A320-Family Fleet

Between April and August 2011, we entered into Buyback Agreements No. 3001, 3030, 3062, 3214 and 3216 with Airbus Financial Services for the sale of five A318 aircraft for approximately US\$107 million.

Between August 2012 and January 2013, we entered into Buyback Agreements No. 3371, 3390, 3438, 3469 and 3509 with Airbus Financial Services for the sale of five A318 aircraft for approximately US\$102 million.

Aercap Holdings N.V.

On May 28, 2013, we entered into a framework deed with Aercap Holdings N.V. for the sale and leaseback of several used A330-200 aircraft, which were returned to the lessor, and several new aircraft to be received from the manufacturer including A350-900, B787-8 and B787-9 aircraft. The estimated gross value (at list prices) of these aircraft is US\$3.0 billion.

Aircastle Holding Corporation Limited

On February 21, 2014, we entered into a framework deed with Aircastle Holding Corporation Limited for the lease of four B777-300ER already in the fleet. The four aircraft were manufactured in 2012 and the estimated market value (at list prices) of these aircraft is US\$580 million. The average term of the original leases were 60 months, and the agreement was extended for another 84 months.

One of the four aircraft has been sold in July 2019 and is no longer part of such framework deed with Airastle, but the aircraft remains in our fleet with a different lessor.

On January 11, 2019, we entered into lease agreements with Airastle for the lease of 10 A320 aircraft. The lease agreements are for a duration of approximately seven to eight years.

GE Commercial Aviation

On April 30, 2007, we also entered into an Aircraft Lease Common Terms Agreement with GE Commercial Aviation Services Limited and two Aircraft Lease Agreements with Wells Fargo Bank Northwest N.A., as owner trustee, for the lease of two Boeing B777-200LRF aircraft. These aircraft were delivered in 2009 and the leases shall remain in place for a term of 96 months.

GE Engine Services LLC

On June 12, 2014, we (and TAM Linhas Aereas S.A.) entered into engine services agreement with GE Engine Services, LLC and GE Celma Ltda. for the provision of maintenance services of CF6-80C2B6F engines (which powers our B767 fleet) during 200 shop visits or 10 years, whichever occurs first.

On June 18, 2021, we entered into an engine services agreement with GE Engine Services, LLC for the provision of maintenance services of GE90-115BL engines, which power 10 B777 passenger fleet and 3 spare engines, for a period of 6 years.

CFM International

On December 17, 2010, we entered into General Terms Agreement No. CFM-1-2377460475 (the "GTA") and Letter Agreement No. 1 to GTA with CFM International, Inc. ("CFM") for the sale and support by CFM of CFM56-5B engines to power 70 A320 family aircraft and up to 14 CFM56-5B spare engines. On the same date, we entered into a Rate Per Flight Hour Engine Shop Maintenance Services Agreement with CFM for the provision by CFM of maintenance services for the above-mentioned installed and spare engines.

On December 31, 2014, we entered Letter Agreement No. 2 to GTA with CFM for the sale and support by CFM of CFM56-5B engines to power 20 A320 family aircraft and one spare engine.

On March 15, 2006, TAM Linhas Aereas S.A. entered into an engine services agreement with GE Celma Ltda. for the provision of maintenance services for CFM56-5B engines, which power 47 A320 Fam passenger fleet and 6 spare engines, for a period of 15 years per engine.

PW1100G-JM Engine Maintenance Agreement

In February 2014, we entered into an engine support and maintenance agreement with United Technologies International Corporation, Pratt & Whitney Division ("PW") for the sale, support and maintenance by PW of PW1100G-JM engines to power 42 A320NEO family aircraft and nine spare engines. It is also a rate per engine flight hour contract agreement, which includes cost control mechanisms for LATAM.

Rolls-Royce PLC & Rolls-Royce TotalCare Services Limited

On September 30, 2009, we entered into General Terms Agreement No. DEG5307 (the "GTA") with Rolls-Royce PLC for the sale and support by Rolls-Royce of Trent 1000 engines to power 32 B787 family aircraft and up to 10 Trent 1000 spare engines. On the same date, we entered into a Rate Per Flight Hour Engine Shop Maintenance Services Agreement with Rolls-Royce TotalCare Services Limited for the provision by Rolls-Royce of maintenance services for the above-mentioned installed and spare engines, for a period of 15 years per engine.

On December 1, 2021, we entered into Amendment 7 to the above-mentioned services agreement with Rolls-Royce PLC, for the sale and support by Rolls-Royce of Trent 1000 engines to power 28 B787 family aircraft and additional option aircraft, and up to 13 Trent 1000 spare engines.

International Aero Engines AG

On October 12, 2006, we entered into an engine services agreement with IAE International Aero Engines AG for the provision of maintenance services of V2500-A5 engines, which power 53 A320 Fam passenger fleet and 9 spare engines, for a period of 12 years per engine.

On October 21, 2010, TAM Linhas Aereas S.A. entered into an engine services agreement with IAE International Aero Engines AG for the provision of maintenance services of V2500-A5 engines, which power 26 A320 Fam passenger fleet and 7 spare engines, for a period of 12 years per engine.

CFM International

On June 29, 2016, we entered into a Rate Per Flight Hour Agreement for Engine Shop Maintenance Services with CFM International, Inc., covering the maintenance, repair and overhaul of certain CFM56-5B engines.

Avolon Aerospace

On September 8, 2017, we entered into a lease agreement with Avolon Aerospace for the Sale and Leaseback of five A320 neo aircraft. The estimated market value of these aircraft is US\$ 241,000,000. The average term of the leases is 144 months.

On January 16, 2018, we entered into a lease agreement with Avolon Aerospace of two A321-200 aircraft. The estimated market value of these aircraft is US\$ 88,600,000. The average term of the lease is 124 months.

On September 9, 2021, we entered into lease agreements with Avolon for the lease of two 787-9. The lease agreements are for a duration of approximately thirteen years.

Vermillion

In September 2019, we entered into lease agreements with Vermillion for the lease of 4 A320 aircraft. The lease agreements are for a duration of approximately seven and eight years.

In 2021, we entered into additional lease agreements for the lease of two additional A320 aircraft with Vermillion for a duration of approximately nine years.

VMO Aircraft Leasing Ireland Service Co

During the year of 2021, we entered into fifteen lease agreements with Wilmington Trust Company and UMB Bank N.A. (all having VMO Aircraft Leasing Ireland Service Co. acting as a servicer) for the lease of eleven A321 aircraft and four 787-9 aircraft. The lease agreements are for a duration of approximately nine to ten years.

SABRE Contract

On May 4, 2015, we entered into a Master Services License Agreement with SABRE Inc. Pursuant to this agreement SABRE Inc., will grant LATAM access and use of certain reservation systems. This agreement will be effective for an initial period of 10 years.

In addition, LATAM has distribution agreements in place with SABRE as well as with other distribution providers. On May 1, 2020 we entered into a new Sabre Participant Carrier Distribution and Services Agreement. This agreement will be effective for successive 1-year periods until terminated anytime by either party upon at least 180 days notice.

AMADEUS Contract

On May 1, 2020, we entered into the Amended and Restated Addendum to the Global Distribution Agreement for Full Content and Channel Parity with Amadeus, an agreement effective for an initial period of two years. On January 14, 2021, LATAM rejected this contract, as part of its Chapter 11 proceedings, which took effect on March 1, 2021. Notwithstanding the foregoing, on March 12, 2021 LATAM and Amadeus entered into a new Amended and Restated Addendum to the Global Distribution Agreement for Full Content and Channel Parity. This Addendum will be automatically renewed for periods of one year, until terminated anytime upon at least 90 days notice.

TRAVELPORT Contract

On June 1, 2021, we entered into the Content Amendment to the Travelport International Global Airline Distribution Agreements. This Addendum will be automatically renewed for periods of one year, until terminated anytime upon at least 90 days notice before the end of any Additional Term.

V2500-A5 Engine Maintenance Service Agreement

In 2020, LATAM together with TAM entered into an Engine Maintenance Services Agreement with MTU Maintenance Hannover GmbH, for the maintenance of certain V2500 engines.

CFM56-5B Engine Maintenance Contract

In March 2006, TAM entered into a services agreement with GE Celma, a Brazilian subsidiary of General Electric Engine Services division, for the maintenance by GE Celma of CFM56-5B engines to power 25 A320 family aircraft and four spare engines.

In March 2007 TAM entered into the Amendment 1 to the above-mentioned services agreement with GE Celma, extending the maintenance services to the engines powering additional 16 A320 family aircraft and two spare engines.

Petrobras

In July 2021, we entered into an Aviation Fuel Supply Agreement with Petrobras Distribuidora S.A. and a local agreement for services in Brazil. These Agreements will be effective until June 30, 2024.

World Fuel Services

In October 2006, we entered into an Aviation Fuel Supply Agreement with World Fuel Services INC. Later we entered into local agreements for services in Chile, México, Colombia and USA. These Agreements will be effective until December 31, 2023.

Air BP-Copec

In December 2021, we entered into an Aviation Fuel Supply Agreement with Air BP Copec S.A. for services in Chile. These Agreements will be effective until December 31, 2022.

Repsol

In January 2021, we entered into an Aviation Fuel Sales Agreement with Repsol Marketing SAC and related companies. The agreement includes a local agreement for services in Peru valid until December 31, 2022.

D Exchange Controls

Foreign Investment and Exchange Controls in Chile

The Central Bank of Chile is responsible, among other things, for monetary policies and exchange controls in Chile. Equity investments, including investments in shares of stock by persons who are non-Chilean residents, have been generally subject in the past to various exchange control regulations restricting the repatriation of their investments and the earnings thereon.

Article 47 of the Central Bank Act and former Chapter XXVI of the Central Bank Foreign Exchange Regulations regulated the foreign exchange aspects of the issuance of ADSs by a Chilean company until April 2001. According to former Chapter XXVI, the Central Bank of Chile and the depositary had to enter into an agreement in order to gain access to the formal exchange market. The issuers of the shares underlying the ADSs and the custodian could also be parties to these agreements.

On April 16, 2001, the Central Bank of Chile agreed that, effective April 19, 2001:

- prior foreign exchange restrictions would be eliminated; and
- a new Compendium of Foreign Exchange Regulations (*Compendio de Normas de Cambios Internacionales*) would be applied.

The main objective of these amendments, as declared by the Central Bank of Chile, is to facilitate movement of capital in and out of Chile and to encourage foreign investment.

In connection with the change in policy, the Central Bank of Chile eliminated the following restrictions:

- a reserve requirement with the Central Bank of Chile for a period of one year (this mandatory reserve was imposed on foreign loans and funds brought into Chile to purchase shares other than those acquired in the establishment of a new company or in the capital increase of the issuing company; the reserve requirement was gradually decreased from 30% of the proposed investment to 0%);
- the requirement of prior approval by the Central Bank of Chile for certain operations;
- mandatory return of foreign currency to Chile;
- mandatory conversion of foreign currency into Chilean pesos;
- Under the new regulations, only the following limitations apply to these operations:
- the Central Bank of Chile must be provided with information related to certain operations; and
- certain operations must be conducted with the Formal Exchange Market.

The Central Bank of Chile also eliminated Chapter XXVI of the Compendium of Foreign Exchange Regulations, which regulated the establishment of an ADR facility by a Chilean company. Pursuant to the new rules, it is no longer necessary to seek the Central Bank of Chile's prior approval in order to establish an ADR facility or to enter into a foreign investment contract with the Central Bank of Chile.

However, all contracts executed under the provisions of former Chapter XXVI (including the foreign investment contract among LATAM Airlines Group, the Central Bank of Chile and the ADS depository, or the "Foreign Investment Contract"), remained in full force and effect and continued to be governed by the provisions, and continued to be subject to the restrictions, set forth in former Chapter XXVI at the time of its abrogation. Our Foreign Investment Contract guaranteed ADS investors access to the Formal Exchange Market to convert amounts from Chilean pesos into U.S. dollars and repatriate amounts received with respect to deposited common shares or common shares withdrawn from deposit or surrender of ADRs (including amounts received as cash dividends and proceeds from the sale in Chile of the underlying common shares and any rights arising from them).

On May 10, 2007, the Board of the Central Bank of Chile resolved to interpret the regulations regarding the former Chapter XXVI in connection with the access granted to the Formal Exchange Market. These regulations allowed entities that carry out capital increases by means of the issuance of cash shares before August 31, 2007 to apply the aforementioned regulation to their capital increases, but only once and only if those shares can be fully subscribed and paid by August 31, 2008, among other conditions. Consequently, capital increases carried out after August 31, 2007 will have no guaranteed access to the Formal Exchange Market.

On October 17, 2012, the Central Bank of Chile, the depository and LATAM Airlines Group entered into a termination agreement in respect of LATAM's existing foreign investment contract. ADR holders were notified about this termination in accordance with Section 16 of the Deposit Agreement. Upon termination of the foreign investment contract, holders of ADSs and the depository no longer have guaranteed access to the Formal Exchange Market. Currently, the ADS facility is governed by Chapter XIV of the Compendium on "Regulations applicable to Credits, Deposits, Investments and Capital Contributions from Abroad." According to Chapter XIV, the establishment or maintenance of an ADS facility is regarded as an ordinary foreign investment, and it is not necessary to seek the Central Bank of Chile's prior approval in order to establish an ADS facility. The establishment or maintenance of an ADS facility only requires that the Central Bank of Chile be informed of the transaction, and that the foreign currency transactions related thereby be conducted through the Formal Exchange Market.

Investment in Our Shares and ADRs after the business combination with TAM

As a result of the combination with TAM, investments made in shares of our common stock are subject to the following requirements:

- any foreign investor acquiring shares of our common stock who brought funds into Chile for that purpose must bring those funds through an entity participating in the Formal Exchange Market;
- any foreign investor acquiring shares of our common stock to be converted into ADSs or deposited into an ADR program who brought funds into Chile for that purpose must bring those funds through an entity participating in the Formal Exchange Market;
- in both cases, the entity of the Formal Exchange Market through which the funds are brought into Chile must report such investment to the Central Bank of Chile;
- all remittances of funds from Chile to the foreign investor upon the sale of the acquired shares of our common stock or from dividends or other distributions made in connection therewith must be made through the Formal Exchange Market;
- all remittances of funds from Chile to the foreign investor upon the sale of shares underlying ADSs or from dividends or other distributions made in connection therewith must be made through the Formal Exchange Market; and
- all remittances of funds made to the foreign investor must be reported to the Central Bank of Chile by the intervening entity of the Formal Exchange Market.

When funds are brought into Chile for a purpose other than to acquire shares to convert them into ADSs or deposit them into an ADR program and subsequently such funds are used to acquire shares to be converted into ADSs or deposited into an ADR program such investment must be reported to the Central Bank of Chile by the custodian within 10 days following the end of each month within which the custodian is obligated to deliver periodic reports to the Central Bank of Chile.

When funds to acquire shares of our common stock or to acquire shares to convert them into ADSs or deposit them into an ADR program are received by us abroad (i.e., outside of Chile), such investment must be reported to the Central Bank of Chile directly by the foreign investor or by an entity participating in the Formal Exchange Market within ten days following the end of the month in which the investment was made.

All payments in foreign currency in connection with our shares of common stock or ADSs made from Chile through the Formal Exchange Market must be reported to the Central Bank of Chile by the entity participating in the transaction. In the event there are payments made outside of Chile, the foreign investor must provide the relevant information to the Central Bank of Chile directly or through an entity of the Formal Exchange Market within the first ten calendar days of the month following the date on which the payment was made.

There can be no assurance that additional Chilean restrictions applicable to the holders of ADSs, the disposition of shares of our common shares underlying ADSs or the conversion or repatriation of the proceeds from such disposition will not be imposed in the future, nor can we assess the duration or impact of such restriction if imposed.

This summary does not purport to be complete and is qualified by reference to Chapter XIV of the Central Bank of Chile's Foreign Exchange Regulations, a copy of which is available in Spanish and English versions at the Central Bank's website at www.bcentral.cl.

Voting Rights

Holders of our ADSs, which represent common shares, may instruct the depositary to vote the shares underlying their ADRs. If we ask holders for instructions, the depositary will notify such holders of the upcoming vote and arrange to deliver our voting materials to such holders. The materials will describe the matters to be voted on and explain how holders may instruct the depositary to vote the shares or other deposited securities underlying their ADSs as they direct by a specified date. For instructions to be valid, the depositary must receive them on or before the date specified as "Vote Cut-Off Date." The depositary will try, as far as practical, subject to Chilean law and the provisions of our by-laws, to vote or to have its agents vote the shares or other deposited securities as holders instruct. Otherwise, holders will not be able to exercise their right to vote unless they withdraw the shares. However, holders may not know about the meeting far enough in advance to withdraw the shares. We will use our best efforts to request that the depositary notify holders of upcoming votes and ask for their instructions.

If the depositary does not receive voting instructions from a holder by the specified date, it will consider such holder to have authorized and directed it to give a discretionary proxy to a person designated by our board of directors to vote the number of deposited securities represented by such holder's ADSs. The depositary will give a discretionary proxy in those circumstances to vote on all questions to be voted upon unless we notify the depositary that:

- we do not wish to receive a discretionary proxy;
- we think there is substantial shareholder opposition to the particular question; or
- we think the particular question would have an adverse impact on our shareholders.
- The depositary will only vote or attempt to vote as such holder instructs or as described above.

We cannot assure holders that they receive the voting materials in time to ensure that they can instruct the depositary to vote their shares. This means that holders may not be able to exercise their right to vote and there may be nothing they can do if their shares are not voted as they requested.

Exchange Rates

Prior to 1989, Chilean law permitted the purchase and sale of foreign exchange only in those cases explicitly authorized by the Central Bank of Chile. The Central Bank Act liberalized the rules that govern the ability to buy and sell foreign currency. The Central Bank Act empowers the Central Bank of Chile to determine that certain purchases and sales of foreign currency specified by law must be carried out exclusively in the Formal Exchange Market, which is made up of the banks and other entities authorized by the Central Bank of Chile. All payments and distributions with respect to the ADSs must be conducted exclusively in the Formal Exchange Market.

For purposes of the operation of the Formal Exchange Market, the Central Bank of Chile sets a reference exchange rate (*dólar acuerdo*). The Central Bank of Chile resets the reference exchange rate monthly, taking internal and external inflation into account, and adjusts the reference exchange rate daily to reflect variations in parities between the Chilean peso, the U.S. dollar, the Japanese yen and the European euro.

The observed exchange rate (*dólar observado*) is the average exchange rate at which transactions were actually carried out in the Formal Exchange Market on a particular day, as certified by the Central Bank of Chile on the next banking day.

In order to keep fluctuations in the average exchange rate within certain limits, the Central Bank of Chile has in the past intervened by buying or selling foreign currency on the formal exchange market. In September 1999, the Central Bank of Chile decided to limit its formal commitment to intervene and decided to exercise it only under extraordinary circumstances, which are to be announced in advance. The Central Bank of Chile also committed to provide periodic information about the levels of its international reserves.

Purchases and sales of foreign exchange effectuated outside the Formal Exchange Market are made through the Informal Exchange Market (*Mercado Cambiario Informal*) established by the Central Bank in 1990. There are no limits on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the observed exchange rate.

Although our results of operations have not been significantly affected by fluctuations in the exchange rates between the peso and the U.S. dollar because our functional currency is the U.S. dollar, we are exposed to foreign exchange losses and gains due to exchange rate fluctuations. Even though the majority of our revenues are denominated in or pegged to the U.S. dollar, the Chilean government's economic policies affecting foreign exchange and future fluctuations in the value of the peso against the U.S. dollar could adversely affect our results of operations and an investor's return on an investment in ADSs.

E Taxation

Chilean Tax

The following discussion relates to Chilean income tax laws presently in force, including Ruling No. 324 of January 29, 1990 of the Chilean Servicio de Impuestos Internos (“Chilean IRS”) and other applicable regulations and rulings, all of which are subject to change. The discussion summarizes the principal Chilean income tax consequences of an investment in the ADSs or common shares by a person who is neither domiciled in, nor a resident of, Chile or by a legal entity that is incorporated abroad not organized under the laws of Chile and does not have a branch or a permanent establishment located in Chile (such an individual or entity is referred to herein as a Foreign Holder). For purposes of Chilean tax law, an individual holder is (i) a resident of Chile if such person remains in Chile, whether continuously or not, for a period or periods exceeding a total of 183 days, within any twelve-month period; and/or (ii) domiciled in Chile if such person’s main place of business is located in the country. The discussion is not intended as tax advice to any particular investor, which can be rendered only in light of that investor’s particular tax situation.

Under Chilean law, provisions contained in statutes such as tax rates applicable to foreign investors, the computation of taxable income for Chilean purposes and the manner in which Chilean taxes are imposed and collected may only be amended by another statute. In addition, the Chilean tax authorities enact rulings and regulations of either general or specific application and interpret the provisions of Chilean tax law. Chilean tax may not be assessed retroactively against taxpayers who act in good faith relying on such rulings, regulations and interpretations, but Chilean tax authorities may change these rulings, regulations and interpretations prospectively. On February 4, 2010, representatives of the governments of the United States and Chile signed an income tax treaty. The treaty will have to be approved by the U.S. Senate before it becomes effective.

Law No. 20,780, enacted on September 29, 2014, in conjunction with Law No. 20,899, enacted on February 8, 2016 (both, the “Tax Reform Act”) introduced a comprehensive modification to the Chilean income tax system. The Tax Reform Act introduced changes to the corporate tax rate, mandating a gradual increase of the rate from 20% to 25% or 27% in certain cases, the rules regarding minimum capitalization, and the taxation of Chilean investments abroad (the controlled-foreign-corporation rules), and introduced two new alternative general income tax regimes for Chilean taxpayers (Fully Integrated Regime and Partially Integrated Regime), among others. Both regimes were applied from January 1, 2017. The mandatory regime for entities organized as stock corporations like Latam Airlines Group S.A. was the Partially Integrated System and the Corporate Income Tax rate for companies under this regime is 27% from 2018 onward.

In addition, on February 24, 2020, Law No. 21,210, a new tax reform law, was enacted which in general is in force as of January 1, 2020 regarding income tax, with some provisions entering into force at different dates. The main new rules are: (i) repealing both the Fully and the Partially Integrated Regimes, replacing them with a new Partially Integrated Regime. A new tax regime is established for small and medium enterprises (SMEs) whose sales do not exceed app US\$2.85 million annually (the threshold might consider related party income) with a 25% rate Corporate Tax, and 100% of credit against final taxes (please note that amounts expressed in USD may be subject to change due to exchange rate fluctuations). The Partially Integrated regime would remain for companies exceeding such threshold; (ii) incorporating a surcharge of the current real estate tax applicable on the aggregate value of a taxpayer’s real estate higher than US\$550,000 app; (iii) limiting and eventually impeding Chilean holding companies in a tax loss position from claiming a refund of the corporate taxes paid by local subsidiaries remitting dividends. Full implementation would occur in 2024; (iv) increasing the higher marginal personal income tax rate for Chilean domiciled individuals up to a 40% from the current 35%; and (v) modifying some requirements from the capital gain tax exemption in the sale of shares with high stock market presence, amongst others. We do not expect any material adverse effect on the business from this new tax reform law.

On September 2, 2020 Law No 21,256 which takes emergency measures to counteract the economic effects of COVID -9 came into effect. The main changes enacted by this law are (i) a transitory reduction of the corporate tax applicable to SMEs to 10% for the fiscal years 2020, 2021, and 2022, (ii) instantaneous depreciation was extended to 100% for the entire country (not only a particular region of Chile), and for all investments in fixed assets made until December 31, 2022, (iii) full and instantaneous amortization of the value of certain intangible assets related to intellectual and industrial property acquired until December 31, 2022, amongst other changes to promote small business.

Finally, please note that on December 28, 2021, the President of Chile enacted a law that aims to reduce or eliminate certain tax exemptions in order to permanently increase tax collection, improve the tax system and make it simpler and fairer. The new law limits the non-taxable income benefit on capital gain on the disposal of public traded instruments, incorporating a 10% single tax on capital gains obtained by non-institutional investors on the sale of those instruments.

Cash Dividends and Other Distributions

Under the new Partially Integrated Regime, cash dividends we pay with respect to the ADSs or common shares held by a Foreign Holder will be subject to a 35% Chilean withholding tax, which we withhold and pay over to the Chilean tax authorities and which we refer to as the Withholding Tax. A credit against the Withholding Tax is available based on the corporate income tax rate of the year of distribution and provided a sufficient balance of accumulated corporate income tax credits is available. These credits correspond to corporate income tax we actually paid on the accumulated income (referred to herein as the First Category Tax or FCIT). However, this credit does not reduce the Withholding Tax on a one-for-one basis because it also increases the base on which the Withholding Tax is imposed. In addition, if we distribute less than all of our distributable income, the credit for First Category Tax we pay is proportionately reduced. If we register net income and a tax loss, no credit against the Withholding Tax may be available.

The Partially Integrated Regime reduces the amount of First Category Tax creditable against the Withholding Tax for certain Foreign Holders. As a general rule, only 65% of the First Category Income Tax credit will actually offset the Withholding Tax. However, if a tax treaty is in place between Chile and the country of domicile of a Foreign Holder and such Foreign Holder is entitled to treaty benefits in relation to the income, the full First Category Tax credit will continue to be available to be offset against the Withholding Tax.

Under a transitory provision included in Law No. 21,210, in effect until December 31, 2026, the full 27% First Category Tax will also be creditable against the 35% Withholding Tax if the recipient of a dividend distribution is a shareholder resident in a country with which Chile has a tax treaty signed before January 1st, 2020, even if such treaty is not yet in force. This last tax reform extended this benefit which was included by the Tax Reform Act and was in force until December 31, 2021.

In general, the example below illustrates the effective Withholding Tax burden on a cash dividend received by a Foreign Holder assuming a Withholding Tax rate of 35%, a First Category Tax rate of 27% and a distribution of 30% of the consolidated net income of the Company after payment of the First Category Tax:

	Foreign Holder in Treaty Country	Foreign Holder in Non Treaty Country
The Company's taxable income	100.00	100.00
First Category Tax (27% of Ch\$100).	(27.00)	(27.00)
Net distributable income	73.00	73.00
Dividend distributed (*)	21.90	21.90
First category increase	8.10	8.10
Amount subject to Withholding Tax (**)	30.00	30.00
Withholding Tax	(10.50)	(10.50)
Credit for First Category Tax	8.10	8.10
Add back 35% of the First Category Tax	N/A	(2.84)
Net tax withheld	(2.40)	(5.27)
Net dividend received	19.5	16.64
Effective dividend withholding rate	11%	24%

(*) 30% of net distributable income.

(**) The dividend of Ch\$21.90 grossed up with the First Category Tax credit of Ch\$8.10.

The effective rate of Withholding Tax to be imposed on dividends we pay will depend on the First Category Tax rate applicable in the year of distribution and on the balance of First Category Income Tax credits accumulated by the company. The First Category Tax rate is 27% for 2018 and following years. The First Category Tax credits generated as of 2017, will be allocated first. Once the balance of First Category Tax credits generated as of 2017 are exhausted, the First Category Tax credits accumulated until December 31, 2016 will be used. In that event the First Category Tax credit available against the Withholding Tax will not correspond to the First Category Tax rate of the year of distribution but to the average rate of First Category Tax credits accumulated until December 31, 2016. This average rate will be determined by dividing the aggregate First Category Tax Credits accumulated until December 31, 2016 by the aggregate retained taxable profits accumulated at the same date. The First Category Tax credits accumulated until December 31, 2016 are not subject to the First Category Tax Credit Restitution irrespective of whether a tax treaty is in place with the country of the Foreign Holder or not.

The First Category Tax credits accumulated until December 31, 2016 correspond to the First Category Tax we actually paid on the income generated in a given year. For earnings generated from 1991 until 2001, the First Category Tax rate was 15%. The rate was 16.0% in 2002, 16.5% in 2003, 17% from 2004 until 2010, 20% from 2011 until 2013, 21% in 2014, 22.5% in 2015, 24% in 2016 and 25.5% in 2017 for companies subject to the Partially Integrated Regime.

In the event that the accumulated First Category Tax credits are not sufficient to cover any particular dividend, we will generally withhold tax from the dividend at the full 35% rate.

Dividend distributions made in kind would be subject to the same Chilean tax rules as cash dividends based on the fair market value of the relevant assets. Stock dividends and the distribution of preemptive rights are not subject to Chilean taxation.

Capital Gains

Gain from the sale or other disposition by a Foreign Holder of ADRs evidencing ADSs outside Chile will not be subject to Chilean taxation. The deposit and withdrawal of common shares in exchange for ADRs will not be subject to any Chilean taxes.

Gain recognized on a sale or disposition of common shares by a Foreign Holder (as distinguished from sales or exchanges of ADRs evidencing ADSs representing such common shares) may be subject to a 35% Withholding Tax. Moreover, a gain not exceeding 10 Annual Tax Units (US\$8,200 as of January 20, 2022) recognized by a Foreign Holder without taxable presence in Chile in a sale to a non-related buyer will not be taxable.

The gain on the sale of shares of common stock by a Foreign Holder is subject to a withholding of 35% of the gain. If the gain subject to taxation cannot be determined, the Foreign Holder is subject to a provisional withholding of 10% of the total (sale price) amount, without any deduction, when the amounts are paid to, credited to, accounted for, put at the disposal of, or corresponding to, the Foreign Holder. The Foreign Holder would be entitled to request a tax refund for any amounts withheld in excess of the taxes actually due in April of the following year upon filing its corresponding tax return.

Due to the law recently enacted, gain recognized in the transfer of common shares that have a high presence in the stock exchange will be subject to 10% sole income tax. This rate will be applicable, provided that the common shares are transferred in a local stock exchange or within the process of a public tender of common shares governed by the Securities Market Act. The common shares must have been acquired either in a local stock exchange, within the process of a public tender of common shares governed by the Securities Market Act, in an initial public offer of common shares resulting from the formation of a corporation or a capital increase of the same, or in an exchange of convertible bonds. The buyer or stockbroker or securities agent acting on behalf of the seller without domicile or residence in Chile shall withhold the amount of the sole tax at the time the sales price is paid, remitted, credited into account or placed at the disposal of the transferor.

The withholding shall be made at 10% rate on the taxable gain, unless the buyer or stockbroker or securities agent acting on behalf of the seller without domicile or residence in Chile does not have sufficient information to determine such capital gain, in which case the withholding shall be made at a provisional rate of 1% on the total price, without any deduction. In this last case, the Foreign Holder must file an annual tax return to pay any differences between the withheld amounts and the final applicable tax, or to request a refund if the first were made in excess of the final tax.

Please note that “Institutional Investors”, as defined in article 4 bis (d) of the Chilean Securities Market Act, whether resident in Chile or abroad, will be exempt from income taxes on the capital gains obtained in the sale of shares with a high presence in the stock exchange, provided that the aforementioned requirements are also met.

Notwithstanding the foregoing paragraph, Chile’s tax authority Ruling No. 1,480 (issued on August 22, 2014) confirmed that capital gains stemming from the sale of shares with high stock market presence acquired through the exchange of American Depositary Receipts (ADRs) for shares is subject to the same tax regime as the gain on the sale of any stock with high stock market presence, which according to the rules enforce as of such date, were not subject to taxes in Chile. Thus, according to the recent modifications, such ruling should imply that they would be subject to the sole tax at a rate of 10%. Such reduced rate is applicable provided that the ADRs comply with the requirements established by the CMF for the public offering of securities in Chile (i.e. if the ADRs are registered in the Foreign Securities Registry of the CMF, or their registration has been exempted by the CMF under a cooperation agreement signed with regulators of foreign markets), and the underlying shares have been registered in the Securities Registry of the CMF and on a Chilean Stock exchange. According to General Ruling No. 327, issued by the CMF on January 17, 2012, shares are considered to have a high presence in the stock exchange when they:

- are registered in the Securities Registry;
- are registered in a Chilean Stock exchange; and
- meet at least one of the following requirements:
 - have an adjusted presence equal to or above 25%;
 - have a Market Maker (this requirement is limited under the recently enacted tax reform law).

To calculate the adjusted presence of a particular share, the aforementioned regulation first requires a determination of the number of days in which the operations regarding the stock exceeded, in Chilean pesos, the equivalent of 1,000 UF (US\$38,500 as of January 20, 2022) within the previous 180 business days of the stock market. That number must then be divided by 180, multiplied by 100, and expressed in a percentage value.

To meet the “Market Maker” requirement the issuer of the shares must execute a written contract with a stockbroker incorporated in Chile that fulfills some additional requirements. Law No. 21,210 modified this provision in those cases where the high stock market presence is given exclusively by virtue of a Market Maker. In such cases, the capital gain tax exemption would apply only for the term of one year from the first public offering of the securities.

A capital gain tax exemption for “foreign institutional investors” such as mutual funds and pension funds was repealed as from May 1, 2014 by Law 20,712. However, the law includes a grandfathering provision for shares acquired before May 1, 2014. This provision establishes an exemption on the capital gain obtained in the sale of shares that are publicly traded and have a high presence in a stock exchange when the sale is made by a foreign institutional investor, provided that the sale is made in a local stock exchange or in a public tender in accordance with the provisions of the Securities Market Act, or in the redemption of fund quotas, and the shares were acquired before May 1, 2014.

Pursuant to the regulations of the grandfathering rule, to qualify as a foreign institutional investor an entity must be formed outside of Chile, not have a domicile in Chile, and must be at least one of the following:

- a fund registered with a regulatory authority of an EU or OECD country, or other country duly authorized by the CMF;
- a pension fund that is formed exclusively by individuals that receive pensions out of an accumulated capital in the fund, regulated by an authority of the countries mentioned above;
- an insurance company regulated by the competent regulatory authority of the insurance business, as appropriate, which must be part of IAIS, International Association of Insurance Supervisors, or ASSAL, Asociación de Supervisores de Seguros de América Latina;
- a foreign State or a division with political autonomy recognized by Chile, whether they invest through its government, central bank, issuing bank or corresponding monetary authority. Moreover, the investment can be made through investment authorities, investment agencies, investment corporations or other entities, provided that its purpose is to provide financial resources for the exclusive benefit of the foreign State or territorial division, and provided that the vehicle is not used also for investments or resources other than those of the sovereign fund; or
- an endowment fund duly registered in an EU or OECD country, or other country duly authorized by the CMF.

The foreign institutional investor must not directly or indirectly participate in the control of the corporations issuing the shares it invests in, nor possess or participate directly or indirectly in 10% or more of the capital or the profits of such corporations.

Another requirement for the exemption is that the foreign institutional investor must execute a written contract with a bank or a stockbroker incorporated in Chile. In this contract, the bank or stockbroker must undertake to execute purchase and sale orders, verify the applicability of the tax exemption or tax withholding and inform the Chilean IRS of the investors it works with and the transactions it performs. Finally, the foreign institutional investor must register with the Chilean IRS by means of a sworn statement issued by such bank or stockbroker.

The tax basis of common shares received in exchange for ADRs will be the acquisition value of the common shares on the date of exchange duly adjusted for local inflation. The valuation procedure set forth in the deposit agreement, which values common shares which are being exchanged at the highest price at which they trade on the SSE on the date of the exchange, will determine the acquisition value for this purpose. Consequently, the surrender of ADRs for common shares and the immediate sale of the common shares for the value established under the Deposit Agreement will not generate a capital gain subject to taxation in Chile, provided that the sale of the common shares is made on the same date on which the exchange of ADRs for common shares is recorded, or if the price of the common shares at the exchange date, as determined above, is higher than the price at which the common shares are sold.

The exercise of preemptive rights relating to the common shares will not be subject to Chilean taxation. Any gain obtained by a Foreign Holder without taxable presence in Chile on the sale of preemptive rights relating to the common shares will be subject to Withholding Tax (the former being creditable against the latter).

Other Chilean Taxes

Please note that there should not be Chilean inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of ADSs by a Foreign Holder, but such taxes generally will apply to the transfer at death or by gift of the common shares by a Foreign Holder. However, in the inheritance of a Foreign Holder, assets located abroad may only be subject to inheritance, gift or succession taxes when they have been acquired with resources originating in Chile. There are no Chilean stamp, issue, registration or similar taxes or duties payable by Foreign Holders of ADSs or common shares.

Withholding Tax Certificates

Upon request, we will provide to Foreign Holders appropriate documentation evidencing the payment of the Withholding Tax (net of the applicable First Category Tax credit).

Material United States Federal Income Tax Considerations

This section describes the material U.S. federal income tax consequences to a U.S. holder (as defined below) of owning common shares or ADSs. It applies to you only if you hold your common shares or ADSs as capital assets for tax purposes. This section does not purport to be a complete analysis or listing of all potential U.S. federal income tax considerations that may be relevant to U.S. holders with respect to their ownership and disposition of ADSs or common shares. Accordingly, it is not intended to be, and should not be construed as, tax advice. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a financial institution,
- a regulated investment company,
- a real estate investment trust,
- a life insurance company,
- a person liable for alternative minimum tax,
- a person that directly, indirectly or constructively owns 10% or more of the vote or value of our stock,
- a person that holds common shares or ADSs as part of a straddle or a hedging or conversion transaction,
- a person that purchases or sells common shares or ADSs as part of a wash sale for tax purposes,

- a U.S. holder (as defined below) whose functional currency is not the U.S. dollar,
- a U.S. expatriate,
- a person who acquired our ADSs or common shares pursuant to the exercise of any employee share option or otherwise as compensation, or
- a partnership or other pass-through entity or arrangement treated as such (or a person holding our ADSs or common shares through a partnership or other pass-through entity or arrangement treated as such).

If you are a member of a special class of holders subject to special rules, you should consult your tax advisor with regard to the U.S. federal income tax treatment of an investment in the common shares or ADSs. Moreover, this summary does not address the U.S. federal estate, gift, or the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. holders or alternative minimum tax considerations, or any U.S. state, local, or non-U.S. tax considerations of the acquisition, ownership and disposition of common shares and ADSs.

This section is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed Treasury regulations, published rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. On February 4, 2010, representatives of the governments of the United States and Chile signed a proposed income tax treaty, but the proposed treaty is not in force or effect, because the U.S. Senate has not consented to its ratification by the President of the United States.

The laws on which this section is based are subject to differing interpretations. No ruling has been sought from the U.S. Internal Revenue Service with respect to any U.S. federal income tax consequences described below, and there can be no assurance that the U.S. Internal Revenue Service or a court will not take a contrary position.

In addition, this section is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

If an entity that is treated as a partnership for U.S. federal income tax purposes holds the common shares or ADSs, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the common shares or ADSs should consult its tax advisor with regard to the U.S. federal income tax treatment of an investment in the common shares or ADSs.

For purposes of this summary, a “U.S. holder” is a beneficial owner of common shares or ADSs that is a citizen or resident of the United States or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such common shares or ADSs.

The U.S. federal income tax consequences to U.S. holder may be affected by our Chapter 11 proceedings, which remain ongoing. You should consult with your tax advisors concerning the U.S. federal income tax considerations of the ownership or disposition of our common shares or the ADSs in light of our Chapter 11 proceedings and your particular circumstances, as well as any considerations arising under the laws of any other taxing jurisdiction.

ADSs

As a result of our Chapter 11 proceedings, LATAM was delisted from the NYSE on June 22, 2020. Our ADSs continue to trade in the over-the-counter market under the ticker “LTMAQ.” In general, and taking into account the earlier assumptions, for U.S. federal income tax purposes, if you hold ADRs evidencing ADSs, you will be treated as the beneficial owner of the common shares represented by those ADRs. Exchanges of common shares for ADRs, and ADRs for common shares, generally will not be subject to U.S. federal income tax.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly, the creditability of any foreign taxes paid and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. holders (as discussed below), could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and us if as a result of actions the holders of ADSs are not properly treated as beneficial owners of the underlying common shares.

Taxation of Dividends

Under the U.S. federal income tax laws, and subject to the passive foreign investment company (“PFIC”) rules discussed below, if you are a U.S. holder, the gross amount of any dividend we pay out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) is subject to U.S. federal income taxation. Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your adjusted tax basis in the common shares or ADSs, as the case may be, and thereafter as capital gain from the sale or exchange of the common shares or ADSs, as the case may be. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Accordingly, you should expect to generally treat any distributions we make as dividend income for U.S. federal income tax purposes.

If you are a U.S. holder who is an individual, trust, or estate, then dividends paid on the ADSs or common shares that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains. Dividends paid on the ADSs or common shares will be treated as qualified dividend income if:

- (a) the ADSs or common shares are readily tradable on an established securities market in the United States; or (b) we are eligible for benefits of a comprehensive tax treaty with the United States, which the U.S. Treasury determines is satisfactory for this purpose, which includes an exchange of information program;
- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a PFIC; and
- you hold the ADSs or common shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements; and the U.S. holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

We believe that our common shares and ADSs should not be treated as stock of a PFIC for U.S. federal income tax purposes. See “—PFIC Rules,” below.

U.S. Internal Revenue Service guidance provides that shares and ADSs are considered as readily tradable on an established securities market in the United States if they are listed on certain national U.S. securities exchanges, including the NYSE. In the case of stock that is not listed in a manner that meets this definition (such as stock listed on the OTC Bulletin Board or on the electronic pink sheets), the U.S. Internal Revenue Service indicated in 2003 that it was considering whether, or to what extent, treatment as “readily tradable on an established securities market in the United States” should be conditioned on the satisfaction of parameters regarding minimum trading volume, minimum number of market makers, maintenance and publication of historical trade or quotation data, issuer reporting requirements under SEC or exchange rules, or issuer disclosure or determinations regarding PFIC or similar status. To date the U.S. Internal Revenue Service has not issued further guidance on this topic.

Accordingly, because our ADSs were delisted from the NYSE on June 22, 2020 and currently trade only on the over-the-counter market, and because our common shares are not listed on any United States securities exchange, the U.S. Internal Revenue Service may (as long as there is no income tax treaty in force and effect between Chile and the United States) take the position that dividends we pay with respect to the common shares are not qualified dividend income, and therefore, that the U.S. dollar amount of such dividends received by an individual, trust, or estate U.S. holder are subject to taxation at ordinary U.S. federal income tax rates. Corporate U.S. holders are taxed on dividend income at the U.S. federal corporate income tax rate whether or not the dividend income is qualified dividend income.

The dividend is taxable to you when you, in the case of common shares, or the Depositary, in the case of ADSs, receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to U.S. domestic corporations in respect of dividends received from other U.S. domestic corporations or certain foreign corporations. The amount of the dividend distribution that you must include in your income as a U.S. holder will be the U.S. dollar value of the Chilean pesos payments made, determined at the spot Chilean pesos/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

The dividend income you have to include in gross income includes the amount of any Chilean tax withheld from the dividend payment even though you do not in fact receive such amount. Subject to generally applicable limitations and conditions under the Code, Chilean Withholding Tax withheld and paid over to the Chilean tax authorities (after taking into account the credit for the First Category Tax, when it is available) generally may be creditable or deductible against your U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to qualified dividend income that is subject to preferential U.S. federal income tax rates. To the extent a refund of the tax withheld is available to you under Chilean law, as is the case if the amount of Chilean Withholding Tax initially withheld from a dividend is determined to be excessive as described above under “—Taxation—Chilean Tax—Cash Dividends and Other Distributions,” the amount of tax withheld that is refundable will not be eligible for credit against your United States federal income tax liability.

Dividends will generally be income from sources outside the United States and will, depending on your circumstances, generally be either “passive” or “general” or “foreign branch” income for purposes of computing the foreign tax credit allowable to you. The rules relating to foreign tax credits and deductions are complex. U.S. holders should consult their tax advisors concerning the application of these rules in their particular circumstances. Treasury regulations released on December 28, 2021, and applicable to foreign taxes paid in taxable years beginning on or after that date, modified the rules defining creditable foreign taxes. Accordingly, it will be necessary to evaluate the Chilean Withholding Tax under this modified regulatory definition to determine whether the Chilean Withholding Tax is creditable against your U.S. federal income tax liability in your taxable years beginning on or after December 28, 2021.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, if you sell or otherwise dispose of your common shares or ADSs, you will generally recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your adjusted tax basis, determined in U.S. dollars, in your common shares or ADSs. Capital gain of a U.S. holder who is an individual, trust, or estate, is generally taxed at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to significant limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. Consequently, you may not be able to use the Chilean tax imposed on the disposition of common shares or ADSs as a foreign tax credit, assuming such tax is even a creditable tax as discussed below, against your U.S. federal income tax liability on such disposition.

It is possible that you may be able to apply such Chilean taxes as a foreign tax credit against U.S. federal income tax due on other income you may have that is treated as derived from foreign sources in the appropriate foreign tax credit limitation category. Treasury regulations released on December 28, 2021, and applicable to foreign taxes paid in taxable years beginning on or after that date, modified the rules for determining whether foreign taxes on gains of nonresidents of the foreign taxing jurisdiction, from the sale or disposition of property based on the situs of property, are creditable for U.S. federal income tax purposes. Accordingly, if any Chilean tax is imposed on your gains from the sale or disposition of common shares, it will be necessary to evaluate the tax under these modified regulations to determine whether the tax is creditable against your U.S. federal income tax due on such other income in taxable years beginning on or after December 28, 2021.

If the consideration received for our common shares or ADSs is paid in foreign currency, the amount realized will generally be the U.S. dollar value of the payment received translated at the spot rate of exchange on the date of disposition (or, if the common shares or ADSs are traded on an established securities market at such time, in the case of cash-basis and electing accrual-basis U.S. holders, the settlement date). An accrual basis U.S. holder that does not elect to determine the amount realized using the spot exchange rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the sale or other disposition and the settlement date. Our ADSs were delisted from the NYSE on June 22, 2020 and currently trade only on the over-the-counter market. It is unclear whether an over-the-counter market is treated as an established securities market for purposes of these rules. A U.S. holder's initial tax basis in our common shares or ADSs will equal the cost of such ADSs or common shares. If a U.S. holder used foreign currency to purchase our common shares or ADSs, the cost of our common shares or ADSs will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. If our common shares or ADSs are treated as traded on an established securities market and the relevant U.S. holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such holder will determine the U.S. dollar value of the cost of such common shares or ADSs by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

PFIC Rules

We believe that our common shares and ADSs should not be treated as stock of a PFIC for our current taxable year and we do not anticipate becoming a PFIC in future taxable years, but this conclusion is a factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, gain realized on the sale or other disposition of your common shares or ADSs would in general not be treated as capital gain that is eligible for preferential tax rates in the case of non-corporate U.S. holders. Instead, if you are a U.S. holder, unless you make a timely "mark-to-market" election electing to be taxed annually on a mark-to-market basis with respect to your common shares or ADSs, or you make a timely "qualified electing fund" election electing to be taxed annually on the earnings and gains of the PFIC attributable to your shares or ADSs (irrespective of distributions), you would be treated as if you had realized such gain ratably over your holding period in the common shares or ADSs and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year except for the current year. In addition, unless you make a timely "mark-to-market" election or "qualified electing fund" election, distributions that you receive from us as a direct or indirect U.S. holder will not be eligible for the preferential tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to you either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at the tax rates applicable to ordinary income, and to the extent they are treated as "excess distributions" under the PFIC rules, they will also be subject to the PFIC interest charge described above. A U.S. holder will be required to make an annual filing with the U.S. Internal Revenue Service if such holder holds ADSs or common shares in any year in which we are classified as a PFIC. With certain exceptions, your common shares or ADSs will continue to be treated as stock in a PFIC if we were a PFIC at any time during your holding period in your common shares or ADSs even if we no longer meet the PFIC tests in a later year.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. investors are urged to consult their own tax advisers with respect to the application of the PFIC rules to their investment in the common shares or ADSs.

Information Reporting and Backup Withholding

Dividends paid on, and proceeds from the sale or other disposition of, the shares to a U.S. Holder generally are subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the U.S. Internal Revenue Service in a timely manner.

A holder that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

Foreign Asset Reporting

Certain U.S. holders who are individuals (and certain entities) that hold an interest in "specified foreign financial assets" (which may include the common shares or ADSs) with an aggregate value in excess of U.S.\$50,000 on the last day of the taxable year, or \$75,000 at any time during the taxable year, are required to report information relating to such assets, currently on Form 8938, subject to certain exceptions (including an exception for stock held in accounts maintained by certain financial institutions). Penalties can apply if U.S. holders fail to satisfy such reporting requirements. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of common shares and ADSs.

F Dividends and Paying Agents

Not applicable.

G Statement by Experts

Not applicable.

H Documents on Display

We file reports, including annual reports on Form 20-F, and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. Filings we make electronically with the SEC are available to the public on the Internet at the SEC's website at www.sec.gov and at our website at <http://www.latamairlinesgroup.net/financial-information/sec-filings>. (This URL is intended to be an inactive textual reference only. It is not intended to be an active hyperlink to our website. The information on our website, which might be accessible through a hyperlink resulting from this URL, is not and shall not be deemed to be incorporated into this annual report.)

I Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

General

Given the nature of its business, LATAM is exposed mainly to three types of market risk:

- Fuel price fluctuations;
- Foreign exchange fluctuations; and
- Interest rate fluctuations.

Management assesses the level of our exposure to these risks periodically to determine which one should be hedged and the most effective mechanisms to be implemented. LATAM purchases derivative instruments in foreign markets to offset market risk exposure, typically utilizing a mix of financial and commodity derivatives. LATAM does not enter into or hold derivative contracts for trading purposes.

For more information on Market Risk, see Note 3 "Financial Risk Management" to our audited consolidated financial statements.

Risk of Fluctuations in Fuel Prices

Jet fuel price fluctuations are largely dependent on supply and demand for crude oil, OPEC decisions, refinery capacities, stock levels of crude oil, natural disasters, climatic risk and geopolitical factors.

LATAM fuel consumption for 2021 was 677 million gallons. To manage its exposure to the cost of fuel, LATAM has a hedging program based on our Fuel Hedging Policy, which is annually updated and approved by the board of directors. LATAM's Fuel Hedging Policy aims to mitigate the liquidity risk in the short/medium term, avoiding cash and financial distress. LATAM has established four hedging zones based on advance purchase behavior, pass-through and fuel invoicing process.

Jet Fuel is not the only underlying asset that LATAM may use for hedging purposes. It may also consider derivative instruments in other underlying commodity assets such as ICE Brent, West Texas Intermediate (WTI) or NYMEX Heating Oil (HO).

LATAM has decided to use protective and non-speculative instruments to reduce the operating margin exposure. Also, LATAM will not use financial derivatives to speculate on financial markets and consequently obtain gains from these types of transactions, and will not receive premiums as cash from sold options (nevertheless LATAM could buy and sell options as a structured product).

LATAM periodically reviews its exposure with each counterparty in order to monitor its credit concentration. For more information, see "Item 3. Key Information—D. Risk Factors—Risks Relating to our Company—*Our operations are subject to fluctuations in the supply and cost of jet fuel, which could adversely impact our business.*"

During 2021, 2020 and 2019 we entered into a mix of swaps and option contracts on NYMEX HEATING OIL and JET FUEL 54 USGC with investment grade banks and other financial entities for notional fuel purchases (non-delivery). Details of the fuel hedging program are shown below:

	LATAM Fuel Hedging Year ended December 31,		
	2021 LATAM	2020 LATAM	2019 LATAM
Gallons Purchased (million)	117.4	864.3	779.8
% Total Annual Fuel Consumption	16.1%	146.4%(*)	61.5%
Combined Result of Hedges (in million of US\$)	10.1	(98.3)	(23.1)

(*) The percentage shown in the table considers all the hedging instruments (swap and options), which between March 2020 and December 31, 2020, were not accounted as hedge accounting. The percentage shown considers the expected consumption after COVID-19.

Upon filing of Chapter 11, counterparties terminated all of our hedging contracts. Subsequently, the Company has entered into new fuel hedging contracts in accordance with orders from the Bankruptcy Court.

As of December 31, 2021, the fair value of our outstanding fuel related derivative contracts was US\$17.6 million (positive).

Gains and losses on the hedging contracts outlined above are recognized as a cost of sales in the income statement when the fuel subject to the hedge is consumed. Premiums paid related to fuel derivative contracts are recorded as prepaid expenses (current assets) and recorded as an expense at the time the contract expires.

Under IFRS, the fair value of the hedging derivatives is booked as a non-current asset or liability if the remaining maturity of the item is hedged for more than 12 months, and as a current asset or liability if the remaining term of the item is hedged for less than 12 months. The fair value of the derivative contracts is deferred within an equity reserve account. Please see Note 2.10 to our audited consolidated financial statements. As the current positions do not represent changes in cash flows but a variation in the exposure to the market value, the Company's current hedge positions have no impact on income; they are booked as cash flow hedge contracts, so a variation in fuel prices has an impact on the Company's net equity.

The following table shows the sensitivity analysis of our hedging contracts to reasonable changes in fuel prices and their effect on equity. The term used for the projection was December 31, 2022, the last maturity date of our current fuel hedge contracts. The calculations were made considering a parallel movement of US\$5 per barrel in the curve of the BRENT and JET crude futures benchmark price at the end of December 2021, 2020, 2019.

	LATAM fuel price sensitivity Position as of December 31		
	2021 LATAM (effect on equity)	2020 LATAM (effect on equity)	2019 LATAM (effect on equity)
	<i>(millions of US\$ per barrel)</i>		
HO or JET benchmark price			
+5	+2.7	+0.6	+15.4
-5	-3.3	-0.6	-34.5

During the periods presented, the Company has not recorded amounts for ineffectiveness in the consolidated income statement pursuant to IFRS principles for recognizing and measuring financial instruments.

Given the fuel hedge structure during the year 2021, which considers a portion free of hedge, a vertical drop of US\$5 in the JET reference price (considered as the monthly daily average), would have had an approximate impact of US\$ 79.2 million lower fuel cost. For the same period, a vertical increase of US\$5 dollars in the JET reference price (considered as the monthly daily average), would have had an approximate impact of US\$ 80.8 million higher fuel costs.

Risk of Variation in Foreign Exchange Rates

The functional currency of the LATAM holding company is the U.S. dollar. Since LATAM conducts its business in local currencies in several countries, it faces the risk of variations in multiple foreign currency exchange rates. Depreciation of these currencies against the U.S. dollar could have adverse effects both transactional and translational, because part of our revenues and expenses are denominated in those currencies.

At the same time, LATAM's affiliates are exposed to foreign exchange risk, which could in turn impact the consolidated results of the Company.

The greatest exposure to future cash flows is mainly presented by the subsidiary LATAM Airlines Brazil and volatility in the R\$/US\$ exchange rate. LATAM Airlines Brazil's earnings are generated largely in R\$. We actively manage the R\$/US\$ exchange rate risk by entering into FX derivative contracts and carrying out internal operations for obtaining natural hedging.

To a lesser extent, the company also faces foreign exchange risk relating to additional currencies such as: Great Britain Pound, Euro, Chilean Peso, Australian Dollars, Argentine Peso, Paraguayan Guarani, Mexican Peso, Peruvian Nuevo Sol, Colombian Peso and New Zealand Dollars. Those currencies could be hedged as long as they turn relevant (higher exposure and volatility) to the LATAM's market risk management. As of December 31, 2021, LATAM has no current hedge instruments in its portfolio.

Because of changes in the values of existing FX derivative positions do not represent changes in cash flows, but a variation in the exposure of market value, the outstanding hedging positions do not impact results (they are registered as cash flow hedges under IFRS, therefore, a change in the foreign exchange rate has an impact on the equity of the Company).

Balance sheet exposure of LATAM to the Brazilian Real is related to the functional currency of LATAM Airlines Brazil and its balance sheet currency mismatch, as LATAM Airlines Brazil has a net US\$ liability position. When the balance sheet denominated in U.S. dollars is translated to Brazilian Real, the financial results of LATAM Airlines Brazil may fluctuate and therefore could impact LATAM's financial results.

The exposure to the Brazilian real on LATAM Airlines Brazil balance sheet has been reduced from over US\$4.0 billion since the combination between LAN and TAM in June 2012 to around US\$0.5 billion as of December 31, 2021. The Company continues working to mitigate this exposure through financial and operational mechanisms.

The following table shows the sensitivity of LATAM Airlines Brazil's financial results to changes in the R\$/US\$ exchange rate:

	LATAM Airlines Brazil exchange rate sensitivity Position		
	effect on pre-tax earnings as of December 31,		
	2021 LATAM	2020 LATAM	2019 LATAM
	<i>(millions of US\$)</i>		
Appreciation (depreciation) of R\$/US\$			
-10%	+51.9	-10.9	+9.5
+10%	-51.9	+10.9	-9.5

Our foreign currency exchange exposure as of December 31, 2021 was as follows:

	LATAM foreign currency exchange exposure								
	U.S. Dollars		Brazilian		Chilean		Other		Total MUS\$
	MUS\$	% of total	real MUS\$	% of total	pesos MUS\$	% of total	currencies MUS\$	% of total	
Current assets	1,316,812	50.0%	976,518	37.1%	112,065	4.3%	229,735	8.7%	2,635,130
Other assets	9,352,617	87.6%	1,229,678	11.5%	38,063	0.4%	56,946	0.5%	10,677,304
Total assets	10,669,429	80.1%	2,206,196	16.6%	150,128	1.1%	286,681	2.2%	13,312,434
Current liabilities	9,256,664	75.0%	1,298,135	10.5%	916,152	7.4%	865,376	7.0%	12,336,327
Long-term liabilities	6,831,505	84.0%	726,945	9.0%	446,692	5.6%	37,867	0.4%	8,043,009
Total liabilities and shareholders' equity	16,088,169	78.9%	2,025,080	9.9%	1,362,844	6.7%	897,895	4.4%	20,379,336

Risk of Fluctuations in Interest Rates

As of December 31, 2021, LATAM had US\$7,112.1 million in outstanding interest-bearing loans. LATAM usually uses interest rate derivatives to reduce the impact of an increase of interest rates, although at this moment, given the Chapter 11 proceedings, LATAM has no derivatives ongoing. Given this situation, approximately 44% of LATAM outstanding debt as of December 31, 2021, was effectively at a fixed rate.

LATAM's interest-bearing loans can be classified by: variable interest rate debt and fixed interest rate. LATAM's variable interest rate debt amounts to US\$4,006.3 million, from which 37.7% is assigned to aircraft financing and 62.3% to non-aircraft financing. The fixed interest rate debt amounts are US\$3,105.8 million of which 22.3% is assigned to aircraft financing and 77.7% to non-aircraft financing.

As of December 31, 2021, the average interest rate of our outstanding interest-bearing long-term debt rate was 5.63%.

The US\$ 7,112.1 million in outstanding interest-bearing loans does not include US\$ 662.3 million of DIP financing provided by Related Parties, which are accounted for under Related Party Transactions (see Note 33 in our Consolidated Financial Statements). When including this amount, the average interest rate of our long-term debt as of December 31, 2021, was 6.51% and the portion of debt at a fixed rate was approximately 40%.

The following table summarizes our principal payment obligations on all of our interest-bearing debt as of December 31, 2021, and the related average interest rate for such debt. The average interest rate has been calculated based on the prevailing interest rate on December 31, 2021 for each loan.

	LATAM's principal payment obligations by year of expected maturity ⁽¹⁾						2027 and thereafter
	Average interest rate ⁽²⁾	2022	2023	2024	2025	2026	
	(millions of US\$)						
Interest-bearing liabilities	5.63%	2,717	299	898	262	1,013	1,065
DIP financing provided by Related Parties⁽³⁾		662	-	-	-	-	-
Total	6.51%	3,379	299	898	262	1,013	1,065

- (1) At cost.
- (2) Average interest rate means the average prevailing interest rate on our debt on December 31, 2021.
- (3) Includes capitalized fees and interest.
- (4) Amortizations are based on December 31, 2021 contractual obligations, so they include some unsecured debt that won't be paid in cash, but would be paid in claims.

The following table shows the sensitivity of changes in our long-term interest-bearing liabilities and capital leases that are not hedged against interest-rate variations. These changes are considered reasonably possible based on current market conditions.

	LATAM's interest rate sensitivity (effect on pre-tax earnings)		
	Position as of December 31,		
	2021 LATAM	2020 LATAM	2019 LATAM
	<i>(millions of US\$)</i>		
Increase (decrease) in LIBOR			
+100 basis points	-46.31	-42.11	-27.6
-100 basis points	+46.31	+42.11	+27.6

Changes in market conditions produce a change in the valuation of current financial instruments hedging against fluctuations in interest rates, causing an effect on the Company's equity (because they are booked as cash-flow hedges). These changes are considered reasonably possible based on current market conditions. The calculations were made by increasing (decreasing) 100 basis points of the three-month Libor futures curve.

	LATAM's interest rate sensitivity (effect on equity) Position		
	as of December 31,		
	2021 LATAM	2020 LATAM	2019 LATAM
	<i>(millions of US\$)</i>		
Increase (decrease) in three month LIBOR			
<i>Future Rates</i>			
+100 basis points	+0	+0	+13.6
-100 basis points	-0	-0	-14.7

During the periods presented, the Company has not recorded amounts for ineffectiveness in the consolidated income statement pursuant to IFRS.

There are market-related limitations in the method used for the sensitivity analysis. These limitations derive from the fact that the levels indicated by the futures curves may not be necessarily met and may change in each period.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A Debt Securities

Not applicable.

B Warrants and Rights

Not applicable.

C Other Securities

Not applicable.

D American Depositary Shares

In the United States, our common shares trade in the form of ADS. Since August 2007, each ADS represents one common share, issued by The Bank of New York Mellon, as Depositary pursuant to a Deposit Agreement. ADSs commenced trading on the NYSE in 1997. In October 2011, our Depositary bank changed from The Bank of New York Mellon to JP Morgan Chase Bank, N.A. ("JP Morgan").

Fees and Charges for ADR Holders

JP Morgan, as depositary, collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of the distributable property to pay the fees. The depositary may also collect its annual fee for depositary services by deductions from cash distributions, by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Persons depositing or withdrawing shares must pay:**For:**

US\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	<ul style="list-style-type: none"> • Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
US\$0.05 (or less) per ADS	<ul style="list-style-type: none"> • Any cash distribution to ADS registered holders
A fee equivalent to the fee that would be payable if securities distributed had been shares and the shares had been deposited for issuance of ADSs	<ul style="list-style-type: none"> • Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS registered holders
US\$0.05 (or less) per ADSs per calendar year	<ul style="list-style-type: none"> • Depository services
Registration or transfer fees	<ul style="list-style-type: none"> • Transfer and registration of shares on the depositary's share register to or from the name of the depositary or its agent when investors deposit or withdraw shares
Expenses of the depositary	<ul style="list-style-type: none"> • Cable, telex and facsimile transmissions • Conversion of foreign currencies into U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADS or share underlying an ADS, such as stock transfer taxes, stamp duty or withholding taxes	<ul style="list-style-type: none"> • As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	<ul style="list-style-type: none"> • As necessary

Fees and Direct and Indirect Payments Made by the Depositary to the Foreign Issuer**Past Fees and Payments**

During 2021, the Company received US\$458,177.96 from the depositary for continuing annual stock exchange listing fees, standard out-of-pocket maintenance costs for the ADRs (consisting of the expenses of postage and envelopes for mailing annual and interim financial reports, printing and distributing dividend checks, electronic filing of U.S. Federal tax information, mailing required tax forms, stationery, postage, facsimile, and telephone calls), payments related to applicable performance indicators relating to the ADR facility, underwriting fees and legal fees.

Future Fees and Payments

JP Morgan, as the depositary bank, has agreed to reimburse the Company for certain of our reasonable expenses related to our ADS program and incurred by us in connection with the program. The reimbursements include direct payments (legal and accounting fees incurred in connection with preparation of Form 20-F and ongoing SEC compliance and listing requirements, listing fees, investor relations expenses, advertising and public relations expenses and fees payable to service providers for the distribution of hard copy materials to beneficial ADR holders in the Depositary Trust Company, such as information related to shareholders' meetings and related voting instruction cards); and indirect payments (third-party expenses paid directly and fees waived).

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

A Disclosure Controls and Procedures

Management carried out an evaluation, with the participation of the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2021. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon such evaluation, management, with the participation of the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures, as of December 31, 2021, were effective in providing reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management including our Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

B Management's Annual Report on Internal Control Over Financial Reporting

The management of the Company, including the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, as amended.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness of internal control to future periods are subject to the risk that controls may become inadequate because of changes in conditions, and that the degree of compliance with the policies or procedures may deteriorate. LATAM Airlines Group S.A.'s management, including the Chief Executive Officer and the Chief Financial Officer, has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 based on the criteria established in Internal Control - "Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and, based on such criteria, LATAM Airlines Group S.A.'s management has concluded that, as of December 31, 2021, the Company's internal control over financial reporting is effective. The company's internal control over financial reporting effectiveness as of December 31, 2021 has been audited by PricewaterhouseCoopers Consultores Auditores SpA, an independent registered public accounting firm, as stated in their report included herein.

C Attestation report of the registered public accounting firm.

See page F-2 of our audited consolidated financial statements.

D Changes in internal controls over financial reporting.

There have been no changes that have materially affected or are reasonably likely to materially affect the company's internal control over financial reporting.

ITEM 16. RESERVED**ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has designated on June 11, 2019 Nicolás Eblen Hirmas as an “audit committee financial expert” within the meaning of this Item 16. A. Mr. Eblen is independent within the meaning of Rule 10A-3 under the Exchange Act. See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management.”

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics and conduct, as defined in Item 16B of Form 20-F under the Exchange Act. Our code of ethics applies to our senior management, including our Chief Executive Officer, our Chief Financial Officer and our Chief Accounting Officer, as well as to other employees. Our code is freely available online at our website, www.latamairlinesgroup.net, under the heading “Corporate Governance” on the Investor Relations page. In addition, upon written request, by regular mail, to the following address: LATAM Airlines Group S.A., Investor Relations Department, attention: Investor Relations, Av. Presidente Riesco 5711, 20th Floor, Las Condes, Santiago, Chile, or by e-mail at InvestorRelations@latam.com we will provide any person with a copy of it without charge. If we amend the provisions of our code of ethics that apply to our senior management or to other persons performing similar functions, or if we grant any waiver of such provisions, we will disclose such amendment or waiver on our website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**Audit and Non-Audit Fees**

The following table sets forth the fees paid to our independent registered public accounting firm, PricewaterhouseCoopers Consultores Auditores SpA, during the fiscal years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	<u>USD (in thousands)</u>	
Audit fees	1,590	1,308
Audit-related fees	-	14
Tax fees	-	-
All Other fees	-	-
Total fees	<u>1,590</u>	<u>1,322</u>

Audit-related fees in the above table are the aggregate fees billed by PricewaterhouseCoopers Consultores Auditores SpA for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the external auditor, including due diligence and other audit related services.

Board of Directors’ Committee Pre-Approval Policies and Procedures

Since January 2004, LATAM has complied with SEC regulations regarding the type of additional services our independent auditors are authorized to offer to us. In addition, our board of directors’ Committee (which serves as our Audit Committee) has decided to automatically authorize any such accepted services, individually or jointly considered during one calendar year, for an amount of up to 20% of the fees charged by the auditing firm. If the amount of any services, individually or jointly considered during one calendar year, is larger than these thresholds, approval by the board of directors’ Committee will be required.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

As a result of our Chapter 11 proceedings, the New York Stock Exchange (the "NYSE") filed with the SEC a notice on June 10, 2020 in order to delist our American Depositary Shares (ADSs). The delisting became effective on June 22, 2020. Our ADSs continue to trade in the over-the-counter market under the ticker "LTMAQ."

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 17. FINANCIAL STATEMENTS

See "Item 18. Financial Statements."

ITEM 18. FINANCIAL STATEMENTS

See our consolidated Financial Statements beginning on page F-1.

ITEM 19. EXHIBITS

Documents filed as exhibits to this annual report

Exhibit No.	Description
1.1	Amended By-laws of LATAM Airlines Group S.A., incorporated herein by reference from our Annual Report for the fiscal year ended December 31, 2020 on Form 20-F (File No. 333-131938), filed on March 10, 2021.
2.1	Third Amended and Restated Deposit Agreement dated as of September 21, 2017 among the Company and its successors and JPMorgan Chase Bank N.A., incorporated herein by reference from Exhibit 99(a)(1) to our registration statement on Form F-6 (File No. 333-262919), filed on February 22, 2022.
2.2	Amendment No. 1 dated as of March 12, 2021 to the Third Amended and Restated Deposit Agreement dated as of September 21, 2017, between the Company and JPMorgan Chase Bank N.A., filed as Exhibit 99(a)(2) to our registration statement on Form F-6 (File No. 333-262919), filed on February 22, 2022.
2(d)*	Description of Securities Disclosure
2.3	Indenture, dated as of April 11, 2017, between LATAM Finance Limited, as issuer, LATAM Airlines Group S.A., as guarantor, and The Bank of New York Mellon, as trustee, transfer agent and paying agent.
2.4	Indenture dated as of February 11, 2019 by and among, Latam Finance Limited, as issuer, Latam Airlines Group S.A., as guarantor, and the Bank of New York Mellon, as trustee, registrar, transfer agent and paying agent in respect of the 7.00% Senior Notes Due 2026 incorporated by reference to our annual report on Form 20-F (File No. 001-14728), filed on April 15, 2019.
2.5	We hereby agree to furnish to the SEC, upon its request, copies of any instruments defining the rights of holders of our long-term debt (or any long-term debt of our subsidiaries for which we are required to file consolidated or unconsolidated financial statements), where such indebtedness does not exceed 10% of our total consolidated assets.
4.1.1	Amendment No. 2, dated as of October 4, 2005, to the Second A320-Family Purchase Agreement dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. (as successor to Airbus Industry) (incorporated by reference to our amended annual report on Form 20-F (File No. 001-14728), filed on June 30, 2006, and portions of which have been omitted pursuant to a request for confidential treatment).
4.1.2	Amendment No. 3, dated as of March 6, 2007, to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. (incorporated by reference to our amended annual report on Form 20-F (File No. 001-14728), filed on June 30, 2006, and portions of which have been omitted pursuant to a request for confidential treatment).
4.1.3	Amendment No. 5, dated as of December 23, 2009, to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. (incorporated by reference to our amended annual report on Form 20-F (File No. 001-14728), filed on June 29, 2010, and portions of which have been omitted pursuant to a request for confidential treatment).
4.1.4	Amendments No. 6, 7, 8 and 9 (dated as of May 10, 2010, May 19, 2010, September 23, 2010 and December 21, 2010, respectively), to the Second A320-Family Purchase Agreement dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. (incorporated by reference to our amended annual report on Form 20-F (File No. 001-14728), filed on May 5, 2011, and portions of which have been omitted pursuant to a request for confidential treatment).
4.1.5	Amendments No. 10 and 11 (dated as of June 10, 2011 and November 8, 2011, respectively), to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. (incorporated by reference to our annual report on Form 20-F (File No. 001-14728), filed on April 2, 2012 and portions of which have been omitted pursuant to a request for confidential treatment).

- 4.1.6 [Amendment No. 12 \(dated as of November 19, 2012\), to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.1.7 [Amendment No. 13 \(dated as of August 19, 2013\), to the Second A320-Family Purchase Agreement dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. Portions of these documents have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.1.8 [Amendments No. 14, 15, 16 and 17 \(dated as of March 31, 2014, May 16, 2014, July 15, 2015 and December 11, 2014, respectively\), to the Second A320-Family Purchase Agreement dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.1.9 [Novation Agreement \(dated as of October 30, 2014\) between TAM Linhas Aereas S.A., LATAM Airlines Group S.A. and Airbus S.A.S., relating to the A320 Family/A330 purchase agreement dated November 14, 2006, as amended and restated, between Airbus S.A.S. and TAM Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.1.10* [Amendment No. 18 \(dated as of August 4, 2021\), to the Second A320-Family Purchase Agreement dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. Portions of these documents have been omitted pursuant to a request for confidential treatment.](#)
- 4.2 [Aircraft Lease Common Terms Agreement between GE Commercial Aviation Services Limited and LAN Cargo S.A., dated as of April 30, 2007, and Aircraft Lease Agreements between Wells Fargo Bank Northwest N.A., as owner trustee, and LAN Cargo S.A., dated as of April 30, 2007 \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on May 7, 2007, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.3 [Purchase Agreement No. 3256 between the Company and The Boeing Company relating to Boeing Model 787-8 and 787-9 aircraft, dated as of October 29, 2007, \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on June 25, 2008, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.3.1 [Supplemental Agreements No. 1 and 2, \(dated March 22, 2010 and July 8, 2010, respectively\) to the Purchase Agreement No. 3256, dated October 29, 2007, as amended, between the Company and The Boeing Company \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on May 5, 2011, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.3.2 [Supplemental Agreement No. 3, dated as of August 24, 2012, to the Purchase Agreement No. 3256, as amended, between the Company and The Boeing Company, dated as of October 29, 2007 \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.3.3 [Delay Settlement Agreement, dated as of September 16, 2013, to the Purchase Agreement No. 3256, as amended, between the Company and The Boeing Company, dated as of October 29, 2007. Portions of this document have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.3.4 [Supplemental Agreements No. 4 and 5 \(dated as of April 22, 2015 and July 3, 2015, respectively\) to the Purchase Agreement No. 3256, as amended, between the Company and The Boeing Company, dated as of October 29, 2007 \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 29, 2016 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)

- 4.3.5. [Supplemental Agreements No. 6 and 7 \(dated as of May 27, 2016 and December 20, 2016, respectively\) to the Purchase Agreement No. 3256, as amended, between the Company and The Boeing Company, dated as of October 29, 2007. Portions of these documents have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.3.6* [Supplemental Agreement No. 18 \(dated as of April 29, 2021\) to the Purchase Agreement No. 3256, as amended, between the Company and The Boeing Company, dated as of October 29, 2007. Portions of these documents have been omitted pursuant to a request for confidential treatment.](#)
- 4.4 [General Terms Agreement No. CFM-1-2377460475 and Letter Agreement No. 1 to General Terms Agreement No. CFM-1-2377460475 between the Company and CFM International, Inc., both dated December 17, 2010 \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on May 5, 2011, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.5 [Rate Per Flight Hour Engine Shop Maintenance Services Agreement between the Company and CFM International, Inc., dated December 17, 2010 \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on May 5, 2011, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.5 [Implementation Agreement, dated as of January 18, 2011, among the Company, Costa Verde Aeronáutica S.A., Inversiones Mineras del Cantábrico S.A., TAM S.A., TAM Empreendimentos e Participações S.A. and Maria Cláudia Oliveira Amaro, Maurício Rolim Amaro, Noemy Almeida Oliveira Amaro and João Francisco Amaro \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on May 5, 2011\).](#)
- 4.5.1 [Extension Letter to the Implementation Agreement and Exchange Offer Agreement, dated January 12, 2012, among the Company, Costa Verde Aeronáutica S.A., Inversiones Mineras del Cantábrico S.A., TAM S.A., TAM Empreendimentos e Participações S.A. and Maria Cláudia Oliveira Amaro, Maurício Rolim Amaro, Noemy Almeida Oliveira Amaro and João Francisco Amaro \(incorporated by reference to our amended registration statement on Form F-4 \(File No. 333-177984\), filed on November 15, 2011\).](#)
- 4.6 [Exchange Offer Agreement, dated as of January 18, 2011, among LAN Airlines S.A., Costa Verde Aeronáutica S.A., Inversiones Mineras del Cantábrico S.A., TAM S.A., TAM Empreendimentos e Participações S.A. and Maria Cláudia Oliveira Amaro, Maurício Rolim Amaro, Noemy Almeida Oliveira Amaro and João Francisco Amaro \(incorporated by reference to our amended annual report on Form 20-F \(File No. 001-14728\), filed on May 5, 2011\).](#)
- 4.7 [Shareholders Agreement, dated as of January 25, 2012, between the Company and TEP Chile S.A. \(incorporated by reference to our amended registration statement on Form F-4 \(File No. 333-177984\), filed on November 15, 2011\).](#)
- 4.8 [Shareholders Agreement, dated as of January 25, 2012, among the Company, TEP Chile S.A. and Holdco I S.A. \(incorporated by reference to our amended registration statement on Form F-4 \(File No. 333-177984\), filed on November 15, 2011\).](#)
- 4.9 [Shareholders Agreement, dated as of January 25, 2012, among the Company, TEP Chile S.A., Holdco I S.A. and TAM S.A. \(incorporated by reference to our amended registration statement on Form F-4 \(File No. 333-177984\), filed on November 15, 2011\).](#)
- 4.10 [Letter Agreement No. 12 \(GTA No. 6-9576\), dated July 11, 2011, between the Company and the General Electric Company \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)

- 4.11 [A320 NEO Purchase Agreement, dated as of June 22, 2011, between the Company and Airbus S.A.S. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.11.1 [Amendments No. 1, 2 and 3 \(dated as of February 27, 2013, July 15, 2014 and December 11, 2014, respectively\), to the A320 NEO Purchase Agreement dated as of June 22, 2011, between the Company and Airbus S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.11.2 [Letter Agreement No. 1 \(dated as of July 15, 2014\) to Amendment No. 2 \(dated as of July 15, 2014\) to the A320 NEO Purchase Agreement dated as of June 22, 2011, between the Company and Airbus S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.11.3 [Amendment No. 4, 5 and 6 \(dated as of April 15, 2016, April 15, 2016, and August 8, 2016, respectively\), to the A320 NEO Purchase Agreement dated as of June 22, 2011, between the Company and Airbus S.A.. Portions of these documents have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.11.4* [Amendment No. 9 \(dated as of August 4, 2021\), to the A320 NEO Purchase Agreement dated as of June 22, 2011, between the Company and Airbus S.A.. Portions of these documents have been omitted pursuant to a request for confidential treatment.](#)
- 4.12 [Buyback Agreement No. 3001 relating to One \(1\) Airbus A318-100 Aircraft MSN 3001, dated as of April 14, 2011, between the Company and Airbus Financial Services \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.13 [Buyback Agreement No. 3030 relating to One \(1\) Airbus A318-100 Aircraft MSN 3003, dated as of August 10, 2011, between the Company and Airbus Financial Services \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.14 [Buyback Agreement No. 3062, to One \(1\) Airbus A318-100 Aircraft MSN 3062, dated as of May 13, 2011, between the Company and Airbus Financial Services \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.15 [Buyback Agreement No. 3214, to One \(1\) Airbus A318-100 Aircraft MSN 3214, dated as of June 9, 2011, between the Company and Airbus Financial Services \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.16 [Buyback Agreement No. 3216, to One \(1\) Airbus A318-100 Aircraft MSN 3216, dated as of July 13, 2011, between the Company and Airbus Financial Services \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.17 [Aircraft General Terms Agreement Number AGTA-LAN, dated May 9, 1997, between the Company and The Boeing Company \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 2, 2012, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)

- 4.18 [Buyback Agreement No. 3371, dated as of July 25, 2012, between the Company and Airbus Financial Services. Portions of this document have been omitted pursuant to a request for confidential treatment \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.19 [Buyback Agreement No. 3390, dated as of October 26, 2012, between the Company and Airbus Financial Services. Portions of this document have been omitted pursuant to a request for confidential treatment \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.20 [Buyback Agreement No. 3438, dated as of December 5, 2012, between the Company and Airbus Financial Services. Portions of this document have been omitted pursuant to a request for confidential treatment \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.21 [Buyback Agreement No. 3469, dated as of January 4, 2013, between the Company and Airbus Financial Services. Portions of this document have been omitted pursuant to a request for confidential treatment \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.22 [Buyback Agreement No. 3509, dated as of February 20, 2013, between the Company and Airbus Financial Services. Portions of this document have been omitted pursuant to a request for confidential treatment \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.23 [A320 Family Purchase Agreement, dated March 19, 1998, between Airbus S.A.S. \(formerly known as Airbus Industries GIE\) and TAM Linhas Aéreas S.A. \(formerly known as TAM Transportes Aéreos Meridionais S.A. and as successor in interest in TAM-Transportes Aéreos Regionais S.A.\), incorporated herein by reference from our sixth pre-effective amendment to our Registration Statement on Form F-1, filed March 2, 2006, File No. 333-131938.](#)
- 4.23.1 [Amendment No. 12 \(dated as of November 19, 2012\), to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2013, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.23.2 [Amendment No. 13 \(dated as of August 19, 2013\), to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 30, 2014, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.23.3 [Amendment No. 14 \(dated as of March 31, 2014\), to the Second A320-Family Purchase Agreement, dated as of March 20, 1998, as amended and restated, between the Company and Airbus S.A.S. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\), filed on April 1, 2015, and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.24 [A350 Family Purchase Agreement, dated December 20, 2005, between Airbus S.A.S. and TAM Linhas Aéreas S.A., incorporated herein by reference from our sixth pre-effective amendment to our Registration Statement on Form F-1, filed March 2, 2006, File No. 333-131938.](#)
- 4.24.1 [A350 Family Purchase Agreement, dated December 20, 2005, as amended and restated on January 21, 2008, between Airbus S.A.S. and TAM Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.24.2 [Amendments No. 1, 2 and 3 \(dated July 28, 2010, July 15, 2014 and October 30, 2014, respectively\) to the A350 Purchase Agreement, dated December 20, 2005, as amended and restated on January 21, 2008, between Airbus S.A.S. and TAM Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)

- 4.24.3 [Novation Agreement \(dated as of July 21, 2014\) between TAM Linhas Aereas S.A., LATAM Airlines Group S.A. and Airbus S.A.S., relating to the A350 Family Purchase Agreement, dated December 20, 2005, as amended and restated on January 21, 2008, between Airbus S.A.S. and TAM Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.24.4 [Amendments No. 4 and 5 \(dated September 15, 2015 and November 19, 2015, respectively\) to the A350 Purchase Agreement, dated December 20, 2005, as amended and restated on January 21, 2008, between Airbus S.A.S. and TAM Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 29, 2016 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.24.5 [Amendments No. 6, 7 and 8 \(dated February 3, 2016, August 8, 2016, and September 9, 2016, respectively\) to the A350 Purchase Agreement, dated December 20, 2005, as amended and restated on January 21, 2008, between Airbus S.A.S. and TAM Linhas Aereas S.A. Portions of these documents have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.24.6* [Termination Agreement \(dated as of August 4, 2021\) in respect of the A350 Purchase Agreement, dated December 20, 2005, as amended and restated on January 21, 2008, between Airbus S.A.S. and TAM Linhas Aereas S.A. Portions of these documents have been omitted pursuant to a request for confidential treatment.](#)
- 4.25 [V2500 Maintenance Agreement, dated September 14, 2000, between TAM Transportes Aéreos Regionais S.A. \(incorporated by TAM Linhas Aéreas S.A.\) and MTU Maintenance Hannover GmbH \(MTU\), incorporated herein by reference from our sixth pre-effective amendment to our Registration Statement on Form F-1, filed March 2, 2006, File No. 333-131938.](#)
- 4.26 [PW1100G-JM Engine Support and Maintenance Agreement, dated February 26, 2014, between LATAM Airlines Group S.A. and Pratt & Whitney Division. Portions of this document have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.27 [Framework Deed, dated May 28, 2013, between LATAM Airlines Group S.A. and AerCap Holdings N.V. Portions of this document have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.](#)
- 4.28 [A320 Family/A330 Purchase Agreement \(dated as of November 14, 2006\) between Airbus S.A.S. and TAM – Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.28.1 [Amendments No. 15, 16, 17, 18, and 19 \(dated as of February 18, 2013, February 27, 2013, August 19, 2013, July 15, 2014 and December 11, 2014, respectively\) to the A320 Family/A330 Purchase Agreement \(dated as of November 14, 2006\) between Airbus S.A.S. and TAM – Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)
- 4.28.2 [Amendments No. 20 and 21 \(dated as of June 3, 2015 and December 21, 2015, respectively\) to the A320 Family/A330 Purchase Agreement \(dated as of November 14, 2006\) between Airbus S.A.S. and TAM – Linhas Aereas S.A. \(incorporated by reference to our annual report on Form 20-F \(File No. 001-14728\) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment\).](#)

4.28.3	Amendments No. 22, 23 and 24 (dated as of April 15, 2016, April 15, 2016, and August 8, 2016, respectively) to the A320 Family/A330 Purchase Agreement (dated as of November 14, 2006) between Airbus S.A.S. and TAM – Linhas Aereas S.A. Portions of these documents have been omitted pursuant to a request for confidential treatment. Such omitted portions have been filed separately with the Securities and Exchange Commission.
4.28.4*	Amendment No. 27 (dated as of August 4, 2021) to the A320 Family/A330 Purchase Agreement (dated as of November 14, 2006) between Airbus S.A.S. and TAM – Linhas Aereas S.A. Portions of this document have been omitted pursuant to a request for confidential treatment.
4.29	Supplemental Agreement No. 7 (dated as of May 2014) to the Boeing 777-32WER Purchase Agreement (dated as of February 2007) between TAM – Linhas Aereas S.A. and The Boeing Company (incorporated by reference to our annual report on Form 20-F (File No. 001-14728) filed on April 1, 2015 and portions of which have been omitted pursuant to a request for confidential treatment).
4.29.1	Supplemental Agreement No. 8, dated as of April 22, 2015, to the Boeing 777-32WER Purchase Agreement (dated as of February 2007) between TAM Linhas Aéreas and The Boeing Company (incorporated by reference to our annual report on Form 20-F (File No. 001-14728) filed on April 29, 2016 and portions of which have been omitted pursuant to a request for confidential treatment).
4.29.2*	Supplemental Agreement No. 13, dated as of April 29, 2021, to Purchase Agreement No. 3158, as amended, between TAM Linhas Aéreas and The Boeing Company (dated as of February 8, 2007). Portions of these documents have been omitted pursuant to a request for confidential treatment.
4.30*	Operating Lease Agreement between Avolon Aerospace AOE 147 Limited and the Company, dated as of September 9, 2021, relating to Boeing Model 787-9 aircraft. Portions of this document have been omitted pursuant to a request for confidential treatment.
4.31*	Form of Operating Lease Agreements between UMB Bank, N.A. and LATAM Airlines Group S.A. entered into in 2021 relating to Boeing Model 787-9 aircraft, portions of which have been omitted pursuant to a request for confidential treatment.
4.32*	Form of Aircraft Lease Agreements between Wilmington Trust Company and LATAM Airlines Group S.A. entered into in 2021 relating to Airbus A321-200 aircraft, portions of which have been omitted pursuant to a request for confidential treatment.
4.33*	Form of Aircraft Lease Agreements between Vermillion Aviation (Nine) Limited and LATAM Airlines Group S.A. entered into in August and September 2021 relating to Airbus A320-214 aircraft, portions of which have been omitted pursuant to a request for confidential treatment.
4.34	Framework Agreement dated as of September 26, 2019 by and between LATAM Airlines Group S.A. and Delta Air Lines, Inc.
4.35	Restructuring Support Agreement, dated as of November 26, 2021 among the Company, other debtors party thereto and the commitment parties thereto, incorporated by reference from form 6-K (File No. 001-14728) furnished to the SEC on January 29, 2021.
4.36	Backstop Commitment Agreements, dated as of January 12, 2022 among the Company, other debtors party thereto and the respective backstop parties thereto, incorporated by reference from form 6-K (File No. 001-14728) furnished to the SEC on January 13, 2022.
8.1*	List of subsidiaries of the Company.
12.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13.1*	Certifications of Chief Financial Officer and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.



LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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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
THRS\$	-	THOUSANDS OF BRAZILIAN REAL



Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Latam Airlines Group S.A.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Latam Airlines Group S.A. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of income by function, comprehensive income, changes in equity and cash flows—direct method for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, Latam Airlines Group S.A. and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code and as a result, the satisfaction of the Company's liabilities and funding of ongoing operations are subject to material uncertainty that raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2 to the consolidated financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.



We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Intangible Assets with Indefinite Useful Life (airport slots and loyalty program) Impairment Assessment

As described in Notes 2.8, 4(a), and 15 to the consolidated financial statements, the Company's consolidated intangible assets with indefinite useful life (airport slots and loyalty program) balance at December 31, 2021 was US\$777 million. Management conducts an impairment assessment 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 exceeds its recoverable amount. The recoverable amount of the cash generating unit is the higher of value in use and fair value less costs to sell. The value in use is determined by management using a discounted cash flow model. Management's cash flow projections included significant judgments and assumptions relating to revenue growth rates, exchange rates, discount rate, inflation rates and fuel price.



The principal considerations for our determination that performing procedures relating to intangible assets with indefinite useful life (airport slots and loyalty program) impairment assessment is a critical audit matter are (i) the significant judgment by management when developing the value-in-use calculation; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to revenue growth rates, exchange rates, discount rate, inflation rates and fuel price; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's intangible assets with indefinite useful life (airport slots and loyalty program) impairment assessment, including controls over the valuation of the Company's cash generating unit. These procedures also included, among others, (i) testing management's process for developing the estimate; (ii) evaluating the appropriateness of the discounted cash flow model; (iii) testing the completeness and accuracy of underlying data used in the model; and (iv) evaluating the significant assumptions used by management related to the revenue growth rates, exchange rates, discount rate, inflation rates and fuel price. Evaluating management's assumptions related to revenue growth rates, exchange rates, discount rate, inflation rates and fuel price involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the cash generating unit, (ii) the consistency with external market and industry data, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and significant assumptions, including the discount rate.

Valuation of Loyalty Programs Breakage

As described in Notes 2.20, 4(e) and 22 to the consolidated financial statements, the Company has recorded deferred income of US\$2,785 million as of December 31, 2021, of which US\$1,478 million was related to deferred income associated with the loyalty programs. The deferred income of loyalty programs is determined based on the estimated stand-alone selling price of unused miles and points awarded to the members of the loyalty programs reduced for breakage. Management used statistical models to estimate the breakage which involved significant judgments and assumptions relating to the historical redemption and expiration activity and forecasted redemption and expiration patterns.

The principal considerations for our determination that performing procedures relating to the valuation of loyalty programs breakage is a critical audit matter are (i) the significant judgment by management to develop the breakage estimate; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate the underlying assumptions used by the Company to estimate the historical redemption and expiration activity and forecasted redemption and expiration patterns; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing these procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's accounting for its loyalty programs, including controls over management's review of the statistical models and resulting breakage estimates. These procedures also included, among others (i) testing management's process for developing the breakage estimate; (ii) evaluating the appropriateness of the statistical models; and (iii) testing the completeness, accuracy, and relevance of underlying data used in the models. Evaluating management's assumptions used to develop the breakage estimate involved evaluating whether the assumptions used by management were reasonable considering (i) the available information regarding the miles and points redemption and expiration patterns, (ii) management's actions to incentive holders of the loyalty programs to redeem their miles and points, and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were also used to assist in the evaluation of the Company's methodology and assumptions used to develop the breakage estimate.



Legal Contingencies

As described in Notes 2.19, 4(f) and 31 to the consolidated financial statements, provisions are recognized when management determines the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation amount can be made. No provision for an estimated loss is recorded in the consolidated financial statements for unfavorable outcomes when, after assessing the information available, (i) management concludes that it is not probable that a loss has been incurred in any of the pending litigation; or (ii) management is unable to reliably estimate the loss for any of the pending matters. The Company also discloses the legal contingency in circumstances where management concludes no loss is probable or reliably estimable but it is reasonably possible that a loss may be incurred.

The principal considerations for our determination that performing procedures relating to the legal contingencies is a critical audit matter are the significant judgment by management when assessing the likelihood of a loss being incurred and when determining whether a reliable estimate of the loss can be made, which in turn led to a high degree of auditor judgment, and effort in evaluating management's assessment of the loss contingencies associated with the legal matters.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's evaluation of the legal contingencies, including controls over determining whether a loss is probable and whether the amount of loss can be reliably estimated, as well as the consolidated financial statement disclosures. These procedures also included, among others, obtaining and evaluating the letters of audit inquiry with internal and external legal counsels, evaluating the reasonableness of management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reliably estimable, and evaluating the sufficiency of the Company's legal contingency disclosures.

/s/ Pricewaterhouse Coopers

Pricewaterhouse Coopers Consultores
Auditores SpA

Santiago – Chile
March 29, 2022

We have served as the Company's auditor since 1991.

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LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	Note	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Cash and cash equivalents			
Cash and cash equivalents	6 - 7	1,046,835	1,695,841
Other financial assets	7 - 11	101,138	50,250
Other non-financial assets	12	108,368	155,892
Trade and other accounts receivable	7 - 8	902,672	599,381
Accounts receivable from related entities	7 - 9	724	158
Inventories	10	287,337	323,574
Current tax assets	18	41,264	42,320
Total current assets other than non-current assets (or disposal groups) classified as held for sale		2,488,338	2,867,416
Non-current assets (or disposal groups) classified as held for sale	13	146,792	276,122
Total current assets		2,635,130	3,143,538
Non-current assets			
Other financial assets	7 - 11	15,622	33,140
Other non-financial assets	12	125,432	126,782
Accounts receivable	7 - 8	12,201	4,986
Intangible assets other than goodwill	15	1,018,892	1,046,559
Property, plant and equipment	17	9,489,867	10,730,269
Deferred tax assets	18	15,290	564,816
Total non-current assets		10,677,304	12,506,552
Total assets		13,312,434	15,650,090

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND EQUITY

LIABILITIES	Note	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Current liabilities			
Other financial liabilities	7 - 19	4,453,451	3,055,730
Trade and other accounts payables	7 - 20	4,860,153	2,322,125
Accounts payable to related entities	7 - 9	661,602	812
Other provisions	21	27,872	23,774
Current tax liabilities	18	675	656
Other non-financial liabilities	22	2,332,576	2,088,791
Total current liabilities		12,336,329	7,491,888
Non-current liabilities			
Other financial liabilities	7 - 19	5,948,702	7,803,801
Accounts payable	7 - 24	472,426	651,600
Accounts payable to related entities	7 - 9	-	396,423
Other provisions	21	712,581	588,359
Deferred tax liabilities	18	341,011	384,280
Employee benefits	23	56,233	74,116
Other non-financial liabilities	22	512,056	702,008
Total non-current liabilities		8,043,009	10,600,587
Total liabilities		20,379,338	18,092,475
EQUITY			
Share capital	25	3,146,265	3,146,265
Retained earnings/(losses)	25	(8,841,106)	(4,193,615)
Treasury Shares	25	(178)	(178)
Other reserves		(1,361,529)	(1,388,185)
Parent's ownership interest		(7,056,548)	(2,435,713)
Non-controlling interest	14	(10,356)	(6,672)
Total equity		(7,066,904)	(2,442,385)
Total liabilities and equity		13,312,434	15,650,090

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME BY FUNCTION

	Note	For the year ended December 31,		
		2021	2020	2019
		ThUS\$	ThUS\$	ThUS\$
Revenue	26	4,884,015	3,923,667	10,070,063
Cost of sales	27	(4,963,485)	(4,513,228)	(7,951,269)
Gross margin		(79,470)	(589,561)	2,118,794
Other income	28	227,331	411,002	360,864
Distribution costs	27	(291,820)	(294,278)	(580,046)
Administrative expenses	27	(439,494)	(499,512)	(735,218)
Other expenses	27	(535,824)	(692,939)	(422,792)
Restructuring activities expenses	27	(2,337,182)	(990,009)	-
Other gains/(losses)	27	30,674	(1,874,789)	11,525
Income (loss) from operation activities		(3,425,785)	(4,530,086)	753,127
Financial income		21,107	50,397	26,283
Financial costs	27	(805,544)	(586,979)	(589,934)
Foreign exchange gains/(losses)		131,408	(48,403)	(32,571)
Result of indexation units		(5,393)	9,348	(14,989)
Income (loss) before taxes		(4,084,207)	(5,105,723)	141,916
Income tax expense / benefit	18	(568,935)	550,188	53,697
NET INCOME (LOSS) FOR THE YEAR		(4,653,142)	(4,555,535)	195,613
Income (loss) attributable to owners of the parent		(4,647,491)	(4,545,887)	190,430
Income (loss) attributable to non-controlling interest	14	(5,651)	(9,648)	5,183
Net income (loss) for the year		(4,653,142)	(4,555,535)	195,613
EARNINGS PER SHARE				
Basic earnings (losses) per share (US\$)	30	(7.66397)	(7.49642)	0.31403
Diluted earnings (losses) per share (US\$)	30	(7.66397)	(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 STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the year ended December 31,		
		2021	2020	2019
		ThUS\$	ThUS\$	ThUS\$
NET INCOME (LOSS)		(4,653,142)	(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	10,018	(3,968)	(10,636)
Total other comprehensive (loss) that will not be reclassified to income before taxes		10,018	(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		20,008	(894,394)	(243,271)
Other comprehensive loss, before taxes, currency translation differences		20,008	(894,394)	(243,271)
Cash flow hedges				
Gains (losses) on cash flow hedges before taxes	19	38,870	(105,280)	96,930
Reclassification adjustment on cash flow hedges before tax	25	(16,641)	(14,690)	(30,074)
Other comprehensive income (losses), before taxes, cash flow hedges		22,229	(119,970)	66,856
Change in value of time value of options				
Gains (losses) on change in value of time value of options before tax		(23,692)	-	-
Reclassification adjustments on change in value of time value of options before tax		6,509	-	-
Other comprehensive income (losses), before taxes, changes in the time value of the options		(17,183)	-	-
Total other comprehensive (loss) that will be reclassified to income before taxes		25,054	(1,014,364)	(176,415)
Other components of other comprehensive income (loss), before taxes		35,072	(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	(2,783)	924	2,873
Accumulate income tax relating to other comprehensive income (loss) that will not be reclassified to income		(2,783)	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)		(58)	959	414
Income taxes related to components of other comprehensive loss will be reclassified to income		(58)	959	414
Total Other comprehensive (loss)		32,231	(1,016,449)	(183,764)
Total comprehensive income (loss)		(4,620,911)	(5,571,984)	11,849
Comprehensive income (loss) attributable to owners of the parent		(4,616,914)	(5,566,991)	15,250
Comprehensive income (loss) attributable to non-controlling interests		(3,997)	(4,993)	(3,401)
TOTAL COMPREHENSIVE INCOME (LOSS)		(4,620,911)	(5,571,984)	11,849

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent													Total equity ThUS\$
	Change in other reserves													
	Note	Share capital ThUS\$	Treasury shares ThUS\$	Currency translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Gains (Losses) from changes in the time value of the options ThUS\$	Actuarial gains or losses on defined benefit plans reserve ThUS\$	Shares based payments reserve ThUS\$	Other sundry reserve ThUS\$	Total other reserve ThUS\$	Retained earnings/(losses) ThUS\$	Parent's ownership interest ThUS\$	Non-controlling interest ThUS\$	
Equity as of January 1, 2021		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)
Increase (decrease) by application of new accounting standards	2 - 25	-	-	-	380	(380)	-	-	-	-	-	-	-	-
Initial balance restated		3,146,265	(178)	(3,790,513)	(60,561)	(380)	(25,985)	37,235	2,452,019	(1,388,185)	(4,193,615)	(2,435,713)	(6,672)	(2,442,385)
Total increase (decrease) in equity		-	-	-	380	(380)	-	-	-	-	-	-	-	-
Net income/(loss) for the year	25	-	-	-	-	-	-	-	-	-	(4,647,491)	(4,647,491)	(5,651)	(4,653,142)
Other comprehensive income		-	-	18,354	22,171	(17,183)	7,235	-	-	30,577	-	30,577	1,654	32,231
Total comprehensive income		-	-	18,354	22,171	(17,183)	7,235	-	-	30,577	(4,647,491)	(4,616,914)	(3,997)	(4,620,911)
Transactions with shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) through transfers and other changes, equity	25-34	-	-	-	-	-	-	-	(3,921)	(3,921)	-	(3,921)	313	(3,608)
Total transactions with shareholders		-	-	-	-	-	-	-	(3,921)	(3,921)	-	(3,921)	313	(3,608)
Closing balance as of December 31, 2021		3,146,265	(178)	(3,772,159)	(38,390)	(17,563)	(18,750)	37,235	2,448,098	(1,361,529)	(8,841,106)	(7,056,548)	(10,356)	(7,066,904)

The accompanying Notes 1 to 37 form an integral part of these consolidated financial statements.

LATAM AIRLINES GROUP S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent											Total equity ThUS\$
		Share capital ThUS\$	Treasury shares ThUS\$	Currency translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Actuarial gains or losses on defined benefit plans reserve ThUS\$	Shares based payments reserve ThUS\$	Other sundry reserve ThUS\$	Total other reserve ThUS\$	Retained earnings/(losses) ThUS\$	Parent's ownership interest ThUS\$	Non-controlling interest 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 year	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													
Increase (decrease) through transfers and other changes, equity	25-34	-	-	-	-	-	946	(450)	496	-	496	(74)	422
Total transactions with shareholders		-	-	-	-	-	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 STATEMENTS OF CHANGES IN EQUITY

	Note	Attributable to owners of the parent											Total equity ThUS\$
		Share capital ThUS\$	Treasury shares ThUS\$	Currency translation reserve ThUS\$	Cash flow hedging reserve ThUS\$	Change in other reserves				Retained earnings ThUS\$	Parent's ownership interest ThUS\$	Non-controlling interest ThUS\$	
						Actuarial gains or losses on defined benefit plans reserve ThUS\$	Shares based payments reserve ThUS\$	Other sundry reserve ThUS\$	Total other reserve 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 STATEMENTS OF CASH FLOWS - DIRECT METHOD

	Note	For the year ended December 31,		
		2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Cash flows from operating activities				
Cash collection from operating activities				
Proceeds from sales of goods and services		5,359,778	4,620,409	11,079,333
Other cash receipts from operating activities		52,084	51,900	127,683
Payments for operating activities				
Payments to suppliers for goods and services		(4,401,485)	(3,817,339)	(6,663,875)
Payments to and on behalf of employees		(941,068)	(1,227,010)	(1,644,806)
Other payments for operating activities		(156,395)	(70,558)	(267,643)
Income taxes (paid)		(9,437)	(65,692)	(45,311)
Other cash inflows (outflows)	35	(87,576)	13,593	241,286
Net cash (outflow) inflow from operating activities		(184,099)	(494,697)	2,826,667
Cash flows from investing activities				
Cash flows from losses of control of subsidiaries or other businesses				
Other cash receipts from sales of equity or debt instruments of other entities		752	-	-
Other payments to acquire equity or debt instruments of other entities		35	1,464,012	4,063,582
Amounts raised from sale of property, plant and equipment		(208)	(1,140,940)	(4,131,890)
Purchases of property, plant and equipment		105,000	75,566	50,322
Purchases of intangible assets		(587,245)	(324,264)	(1,276,621)
Interest received		(88,518)	(75,433)	(140,173)
Other cash inflows (outflows)	35	9,056	36,859	17,822
Net cash inflow (outflow) from investing activities		18,475	(2,192)	(2,249)
Net cash inflow (outflow) from investing activities		(542,653)	33,608	(1,419,207)
Cash flows from financing activities				
Payments for changes in ownership interests in subsidiaries that do not result in loss of control				
Amounts raised from long-term loans	35	-	(3,225)	(294,105)
Amounts raised from short-term loans		-	1,425,184	1,781,728
Loans from Related Entities		661,609	560,296	93,000
Loans repayments		130,102	373,125	-
Payments of lease liabilities		(463,048)	(793,712)	(1,860,455)
Dividends paid		(103,366)	(122,062)	(398,992)
Interest paid		-	(571)	(55,116)
Other cash inflows (outflows)	35	(104,621)	(210,418)	(550,877)
Net cash inflow (outflow) from financing activities		(11,034)	(107,788)	(58,704)
Net cash inflow (outflow) from financing activities		109,642	1,120,829	(1,343,521)
Net increase in cash and cash equivalents before effect of exchanges rate change		(617,110)	659,740	63,939
Effects of variation in the exchange rate on cash and cash equivalents		(31,896)	(36,478)	(73,002)
Net increase (decrease) in cash and cash equivalents		(649,006)	623,262	(9,063)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	6	1,695,841	1,072,579	1,081,642
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	6	1,046,835	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, 2021 AND 2020

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. LATAM Airlines Group S.A. and certain of its direct and indirect affiliates are currently subject to a reorganization process in the United States of America under Chapter 11 of Title 11 of the United States Code at the United States Bankruptcy Court for the Southern District of New York (the "Chapter 11 Proceedings" or "Chapter 11").

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, Argentine 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, 2021, the Company's statutory capital is represented by 606,407,693 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, 2021, the Company had a total of 4,828 shareholders in its registry. At that date, approximately 13.07% of the Company's property was in the form of ADRs.

For the year ended December 31, 2021, the Company had an average of 28,600 employees, ending this year with a total number of 29,114 people, distributed in 4,372 Administration employees, 14,784 in Operations, 6,708 Cabin Crew and 3,250 Command crew.

The main subsidiaries included in these consolidated financial statements are as follows:

a) Percentage ownership

Tax No.	Company	Country of origin	Functional Currency	As December 31, 2021			As December 31, 2020			As December 31, 2019		
				Direct %	Indirect %	Total %	Direct %	Indirect %	Total %	Direct %	Indirect %	Total %
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	99.8361	0.1639	100.0000
Foreign	Latam Airlines Perú S.A.	Peru	US\$	23.6200	76.1900	99.8100	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	99.8940	0.0041	99.8981
Foreign	Conecta Corporation	U.S.A.	US\$	0.0000	100.0000	100.0000	100.0000	0.0000	100.0000	100.0000	0.0000	100.0000
Foreign	Prime Airport Services Inc. and Subsidiary	U.S.A.	US\$	0.0000	100.0000	100.0000	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	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	0.0000	100.0000	100.0000	99.8900	0.1100	100.0000	99.8900	0.1100	100.0000
Foreign	Laser Cargo S.R.L.	Argentina	ARS	0.0000	100.0000	100.0000	96.2208	3.7792	100.0000	96.2208	3.7792	100.0000
Foreign	Lan Cargo Overseas Limited and Subsidiaries	Bahamas	US\$	0.0000	100.0000	100.0000	99.9800	0.0200	100.0000	99.9800	0.0200	100.0000
96.969.690-8	Lan Cargo Inverstones S.A. and Subsidiary	Chile	US\$	0.0000	100.0000	100.0000	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
96.575.810-0	Inverstones Lan S.A. and Subsidiaries	Chile	US\$	99.9000	0.1000	100.0000	99.7100	0.2900	100.0000	99.7100	0.2900	100.0000
96.847.880-K	Technical Training LATAM S.A.	Chile	CLP	99.8300	0.1700	100.0000	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	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	100.0000	0.0000	100.0000
Foreign	Professional Airline Services INC.	U.S.A.	US\$	100.0000	0.0000	100.0000	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	99.0000	1.0000	100.0000
Foreign	LatamTravel S.R.L.	Bolivia	US\$	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000	99.0000	1.0000	100.0000
76.262.894-5	Latam Travel Chile II S.A.	Chile	US\$	99.9900	0.0100	100.0000	99.9900	0.0100	100.0000	99.9900	0.0100	100.0000
Foreign	TAM S.A. and Subsidiaries (*)	Brazil	BRL	63.0901	36.9099	100.0000	63.0901	36.9099	100.0000	63.0901	36.9099	100.0000

(*) As of December 31, 2021, 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, 2021			As of December 31, 2020			As of December 31, 2019			For the year ended December 31,		
Tax No.	Company	Assets	Liabilities	Equity	Assets	Liabilities	Equity	Assets	Liabilities	Equity	2021	2020	2019
		ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	Gain/(loss)	ThUS\$
96.969.680-0	Lan Pax Group S.A. and Subsidiaries (*)	432,271	1,648,715	(1,236,243)	404,944	1,624,944	(1,219,539)	632,673	1,487,248	(853,624)	(7,289)	(290,980)	(26,551)
Foreign	Latam Airlines Perú S.A.	484,388	417,067	67,321	661,721	486,098	175,623	519,363	510,672	8,691	(109,392)	(175,485)	(3,550)
93.383.000-4	Lan Cargo S.A.	721,484	537,180	184,304	749,789	567,128	182,661	634,852	462,666	172,186	1,590	10,936	(4,157)
Foreign	Connecta Corporation	61,068	19,312	41,756	57,922	17,335	40,587	64,110	24,023	40,087	1,169	500	1,677
Foreign	Prime Airport Services Inc. and Subsidiary (*)	24,654	25,680	(1,026)	25,050	26,265	(1,215)	22,068	23,102	(1,034)	190	(181)	802
96.951.280-7	Transporte Aéreo S.A.	471,094	327,955	143,139	546,216	347,714	198,502	359,335	142,423	216,912	(56,135)	(39,032)	14,610
96.631.520-2	Fast Air Almacenes de Carga S.A.	18,303	10,948	7,355	20,132	11,576	8,556	20,182	12,601	7,581	48	500	796
Foreign	Laser Cargo S.R.L.	(5)	-	(5)	(6)	-	(6)	(10)	-	(10)	-	-	-
Foreign	Lan Cargo Overseas Limited and Subsidiaries (*)	36,617	14,669	21,940	218,435	14,355	203,829	48,929	15,228	33,450	(806)	(92,623)	(6,579)
96.969.690-8	Lan Cargo Inversiones S.A. and Subsidiary (*)	202,402	113,930	23,563	250,027	86,691	130,823	65,422	78,890	(12,111)	(54,961)	1,452	(2,497)
96.575.810-0	Inversiones Lan S.A. and Subsidiaries (*)	1,284	45	1,239	1,394	65	1,329	1,329	50	1,279	(90)	50	(54)
96.847.880-K	Technical Training LATAM S.A.	2,004	467	1,537	2,181	625	1,556	2,378	1,075	1,303	181	60	(282)
Foreign	Latam Finance Limited	1,310,733	1,688,821	(378,088)	1,310,735	1,584,311	(273,576)	1,362,762	1,531,238	(168,476)	(104,512)	(105,100)	(90,736)
Foreign	Peuco Finance Limited	1,307,721	1,307,721	-	1,307,721	1,307,721	-	664,458	664,458	-	-	-	-
Foreign	Professional Airline Services INC.	61,659	58,808	2,851	17,345	14,772	2,573	3,509	1,950	1,559	278	1,014	1,096
Foreign	Jarletul S.A.	24	1,116	(1,092)	34	1,076	(1,042)	150	860	(710)	(50)	(332)	(603)
Foreign	Latam Travel S.R.L.	64	132	(68)	1,061	1,106	(45)	161	138	23	(23)	(33)	(8)
76.262.894-5	Latam Travel Chile II S.A.	588	1,457	(869)	943	1,841	(898)	672	1,354	(682)	29	392	-
Foreign	TAM S.A. and Subsidiaries (*)	2,608,859	3,257,148	(648,289)	3,110,055	3,004,935	105,120	5,090,180	3,550,875	1,539,305	(756,633)	(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. Vari 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, 2020 and December 31, 2021, are detailed below:

(1) Incorporation or acquisition of companies

- On January 21, 2021, Transporte Aéreos del Mercosur S.A. purchased 2,392,166 preferred shares of Inversora Cordillera S.A. consequently, the shareholding composition of Inversora Cordillera S.A. is as follows: Lan Pax Group S.A. with 90.5% and Transporte Aéreos del Mercosur S.A. with 9.5%.
- On January 21, 2021, Transporte Aéreos del Mercosur S.A. purchased 53,376 preferred shares of Lan Argentina S.A. consequently, the shareholding composition of Lan Argentina S.A. is as follows: Inversora Cordillera S.A. with 95%, Lan Pax Group S.A. with 4% and Transporte Aéreos del Mercosur S.A. with 1%.
- 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%.

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. as of December 31, 2021 and 2020 and for the three years ended December 31, 2021 and 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 2020, except for the standards and interpretations adopted as of January 1, 2021.

(a) Application of new standards for the year 2021:

(a.1.) Accounting pronouncements with implementation effective from January 1, 2021:

	<u>Date of issue</u>	<u>Effective Date:</u>
(i) Standards and amendments		
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

The application of these accounting pronouncements as of January 1, 2021, had no significant effect on the Company's consolidated financial statements.

(a.2.) Adoption of IFRS 9 Financial Instruments for hedge accounting:

On January 1, 2018, the effective adoption date of IFRS 9 Financial Instruments, the Company decided to continue applying IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting. On January 1, 2021, the Company modified this accounting policy and adopted 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, the hedge continue.

The time value of the options used as hedging instruments, at December 31, 2020, will not continue to be designated as part of the hedging relationship, but its recognition will continue to be in Other Comprehensive Income until the forecast transaction occurs at which time it will be recycled 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 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 modified the documentation of the existing hedging relationships as of December 31, 2020 in accordance with the provisions of IFRS 9 Financial Instruments.

(b) Accounting pronouncements not in force for the financial years beginning on January 1, 2021:

	<u>Date of issue</u>	<u>Effective Date:</u>
(i) Standards and amendments		
Amendment to IAS 12: Income taxes.	May 2021	01/01/2023
Amendment to IFRS 16: Lease.	March 2021	04/01/2021
Amendment to IAS 8: Accounting policies, changes in accounting estimates and error.	February 2021	01/01/2023
Amendment to IAS 1: Presentation of financial statements and IFRS practice statements 2	February 2021	01/01/2023
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
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)	December 2021	An entity that elects to apply the amendment applies it when it first applies IFRS 17
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.

(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\$ 4,642 million for the year ended December 31, 2021. As of that date, the Company has a negative working capital of US\$ 9,701 million and will require additional working capital during 2021 to support a sustainable business operation. As of December 31, 2021, the company has negative equity of US\$ 7,051 million, which corresponds to the attributable equity to the owners of the parent.

LATAM Group passenger traffic for the year ended December 31, 2021, increasing by 18% compared to the same period in 2020 (decreasing by 59,6% compared to the same exercise in 2019).

In December 2021, the group's revenues amounted to approximately 49% of revenues for the year ended December 31, 2019. At this time, the pace to meet the pre-COVID demand are uncertain and highly dependent on the evolution of the COVID-19 pandemic in the markets in which LATAM Group operates, therefore, management cannot make specific predictions as to this timing, but considers it reasonable to expect that the pace of the demand recovery will be different for each country.

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. 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 (collectively, the "Subsequent Debtors" and, 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 (each one, respectively, a "Petition Date") is being jointly administered under the caption "In re LATAM Airlines Group S.A. et al." 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. On June 28, 2021, LATAM Airlines Perú withdrew its request for a preventive bankruptcy process previously filed before the Indecopi of Peru, entity which approved said withdrawal by resolution without further comments.

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. On November 26, 2021, the Debtors filed a joint plan of reorganization (the "Plan") and the related disclosure statement (the "Disclosure Statement") with the Bankruptcy Court. As detailed in the Disclosure Statement, the Plan is supported by a restructuring support agreement executed among the Debtors, creditors holding more than 70% of the general unsecured claims asserted against LATAM Airline Group S.A., and holders of more than 50% of LATAM Airline Group S.A.'s existing equity. As of December 31, 2021, the Plan remains subject to approval by the Bankruptcy Court and could materially change the amounts and classifications in the consolidated financial statements, including the value, if any, of the Debtors' prepetition liabilities and securities. On December 17, 2021, December 20, 2021, January 24, 2022, January 27, 2022, and February 28, 2022, the Debtors filed a revised Plan and associated Disclosure Statement.

On November 1, 2021, the Bankruptcy Court entered an order extending the periods in which the Debtors have the exclusive right to file and solicit a plan of reorganization to November 26, 2021 and January 26, 2022 respectively. On November 26, 2021, the Debtors filed a motion to further extend such periods, solely with respect to the Subsequent Debtors, to January 7, 2022 and March 7, 2022 respectively. On December 15, 2021, the Creditors' Committee filed an objection to the Subsequent Debtors' motion. That same day, the Creditors' Committee also filed a motion seeking to terminate the Debtors' exclusivity periods. Certain other interested parties subsequently filed joinders to the Creditors' Committee's termination motion, while others filed statements opposing the termination motion. On February 14, 2022, the Bankruptcy Court entered an order approving the Subsequent Debtors' motion and denying the Creditors' Committee's motion.

Events Leading to the Chapter 11 Cases

Since the first quarter of 2020, the passenger air transportation business was 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%.

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.

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 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 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\$ 3.2 billion in a debtor-in-possession financing facility (the "DIP Facility"), as provided for in the *Super-Priority Debtor-in-Possession Term Loan Agreement* (the "DIP Credit Agreement") (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. 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. Any proposed plan of reorganization will be subject to revision 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 is no guarantee at this time that the Company will be able to obtain approval of the Plan from the Bankruptcy Court.

On November 26, 2021, the Company filed the Plan and associated Disclosure Statement. The Plan is accompanied by a Restructuring Support Agreement (the “RSA”) with the largest unsecured creditor group in the Chapter 11 Cases—holding of more than 70% of unsecured claims filed against LATAM Airlines Group S.A. and holders of approximately 48% of the US-law governed notes issued by LATAM Finance Ltd. due 2024 and 2026—as well as certain of the Company’s shareholders holding more than 50% of LATAM Airlines Group S.A.’s existing equity.

The Plan proposes the infusion of up to approximately \$8.19 billion through a mix of new equity, convertible notes, and debt, which will enable the Company to exit Chapter 11 with appropriate capitalization to effectuate its business plan. Upon emergence, the Company is expected to have total debt of approximately \$7.26 billion and liquidity of approximately \$2.67 billion. Specifically, the Plan outlines that:

- Upon confirmation of the Plan, the Company intends to launch an \$800 million common equity rights offering, open to all shareholders in accordance with their preemptive rights under applicable Chilean law, and fully backstopped by the parties participating in the RSA;
- Three distinct classes of convertible notes will be issued by the Company, all of which will be preemptively offered to shareholders. To the extent not subscribed by the Company’s shareholders during the respective preemptive rights period:
 - Convertible Notes Class A will be provided to certain general unsecured creditors of the Company in settlement of their allowed claims under the Plan;
 - Convertible Notes Class B will be subscribed and purchased by the shareholders parties to the RSA; and
 - Convertible Notes Class C will be provided to certain general unsecured creditors in exchange for a combination of new money to the Company and the settlement of their claims, subject to certain limitations and holdbacks by backstopping parties.
- The convertible notes belonging to the New Convertible Notes Classes B and C will be provided, totally or partially, in consideration of a new money contribution for the aggregate amount of approximately \$4.64 billion fully backstopped by the parties to the RSA; and
- LATAM will raise a \$500 million new revolving credit facility and approximately \$2.25 billion in total new money debt financing, consisting of either a new term loan or new notes. The general deadline to file objections to the Plan and Disclosure Statement was January 7, 2022, and such deadline was further extended to January 12, 2022 and January 14, 2022 for certain interested parties.

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 material uncertainty as a product of the COVID-19 pandemic and the impossibility of knowing its duration at this date and, accordingly, a material uncertainty exists that may cast significant doubt (or raise substantial doubt as contemplated by Public Company Accounting Oversight Board ("PCAOB") standards) on 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 be able to reinstate currently suspended operations as a result of the COVID-19 pandemic, which could adversely affect the value of the Company's common stock, or render it worthless. 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 to 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 (See Note 31 I 2 for any updates to these proceedings).

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. Since the formation of the Creditors' Committee, three Creditors' Committee's members - Compañía de Seguros de Vida Consorcio Nacional de Seguros S.A., AerCap Holdings N.V., and Aircastle Limited - have resigned from the Creditors' Committee. The Office of the United States Trustee has not appointed replacements for these members. No trustee or examiner has been appointed in any of these Chapter 11 Cases. No other official committee have been solicited or appointed.

Assumption, Amendment & Rejection of Executory Contracts & Leases

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 relieves 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 owing 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 notes 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 Bankruptcy Court granted the Debtors' motions to assume multiple airport leases at Miami-Dade, LAX and JFK related to the Debtors' passenger and cargo businesses.

The Debtors have also assumed a number of important agreements. For example, on June 1, 2021, the Bankruptcy Court approved the assumption and ratification of certain purchase agreements, as amended, with The Boeing Company. In addition, on July 1, 2021, the Court approved the Debtors' assumption of the Export Credit Agency-backed fleets, which comprises 65 total aircraft. On December 15, 2021, the Debtors filed a motion for an order approving streamlined procedures for the assumption of executory contracts and unexpired leases. At the December 29, 2021 hearing, the Bankruptcy Court granted the Debtors' motion.

Further, the Debtors have filed 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 Airbus A320-family aircraft
January 29, 2021	(i) 2 Airbus A320-family aircraft
April 23, 2021	(i) 1 Airbus A350-941 aircraft
May 14, 2021	(i) 6 Airbus A350 aircraft
June 17, 2021	(i) 1 Airbus A350-941 aircraft
June 24, 2021	(i) 3 Airbus A350-941 aircraft
November 3, 2021	(i) 1 Rolls-Royce Trent XWB-84K engine; and (ii) 1 Rolls-Royce International Aero Engine AG V2527M-A5

As of December 31, 2021, and as a result of these contract rejections, obligations with the lenders and lessors were extinguished and the Company lost control over the related assets resulting in the derecognition of the assets and the liabilities associated with these aircraft. See note 17, 19 and 27. All accounting effects were recorded as Restructuring activities expenses during the year ending December 31, 2020 and 2021 as Restructuring activities expenses.

The Debtors also have filed or will file motions to enter into certain new aircraft lease agreements, including:

Bankruptcy Court Approval Date:	MSN Number /Counterparty
March 8, 2021	Vermillion Aviation (nine) Limited, Aircraft MSNs 4860 and 4827
April 12, 2021	Wilmington Trust Company, Solely in its Capacity as Trustee, Aircraft MSNs 6698, 6780, 6797, 6798, 6894, 6895, 6899, 6949, 7005, 7036, 7081
May 30, 2021	UMB Bank N.A., Solely in its Capacity as Trustee Aircraft MSNs 38459, 38478, 38479, 38461
August 31, 2021	(i) Avolon Aerospace Leasing Limited or its Affiliates, MSNs 38891, 38893, 38895 (ii) Sky Aero Management Ltd.

In addition, the Debtors also have filed or will file motions to enter into certain aircraft lease amendment agreement which have the effect of, among other things, reducing the Debtors' rental payment obligations and extension on the lease term. Certain amendments also involved updates to related financing arrangements. These amendments include:

Bankruptcy Court Approval Date:	Amended Lease Agreement/Counterparty
December 31, 2020	Vermillion Aviation (two) Limited
April 14, 2021	(1) Bank of Utah (2) AWAS 5234 Trust (3) Sapucaia Leasing Limited, PK Airfinance US, LLC and PK Air 1 LP
April 15, 2021	Aviator IV 3058, Limited
April 27, 2021	Bank of America Leasing Ireland Co.,
May 4, 2021	(1) NBB Grosbeak Co., Ltd, NBB Cuckoo Co., Ltd., NBB-6658 Lease Partnership, NBB-6670 Lease Partnership and NBB Redstart Co. Ltd. (2) Sky High XXIV Leasing Company Limited and Sky High XXV Leasing Company Limited (3) SMBC Aviation Capital Limited
May 5, 2021	(1) JSA International US Holdings LLC and Wells Fargo Trust Company N.A. (2) Orix Aviation Systems Limited
May 27, 2021	(1) Shenton Aircraft Leasing 3 (Ireland) Limited. (2) Chishima Real Estate Company, Limited and PAAL Aquila Company Limited
May 28, 2021	MAF Aviation 1 Designated Activity Company
May 30, 2021	(1) IC Airlease One Limited (2) UMB Bank, National Association, Macquarie Aerospace Finance 5125-2 Trust and Macquarie Aerospace Finance 5178 Limited (3) Wilmington Trust SP Services (Dublin) Limited (4) Aercap Holdings N.V. (5) Banc of America Leasing Ireland Co. (6) Castlake L.P.
July 1, 2021	EX-IM Fleet
July 8, 2021	Greylag Goose Leasing 38887 Designated Activity Company
July 15, 2021	(1) ECAF I 40589 DAC (2) Wells Fargo Company, National Associates, as Owner Trustee (3) Orix Aviation Systems Limited (4) Wells Fargo Trust Company, N.A.

July 20, 2021	(1) Avolon AOE 62 Limited (2) Avolon Aerospace (Ireland) AOE 99 Limited, Avolon Aerospace (Ireland) AOE 100 Limited, Avolon Aerospace (Ireland) AOE 101 Limited, Avolon Aerospace (Ireland) AOE 102 Limited, Avolon Aerospace (Ireland) AOE 103 Limited, Avolon Aerospace AOE 130 Limited, Avolon Aerospace AOE 134 Limited
July 27, 2021	(1) Merlin Aviation Leasing (Ireland) 18 Limited (2) JSA International U.S. Holdings, LLC
August 30, 2021	(1) Yamasa Sangyo Aircraft LA1 Kumiai and Yamasa Sangyo Aircraft LA2 Kumiai (2) Dia Patagonia Ltd. and Dia Iguazu Ltd. Condor Leasing Co., Ltd., FC Initial Leasing Ltd., Alma Leasing Co., Ltd., and FI Timothy Leasing Ltd. (3) Platero Fleet (4) SL Alcyone Ltd. (5) NBB Crow Co., Ltd. (6) NBB Sao Paulo Lease Co., Ltd., NBB Rio Janeiro Lease Co., Ltd. And NBB Brasilia Lease LLC (7) Gallo Finance Limited (8) Orix Aviation Systems Limited

The amendment on lease agreement were accounted as a lease modification and the impact are disclosure on note 17 and 19.

The Debtors also have filed or will file motions to enter into certain engine lease amendment agreements which have the effect of, among other things, reducing the Debtors' rental payment obligations and extension on the lease term, including:

Bankruptcy Court Approval Date:	Amended Lease Agreement/Counterparty
September 7, 2021	General Electric Affiliated Engine Servicers
November 4, 2021	(1) Engine Lease Finance Corporation (GE 90 Engines)
December 28, 2021	(1) Engine Lease Finance Corporation (CFM56-5B3/3 Engines)

In relation to several of these lease and engine amendment agreements, the Debtors have or will enter into claims settlement stipulations for prepetition amounts due upon assumption of those agreements.

Other Key Filings

On August 5, 2021, the Debtors filed two motions seeking to (i) approve certain restructuring arrangements with Airbus S.A.S. and Banco Santander, S.A. and (ii) to assume certain purchase agreements with Airbus S.A.S. Orders approving these motions were entered on August 27, 2021. In addition, on August 5, 2021, the Debtors filed a motion seeking authorization to enter into a sale and leaseback transaction with Sky Aero Management Ltd., pursuant to which the Debtors will sell and leaseback certain aircraft purchased in the Airbus purchase agreements that were assumed. In addition, on August 5, 2021 the Debtors filed a motion seeking authorization to purchase certain aircraft from Wacapou Leasing S.A. Orders approving both of these motions were entered on August 30, 2021.

On June 16, 2021 Banco del Estado de Chile (“BancoEstado”) filed a motion seeking to set a briefing and discovery schedule in connection with BancoEstado’s separate motion to substantively consolidating the estates of LATAM Airlines Group S.A., LATAM Finance Ltd. and Peuco Finance Ltd (the “Substantive Consolidation Motion”). BancoEstado filed the BancoEstado Motion on June 18, 2021. On June 23, 2021, the Debtors as well as certain other interested parties each filed an objection to BancoEstado’s motion. BancoEstado filed a reply in response to such objections on July 19, 2021. The Bankruptcy Court denied BancoEstado’s motion to set a briefing and discovery schedule on July 22, 2021, but the Bankruptcy Court indicated that BancoEstado could resubmit their motion as an objection to the Disclosure Statement.

On June 16, 2021, the Creditors’ Committee filed two motions seeking standing to prosecute certain claims on behalf of the Debtors against Delta Airlines, Inc. (the “Delta Motion”) and Qatar Airways O.C.S.C. (the “Qatar Motion”), and, together with the Delta Motion, (the “Standing Motions”), which were opposed by certain parties. The Standing Motions were scheduled to be heard at a hearing on July 30, 2021. The Bankruptcy Court proposed that the parties mediate certain matters related to the claims raised in the Standing Motions in the first instance. The Bankruptcy Court asked that the parties coordinate to select a mediator and establish a proposed plan for the mediation. On August 31, 2021, the Bankruptcy Court entered an order appointing the Honorable Allan L. Gropper (Ret.) as mediator, and the parties subsequently began mediating these matters. On October 15, 2021, the mediator issued a notice terminating the mediation, noting that the mediation had failed. The Creditors’ Committee has asked the Bankruptcy Court to re-schedule a hearing on the Standing Motions on the Bankruptcy Court’s next available hearing date.

On September 10, 2021, the Debtors filed a motion to assume various aircraft agreements and for related relief in connection with the Triton, Centaurus and JOLCO aircraft. The motion was adjourned sine die on December 22, 2021.

On December 8, 2021, the Debtors filed (i) a motion for entry of an order authorizing long term restructuring agreements with the Centaurus/Triton Lessors, SBI Lessors, and Pilar II Leasing Limited and approving related settlement agreement with certain claimants and (ii) a motion for entry of an order approving settlement stipulation with Sajama Investments, Inc. The Creditors’ Committee and BancoEstado objected to both motions, and an evidentiary hearing on the motions was scheduled for January 21, 2022. On January 28, 2022, the Bankruptcy Court overruled the objections and granted the motion.

Statements and Schedules

Since 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. On August 13, 2021 and December 3, 2021, the Debtors filed amended schedules. The Company is also required to file “Monthly Operating Reports” (MOR), to account for the receipt, administration and disposition of property during the pendency of the Chapter 11 Cases.

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). On October 18, 2021, the Bankruptcy Court entered an order approving a third tranche of secured financing for \$750 million, as provided for in the DIP Credit Agreement. Accordingly, as of December 31, 2021, the Debtors have secured a DIP Facility in the total aggregate amount of up to \$3.2 billion.

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 6,400 submitted claims, including those related to the Debtors fleet obligations, 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, on March 18, 2021, the Bankruptcy Court entered an order approving alternative dispute resolution procedures to resolve certain claims disputes outside of the Bankruptcy Court. As of December 23, 2021, the Debtors have objected to or have resolved through claims withdrawals, stipulations and court orders approximately 3,400 claims with a total value of approximately US\$60 billion. As noted above, the Debtors have entered into claims stipulations in connection with their lease amendment agreements. As the Debtors continue to reconcile claims against the Company’s books and records, they will object to and contest such claims that they determine are not valid or asserted in the proper amount and will resolve other claims disputes in and outside of the Bankruptcy Court.

A Claim is recorded as a liability when it has a present obligation, whether legal or constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation amount can be made. As of December 31, 2021 approximately 3,568 of the Claims filed against Latam are still being reconciled and so at this time the amounts of such Claims cannot be reliably estimated.

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 by function 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 consolidated 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, 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 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. Useful lives are detailed in Note 17 (d).

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 by function 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 by function 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 consolidated statement of income by function.

(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 fair value through other comprehensive income 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 consolidated statement of income by function 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 consolidated statement of income by function 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

Until December 31, 2020 the Company recognized the hedging derivatives in accordance with IAS 39, as of January 1, 2021 the Company changed the recognition of these derivatives in accordance with IFRS 9 and continues to recognize under this same standard the derivatives that do not qualify as hedges.

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 designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates certain derivatives as:

- (a) Hedge of an identified risk associated with a recognized liability or an expected highly- Probable transaction (cash-flow hedge), or
- (b) Derivatives that do not qualify for hedge accounting.

At the beginning of the transaction, the Company documents the economic relationship between the hedged items existing between the hedging instruments and the hedged items, as well as its objectives for risk management and the strategy to carry out various hedging operations. 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) 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 by function 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.

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.

Gains or losses related to the effective part of the change in the intrinsic value of the options are recognized in the cash flow hedge reserve within equity. Changes in the time value of the options related to the part are recognized within Other Consolidated Comprehensive Income in the costs of the hedge reserve within equity.

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 by function as "Other gains (losses)".

(b) 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 and a low risk of loss of value.

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 or exercise 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 constructive obligation as a result of a past event;
- (ii) It is probable that payment is going to be required to settle an obligation; and
- (iii) A reliable estimate of the obligation amount can be made.

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".

Principal and interest are present in the consolidated cash flow as "Payments of lease liability" and "Interest paid", respectively, in cash flows use in financing activities

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 or accrue.

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 fuel 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, such as 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:

As of December 31, 2021, the Company recognized profit of US\$ 10.1 million for fuel hedge net of premiums in the costs of sale for the year. During the same period of 2020, the Company recognized losses of US\$ 14,3 million for the same concept.

As of December 31, 2021 the market value of the fuel positions was US\$ 17.6 million (positive). At the end of December 2020, this market value was US\$ 1.3 million (positive).

The following tables show the level of hedge for different periods:

Positions as of December 31, 2021 (*)	Maturities				Total
	Q122	Q222	Q322	Q422	
Percentage of coverage over the expected volume of consumption	25%	30%	17%	14%	21%

(*) The percentage shown in the table considers all the hedging instruments (swaps and options).

Positions as of December 31, 2020 (*)	Maturities				Total
	Q121	Q221	Q321	Q421	
Percentage of coverage over the expected volume of consumption	3%	3%	3%	3%	3%

(*) 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 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 sensitivity 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 2021 and the end of December 2020. The projection period was defined until the end of the last fuel hedging contract in force, corresponding to the last business day of the fourth quarter of the year 2022.

Benchmark price (US\$ per barrel)	Positions as of December 31, 2021 effect on Equity (MUS\$)	Positions as of December 31, 2020 effect on Equity (MUS\$)
+5	+2.7	+0.6
-5	-3.3	-0.6

Given the fuel hedging structure during half – year 2021, 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\$ 79.2 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\$ 80.8 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 2021, and securing the operating margin, LATAM makes hedges using FX derivatives.

As of December 31, 2021 and December 31, 2020 the Company did not maintain FX derivatives.

During the year ended December 31, 2021, the Company did not recognize earnings for FX coverage net of premiums. During the same period of 2020, the Company recognized gains of US\$ 3.2 million for FX hedging net of premiums.

As of December 31, 2021 and December 31, 2020 the company does not hold FX derivatives that are not recognized as 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.

As of December 31, 2021 and December 31, 2020 the Company had no current FX derivatives for BRL.

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 in financial results when the R\$/US\$ exchange rate appreciates or depreciates by 10%:

Appreciation (depreciation) De R\$/US\$	Effect December 31, 2021 (MUSS)	Effect December 31, 2020 (MUSS)
-10%	+51.9	-10.9
+10%	-51.9	+10.9

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 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, 2021 MUSS	Effect at December 31, 2020 MUSS
-10%	+96.66	+191.53
+10%	-79.09	-156.71

(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"). Because the publication of LIBOR will cease for June 2023, the company has begun to migrate to the adoption of SOFR as an alternative rate, which will materialize with the termination of LIBOR.

Mitigation:

At the end of December 31, the Company did not have current interest rate derivative positions. Currently a 40% (42% at December 31, 2020) of the debt is fixed to fluctuations in interest rate. Most of this debt is indexed to a benchmark rate based on LIBOR.

To mitigate the effect of those derivatives that will be affected by the transition from LIBOR to SOFR, the Company is evaluating adherence to the ISDA protocol in the case of derivatives and is following the recommendations of the relevant authorities, including the Alternative Reference Rates Committee. (“ARRC”) in the case of debt, in line with the measures generally adopted by the market for the replacement of LIBOR in debt contracts.

Rate Hedging Results:

As of December 31, 2021, the Company did not hold current interest rate derivative positions. At the end of December 2020, the Company did not hold current interest rate derivative positions.

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, 2021 effect on profit or loss before tax (MUS\$)	Positions as of December 31, 2020 effect on profit or loss before tax (MUS\$)
+100 basis points	-46.31	-42.11
-100 basis points	+46.31	+42.11

As of December 31, 2021, the Company does not hold current interest rate derivative positions. The above calculations were vertically increased (decreased) 100 basis points of the three-month Libor future curve, both scenarios being reasonably possible based on historical market conditions.

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.

On March 5, 2021, the ICE Benchmark Administration (“IBA”) announced that, as a result of little access to the information necessary for calculating rates, the publication of the 1-week, 2-months USD rates will cease to be published on December 31, 2021 and the remaining terms will cease on June 30, 2023. Although the adoption of alternative rates 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 the discontinuation of LIBOR. In this regard, the Company identifies that its derivative and debt contracts may be affected by the change in the relevant rate. To mitigate the effect, the Company is evaluating adherence to the ISDA protocol in the case of derivatives and is following the recommendations of the relevant authorities, including the Alternative Reference Rates Committee (“ARRC”) in the case of debt, online with the measures generally adopted by the market for the replacement of LIBOR in debt contracts.

Currently, the Company only has fuel derivatives with a nominal value equivalent to 21%'s hedge of the total consumption expected for the next 12 months.

(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). The client portfolio at December 31, 2021 increased when compared to the balance as of December 31, 2020 by 48%, mainly due to an increase in passenger transport operations (travel agencies and corporate) that increased by 124% in sales, mainly from a 68% of credit card payments and 32% in cash sales. Instead, the cargo business showed an increase in its net income of 23% compared to December 2020. The cargo business increase in its operation in a 23% compared to December 2020. In the case of clients who still have pending balances and that the administration considered risky, the corresponding measures were taken to consider expected credit loss. The provision at the end of December 2021 had a decrease of 34% compared to December 31, 2020, as a result of the decrease in the portfolio for recoveries and for the application of write-offs in the years.

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, 2021, the balance of liquid funds is US\$ 1,047 million (US \$ 1,696 million as of December 31, 2020), which are invested in short-term instruments through financial entities with a high credit rating classification.

As of December 31, 2021, 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).

Finally, during the fourth quarter of 2021, the company has reduced budgeted investments by approximately US\$ 146 million, mainly related to maintenance, given the lower operation, purchase of engines, investments in cabins and other projects. In addition, LATAM has not received aircraft that it was committed to receiving in 2021, which at the beginning of the year reached US\$ 773 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\$ 3.2 billion divided in Tranche A, B and C. Initially, Tranches A and C were committed for a total of US\$2.45 billion. To date, these three tranches are fully committed after the approval on October 18 of a proposal to grant financing under Tranche B of the DIP for a total of US\$750 million, thus allowing LATAM to access lower financing costs in the next disbursements of the DIP financing.

1) A Tranche A, which is committed for up to US\$ 1.3 billion, out of which (i) US\$ 1.125 billion 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;

2) A Tranche B for an amount up to US \$750 million that will be contributed by a group of financiers including Oaktree Capital Management, L.P. and Apollo Management Holdings, L.P. and other certain funds advised by them; and

3) A Tranche C for a capital amount of up to US\$ 1.15 billion, of which (i) US\$ 750 million was provided by a certain group of LATAM's shareholders composed by Grupo Cueto, Grupo Eblen and Qatar Airways, or certain related entities; (ii) US\$ 250 million was 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 was committed by certain additional shareholder investors through a public investment fund managed by Toesca S.A., through a "joinder" or supplement to the "DIP Agreement" subscribed on November 6, 2020.

In consideration of the extension of the health and mobility restrictions imposed by the authorities in the countries where the group operates, as well as the analysis of the company's liquidity projection, beginning on October 8, 2020, LATAM has made four withdrawals under the DIP Credit Agreement. In accordance with the terms of the "DIP Agreement", Debtors must maintain consolidated liquidity of at least US \$ 400 million, considering the undrawn line of the DIP, and meet certain milestones with respect to the Chapter 11 Proceedings.

The amounts by Tranche are summarized in the table below:

Tranche	As of December 31, 2021			As of December 31, 2020		
	Committed amount	Withdrew amount	Available amount	Committed amount	Withdrew amount	Available amount
	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$	MUS\$
Tranche A	1,300	876	424	1,300	650	650
Tranche B	750	300	450	-	-	-
Tranche C	1,150	774	376	1,150	500	650
Total	<u>3,200</u>	<u>1,950</u>	<u>1,250</u>	<u>2,450</u>	<u>1,150</u>	<u>1,300</u>

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2021
 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 %	Nominal rate %
Loans to exporters													
97.018.000-1	CITIBANK	Chile	US\$	115,350	-	-	-	-	115,350	114,000	At Expiration	2.96	2.96
97.030.000-7	ITAU	Chile	US\$	20,140	-	-	-	-	20,140	20,000	At Expiration	4.20	4.20
0-E	HSBC	Chile	US\$	12,123	-	-	-	-	12,123	12,000	At Expiration	4.15	4.15
Bank loans													
97.023.000-9	CORPBANCA	Chile	UF	10,236	-	-	-	-	10,236	10,106	Quarterly	3.35	3.35
0-E	SANTANDER	Spain	US\$	751	2,604	106,939	-	-	110,294	106,427	Quarterly	2.80	2.80
0-E	CITIBANK	U.S.A.	UF	60,935	-	-	-	-	60,935	60,935	At Expiration	3.10	3.10
Obligations with the public													
97.030.000-7	BANCO ESTADO	Chile	UF	36,171	179,601	31,461	31,461	369,537	648,231	502,897	At Expiration	4.81	4.81
0-E	BANK OF NEW YORK	U.S.A.	US\$	184,188	104,125	884,188	856,000	-	2,028,501	1,500,000	At Expiration	7.16	6.94
Guaranteed obligations													
0-E	BNP PARIBAS	U.S.A.	US\$	17,182	19,425	40,087	41,862	95,475	214,031	198,475	Quarterly	1.48	1.48
0-E	MUFG	U.S.A.	US\$	29,652	17,921	36,660	37,829	55,297	177,359	166,712	Quarterly	1.64	1.64
0-E	WILMINGTON TRUST COMPANY	U.S.A.	US\$	933	4,990	29,851	36,337	89,263	161,374	144,358	Quarterly / Monthly	3.17	1.60
Other guaranteed obligation													
0-E	CREDIT AGRICOLE	France	US\$	273,199	-	-	-	-	273,199	273,199	At Expiration	1.82	1.82
0-E	MUFG	U.S.A.	US\$	8,150	46,746	94,062	14,757	-	163,715	156,933	Quarterly	1.72	1.72
0-E	CITIBANK	U.S.A.	US\$	613,419	-	-	-	-	613,419	600,000	At Expiration	2.00	2.00
0-E	BANK OF UTAH	U.S.A.	US\$	-	1,858,051	-	-	-	1,858,051	1,644,876	At Expiration	22.71	12.97
0-E	EXIM BANK	U.S.A.	US\$	271	1,173	3,375	10,546	55,957	71,322	62,890	Quarterly	1.84	1.84
Financial lease													
0-E	CREDIT AGRICOLE	France	US\$	699	1,387	-	-	-	2,086	2,052	Quarterly	3.68	3.23
0-E	CITIBANK	U.S.A.	US\$	19,268	59,522	5,721	-	-	84,511	83,985	Quarterly	1.37	0.79
0-E	BNP PARIBAS	U.S.A.	US\$	7,351	26,519	21,685	-	-	55,555	54,918	Quarterly	1.56	0.96
0-E	NATIXIS	France	US\$	5,929	34,328	59,574	59,930	130,131	289,892	261,458	Quarterly	2.09	2.09
0-E	US BANK	U.S.A.	US\$	18,158	72,424	133,592	6,573	-	230,747	219,667	Quarterly	4.03	2.84
0-E	PK AIRFINANCE	U.S.A.	US\$	853	5,763	10,913	-	-	17,529	16,851	Quarterly	1.88	1.88
0-E	EXIM BANK	U.S.A.	US\$	2,758	11,040	61,167	249,466	269,087	593,518	533,127	Quarterly	2.88	2.03
Others loans													
0-E	OTHERS (**)		US\$	55,819	-	-	-	-	55,819	55,819	At Expiration	-	-
	TOTAL			<u>1,493,535</u>	<u>2,445,619</u>	<u>1,519,275</u>	<u>1,344,761</u>	<u>1,064,747</u>	<u>7,867,937</u>	<u>6,801,685</u>			

(*) Note that the liabilities reflect their contractual obligations in force at December 31, 2021

(**)Obligation with creditors for executed letters of credit.

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2021
 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 %	Nominal rate %	
Bank loans														
0-E	NCM	Netherlands	US\$	990	-	-	-	-	990	943	Monthly	6.01	6.01	
0-E	MERRIL LYNCH CREDIT PRODUCTS LLC	U.S.A.	BRL	185,833	-	-	-	-	185,833	185,833	Monthly	3.95	3.95	
0-E	BANCO BRADESCO	Brazil	BRL	74,661	-	-	-	-	74,661	74,661	Monthly	4.33	4.33	
Financial leases														
0-E	NATIXIS	France	US\$	486	2,235	4,080	11,076	-	17,877	17,326	Quarterly	2.74	2.74	
0-E	GA TELESIS LLC	U.S.A.	US\$	762	2,706	4,675	4,646	5,077	17,866	10,999	Monthly	14.72	14.72	
Others Loans														
0-E	Deutsche Bank (**)	Brazil	US\$	20,689	-	-	-	-	20,689	20,689	At Expiration	-	-	
	TOTAL			283,421	4,941	8,755	15,722	5,077	317,916	310,451				

(*) Note that the liabilities reflect their contractual obligations in force at December 31, 2021

(**) Obligation with creditors for executed letters of credit

Class of liability for the analysis of liquidity risk ordered by date of maturity as of December 31, 2021
 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 %	Nominal rate %
Lease Liability													
-	AIRCRAFT	OTHERS	US\$	694,568	469,568	767,629	811,843	778,613	3,522,221	2,883,657	-	-	-
-	OTHER ASSETS	OTHERS	US\$	9,859	11,820	22,433	23,365	8,651	76,128	73,615	-	-	-
			UF	1,759	982	245	76	231	3,293	2,621	-	-	-
			COP	2	7	35	-	-	44	42	-	-	-
			EUR	198	112	293	-	-	603	599	-	-	-
			PEN	4	7	97	-	-	108	103	-	-	-
Trade and other accounts payables													
-	OTHERS	OTHERS	US\$	665,645	165,085	-	-	-	830,730	830,730	-	-	-
			CLP	214,224	4,912	-	-	-	219,136	219,136	-	-	-
			BRL	365,486	5,258	-	-	-	370,744	370,744	-	-	-
			Other currency	542,304	3,719	-	-	-	546,023	546,023	-	-	-
Accounts payable to related parties currents (*)													
Foreign	Inversora Aeronáutica Argentina S.A.	Argentina	US\$	-	5	-	-	-	5	5	-	-	-
Foreign	Delta Airlines	U.S.A	US\$	-	2,268	-	-	-	2,268	2,268	-	-	-
Foreign	Patagonia Seafarms INC	U.S.A	CLP	-	7	-	-	-	7	7	-	-	-
81.062.300-4	Costa Verde Aeronautica S.A.	Chile	CLP	-	175,819	-	-	-	175,819	175,819	-	-	-
Foreign	QA Investments Ltd	Jersey Channel Islands	US\$	-	219,774	-	-	-	219,774	219,774	-	-	-
Foreign	QA Investments 2 Ltd	Jersey Channel Islands	US\$	-	219,774	-	-	-	219,774	219,774	-	-	-
Foreign	Lozuy S.A.	Uruguay	US\$	-	43,955	-	-	-	43,955	43,955	-	-	-
	Total			2,494,049	1,323,072	790,732	835,284	787,495	6,230,632	5,588,872	-	-	-
	Total consolidated			4,271,005	3,773,632	2,318,762	2,195,767	1,857,319	14,416,485	12,701,008	-	-	-

(*) Trade and other accounts payables include claims resulting from Chapter 11 negotiation and are subject to settlement in accordance with the Reorganization plan.

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 %	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	CRÉDIT 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	CRÉDIT 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			<u>980,479</u>	<u>925,714</u>	<u>3,109,661</u>	<u>1,401,379</u>	<u>1,726,498</u>	<u>8,143,731</u>	<u>7,077,118</u>			

(*) Note that the liabilities reflect their contractual obligations in force at December 31, 2020

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 %	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	4.33
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			

(*) Note that the liabilities reflect their contractual obligations in force at December 31, 2020

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 %	Nominal rate %
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 current													
Foreign	Delta Airlines	U.S.A.	US\$	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	US\$	-	-	132,141	-	-	132,141	132,141	-	-	-
Foreign	QA Investments 2 Ltd	Jersey											
		Channel Islands	US\$	-	-	132,141	-	-	132,141	132,141	-	-	-
Foreign	Lozuy S.A.	Uruguay	US\$	-	-	26,428	-	-	26,428	26,428	-	-	-
	Total			<u>1,753,175</u>	<u>938,335</u>	<u>1,296,304</u>	<u>833,065</u>	<u>897,906</u>	<u>5,718,785</u>	<u>5,276,040</u>			
	Total consolidated			<u>3,204,384</u>	<u>1,878,017</u>	<u>4,453,109</u>	<u>2,239,119</u>	<u>2,632,373</u>	<u>14,407,002</u>	<u>12,876,233</u>			

The Company has fuel, interest rate and exchange rate hedging strategies involving derivatives contracts with different financial institutions.

At the end of 2020, the Company had delivered US\$ 3 million in guarantees for derivative margins corresponding to cash and standby letters of credit. As of December 31, 2021, the Company maintains guarantees for US\$ 5.5 million corresponding to derivative transactions. The increase was due to: i) greater subscription of hedging contracts than their maturity and ii) changes in fuel prices, 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, 2021, 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, 2021, the Company maintained financial instruments that should be recorded at fair value. These are grouped into two categories:

1. Derivative financial 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, 2021				As of December 31, 2020			
	Fair value	Fair value measurements using values			Fair value	Fair value measurements using values		
		considered as	Level I	Level II		Level III	considered as	Level I
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Assets								
Cash and cash equivalents	26,025	26,025	-	-	32,782	32,782	-	-
Short-term mutual funds	26,025	26,025	-	-	32,782	32,782	-	-
Other financial assets, current	26,467	1,637	24,830	-	4,097	366	3,731	-
Fair value of fuel derivatives	17,641	-	17,641	-	1,296	-	1,296	-
Private investment funds	347	347	-	-	348	348	-	-
Certificate of Deposit (CBD)	7,189	-	7,189	-	2,435	-	2,435	-
Domestic and foreign bonds	1,290	1,290	-	-	18	18	-	-
Liabilities								
Other financial liabilities, current	5,671	-	5,671	-	5,671	-	5,671	-
Fair value of interest rate derivatives	2,734	-	2,734	-	2,734	-	2,734	-
Currency derivative not registered as hedge accounting	2,937	-	2,937	-	2,937	-	2,937	-

Additionally, at December 31, 2021, 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, 2021		As of December 31, 2020	
	Book value	Fair value	Book value	Fair value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	1,020,810	1,020,810	1,663,059	1,663,059
Cash on hand	2,120	2,120	4,277	4,277
Bank balance	558,078	558,078	732,578	732,578
Overnight	386,034	386,034	802,220	802,220
Time deposits	74,578	74,578	123,984	123,894
Other financial assets, current	74,671	74,671	46,153	46,153
Other financial assets	74,671	74,671	46,153	46,153
Trade debtors, other accounts receivable and Current accounts receivable	902,672	902,672	599,381	599,381
Accounts receivable from entities related, current	724	724	158	158
Other financial assets, not current	15,622	15,622	33,140	33,140
Accounts receivable, non-current	12,201	12,201	4,986	4,986
Other current financial liabilities	4,447,780	4,339,370	3,050,059	2,995,768
Accounts payable for trade and other accounts payable, current	4,860,153	4,860,153	2,322,125	2,322,125
Accounts payable to entities related, current	661,602	662,345	812	812
Other financial liabilities, not current	5,948,702	5,467,594	7,803,801	6,509,081
Accounts payable, not current	472,426	472,426	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 15.

(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 tax planning strategies 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, what has been considered at the time of estimating expired tickets.

As of December 31, 2021, deferred income associated with air tickets sold amounted to ThUS \$ 1,126,371 (ThUS \$ 904,558 as of December 31, 2020).

(e) Valuation of miles and points awarded to holders of loyalty programs, pending use.

As of December 31, 2021, the deferred income associated with the LATAM Pass loyalty program amounts to ThUS \$ 1,285,732 (ThUS \$ 1,365,534 as of December 31, 2020). A hypothetical change of one percentage point in the probability of swaps would translate into an impact of ThUS \$ 27,151 in the results as of 2021 (ThUS \$ 24,425 in the results as of 2020). The deferred income associated with the LATAM Pass Brasil loyalty program (See Note 22) amounts to ThUS \$ 192,381 as of December 31, 2021 (ThUS \$ 187,493 as of December 31, 2020). A hypothetical change of two percentage points in exchange probability would translate into an impact of ThUS \$ 5,100 in the results as of 2021 (ThUS \$ 4,948 in the results as of 2020).

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.

The management in conjunction with an external specialist develop a predictive model of non-use miles or points, 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 or points.

(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 constructive, as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the obligation amount can be made. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events, the likelihood of loss being incurred and when determining whether a reliable estimate of the loss can be made. The Company assesses its liabilities and contingencies based upon the best information available, 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. If we are unable to reliably estimate the obligation or conclude no loss is probable but it is reasonably possible that a loss may be incurred, no provision is recorded but the contingency is disclosed in the notes to the consolidated financial statements.

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 in the calculation of the new and amendment contract as of December 31, 2021 would increase the lease liability by approximately US \$ 76 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, 2021, 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,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Peru	503,616	297,549	801,965
Argentina	75,513	172,229	584,959
U.S.A.	577,970	505,145	1,004,238
Europe	376,857	338,565	726,165
Colombia	368,474	177,007	380,449
Brazil	1,664,523	1,304,006	3,949,797
Ecuador	162,959	112,581	203,334
Chile	794,122	638,225	1,546,960
Asia Pacific and rest of Latin America	359,981	378,360	872,196
Income from ordinary activities	4,884,015	3,923,667	10,070,063
Other operating income	227,331	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, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Cash on hand	2,120	4,277
Bank balances	558,078	732,578
Overnight	386,034	802,220
Total Cash	<u>946,232</u>	<u>1,539,075</u>
Cash equivalents		
Time deposits	74,578	123,984
Mutual funds	26,025	32,782
Total cash equivalents	<u>100,603</u>	<u>156,766</u>
Total cash and cash equivalents	<u><u>1,046,835</u></u>	<u><u>1,695,841</u></u>

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 in specific banks also approved on the motion.

Cash and cash equivalents are denominated in the following currencies:

Currency	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Argentine peso	7,148	20,107
Brazilian real	89,083	136,938
Chilean peso	9,800	32,649
Colombian peso	13,535	17,185
Euro	7,099	10,361
US Dollar	886,627	1,438,846
Other currencies	33,543	39,755
Total	<u><u>1,046,835</u></u>	<u><u>1,695,841</u></u>

NOTE 7 - FINANCIAL INSTRUMENTS

Financial instruments by category

As of December 31, 2021

Assets	Measured at	At fair value with	Hedge derivatives	Total
	amortized cost	changes in results		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Cash and cash equivalents	1,020,810	26,025	-	1,046,835
Other financial assets, current (*)	83,150	347	17,641	101,138
Trade and others accounts receivable, current	902,672	-	-	902,672
Accounts receivable from related entities, current	724	-	-	724
Other financial assets, non current	15,622	-	-	15,622
Accounts receivable, non current	12,201	-	-	12,201
Total	2,035,179	26,372	17,641	2,079,192
Liabilities	Measured at	At fair value with	Hedge derivatives	Total
	amortized cost	changes in results		
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, current	4,447,780	2,937	2,734	4,453,451
Trade and others accounts payable, current	4,860,153	-	-	4,860,153
Accounts payable to related entities, current	661,602	-	-	661,602
Other financial liabilities, non-current	5,948,702	-	-	5,948,702
Accounts payable, non-current	472,426	-	-	472,426
Total	16,390,663	2,937	2,734	16,396,334

(*) 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.

As of December 31, 2020

Assets	Measured at	At fair value with	Hedge derivatives	Total
	amortized cost	changes in results		
	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	At fair value with	Hedge derivatives	Total
	amortized cost	changes in results		
	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 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, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Trade accounts receivable	785,952	532,106
Other accounts receivable	209,925	194,454
Total trade and other accounts receivable	995,877	726,560
Less: Expected credit loss	(81,004)	(122,193)
Total net trade and accounts receivable	914,873	604,367
Less: non-current portion – accounts receivable	(12,201)	(4,986)
Trade and other accounts receivable, current	902,672	599,381

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.

Portfolio maturity	As of December 31, 2021			As December 31, 2020		
	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	1%	591,210	(8,806)	4%	302,079	(11,112)
From 1 to 90 days	10%	116,613	(11,840)	4%	103,615	(4,049)
From 91 to 180 days	31%	11,376	(3,567)	66%	15,989	(10,501)
From 181 to 360 days	72%	3,863	(2,766)	80%	40,621	(32,627)
more of 360 days	86%	62,890	(54,025)	92%	69,802	(63,904)
Total		<u>785,952</u>	<u>(81,004)</u>		<u>532,106</u>	<u>(122,193)</u>

(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	As of
	December 31, 2021	December 31, 2020
	ThUS\$	ThUS\$
Argentine Peso	7,282	6,517
Brazilian Real	361,745	221,952
Chilean Peso	53,488	44,737
Colombian Peso	5,657	1,292
Euro	24,143	24,370
US Dollar	441,079	292,125
Korean Won	844	79
Mexican Peso	2,428	4,624
Australian Dollar	62	49
Pound Sterling	12,728	5,647
Uruguayan Peso (New)	860	792
Swiss Franc	360	754
Japanese Yen	106	77
Swedish crown	488	129
Other Currencies	3,603	1,223
Total	914,873	604,367

The movements of the provision for impairment losses of the Trade Debtors and other accounts receivable are as follows:

Periods	Opening balance	Write-offs	(Increase) Decrease	Closing balance
	ThUS\$	ThUS\$	ThUS\$	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)
From January 1 to December 31, 2021	(122,193)	26,435	14,754	(81,004)

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, 2021			As of December 31, 2020		
	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	785,952	(81,004)	704,948	532,106	(122,193)	409,913
Other accounts receivable	209,925	-	209,925	194,454	-	194,454

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.

NOTE 9 - ACCOUNTS RECEIVABLE FROM/PAYABLE TO RELATED ENTITIES

(a) Accounts Receivable

Tax No.	Related party	Relationship	Country of origin	Currency	As of	As of
					December 31, 2021	December 31, 2020
					ThUS\$	ThUS\$
Foreign	Qatar Airways	Indirect shareholder	Qatar	US\$	703	148
Foreign	TAM Aviação Executiva e Taxi Aéreo S.A.	Common shareholder	Brazil	BRL	2	1
87.752.000-5	Granja Marina Tornagaleones S.A.	Common shareholder	Chile	CLP	6	6
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	4	1
96.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Related director	Chile	CLP	7	-
Total current assets					<u>724</u>	<u>158</u>

(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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
					ThUS\$	ThUS\$	ThUS\$	ThUS\$
Foreign	Delta Airlines, Inc.	Shareholder	U.S.A.	US\$	2,268	805	-	-
Foreign	Inversora Aeronáutica Argentina S.A.	Related director	Argentina	US\$	5	-	-	-
Foreign	Patagonia Seafarms INC	Related director	U.S.A.	US\$	7	-	-	-
81.062.300-4	Costa Verde Aeronautica S.A. (*)	Shareholder	Chile	US\$	175,819	-	-	105,713
Foreign	QA Investments Ltd (*)	Common shareholder	Jersey Channel Islands	US\$	219,774	-	-	132,141
Foreign	QA Investments 2 Ltd (*)	Common shareholder	Jersey Channel Islands	US\$	219,774	-	-	132,141
Foreign	Lozuy S.A. (*)	Common shareholder	Uruguay	US\$	43,955	-	-	26,428
	Total current and non current liabilities				661,602	812	-	396,423

(*) Corresponds to drawdowns of Tranche C of the DIP loan (See Note 3.1c)

Transactions between related parties have been carried out on arm's length conditions between interested and duly-informed parties. The transaction terms for the Liabilities of the period 2021 correspond from 30 days to 1 year of maturity, and the nature of the settlement of transactions are monetary.

NOTE 10 - INVENTORIES

The composition of Inventories is as follows:

	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Technical stock	250,327	284,409
Non-technical stock	37,010	39,165
Total	287,337	323,574

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, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Provision for obsolescence Technical stock	64,455	42,979
Provision for obsolescence Non-technical stock	5,785	4,651
Total	70,240	47,630

The resulting amounts do not exceed the respective net realization values.

As of December 31, 2021, the Company registered ThUS\$ 47,362 (ThUS\$ 55,507 as of December 31, 2020) in results, mainly related to on-board consumption and maintenance, which is part of the Cost of sales.

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, 2021 ThUS\$	As of December 31, 2020 ThUS\$	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
(a) Other financial assets						
Private investment funds	347	348	-	-	347	348
Deposits in guarantee (aircraft)	7,189	2,435	2,758	21,498	9,947	23,933
Guarantees for margins of derivatives	5,451	3,047	-	-	5,451	3,047
Other investments	-	-	493	493	493	493
Domestic and foreign bonds	1,290	18	-	-	1,290	18
Other guarantees given	69,220	43,106	12,371	11,149	81,591	54,255
Subtotal of other financial assets	83,497	48,954	15,622	33,140	99,119	82,094
(b) Hedging derivate asset						
Fair value of fuel price derivatives	17,641	1,296	-	-	17,641	1,296
Subtotal of derivate assets	17,641	1,296	-	-	17,641	1,296
Total Other Financial Assets	101,138	50,250	15,622	33,140	116,760	83,390

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	As of
	December 31, 2021	December 31, 2020
	ThUS\$	ThUS\$
Argentine peso	16	460
Brazilian real	9,775	8,475
Chilean peso	4,502	4,056
Colombian peso	1,727	500
Euro	4,104	3,236
U.S.A dollar	93,247	63,922
Other currencies	3,389	2,741
Total	<u>116,760</u>	<u>83,390</u>

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 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
(a) Advance payments						
Aircraft insurance and other	12,331	10,137	-	-	12,331	10,137
Others	11,404	15,375	2,002	2,998	13,406	18,373
Subtotal advance payments	<u>23,735</u>	<u>25,512</u>	<u>2,002</u>	<u>2,998</u>	<u>25,737</u>	<u>28,510</u>
(b) Contract assets (1)						
GDS costs	6,439	4,491	-	-	6,439	4,491
Credit card commissions	10,550	6,021	-	-	10,550	6,021
Travel agencies commissions	8,091	4,964	-	-	8,091	4,964
Subtotal advance payments	<u>25,080</u>	<u>15,476</u>	<u>-</u>	<u>-</u>	<u>25,080</u>	<u>15,476</u>
(c) Other assets						
Aircraft maintenance reserve (2)	-	8,613	-	-	-	8,613
Sales tax	57,634	102,010	33,212	46,210	90,846	148,220
Other taxes	1,661	4,023	-	-	1,661	4,023
Contributions to the International Aeronautical Telecommunications Society ("SITA")	258	258	739	739	997	997
Contributions to Universal Air Travel Plan "UATP"	-	-	20	-	20	-
Judicial deposits	-	-	89,459	76,835	89,459	76,835
Subtotal other assets	<u>59,553</u>	<u>114,904</u>	<u>123,430</u>	<u>123,784</u>	<u>182,983</u>	<u>238,688</u>
Total Other Non - Financial Assets	<u>108,368</u>	<u>155,892</u>	<u>125,432</u>	<u>126,782</u>	<u>233,800</u>	<u>282,674</u>

(1) Movement of Contracts assets:

	<u>Initial balance</u>	<u>Activation</u>	<u>Cumulative translation adjustment</u>	<u>Amortization</u>	<u>Final balance</u>
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
From January 1 to December 31, 2020	56,576	146,778	(14,672)	(173,206)	15,476
From January 1 to December 31, 2021	15,476	67,647	(6,680)	(51,363)	25,080

(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, 2021, the company does not maintain maintenance reserves, these were exercised by the lessors for the non-payment of rent as a result of the Chapter 11 Proceedings (ThUS\$ 8,613 as of December 31, 2020).

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, 2021 and December 31, 2020, are detailed below:

	As of December 31, 2021 <u>ThUSS</u>	As of December 31, 2020 <u>ThUSS</u>
Current assets		
Aircraft	99,694	275,000
Engines and rotables	46,724	740
Other assets	<u>374</u>	<u>382</u>
Total	<u><u>146,792</u></u>	<u><u>276,122</u></u>

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 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. During 2021, the sale of five aircraft were completed.

During the third quarter of the year 2021, associated with the fleet restructuring plan, they were transferred from the Property, plant and equipment component of spare parts and engines to the Non-current assets or groups of assets for disposal classified as held for sale. During the fourth quarter of 2021, according to the Chapter 11 Proceedings, an engine of the XWB family included in this group of assets was rejected, due to finally not complete the sales.

Additionally, a loss was recognized for US\$85 million during the year (US\$ 332 million at December 31, 2020) to adjust the assets to its fair value less the cost of sales, which were recorded in the income statement as part of the restructuring activities expenses.

The detail of the fleet classified as non-current assets and disposal group classified as held for sale is as follows:

	As of December 31, 2021	As of December 31, 2020
Aircraft		
Boeing 767	6	11
Total	<u>6</u>	<u>11</u>

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, 2021 %	As of December 31, 2020 %
Latam Airlines Perú S.A.	Peru	US\$	99.81000	99.81000
Lan Cargo S.A.	Chile	US\$	99.89395	99.89395
Lan Argentina S.A. (*)	Argentina	ARS	100.00000	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	99.20120	99.19414
TAM S.A.	Brazil	BRL	100.00000	99.99938

(*) See Note 1

The consolidated subsidiaries do not have significant restrictions for transferring funds to the controlling entity in the normal course of operations, except for those imposed by Chapter 11, 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, 2021						Income for the year ended December 31, 2021	
	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.	484,388	454,266	30,122	417,067	414,997	2,070	584,929	(83,346)
Lan Cargo S.A.	721,484	452,981	268,503	537,180	488,535	48,645	215,811	1,590
Lan Argentina S.A.	162,995	158,008	4,987	119,700	98,316	21,384	242	(190,299)
Transporte Aéreo S.A.	471,094	184,235	286,859	327,955	275,246	52,709	203,411	(56,135)
Latam Airlines Ecuador S.A.	112,437	108,851	3,586	97,111	80,861	16,250	68,762	(3,078)
Aerovías de Integración Regional, AIRES S.A.	70,490	67,809	2,681	87,749	75,621	12,128	239,988	(19,615)
TAM S.A. (*)	2,608,859	1,262,825	1,346,034	3,257,148	2,410,426	846,722	2,003,922	(756,694)

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)

(*) Corresponds to consolidated information of TAM S.A. and subsidiaries

(b) Non-controlling interest

Equity	Tax No.	Country of origin	As of	As of	As of	As of
			December 31,	December 31,	December 31,	December 31,
			2021	2020	2021	2020
			%	%	ThUS\$	ThUS\$
Latam Airlines Perú S.A	0 - E	Peru	0.19000	0.19000	(13,035)	(7,238)
Lan Cargo S.A. and Subsidiaries	93.383.000 - 4	Chile	0.10196	0.10196	2,481	666
Inversora Cordillera S.A. and Subsidiaries	0 - E	Argentina	0.00000	0.01630	-	(276)
Lan Argentina S.A.	0 - E	Argentina	0.00000	0.00344	-	1
Americonsult de Guatemala S.A.	0 - E	Guatemala	0.87000	0.87000	-	1
Americonsult S.A. and Subsidiaries	0 - E	Mexico	0.20000	0.20000	(6)	(6)
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	9.54000	(422)	(522)
Aerolíneas Regionales de Integración Aires S.A.	0 - E	Colombia	0.79880	0.79880	(145)	(13)
Transportes Aereos del Mercosur S.A.	0 - E	Paraguay	5.02000	5.02000	769	713
Total					(10,356)	(6,672)

Incomes	Tax No.	Country of origin	For the year ended			For the year ended		
			December 31,	December 31,	December 31,	December 31,		
			2021	2020	2019	2021	2020	2019
			%	%	%	ThUS\$	ThUS\$	ThUS\$
Latam Airlines Perú S.A	0 - E	Peru	0.19000	0.19000	30.00000	(5,553)	(8,102)	(1,065)
Lan Cargo S.A. and Subsidiaries	93.383.000 - 4	Chile	0.10196	0.10196	0.10196	(82)	(121)	19
Inversora Cordillera S.A. and Subsidiaries	0 - E	Argentina	0.00000	0.01630	4.22000	(19)	360	359
Lan Argentina S.A.	0 - E	Argentina	0.00000	0.00344	0.00344	(5)	70	48
Americonsult S.A. and Subsidiaries	0 - E	Mexico	0.20000	0.20000	0.20000	(1)	1	(7)
Linea Aérea Carguera de Colombiana S.A.	0 - E	Colombia	9.54000	9.54000	10.00000	100	(943)	(293)
Aerolíneas Regionales de Integración Aires S.A.	0 - E	Colombia	0.79880	0.79880	0.79880	(158)	(724)	(24)
Transportes Aereos del Mercosur S.A.	0 - E	Paraguay	5.02000	5.02000	5.02000	67	(189)	420
Total						(5,651)	(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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Airport slots	587,214	627,742	587,214	627,742
Loyalty program	190,542	204,615	190,542	204,615
Computer software	136,135	139,113	463,478	528,097
Developing software	104,874	68,521	105,673	69,379
Trademarks (1)	-	6,340	36,723	39,803
Other assets	127	228	1,315	1,315
Total	1,018,892	1,046,559	1,384,945	1,470,951

Movement in Intangible assets other than goodwill:

	Computer software Net ThUS\$	Developing software ThUS\$	Airport slots (2) ThUS\$	Trademarks and loyalty program (1) (2) ThUS\$	Total 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)
Adjustment application IAS 29 by hyperinflation Argentina	-	-	-	-	-
Closing balance as of December 31, 2019	<u>221,324</u>	<u>99,193</u>	<u>845,959</u>	<u>281,765</u>	<u>1,448,241</u>
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	<u>139,341</u>	<u>68,521</u>	<u>627,742</u>	<u>210,955</u>	<u>1,046,559</u>
Opening balance as of January 1, 2021	139,341	68,521	627,742	210,955	1,046,559
Additions	-	82,798	-	-	82,798
Withdrawals	(275)	(429)	-	-	(704)
Transfer software	46,144	(45,657)	-	(352)	135
Foreign exchange	(3,571)	(359)	(40,528)	(14,276)	(58,734)
Amortization	(45,377)	-	-	(5,785)	(51,162)
Closing balance as of December 31, 2021	<u>136,262</u>	<u>104,874</u>	<u>587,214</u>	<u>190,542</u>	<u>1,018,892</u>

(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.

At December 31, 2021 TAM's trademark is fully amortized

(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, 2021, amounts to ThUS \$ 366,053 (ThUS \$ 424,932 as of December 31, 2020).

b) Impairment Test Intangible Assets with an indefinite useful life

As of December 31, 2021, the Company maintains only the CGU "Air Transport".

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 December 31, 2021, in accordance with the accounting policy, the Company performed the annual impairment test.

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.

The recoverable values were determined using the following assumptions:

		CGU Air transport
Annual growth rate (Terminal)	%	1.1 – 2.5
Exchange rate (1)	R\$/US\$	5.4 – 5.7
Discount rate based on the weighted average Cost of Capital (WACC)	%	8.60 – 10.60
Fuel Price from future prices curves Commodities markets	US\$/barrel	71 - 73

(1) In line with expectations of the Central Bank of Brazil.

The result of the impairment test, which includes a sensitivity analysis of its main variables, showed that the calculated recoverable values exceed the book value of the cash-generating unit, and therefore no impairment was detected.

The CGU is sensitive to annual growth rates, discounts, exchange rates and fuel price. The sensitivity analysis included the individual impact of changes in critical estimates in determining recoverable amounts, namely:

	Increase WACC Maximum	Decrease rate Terminal growth Minimal	Increase Fuel Price Maximum
	%	%	
Air Transportation CGU	10.6	1.1	100-114

In none of the above scenarios an impairment of the cash-generating unit was identified.

NOTE 16 - GOODWILL

Movement of Goodwill, separated by CGU:

	Air Transport ThUS\$	Coalition and loyalty program Multiplus ThUS\$	Total 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	<u>2,209,576</u>	<u>-</u>	<u>2,209,576</u>
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	<u>-</u>	<u>-</u>	<u>-</u>
Opening balance as of January 1, 2021	-	-	-
Increase (decrease) due to exchange rate differences	-	-	-
Impairment loss	-	-	-
Closing balance as of December 31, 2021	<u>-</u>	<u>-</u>	<u>-</u>

During fiscal year 2020, the Company recognized an impairment for the total Goodwill.

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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
a) Property, plant and equipment						
Construction in progress (1)	473,797	377,961	-	-	473,797	377,961
Land	43,276	42,979	-	-	43,276	42,979
Buildings	121,972	123,836	(61,521)	(58,629)	60,451	65,207
Plant and equipment	11,024,722	12,983,173	(4,462,706)	(5,292,429)	6,562,016	7,690,744
Own aircraft (3) (4)	10,377,850	12,375,500	(4,237,585)	(5,088,297)	6,140,265	7,287,203
Other (2)	646,872	607,673	(225,121)	(204,132)	421,751	403,541
Machinery	25,764	27,402	(23,501)	(23,986)	2,263	3,416
Information technology equipment	146,986	147,754	(130,150)	(132,923)	16,836	14,831
Fixed installations and accessories	147,402	154,414	(108,661)	(105,215)	38,741	49,199
Motor vehicles	49,186	49,345	(44,423)	(44,140)	4,763	5,205
Leasehold improvements	248,733	201,828	(115,758)	(127,420)	132,975	74,408
Subtotal Properties, plant and equipment	12,281,838	14,108,692	(4,946,720)	(5,784,742)	7,335,118	8,323,950
b) Right of use						
Aircraft (3)	5,211,153	5,369,519	(3,109,411)	(3,031,477)	2,101,742	2,338,042
Other assets	243,014	244,847	(190,007)	(176,570)	53,007	68,277
Subtotal Right of use	5,454,167	5,614,366	(3,299,418)	(3,208,047)	2,154,749	2,406,319
Total	17,736,005	19,723,058	(8,246,138)	(8,992,789)	9,489,867	10,730,269

(1) As of December 31, 2021, includes advances paid to aircraft manufacturers for ThUS\$ 377,590 (ThUS\$ 360,387 as of December 31, 2020)

(2) Consider mainly rotables and tools.

(3) As of December 31, 2020, due to 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 right of use assets, (1 A319, 7 A320 and 2 B767). As of December 31, 2021, due to Chapter 11, 13 aircraft lease contract were rejected, 4 were presented as to Property, plant and equipment, (4 A350) and 9 were presented as right of use assets, (2 A320 and 7 A350).

(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
Opening balance as of January 1, 2021	377,961	42,979	65,207	7,698,969	14,831	49,199	396	74,408	8,323,950
Additions	84,392	1,550	92	563,023	6,455	6	17	6,543	662,078
Disposals	-	-	-	(169)	(26)	(309)	(17)	-	(521)
Rejection fleet (*)	-	-	-	(469,878)	-	-	-	(46,816)	(516,694)
Retirements	(279)	-	-	(44,684)	(212)	(1,885)	-	(26)	(47,086)
Depreciation expenses	-	-	(4,074)	(620,349)	(4,345)	(8,304)	(61)	(11,649)	(648,782)
Foreign exchange	(1,720)	(1,252)	(833)	(19,199)	(404)	(1,752)	(11)	(13,074)	(38,245)
Other increases (decreases) (**)	13,443	-	59	(538,996)	537	1,786	1	123,589	(399,581)
Changes, total	95,836	298	(4,756)	(1,130,252)	2,005	(10,458)	(71)	58,567	(988,831)
Closing balance as of December 31, 2021	473,797	43,277	60,451	6,568,717	16,836	38,741	325	132,975	7,335,119

(*) Include aircraft lease rejection due to Chapter 11.

(**) As of December 31, 2021, it includes the lease contract amendment of two B787 aircraft ThUS\$ (397,569) and six A320N aircraft ThUS\$ (284,952). Include the reclassification of 4 A350 aircraft that were incorporated on property plant and equipment from available for sale for ThUS\$ 464,812 and the reclassification of 11 B767 aircraft that were moved to available for sales for ThUS\$(606,522) (see note 13).

(b) Right of use assets:

	Aircraft ThUS \$	Others ThUS \$	Net right of use assets 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)
Cumulative 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)
Depreciation expense	(395,936)	(22,492)	(418,428)
Cumulative 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
Opening balances as of January 1, 2021	2,338,042	68,277	2,406,319
Additions	537,995	1,406	539,401
Fleet rejection (*)	(573,047)	(4,577)	(577,624)
Depreciation expense	(317,616)	(16,597)	(334,213)
Cumulative translate adjustment	(574)	(1,933)	(2,507)
Other increases (decreases) **	116,942	6,431	123,373
Total changes	(236,300)	(15,270)	(251,570)
Final balances as of December 31, 2021	2,101,742	53,007	2,154,749

(*) Include aircraft lease rejection due to Chapter 11.

(**) Include the amendment of 109 aircraft lease contract (1 A319, 37 A320, 12 A320N, 19 A321, 1 B767, 6 B777 and 16 B787).

(c) Composition of the fleet

Aircraft	Model	Aircraft included in Property, plant and equipment		Aircraft included as Rights of use assets		Total fleet	
		As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
Boeing 767	300ER	16	17	-	-	16	17
Boeing 767	300F	12(1)	11(1)	1	1	13(1)	12(1)
Boeing 777	300ER	4	4	6	6	10	10
Boeing 787	800	4	6	6	4	10	10
Boeing 787	900	2	2	15	10	17	12
Airbus A319	100	37	37	7	7	44	44
Airbus A320	200	94	96(2)	39	38	133	134(2)
Airbus A320	NEO	-	6	12	6	12	12
Airbus A321	200	18	19	31	19	49	38
Airbus A350	900	-	4	-	7	-	11
Total		187	202	117	98	304	300

(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	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, 2021		As of December 31, 2020	
				Existing Debt	Book Value	Existing Debt	Book Value
				ThUS\$	ThUS\$	ThUS\$	ThUS\$
Wilmington Trust Company	MUFG	Aircraft and engines	Airbus A319	58,611	259,036	69,375	268,746
			Airbus A320	51,543	227,604	63,581	257,613
			Boeing 767	46,779	168,315	43,628	180,591
			Boeing 777	144,358	141,620	-	-
			Boeing 787	-	-	114,936	119,229
Credit Agricole	Credit Agricole	Aircraft and engines	Airbus A319	1,073	6,419	1,073	6,936
			Airbus A320	139,192	117,130	139,192	122,251
			Airbus A321 / A350	30,733	27,427	30,733	28,127
			Boeing 767	10,404	30,958	10,404	32,802
			Boeing 787	91,797	38,551	91,797	43,020
Bank Of Utah	BNP Paribas	Aircraft and engines	Airbus A320 / A350	198,475	233,501	262,420	289,946
			Boeing 787	-	-	211,849	246,349
	Investec		Aircraft and engines	Airbus A320 / A350	-	-	37,870
	SMBC	Aircraft and engines	Airbus A350	-	-	130,000	134,780
Natixis	Natixis	Aircraft and engines	Airbus A321	-	-	271,129	375,645
Citibank N.A.	Citibank N.A.	Aircraft and engines	Airbus A319	27,936	45,849	27,936	38,836
			Airbus A320	128,030	181,224	128,030	214,597
			Airbus A321	41,599	75,092	41,599	81,706
			Airbus A350	15,960	26,507	15,960	26,823
			Airbus B767	90,846	181,246	90,846	197,797
			Airbus B787	23,156	17,036	23,156	19,047
			Rotables	162,477	134,846	162,477	145,708
UMB Bank	MUFG	Aircraft and engines	Airbus A320	166,712	258,875	167,371	246,293
MUFG Bank	MUFG Bank	Aircraft and engines	Airbus A320	-	-	215,043	295,036
Total direct guarantee				<u>1,429,681</u>	<u>2,171,236</u>	<u>2,350,405</u>	<u>3,371,878</u>

(1) For the syndicated loans, is the Guarantee Agent that represent different creditors.

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, 2021, amounts to ThUS\$ 1,200,382 (ThUS\$ 1,642,779 as of December 31, 2020). The book value of the assets with indirect guarantees as of December 31, 2021, amounts to ThUS\$ 2,884,563 (ThUS\$ 3,496,397 as of December 31, 2020).

As of December 31, 2020, given Chapter 11, nineteen aircraft corresponding to Property, plant and equipment were rejected, of which eighteen had direct guarantees and one indirect guarantee.

As of December 31, 2021, 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
GE Capital Aviation Services Ltd.	Latam Airlines Group S.A.	Three letters of credit	12,198	Jan 20, 2022
Merlin Aviation Leasing (Ireland) 18 Limited	Tam Linhas Aéreas S.A.	Two letters of credit	3,852	Mar 15, 2022
RB Comercial Properties 49 Empreendimentos Imobiliarios LTDA	Tam Linhas Aéreas S.A.	One letter of credit	25,835	Apr 29, 2022
			<u>41,885</u>	

(ii) Commitments and others

Fully depreciated assets and commitments for future purchases are as follows:

	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Gross book value of fully depreciated property, plant and equipment still in use	223,608	206,497
Commitments for the acquisition of aircraft (*)	10,800,000	7,500,000

(*) According to the manufacturer's price list.

Purchase commitment of aircraft

Manufacturer	Year of delivery 2022-2028	Total
Airbus S.A.S.	70	70
A320-NEO Family	70	70
The Boeing Company	2	2
Boeing 787-9	2	2
Total	<u>72</u>	<u>72</u>

As of December 31, 2021, as a result of the different aircraft purchase contracts signed with Airbus SAS, 70 Airbus A320 family aircraft remain to be received with deliveries between 2020 and 2028. The approximate amount, according to the manufacturer's list prices, is ThUS \$ 10,200,000.

As of December 31, 2021, as a result of the different aircraft purchase contracts signed with The Boeing Company, 2 Boeing 787 Dreamliner aircraft remain to be received with delivery dates between 2022. The approximate amount, according to list prices from the manufacturer, is ThUS \$ 600,000.

(iii) Capitalized interest costs with respect to Property, plant and equipment.

		For the year ended December 31,		
		2021	2020	2019
Average rate of capitalization of capitalized interest costs	%	5.06	3.52	4.72
Costs of capitalized interest	ThUS\$	7,345	11,627	1,444

NOTE 18 - CURRENT AND DEFERRED TAXES

In the year ended December 31, 2021, 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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provisional monthly payments (advances)	32,086	36,788	-	-	32,086	36,788
Other recoverable credits	9,171	5,532	-	-	9,171	5,532
Total current tax assets	41,257	42,320	-	-	41,257	42,320

(a.2) The composition of the current tax liabilities are as follows:

	Current liabilities		Non-current liabilities		Total liabilities	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Income tax provision	675	656	-	-	675	656
Total current tax liabilities	675	656	-	-	675	656

(b) Deferred taxes

The balances of deferred tax are the following:

Concept	Assets		Liabilities	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Properties, Plants and equipment	(1,128,225)	(1,314,456)	80,468	81,881
Assets by right of use	715,440	229,119	(68)	(136)
Amortization	(44,605)	(65,139)	10	9
Provisions	111,468	212,492	74,047	68,462
Revaluation of financial instruments	(16,575)	(18,133)	-	-
Tax losses	358,284	1,496,952	(87,378)	(60,785)
Intangibles	-	-	254,155	270,681
Other	19,503	23,981	19,777	24,168
Total	15,290	564,816	341,011	384,280

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) ThUS\$	Recognized in consolidated income ThUS\$	Recognized in comprehensive income ThUS\$	Exchange rate variation ThUS\$	Ending balance Asset (liability) 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) ThUS\$	Recognized in consolidated income ThUS\$	Recognized in comprehensive income ThUS\$	Exchange rate variation ThUS\$	Ending balance Asset (liability) 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

(c) From January 1 to December 31, 2021

	Opening balance Assets/(liabilities) ThUS\$	Recognized in consolidated income ThUS\$	Recognized in comprehensive income ThUS\$	Exchange rate variation ThUS\$	Ending balance Asset (liability) ThUS\$
Property, plant and equipment	(1,396,337)	187,644	-	-	(1,208,693)
Assets for right of use	229,255	486,253	-	-	715,508
Amortization	(65,148)	20,533	-	-	(44,615)
Provisions	144,030	(103,826)	(2,783)	-	37,421
Revaluation of financial instruments	(18,133)	1,616	(58)	-	(16,575)
Tax losses (*)	1,557,737	(1,112,075)	-	-	445,662
Intangibles	(270,681)	(1,394)	-	17,920	(254,155)
Others	(187)	(87)	-	-	(274)
Total	180,536	(521,336)	(2,841)	17,920	(325,721)

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. In total the company has not recognized deferred tax assets for ThUS\$ 2,638,473 (ThUS\$ 749,100 as of December 31, 2020) which include deferred tax assets related to negative tax results of ThUS\$ 9,030,059 (ThUS\$ 1,433,474 at December 31, 2020).

(*) As stated in note 2c), on November 26th, 2021 the Company filed a Reorganization Plan and Disclosure Statement in which, among other items, financial forecasts are included together with the proposed issuance of new shares and convertible bonds. With the referred information, the Company management updated its analysis on the recoverability of deferred tax assets and determined that during the time covered by the financial forecast it will not be probable that part of such deferred tax assets may offset future taxable profits. Therefore, the Company during the fourth quarter of 2021 derecognized deferred tax assets not considered recoverable in the amount of THUS\$1,251,912.

Deferred tax expense and current income/(loss) taxes:

	For the year ended December 31,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Current tax expense			
Current tax expense	(47,139)	3,602	(72,999)
Adjustment to previous period's current tax	(460)	199	352
Total current tax expense, net	(47,599)	3,801	(72,647)
Deferred tax expense			
Deferred expense for taxes related to the creation and reversal of temporary differences	(521,336)	546,387	126,344
Total deferred tax expense, net	(521,336)	546,387	126,344
Income/(loss) tax expense	(568,935)	550,188	53,697

Composition of income/(loss) tax expense:

	For the year ended December 31,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Current tax expense, net, foreign	(9,943)	(4,232)	(76,806)
Current tax expense, net, Chile	(37,656)	8,033	4,159
Total current tax expense, net	(47,599)	3,801	(72,647)
Deferred tax expense, net, foreign	4,309	(235,963)	(37,294)
Deferred tax expense, net, Chile	(525,645)	782,350	163,638
Deferred tax expense, net, total	(521,336)	546,387	126,344
Income tax (expense)/benefit	(568,935)	550,188	53,697

Income before tax from the Chilean legal tax rate (27% as of December 31, 2021 and 2020)

	For the year ended December 31,			For the year ended December 31,		
	2021	2020	2019	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$	%	%	%
Tax expense using the legal rate	1,102,736	1,378,547	(38,318)	(27.00)	(27.00)	(27.00)
Tax effect of rates in other jurisdictions	54,775	58,268	(20,082)	(1.34)	(1.14)	(14.15)
Tax effect of non-taxable operating revenues	9,444	19,529	13,125	(0.23)	(0.38)	9.25
Tax effect of disallowable expenses	(30,928)	(40,528)	(66,257)	0.76	0.79	(46.69)
Other increases (decreases):						
Derecognition of deferred tax liabilities for early termination of aircraft financing	205,458	294,969	145,930	(5.03)	(5.78)	102.83
Tax effect for goodwill impairment losses	-	(453,681)	-	-	8.89	-
Derecognition of deferred tax assets not recoverable	(1,251,912)	(237,637)	-	30.65	4.65	-
Deferred tax asset not recognized	(667,702)	(414,741)	-	16.35	8.12	-
Other increases (decreases):	9,194	(54,538)	19,299	(0.23)	1.07	13.60
Total adjustments to tax expense using the legal rate	(1,671,671)	(828,359)	92,015	40.93	16.22	64.84
Tax expense using the effective rate	(568,935)	550,188	53,697	13.93	(10.78)	37.84

Deferred taxes related to items charged to equity:

	For the year ended December 31,	
	2021	2020
	ThUS\$	ThUS\$
Aggregate deferred taxation of components of other comprehensive income	(2,841)	1,883

NOTE 19 - OTHER FINANCIAL LIABILITIES

The composition of other financial liabilities is as follows:

	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Current		
(a) Interest bearing loans	3,869,040	2,243,776
(b) Lease Liability	578,740	806,283
(c) Hedge derivatives	2,734	2,734
(d) Derivative non classified as hedge accounting	2,937	2,937
Total current	4,453,451	3,055,730
Non-current		
(a) Interest bearing loans	3,566,804	5,489,078
(b) Lease Liability	2,381,898	2,314,723
Total non-current	5,948,702	7,803,801

(a) Interest bearing loans

Obligations with credit institutions and debt instruments:

	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Current		
Loans to exporters	159,161	151,701
Bank loans	415,087	385,490
Guaranteed obligations (3)(4)(7)(8)(10)	75,593	388,492
Other guaranteed obligations (1)(5)	2,546,461	435,413
Subtotal bank loans	<u>3,196,302</u>	<u>1,361,096</u>
Obligation with the public	396,345	108,301
Financial leases (3)(4)(6)(7)(8)(9)	199,885	774,379
Other loans	76,508	-
Total current	<u>3,869,040</u>	<u>2,243,776</u>
Non-current		
Bank loans	106,751	139,783
Guaranteed obligations (3)(4)(7)(8)(10)	434,942	930,364
Other guaranteed obligations (1)(5)	178,961	1,503,703
Subtotal bank loans	720,654	2,573,850
Obligation with the public	1,856,853	2,075,106
Financial leases (3)(4)(6)(7)(8)(9)	989,297	840,122
Total non-current	<u>3,566,804</u>	<u>5,489,078</u>
Total obligations with financial institutions	<u>7,435,844</u>	<u>7,732,854</u>

(1) 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.

(2) 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 9, 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 period, 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 September 30, 2021, 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. For those agreements that have already been modified or extinguished, the financial information has been properly presented according to the new contracts’ terms and conditions.

- (3) 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.
- (4) 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.
- (5) On September 29, 2020, LATAM Airlines Group S.A. entered into a MUS\$ 2,450 Debtor-in-Possession financing (the "DIP Financing"), consisting of a MUS\$ 1,300 Tranche A Facility and a MUS\$ 1,150 Tranche C Facility, of which MUS\$ 750 are committed by related parties. The obligations under the DIP Financing are secured by collateral consisting of certain assets of LATAM and certain of its subsidiaries, including, but not limited to, equity, certain engines and spare parts.

On October 8, 2020, LATAM made a partial withdrawal for MUS\$ 1,150 from Tranche A and Tranche C, and then, on or around June 22, 2021, LATAM made an additional withdrawal for MUS\$ 500 from Tranche A and Tranche C.

On October 18, 2021, LATAM Airlines Group S.A. obtained court approval for a Tranche B ("Tranche B") of the Debtor-in-Possession ("DIP") Financing for up to a total of US\$ 750 million. The obligations of this Tranche B, like the previous tranches, are guaranteed with the same guarantees granted by LATAM and its subsidiaries subject to the Chapter 11 Procedure, without limitation, pledges on shares, certain engines and spare parts. The following turns of the DIP must be made to Tranche B until the proportion turned of the latter is equal to that of the previous tranches. Once this ratio is equal, spins are pro-rata.

On November 10, 2021, the company made a partial transfer for MUS\$ 200 from Tranche B and later on December 28, 2021, LATAM made a new transfer for MUS\$ 100. After these transfers, LATAM still It has MUS\$1,250 of line available for future transfers.

The DIP has an expiration date of April 8, 2022, subject to a potential extension, at LATAM's decision, for an additional 60 days in the event that LATAM's reorganization plan has been confirmed by a United States Court order for the Southern District of New York, but the plan is not yet effective.

- (6) On March 31, 2021, the United States Court for the Southern District of New York approved and, subsequently, on April 13, 2021, issued an order approving the motion presented by the Company to extend certain leases of 3 aircraft.
- (7) On June 17, 2021, the United States Court for the Southern District of New York approved the motion presented by the Company to reject the lease of an aircraft financed under a financial lease in the amount of MUS \$ 130.7.
- (8) On June 30, 2021, the United States Court for the Southern District of New York approved the motion filed by the Company to reject the lease contract for 3 aircraft financed under a financial lease in the amount of MUS \$307.4.
- (9) On November 1, 2021, the United States Court for the Southern District of New York approved the motion filed by the Company to reject the lease contract for 1 engine financed under a financial lease in the amount of ThUS\$19.5.
- (10) In the year ended December 31, 2021, the Company transferred its ownership in 5 special purpose vehicles and ceased to control 6 Special Purpose entities. As a result of the foregoing, the classification of the financial liabilities associated with 18 aircraft was changed from guaranteed obligations; 10 to financial leases and 8 to lease liabilities.

Balances by currency of interest bearing loans are as follows:

	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
<u>Currency</u>		
Brazilian real	338,953	300,659
Chilean peso (U.F.)	639,710	679,983
US Dollar	6,457,181	6,752,212
Total	<u>7,435,844</u>	<u>7,732,854</u>

Interest-bearing loans due in installments to December 31, 2021

Debtor: LATAM Airlines Group S.A. and Subsidiaries, Tax No. 89.862.200-2, Chile.

Tax No.	Creditor	Creditor country	Currency	Nominal values						Accounting values						Amortization	Annual	
				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		Effective rate	Nominal rate
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		ThUS\$	%
Loans to exporters																		
0-E	CITIBANK	U.S.A.	US\$	114,000	-	-	-	-	114,000	123,366	-	-	-	-	123,366	At Expiration	2.96	2.96
76.645.030-K	ITAU	Chile	US\$	20,000	-	-	-	-	20,000	22,742	-	-	-	-	22,742	At Expiration	4.20	4.20
0-E	HSBC	England	US\$	12,000	-	-	-	-	12,000	13,053	-	-	-	-	13,053	At Expiration	4.15	4.15
Bank loans																		
97.023.000-9	CORPBANCA	Chile	UF	10,106	-	-	-	-	10,106	11,040	-	-	-	-	11,040	Quarterly	3.35	3.35
0-E	SANTANDER	Spain	US\$	-	-	106,427	-	-	106,427	135	-	106,427	-	-	106,562	Quarterly	2.80	2.80
0-E	CITIBANK	U.S.A.	UF	60,935	-	-	-	-	60,935	64,293	-	-	-	-	64,293	At Expiration	3.10	3.10
Obligations with the public																		
97.030.000-7	BANCOESTADO	Chile	UF	-	159,679	-	-	343,218	502,897	49,584	159,679	-	-	355,114	564,377	At Expiration	4.81	4.81
0-E	BANK OF NEW YORK	U.S.A.	US\$	-	-	700,000	800,000	-	1,500,000	187,082	-	698,450	803,289	-	1,688,821	At Expiration	7.16	6.94
Guaranteed obligations																		
0-E	BNP PARIBAS	U.S.A.	US\$	16,079	12,412	34,958	37,891	97,135	198,475	17,926	12,412	34,044	37,466	96,379	198,227	Quarterly	1.48	1.48
0-E	MUFG	U.S.A.	US\$	29,054	11,661	32,639	34,970	58,388	166,712	31,375	11,661	32,188	34,733	57,983	167,940	Quarterly	1.64	1.64
0-E	WILMINGTON TRUST COMPANY	U.S.A.	US\$	-	2,209	24,703	32,327	85,119	144,358	-	2,209	24,703	32,327	85,119	144,358	Quarterly/Monthly	3.17	1.60
-	SWAP Received aircraft	-	US\$	10	-	-	-	-	10	10	-	-	-	-	10	Quarterly	-	-
Other guaranteed obligations																		
0-E	CRÉDIT AGRICOLE	France	US\$	273,199	-	-	-	-	273,199	274,403	-	-	-	-	274,403	At Expiration	1.82	1.82
0-E	MUFG	U.S.A.	US\$	7,551	33,131	91,435	24,816	-	156,933	8,259	33,131	91,255	24,816	-	157,461	Quarterly	1.72	1.72
0-E	CITIBANK	U.S.A.	US\$	-	600,000	-	-	-	600,000	95	600,000	-	-	-	600,095	At Expiration	2.00	2.00
0-E	BANK OF UTAH	U.S.A.	US\$	-	1,644,876	-	-	-	1,644,876	-	1,630,390	-	-	-	1,630,390	At Expiration	22.71	12.97
0-E	EXIM BANK	U.S.A.	US\$	-	-	-	25,876	37,014	62,890	183	-	-	25,876	37,014	63,073	Quarterly	1.84	1.84
Financial leases																		
0-E	CRÉDIT AGRICOLE	France	US\$	682	1,370	-	-	-	2,052	694	1,370	-	-	-	2,064	Quarterly	3.68	3.23
0-E	CITIBANK	U.S.A.	US\$	19,101	52,371	12,513	-	-	83,985	19,198	52,371	12,359	-	-	83,928	Quarterly	1.37	0.79
0-E	BNP PARIBAS	U.S.A.	US\$	7,216	19,537	28,165	-	-	54,918	7,313	19,537	27,905	-	-	54,755	Quarterly	1.56	0.96
0-E	NATIXIS	France	US\$	1,335	15,612	52,010	54,443	138,058	261,458	4,472	15,612	51,647	54,064	137,430	263,225	Quarterly	2.09	2.09
0-E	US BANK	U.S.A.	US\$	16,601	50,373	135,201	17,492	-	219,667	17,755	50,373	127,721	17,188	-	213,037	Quarterly	4.03	2.84
0-E	PK AIRFINANCE	U.S.A.	US\$	800	3,842	11,562	647	-	16,851	903	3,842	11,562	647	-	16,954	Quarterly	1.88	1.88
0-E	EXIM BANK	U.S.A.	US\$	-	-	-	248,354	284,773	533,127	1,771	-	-	244,490	280,341	526,602	Quarterly	2.88	2.03
Others loans																		
0-E	Various (**)		US\$	55,819	-	-	-	-	55,819	55,819	-	-	-	-	55,819	At Expiration	-	-
	Total			<u>644,488</u>	<u>2,607,073</u>	<u>1,229,613</u>	<u>1,276,816</u>	<u>1,043,705</u>	<u>6,801,695</u>	<u>911,471</u>	<u>2,592,587</u>	<u>1,218,261</u>	<u>1,274,896</u>	<u>1,049,380</u>	<u>7,046,595</u>			

(*) Note that the obligations are due to expire and contractual obligations, for not presenting any resolution of chapter 11.

(**) Obligation to creditors for executed letters of credit resolution.

Interest-bearing loans due in installments to December 31, 2021
 Debtor: TAM S.A. and Subsidiaries, Tax No. 02.012.862/0001-60, Brazil

Tax No.	Creditor	Country	Currency	Nominal values					Accounting values					Amortization	Annual			
				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	Effective rate	Nominal rate
				ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$		%	%	
Bank loans																		
0-E	NCM	Netherlands	US\$	619	-	324	-	-	943	666	-	324	-	-	990	Monthly	6.01	6.01
0-E	BANCO BRADESCO	Brazil	BRL	74,661	-	-	-	-	74,661	98,864	-	-	-	-	98,864	Monthly	4.33	4.33
0-E	Merril Lynch Credit Products LLC	U.S.A.	BRL	185,833	-	-	-	-	185,833	240,089	-	-	-	-	240,089	Monthly	3.95	3.95
Financial lease																		
0-E	NATIXIS	France	US\$	433	2,482	2,872	11,539	-	17,326	637	2,481	2,872	11,539	-	17,529	Quarterly	2.74	2.74
0-E	GA Telessis LLC	U.S.A.	US\$	320	1,147	2,695	2,850	3,987	10,999	409	1,147	2,695	2,850	3,987	11,088	Monthly	14.72	14.72
Others loans																		
0-E	DEUTCHEBANK (*)	Brazil	US\$	20,689	-	-	-	-	20,689	20,689	-	-	-	-	20,689	At Expiration	-	-
Total				282,555	3,629	5,891	14,389	3,987	310,451	361,354	3,628	5,891	14,389	3,987	389,249			
Total consolidated				927,043	2,610,702	1,235,504	1,291,205	1,047,692	7,112,146	1,272,825	2,596,215	1,224,152	1,289,285	1,053,367	7,435,844			

(*) Obligation to creditors for executed letters of credit

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	Creditor country	Currency	Nominal values						Accounting values						Annual		
				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\$	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\$	14,834	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				815,121	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	Creditor Country	Currency	Nominal values						Accounting values						Amortization	Annual	
				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		Effective rate	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				1,272,463	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			

(b) Lease Liability:

The movement of the lease liabilities corresponding to the years reported are as follow:

	Aircraft ThUS\$	Others ThUS\$	Lease Liability total 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
Lease termination	(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
Opening balance as January 1, 2021	3,026,573	94,433	3,121,006
New contracts	518,478	875	519,353
Lease termination	(724,193)	(5,300)	(729,493)
Renegotiations	101,486	5,717	107,203
Payments	(95,831)	(24,192)	(120,023)
Accrued interest	88,245	8,334	96,579
Exchange differences	-	3,356	3,356
Cumulative translation adjustment	-	(2,332)	(2,332)
Other increases (decreases)	(31,097)	(3,914)	(35,011)
Changes	(142,912)	(17,456)	(160,368)
Closing balance as of December 31, 2021	2,883,661	76,977	2,960,638

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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Fair value of interest rate derivatives	2,734	2,734	-	-	2,734	2,734
Total hedge derivatives	2,734	2,734	-	-	2,734	2,734

(d) Derivatives that do not qualify for hedge accounting

	Current liabilities		Non-current liabilities		Total derivatives of no coverage	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Derivative of foreign currency not registered as hedge	2,937	2,937	-	-	2,937	2,937
Total derived not qualify as hedge accounting	2,937	2,937	-	-	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, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Interest rate swaps (2)	(2,734)	(2,734)
Fuel options (3)	17,641	1,296

(1) Hedge 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.

(2) Hedge 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.

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,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Debit (credit) recognized in comprehensive income during the year	38,870	(105,776)	95,954
Debit (credit) transferred from net equity to income during the year	16,641	(13,016)	(30,074)

See note 25 (f) 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	As of
	December 31,	December 31,
	2021	2020
	ThUS\$	ThUS\$
Current		
(a) Trade and other accounts payables	1,966,633	1,757,799
(b) Accrued liabilities	2,893,520	564,326
Total trade and other accounts payables	<u>4,860,153</u>	<u>2,322,125</u>

(a) Trade and other accounts payable:

	As of	As of
	December 31,	December 31,
	2021	2020
	ThUS\$	ThUS\$
Trade creditors	1,460,832	1,281,432
Other accounts payable	505,801	476,367
Total	<u>1,966,633</u>	<u>1,757,799</u>

The details of Trade and other accounts payables are as follows:

	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Maintenance	375,144	116,103
Suppliers technical purchases	328,811	281,452
Handling and ground handling	176,142	137,626
Boarding Fees	171,128	181,049
Leases, maintenance and IT services	143,586	110,472
Professional services and advisory	129,682	146,753
Airport charges and overflight	104,241	142,709
Other personnel expenses	90,410	105,696
Aircraft Fuel	77,171	143,119
Services on board	56,072	58,099
Marketing	49,865	53,419
Air companies	32,152	27,668
Crew	12,007	16,541
Achievement of goals	11,144	6,622
Jol Fleet	9,891	7,840
Land services	6,553	10,466
Others	192,634	212,165
Total trade and other accounts payables	<u>1,966,633</u>	<u>1,757,799</u>

(b) Liabilities accrued:

	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Aircraft and engine maintenance (*)	1,166,181	460,082
Accrued personnel expenses	59,327	72,696
Accounts payable to personnel (**)	58,153	2,186
Other settled claims (***)	1,575,005	-
Others accrued liabilities (***)	34,854	29,362
Total accrued liabilities	<u>2,893,520</u>	<u>564,326</u>

(*) In addition to the account payable for maintenance in the normal course of operations, this amount includes some claims agreed with aircraft lessors, related to maintenance.

(**) Profits and bonus participation (Note 23 letter b).

(***) See Note 22.

(****) This amount includes some agreed fleet claims, associated with the negotiations resulting from the Chapter 11 Proceedings.

The balances include the amounts that will be part of the reorganization agreement, product of the entry into the Chapter 11 Proceedings on May 26, 2020 for LATAM, and July 09 for certain subsidiaries in Brazil.

NOTE 21 - OTHER PROVISIONS

	Current liabilities		Non-current liabilities		Total Liabilities	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Provision for contingencies (1)						
Tax contingencies	24,330	21,188	490,217	364,342	514,547	385,530
Civil contingencies	3,154	2,266	92,955	103,984	96,109	106,250
Labor contingencies	388	320	98,254	48,115	98,642	48,435
Other	-	-	21,855	17,821	21,855	17,821
Provision for European						
Commission investigation (2)	-	-	9,300	10,097	9,300	10,097
Provisions for onerous contracts (3)	-	-	-	44,000	-	44,000
Total other provisions (4)	<u>27,872</u>	<u>23,774</u>	<u>712,581</u>	<u>588,359</u>	<u>740,453</u>	<u>612,133</u>

(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, 2021, and December 31, 2020, 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	<u>282,392</u>	<u>9,217</u>	<u>-</u>	<u>291,609</u>
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	<u>558,036</u>	<u>10,097</u>	<u>44,000</u>	<u>612,133</u>
Opening balance as of January 1, 2021	558,036	10,097	44,000	612,133
Increase in provisions	403,229	-	-	403,229
Provision used	(84,497)	-	-	(84,497)
Difference by subsidiaries conversion	(25,531)	-	-	(25,531)
Reversal of provision	(119,029)	-	(44,000)	(163,029)
Exchange difference	(1,055)	(797)	-	(1,852)
Closing balance as of December 31, 2021	<u>731,153</u>	<u>9,300</u>	<u>-</u>	<u>740,453</u>

- (1) Accumulated balances include a judicial deposit delivered in guarantee, with respect to the “Fundo Aeroviário” (FA), for MUSS 65, 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, 2021 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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Deferred revenues (1)(2)	2,273,137	2,036,880	512,056	702,008	2,785,193	2,738,888
Sales tax	3,870	7,609	-	-	3,870	7,609
Retentions	31,509	27,853	-	-	31,509	27,853
Others taxes	4,916	3,931	-	-	4,916	3,931
Dividends payable	-	-	-	-	-	-
Other sundry liabilities	19,144	12,518	-	-	19,144	12,518
Total other non-financial liabilities	2,332,576	2,088,791	512,056	702,008	2,844,632	2,790,799

Deferred Income Movement

	Deferred income					Adjustment application IAS 29, Argentina hyperinflation	Others provisions	Final balance
	Initial balance	(1)		Loyalty program (Award and redeem)	Expiration of tickets			
		Recognition	Use					
	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
From January 1 to December 31, 2021	2,738,888	4,221,168	(4,053,345)	(12,091)	(114,227)	-	4,800	2,785,193

(1) The balance includes mainly, deferred income for services not provided as of December 31, 2021 and December 31, 2020; and for the frequent flyer LATAM Pass program.

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.

(2) As of December 31, 2021, Deferred Income includes ThUS \$ 58,509 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 \$ 118,188 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, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
Retirements payments	35,075	51,007
Resignation payments	5,817	8,230
Other obligations	15,341	14,879
Total liability for employee benefits	56,233	74,116

(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
From January 1 to December 31, 2021	74,116	(11,391)	(5,136)	10,018	(11,374)	56,233

The principal assumptions used in the calculation to the provision in Chile, are presented below:

Assumptions	For the year ended December 31,	
	2021	2020
Discount rate	5.81%	2.67%
Expected rate of salary increase	3.00%	2.80%
Rate of turnover	5.14%	5.56%
Mortality rate	RV-2014	RV-2014
Inflation rate	3.4%	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 papers 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, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
<u>Discount rate</u>		
Change in the accrued liability an closing for increase in 100 p.b.	(2,642)	(4,576)
Change in the accrued liability an closing for decrease of 100 p.b.	2,959	5,244
<u>Rate of wage growth</u>		
Change in the accrued liability an closing for increase in 100 p.b.	2,849	4,946
Change in the accrued liability an closing for decrease of 100 p.b.	(2,613)	(4,678)

(b) The liability for short-term:

	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
	Profit-sharing and bonuses (*)	58,153

(*) 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,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Salaries and wages	825,792	850,557	1,478,804
Short-term employee benefits	122,650	41,259	147,576
Other personnel expenses	93,457	70,244	168,382
Total	1,041,899	962,060	1,794,762

NOTE 24 - ACCOUNTS PAYABLE, NON-CURRENT

	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$
	Aircraft and engine maintenance	276,816
Fleet (JOL)	124,387	208,037
Airport and Overflight Taxes	26,321	-
Provision for vacations and bonuses	14,545	15,036
Other sundry liabilities	30,357	36,180
Total accounts payable, non-current	472,426	651,600

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, 2021 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, 2020), 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

The following table shows the movement of authorized and fully paid shares previously described above:

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 year	-	-	-	-
Paid shares as of December 31, 2019	<u>606,407,693</u>	<u>3,160,718</u>	<u>(14,453)</u>	<u>3,146,265</u>
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 year	-	-	-	-
Paid shares as of December 31, 2020	<u>606,407,693</u>	<u>3,160,718</u>	<u>(14,453)</u>	<u>3,146,265</u>
Paid shares as of January 1, 2021	606,407,693	3,160,718	(14,453)	3,146,265
There are no movements of shares paid during the 2021 year	-	-	-	-
Paid shares as of December 31, 2021	<u>606,407,693</u>	<u>3,160,718</u>	<u>(14,453)</u>	<u>3,146,265</u>

(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, 2021, 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
From January 1 to December 31, 2021	37,235	-	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	Transactions with non-controlling interest	Legal reserves	Closing balance
	ThUS\$	ThUS\$	ThUS\$	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
From January 1 to December 31, 2021	2,452,019	(3,383)	(538)	2,448,098

Balance of Other sundry reserves comprise the following:

	As of December 31, 2021	As of December 31, 2020	As of December 31, 2019
	ThUS\$	ThUS\$	ThUS\$
Higher value for TAM S.A. share exchange (1)	2,665,692	2,665,692	2,665,692
Reserve for the adjustment to the value of fixed assets (2)	2,620	2,620	2,620
Transactions with non-controlling interest (3)	(216,656)	(213,273)	(210,048)
Others	(3,558)	(3,020)	(5,795)
Total	<u>2,448,098</u>	<u>2,452,019</u>	<u>2,452,469</u>

- (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) and acquisition of the minority stake in LAN Argentina S.A. and Inversora Cordillera through Transportes Aéreos del Mercosur S.A. for an amount of ThUS \$ (3,383).

(f) Reserves with effect in other comprehensive income.

Movement of Reserves with effect in other comprehensive income:

	Currency translation reserve	Cash flow hedging reserve	Gains (Losses) on change on value of time value of options	Actuarial gain or loss on defined benefit plans reserve	Total
	ThUS\$	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 recognized 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	<u>(2,890,287)</u>	<u>56,892</u>	<u>-</u>	<u>(22,940)</u>	<u>(2,856,335)</u>
Opening balance as of January 1, 2020	(2,890,287)	56,892	-	(22,940)	(2,856,335)
Change in fair value of hedging instrument recognized 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	<u>(3,790,513)</u>	<u>(60,941)</u>	<u>-</u>	<u>(25,985)</u>	<u>(3,877,439)</u>
Increase (decrease) due to application of new accounting standards	-	380	(380)	-	-
Opening balance as of January 1, 2021	(3,790,513)	(60,561)	(380)	(25,985)	(3,877,439)
Change in fair value of hedging instrument recognized in OCI	-	39,602	(23,692)	-	15,910
Reclassified from OCI to profit or loss	-	(16,641)	6,509	-	(10,132)
Deferred tax	-	(58)	-	-	(58)
Actuarial reserves by employee benefit plans	-	-	-	10,017	10,017
Deferred tax actuarial IAS by employee benefit plans	-	-	-	(2,782)	(2,782)
Translation difference subsidiaries	18,354	(732)	-	-	17,622
Closing balance as of December 31, 2021	<u>(3,772,159)</u>	<u>(38,390)</u>	<u>(17,563)</u>	<u>(18,750)</u>	<u>(3,846,862)</u>

(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 event.

(g) Retained earnings/(losses)

Movement of Retained earnings/(losses):

Periods	Opening balance	Result for the year	Dividends	Closing balance
	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)
From January 1 to December 31, 2021	(4,193,615)	(4,647,491)	-	(8,841,106)

(h) Dividends per share

During the year 2021 and 2020 no dividend was paid.

NOTE 26 - REVENUE

The detail of revenues is as follows:

	For the year ended		
	December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Passengers	3,342,381	2,713,774	9,005,629
Cargo	1,541,634	1,209,893	1,064,434
Total	4,884,015	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,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Aircraft fuel	1,487,776	1,045,343	2,929,008
Other rentals and landing fees (*)	755,188	720,005	1,275,859
Aircraft rentals (**)	120,630	-	-
Aircraft maintenance	533,738	472,382	444,611
Commissions	89,208	91,910	221,884
Passenger services	77,363	97,688	261,330
Other operating expenses	959,427	1,221,183	1,291,895
Total	4,023,330	3,648,511	6,424,587

(*) Lease expenses are included within this amount (See Note 2.21)

(**) During 2021, the Company amended its Aircraft Lease Contracts which included lease payment based on Power by the Hour (PBH) at the beginning of the contract and then switches to fixed-rent payments. A right of use asset and a lease liability was recognized as result of those amendments at the date of modification of the contract, even if they initially have a variable payment period. As a result of the application of the lease accounting policy, the right of use assets continues to be amortized on a straight-line basis over the term of the lease from the contract modification date. The expenses for the year include both: the lease expense for variable payments (Aircraft Rentals) as well as the expenses resulting from the amortization of the right of use assets from the beginning of the contract (included in the Depreciation line b) below) and interest from the lease liability (included in Lease Liabilities c) below).

	For the year ended December 31,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Payments for leases of low-value assets	19,793	21,178	31,982
Rent concessions recognized directly in profit or loss	-	(110)	-
Total	19,793	21,068	31,982

(b) Depreciation and amortization

Depreciation and amortization are detailed below:

	For the year ended December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Depreciation (*)	1,114,232	1,219,586	1,389,465
Amortization	51,162	169,800	80,511
Total	1,165,394	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, 2021 is ThUS \$ 351,701, ThUS \$ 276,908 for year 2020 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,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Bank loan interest	580,193	314,468	325,650
Financial leases	46,679	45,245	61,980
Lease liabilities	121,147	170,918	181,814
Other financial instruments	57,525	56,348	20,490
Total	805,544	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,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Fair value adjustment of fleet available for sale	73,595	331,522	-
Rejection of aircraft lease contract	1,564,973	269,467	-
Rejection of IT contracts	26,368	-	-
Employee restructuring plan (*)	46,938	290,831	-
Legal advice	91,870	76,541	-
Renegotiation of fleet contracts	516,559	-	-
Others	16,879	21,648	-
Total	<u>2,337,182</u>	<u>990,009</u>	<u>-</u>

(*) See note 2.1, letter c.

(e) Other (gains) losses

Other (gains) losses are detailed below:

	For the year ended December 31,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Fuel hedging	-	82,487	-
Slot Write Off	-	36,896	-
Provision for onerous contract related to purchase commitment	(44,000)	44,000	-
Goodwill Impairment	-	1,728,975	-
Other	13,326	(17,569)	(11,525)
Total	<u>(30,674)</u>	<u>1,874,789</u>	<u>(11,525)</u>

NOTE 28 - OTHER INCOME, BY FUNCTION

Other income, by function is as follows:

	For the year ended December 31,		
	2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
Coalition and loyalty program Multiplus	-	-	36,172
Tours	11,209	22,499	96,997
Aircraft leasing	6,852	46,045	102,704
Customs and warehousing	27,089	25,138	29,353
Duty free	-	-	543
Maintenance	15,602	18,579	10,471
Income from non-airlines products Latam Pass	40,481	42,913	42,791
Other miscellaneous income (*)	126,098	255,828	41,833
Total	227,331	411,002	360,864

(*) Included within this amount is ThUS\$118,188 of 2021 and ThUS\$132,467 of 2020 corresponding to the compensation of Delta Air Lines Inc for the 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,			
	2021	2020	2019	2018
Argentine peso	102.75	84.14	59.83	37.74
Brazilian real	5.57	5.18	4.01	3.87
Chilean peso	844.69	710.95	748.74	694.77
Colombian peso	4,002.52	3,421.00	3,271.55	3,239.45
Euro	0.88	0.81	0.89	0.87
Australian dollar	1.38	1.30	1.43	1.42
Boliviano	6.86	6.86	6.86	6.86
Mexican peso	20.53	19.93	18.89	19.68
New Zealand dollar	1.46	1.39	1.49	1.49
Peruvian Sol	3.98	3.62	3.31	3.37
Uruguayan peso	44.43	42.14	37.24	32.38

Foreign currency

The foreign currency detail of balances of monetary items in current and non-current assets is as follows:

	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Current assets		
Cash and cash equivalents	262,886	483,303
Argentine peso	6,440	16,885
Brazilian real	9,073	13,157
Chilean peso	9,759	32,368
Colombian peso	4,745	2,168
Euro	7,099	10,361
U.S. dollar	195,264	369,455
Other currency	30,506	38,909
Other financial assets, current	12,728	12,981
Argentine peso	4	311
Brazilian real	4	4
Chilean peso	4,440	3,987
Colombian peso	111	132
Euro	1,720	1,867
U.S. dollar	5,242	5,639
Other currency	1,207	1,041

Current assets	As of	As of
	December 31, 2021	December 31, 2020
	ThUS\$	ThUS\$
Other non - financial assets, current	34,613	42,973
Argentine peso	5,715	11,058
Brazilian real	1,488	2,985
Chilean peso	20,074	15,913
Colombian peso	121	175
Euro	1,936	2,667
U.S. dollar	1,106	2,351
Other currency	4,173	7,824
Trade and other accounts receivable, current	156,824	177,491
Argentine peso	6,850	1,881
Brazilian real	53	841
Chilean peso	47,392	38,340
Colombian peso	455	209
Euro	24,143	24,370
U.S. dollar	56,676	98,385
Other currency	21,255	13,465
Accounts receivable from related entities, current	502	430
Chilean peso	19	9
U.S. dollar	483	421
Tax current assets	8,674	11,050
Argentine peso	322	389
Brazilian real	47	887
Chilean peso	681	1,003
Colombian peso	1,618	675
Euro	70	235
U.S. dollar	406	354
Peruvian sun	4,450	5,220
Other currency	1,080	2,287
Total current assets	476,227	728,228
Argentine peso	19,331	30,524
Brazilian real	10,665	17,874
Chilean peso	82,365	91,620
Colombian peso	7,050	3,359
Euro	34,968	39,500
U.S. Dollar	259,177	476,605
Other currency	62,671	68,746

Non-current assets	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Other financial assets, non-current	10,700	9,486
Brazilian real	3,326	3,574
Chilean peso	62	69
Colombian peso	231	284
Euro	2,384	1,369
U.S. dollar	2,524	2,490
Other currency	2,173	1,700
Other non - financial assets, non-current	12,197	36,251
Argentine peso	32	39
Brazilian real	6,924	12,974
U.S. dollar	5,241	3,732
Other currency	-	19,506
Accounts receivable, non-current	3,985	4,984
Chilean peso	3,985	4,984
Deferred tax assets	6,720	2,228
Colombian peso	4,717	221
U.S. dollar	10	13
Other currency	1,993	1,994
Total non-current assets	33,602	52,949
Argentine peso	32	39
Brazilian real	10,250	16,548
Chilean peso	4,047	5,053
Colombian peso	4,948	505
Euro	2,384	1,369
U.S. dollar	7,775	6,235
Other currency	4,166	23,200

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, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, current	179,777	239,712	177,471	86,573
Argentine peso	1	2	-	-
Brazilian real	31	59	210	163
Chilean peso	135,431	40,552	159,541	70,639
Euro	259	87	184	258
U.S. dollar	43,919	198,996	17,460	15,504
Other currency	136	16	76	9
Trade and other accounts payables, current	1,317,418	1,285,233	50,312	20,908
Argentine peso	234,358	228,069	2,335	7,315
Brazilian real	70,523	71,446	653	37
Chilean peso	280,405	312,921	44,438	10,991
Colombian peso	7,673	12,300	1,134	1,165
Euro	134,146	143,780	887	41
U.S. dollar	472,800	392,914	73	912
Peruvian sol	2,487	11,759	310	222
Mexican peso	11,297	16,546	29	60
Pound sterling	45,096	35,269	86	45
Uruguayan peso	775	441	58	-
Other currency	57,858	59,788	309	120
Accounts payable to related entities, current	57	(229)	-	-
Chilean peso	6	-	-	-
U.S. dollar	51	(229)	-	-
Other provisions, current	-	14	4,980	1,628
Chilean peso	-	-	25	29
Other currency	-	14	4,955	1,599
Current liabilities	Up to 90 days		91 days to 1 year	
	As of December 31, 2021	As of December 31, 2020	As of December 31, 2021	As of December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other non-financial liabilities, current	29,057	42,467	-	50
Argentine peso	1,604	961	-	-
Brazilian real	859	976	-	3
Chilean peso	1,332	5,836	-	1
Colombian peso	941	622	-	38
Euro	1,375	3,206	-	-
U.S. dollar	21,174	19,707	-	-
Other currency	1,772	11,159	-	8
Total current liabilities	1,526,331	1,567,596	232,763	109,159
Argentine peso	235,963	229,032	2,335	7,315
Brazilian real	71,413	72,481	863	203
Chilean peso	417,174	359,309	204,004	81,660
Colombian peso	8,614	12,922	1,134	1,203
Euro	135,780	147,073	1,071	299
U.S. dollar	537,944	611,787	17,533	16,416
Other currency	119,443	134,992	5,823	2,063

Non-current liabilities	More than 1 to 3 years		More than 3 to 5 years		More than 5 years	
	As of	As of	As of	As of	As of	As of
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Other financial liabilities, non-current	33,205	268,320	15,375	4,250	359,623	403,841
Chilean peso	1,512	180,150	896	1,320	355,636	398,199
Brazilian real	86	351	-	-	-	-
Euro	135	427	90	-	-	-
U.S. dollar	31,413	87,280	14,389	2,930	3,987	5,642
Other currency	59	112	-	-	-	-
Accounts payable, non-current	114,097	70,145	1,451	1,390	342	241
Chilean peso	41,456	47,752	1,451	1,390	342	241
U.S. dollar	71,339	21,051	-	-	-	-
Other currency	1,302	1,342	-	-	-	-
Other provisions, non-current	49,420	45,834	-	-	-	-
Argentine peso	1,074	696	-	-	-	-
Brazilian real	27,532	26,872	-	-	-	-
Colombian peso	255	278	-	-	-	-
Euro	10,820	11,736	-	-	-	-
U.S. dollar	9,739	6,252	-	-	-	-
Provisions for employees benefits, non-current	44,816	64,152	-	-	-	-
Chilean peso	44,816	64,152	-	-	-	-
Total non-current liabilities	241,538	448,451	16,826	5,640	359,965	404,082
Argentine peso	1,074	696	-	-	-	-
Brazilian real	27,618	27,223	-	-	-	-
Chilean peso	87,784	292,054	2,347	2,710	355,978	398,440
Colombian peso	255	278	-	-	-	-
Euro	10,955	12,163	90	-	-	-
U.S. dollar	112,491	114,583	14,389	2,930	3,987	5,642
Other currency	1,361	1,454	-	-	-	-

General summary of foreign currency:	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
Total assets	509,829	781,177
Argentine peso	19,363	30,563
Brazilian real	20,915	34,422
Chilean peso	86,412	96,673
Colombian peso	11,998	3,864
Euro	37,352	40,869
U.S. dollar	266,952	482,840
Other currency	66,837	91,946
Total liabilities	2,377,423	2,534,928
Argentine peso	239,372	237,043
Brazilian real	99,894	99,907
Chilean peso	1,067,287	1,134,173
Colombian peso	10,003	14,403
Euro	147,896	159,535
U.S. dollar	686,344	751,358
Other currency	126,627	138,509
Net position		
Argentine peso	(220,009)	(206,480)
Brazilian real	(78,979)	(65,485)
Chilean peso	(980,875)	(1,037,500)
Colombian peso	1,995	(10,539)
Euro	(110,544)	(118,666)
U.S. dollar	(419,392)	(268,518)
Other currency	(59,790)	(46,563)

NOTE 30 - EARNINGS / (LOSS) PER SHARE

	For the year ended December 31,		
	2021	2020	2019
Basic earnings / (loss) per share			
Earnings / (loss) attributable to owners of the parent (ThUS\$)	(4,647,491)	(4,545,887)	190,430
Weighted average number of shares, basic	606,407,693	606,407,693	606,407,693
Basic earnings / (loss) per share (US\$)	(7.66397)	(7.49642)	0.31403
	For the year ended December 31,		
	2021	2020	2019
Diluted earnings / (loss) per share			
Earnings / (loss) attributable to owners of the parent (ThUS\$)	(4,647,491)	(4,545,887)	190,430
Weighted average number of shares, basic	606,407,693	606,407,693	606,407,693
Weighted average number of shares, diluted	606,407,693	606,407,693	606,407,693
Diluted earnings / (loss) per share (US\$)	(7.66397)	(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 court issued a ruling in favor of Tam Viagens S/A on June 24, 2021. An appeal by the Municipality is pending.	99,198
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 subsidiaries (the "Initial Debtors") individually filed a voluntary petition for reorganization 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" and together with the Initial 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 resolution before the Honorable James L. Garrity Jr. in United States Bankruptcy Court for the Southern District Court of New York (the "Bankruptcy Court") and are being jointly administered under case number 20-11254. On September 18, 2020, the Debtors received approval of the modified funding proposal for Debtor in Possession ("DIP") funding filed on September 17, 2020 from the Bankruptcy Court. On October 18, 2021 the Bankruptcy Court approved the Debtors' request for certain additional DIP funding, namely a "Tranche B" facility. On November 26, 2021, the Debtors filed a joint plan of reorganization together with a disclosure statement. A hearing will be conducted on January 27, 2022 to rule on the adequacy of the disclosure statement. The Bankruptcy Court has extended the Debtors' exclusive period to solicit acceptances for the plan to January 26, 2022. The Subsequent Debtors have sought an additional extension of their exclusive periods to file and solicit acceptances for the plan, until January 7, 2022 and March 7, 2022 respectively. A hearing on that request will be conducted on January 27, 2022. LATAM has continued its process of reconciling claims and presenting objections. Likewise, LATAM continues to evaluate its contracts and has rejected some of them. It continues with the review of its existing fleet obligations, and pursuing solicitation and confirmation of its plan.	-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. The Companies Commission adopted the Cross-Border Communications Protocol on November 4, 2020. On December 14, 2020, that Commission recognized the order issued by the Bankruptcy Court on November 20, 2020 authorizing the stock issue, capital contributions and changes to the pledge agreements. On October 27, 2021, the Commission recognized the order issued by the Bankruptcy Court on October 18, 2021 approving the second proposed DIP loan submitted by LATAM Airlines Group S.A. and authorizing a change in the collateral provided in the first DIP loan and the signature of a petition accessory to the DIP loan agreement. The Commission was informed on December 22, 2021 that on November 26, 2021, LATAM Airlines Group S.A. had filed a Reorganization Agreement pursuant to Chapter 11 and that the hearing for the Bankruptcy Court to rule on that Agreement would be held January 27, 2022. That was the last action in the process.	-0-

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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-
Piquero Leasing Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	Piquero Leasing Limited entered a motion to suspend the liquidation on September 28, 2020. The Grand Court of the Cayman Islands granted the motion and extended the provisional liquidation status for 6 months. The procedure continues.	-0-

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
Peuco Finance Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On May 13, 2021, Peuco Finance Limited filed a petition to suspend the liquidation. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation until October 9, 2021. The lawsuit continues to be active.	-0-
LATAM Finance Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On May 13, 2021, LATAM Finance Limited filed a petition to suspend the liquidation. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation until October 9, 2021. The lawsuit continues to be active.	-0-
Piquero Leasing Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On May 13, 2021, Piquero Leasing Limited filed a petition to suspend the liquidation. On May 18, 2021, the Grand Court of Cayman Islands accepted the petition and extended the status of temporary liquidation until October 9, 2021. The lawsuit continues to be active.	-0-
Peuco Finance Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On December 1, 2021, Peuco Finance Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.	-0-
LATAM Finance Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On December 1, 2021, LATAM Finance Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.	-0-
Piquero Leasing Limited	Grand Court of the Cayman Islands	-	A petition for a provisional liquidation.	On December 1, 2021, Piquero Leasing Limited filed a petition to suspend the liquidation on December 1, 2021. The process continues.	-0-

2) Lawsuits received by LATAM Airlines Group S.A. and Subsidiaries.

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUSS
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.	<p>On April 14th, 2008, the notification of the European Commission was replied. The appeal was filed on January 24, 2011.</p> <p>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).</p> <p>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 THUSS\$9,299 (8.220.000 Euros)</p> <p>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, which is expected to be known at the end of March 2022, 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 (ThUSS\$9.299 (€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.</p>	9,299

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUSS
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 (Landgericht 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.	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 2018, 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. For the case in Germany, LATAM petitioned the German Court for a suspension on the basis of the financial reorganization petitioned by LATAM Airlines Group S.A. and Lan Cargo S.A. in the United States (Chapter 11) in May 2020. DB Barnsdale AG also filed a claim with the U.S. Court by the deadline that creditors have under Chapter 11 claims. An agreement was reached with Barnsdale AG before the Courts could rule and that ended all claims in Germany. British Airways; KLM; Martinair; Air France; Lufthansa; Lufthansa Cargo and Swiss Air filed claims with the U.S. Court. LATAM opposed these claims and the U.S. Court dismissed and voided them after a review on May 27, 2021. The two proceedings still pending in Norway and the Netherlands are in the evidentiary stages. There has been no activity in Norway since January 2014 and in the Netherlands, since February 2021. The amounts are indeterminate.	-0-
Aerolinhas Brasileiras S.A.	Federal Justice.	0008285-53.2015.403.6105	An action seeking to quash a decision and petitioning for early protection in order to obtain 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	8,643

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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\$3.100- R\$ 17.302.858,00). We must await a decision on the Treasury appeal.	6,973
Tam Linhas Aéreas S.A.	Court of the Second Region.	2001.51.01.012530-0 (linked to the process 19515.721154/2014-71, 19515.002963/2009-12)	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\$65.464. 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.	65,464
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 DCOMP.	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. We must wait until the due diligence is complete.	29,484

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 45 th 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 14, 2020. The defendants, REGIONAL ONE and VAS, filed a motion for reconsideration of this decision, petitioning that the evidence of the expert opinion be eliminated because it was presented late. The motion was denied by the Court. On April 30, 2021, they petitioned for a clarification and supplement to the opinion, to which the Court agreed in a decision on May 19, 2021, giving the expert 10 business days to respond. The brief of clarification was filed June 2, 2021 and the docket was presented to the Judge on June 3, 2021. The parties were given notice of the objection on July 21, 2021 based on a serious mistake in the opinion presented by Regional One. The case entered the judgment phase on August 5, 2021. On October 7, 2021, the Court set a date for the instruction and judgment hearing, which will be February 3, 2022. Regional One, the defendant, filed a petition for reconsideration on October 13, 2021 that had not been decided on the date of this report. The claim was withdrawn on January 11, 2022 because the matter had been settled before the Bankruptcy Court hearing the Chapter 11 claim. The Court decreed the end of the proceedings because the claims were withdrawn in a ruling issued January 19, 2022.	9,500
				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 unsecured claims with the U.S. Bankruptcy Court by the deadline that creditors have according to Chapter 11. On October 18, 2021, the parties participated in a third mediation where they agreed on the terms of a global settlement. On December 16, 2021, the Bankruptcy Court for the Southern District of New York approved the global agreement and release. Therefore, Dash and Regional withdrew their claims against Aires in Florida on December 21, 2021, which put an end to the proceedings.

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 CAREF. 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.	7,661
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. On August 11, 2021 Inversiones Ranco Tres S.A. requested the suspension of the hearing of the Appeal, after the recognition by the 2nd Civil Court of Santiago of the foreign reorganization procedure in accordance with Law No. 20,720, for the entire period that said procedure lasts, a request that was accepted by the Supreme Court.	15,694

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.	27,129
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.	8,064
TAM Linhas Aéreas S.A.	Delegacia 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.	15,646
TAM Linhas Aéreas S.A.	Delegacia 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.	11,193
TAM Linhas Aéreas S.A.	Delegacia 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. The process has become a judicial proceeding.	22,136

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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.	63,585
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.	12,509
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.	92,152
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.	17,153
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.	9,436

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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.	16,750
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.	11,316
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. The case is now before the Superior Court of Labor.	12,256
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 is pending a decision by the D Room. On July 30, 2020, the D Room ordered the General Prosecutor to appear.	-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. The Court ruled in favor of the defendants on March 26, 2021, denying the precautionary measure petitioned by the plaintiff.	-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 COFINS 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.	12,406

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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 COFINS 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 (CARF) that is pending a decision.	11,292
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 COFINS 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 (CARF) that is pending a decision.	11,221
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 (CARF) that is pending a decision.	31,996
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 attorneys believed that the probability of recovering this sum had fallen to 30%-40% because of the pressure being put by the Executive Branch on the National Court of Justice and the Judiciary in general for rulings not to affect government revenues and because the case involves differences that are based on insufficient documentation supporting the expense. Given the percentage loss (above 50%), the accounting write-off of this recovery has been carried out.	12,505

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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 (CARF) that is pending a decision.	9,612
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 (CARF) that is pending a decision.	12,068
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 (CARF) that is pending a decision.	11,830
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 (CARF) that is pending a decision.	12,046
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 (CARF) that is pending a decision.	10,713

Company	Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
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 (CARF) that is pending a decision.	12,559
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 (CARF) that is pending a decision.	10,530
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 (CARF) that is pending a decision.	9,592
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. The Company filed a voluntary appeal (CARF) that is pending a decision.	25,366
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. The Company filed a voluntary appeal (CARF) that is pending a decision.	14,377
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. The Company filed a voluntary appeal (CARF) that is pending a decision.	8,713
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. The Company filed a voluntary appeal (CARF) that is pending a decision.	9,281

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.	<p>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.</p> <p>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. On February 9, 2021, the Bankruptcy Court sustained just one of the petitions of CONADECUS. As a result, they can continue their appeal against the decision by the 25th Civil Court that approved the reconciliation of AGRECU and LATAM.</p>	-0-

Company		Court	Case Number	Origin	Stage of trial	Amounts Committed (*) ThUS\$
Latam Group S.A	Airlines	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. LATAM presented reports on the implementation of the agreement on May 19, 2021 and November 19, 2021. CONADECUS still has appeals pending against these decisions. The amount at the moment is undetermined.	-0-
TAM Linhas Aéreas S.A		Receita Federal de Brasil	13074.726429/2021-41	It is about the non-approved compensation/reimbursement of Cofins for the periods 07/2016 to 06/2017.	TAM filed its administrative defense. (Manifestação de Inconformidade). A decision is pending	14,232
TAM Linhas Aéreas S.A		Receita Federal de Brasil	2007.34.00.009919- 3(0009850- 54.2007.4.01.3400)	A lawsuit seeking to review the incidence of the Social Security Contribution taxed on 1/3 of vacations, maternity payments and medical leave for accident.	A decision is pending	56,436
Tam Linhas Aéreas S/A.		Justicia Cível do Rio de Janeiro/RJ	0117185- 03.2013.8.19.0001	MAIS Linhas Aéreas filed a claim seeking an indemnity for alleged loss of profit during the period when one of its aircraft was being repaired at the LATAM Technology Center in Sao Carlos, Sao Paulo.	TAM was ordered to pay an indemnity to Mais Linhas for loss of profit and moral damage, estimated to be R\$48 million. Both parties appealed the decision, but the Rio de Janeiro Court has not issued a ruling on the appeals. Before any appeals decision is rendered, Mais filed a provisional enforcement petition for R\$48 million. TAM appealed that petition on September 21, 2021, and presented guarantee insurance on the record to keep its accounts from being frozen.	8,330
TAM Linhas Aéreas S.A.		Delegacia da Receita Federal	13896.720385/2017-96	It is about the refund request regarding the negative balance of IRPJ, corresponding to the calendar year 2011.	Presented the defense, which was denied by RFB. TAM resource partially accepted. A decision is pending	25,889

- In order to deal with any financial obligations arising from legal proceedings in effect at December 31, 2021, 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 (See Note 20 b).

(*) 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 Role No. 2530-19 into the LATAM Pass frequent passenger program. The last move in 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 Role No. 2565-19 into the Alliance Agreement between LATAM Airlines Group S.A. and American Airlines INC. The last move in this investigation corresponds to a request for information received on November 3, 2021.

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. On January 18, 2021, the 14th Civil Court of Santiago approved the aforesaid agreement. LATAM published an abstract of the decision in nationwide newspapers in compliance with the law. LATAM began performance of the agreement on September 3, 2021.

4) On October 15, 2019, LATAM Airlines Group S.A. received the resolution issued by the National Economic Prosecuting Authority (FNE) which begins an investigation Role N°2585-19 into the agreement between LATAM Airlines Group S.A. and Delta Airlines, Inc. On August 13, 2021 FNE, Delta and LATAM reached an out-of-court agreement that put an end to this investigation. On 10/28/21, the Tribunal de Defensa de la Libre Competencia approved the out-of-court agreement reached by LATAM and Delta Air Lines with the National Economic Prosecuting Authority.

5) LATAM Airlines Group S.A. received a resolution by the National Economic Prosecutor (FNE) on February 1, 2018 beginning Investigation 2484-18 on air cargo carriage. The most recent activity in this investigation was received in January 2022.

6) LATAM Airlines Group S.A. received a resolution by the National Economic Prosecutor (FNE) on August 12, 2021 beginning Investigation N° 2669-21 on compliance with condition VII Res. N° 37/2011 H. TDLC. The last movement in this investigation corresponds to a letter received in December 2021 with a response date of January 14, 2022.

NOTE 32 - COMMITMENTS

(a) Commitments for loans obtained

In relation to certain contracts committed by the Company for the financing of the Boeing 777 aircraft, which are guaranteed by Export – Import Bank of the United States of America, commencing on January 1, 2023, limits have been established for some financial indicators of LATAM Airlines Group S.A. on a consolidated basis. Under any circumstance, non-compliance of this limits, does not generate credit acceleration.

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, 2021, this line of credit is fully used.

As of December 31, 2021, 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 guarantee 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, 2021 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.	Forty-five letters of credit	228,184	Jan 14, 2022
Superintendencia Nacional de Aduanas y de Administración Tributaria	Latam Airlines Perú S.A.	Four letters of credit	15,176	Nov 23, 2022
Lima Airport Partners S.R.L.	Latam Airlines Perú S.A.	Two letters of credit	1,150	Nov 30, 2022
Servicio Nacional de Aduana del Ecuador	Latam Airlines Ecuador S.A.	Four letters of credit	2,130	Aug 5, 2022
Empresa Pública de Hidrocarburos del Ecuador EP Petro ecuador	Latam Airlines Ecuador S.A.	Four letters of credit	1,500	Jun 20, 2022
Aena Aeropuertos S.A.	Latam Airlines Group S.A.	Three letters of credit	1,237	Nov 15, 2022
American Alternative Insurance Corporation	Latam Airlines Group S.A.	Twelve letters of credit	4,585	Mar 22, 2022
Comisión Europea	Latam Airlines Group S.A.	One letter of credit	9,333	Mar 29, 2022
Metropolitan Dade County	Latam Airlines Group S.A.	Seven letters of credit	3,597	Mar 13, 2022
BBVA	Latam Airlines Group S.A.	One letter of credit	4,315	Jan 16, 2022
JFK International Air Terminal LLC.	Latam Airlines Group S.A.	One letter of credit	2,300	Jan 27, 2022
Servicio Nacional de Aduanas	Latam Airlines Group S.A.	Eight letters of credit	2,303	Jul 30, 2022
Isocoles	Latam Airlines Group S.A.	One letter of credit	12,750	Aug 6, 2022
Procon	Tam Linhas Aéreas S.A.	Two insurance policy guarantee	2,233	Nov 17, 2025
União Federal	Tam Linhas Aéreas S.A.	Two insurance policy guarantee	8,250	Feb 4, 2025
Vara das Execuções Fiscais Estaduais Da Comarca De São Paulo.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	8,531	Apr 15, 2025
Vara das Execuções Fiscais Estaduais Da Comarca De São Paulo.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	1,417	Apr 4, 2025
Vara das Execuções Fiscais Estaduais Da Comarca De São Paulo.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	1,323	Jul 5, 2023
Procon	Tam Linhas Aéreas S.A.	Seven insurance policy guarantee	9,542	Apr 6, 2022
17a Vara Cível da Comarca da Capital de João Pessoa/PB.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	2,247	Jun 25, 2023
14ª Vara Federal da Seção Judiciária de Distrito Federal	Tam Linhas Aéreas S.A.	One insurance policy guarantee	1,342	May 29, 2025

Creditor Guarantee	Debtor	Type	Value ThUS\$	Release Date
Tribunal de Justiça de Rio de Janeiro.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	11,198	Aug 30, 2026
Vara Cível Campinas SP.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	1,577	Jun 14, 2024
JFK International Air Terminal LLC.	Tam Linhas Aéreas S.A.	One insurance policy guarantee	1,300	Jan 25, 2022
7ª Turma do Tribunal Regional Federal da 1ª Região	Tam Linhas Aéreas S.A.	One insurance policy guarantee	41,029	Apr 20, 2023
Procon	Tam Linhas Aéreas S.A.	One insurance policy guarantee	1,931	Feb 10, 2026
Bond Safeguard Insurance Company	Tam Linhas Aéreas S.A.	One insurance policy guarantee	2,700	Jul 20, 2022
Fundacao de Protecao e Defesa do Consumidor Procon	Tam Linhas Aéreas S.A.	Two insurance policy guarantee	4,079	Sep 20, 2023
Uniao Federal Fazenda Nacional	Tam Linhas Aéreas S.A.	One insurance policy guarantee	2,251	Nov 16, 2025
Uniao Federal PGFN	Tam Linhas Aéreas S.A.	Three póliza de seguro de garantia	17,621	Jan 4, 2024
Uniao Federal Fazenda Nacional	Tam Linhas Aéreas S.A.	One insurance policy guarantee	27,446	Jul 30, 2022
Uniao Federal Fazenda Nacional	Absa Linhas Aereas Brasileira S.A.	Three póliza de seguro de garantia	25,839	Apr 14, 2023
Uniao Federal PGFN	Absa Linhas Aereas Brasileira S.A.	Two póliza de seguro de garantia	19,732	Oct 20, 2022
Tribunal de Justiça de São Paulo.	Absa Linhas Aereas Brasileira S.A.	One insurance policy guarantee	4,709	Mar 31, 2022
7ª Turma do Tribunal Regional Federal da 1ª Região	Absa Linhas Aereas Brasileira S.A.	One insurance policy guarantee	1,600	May 7, 2023
			<u>486,457</u>	

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,		
						2021 ThUS\$	2020 ThUS\$	2019 ThUS\$
96.810.370-9	Inversiones Costa Verde Ltda. y CPA.	Related director	Chile	Tickets sales		23	28	16
				Loans received (*)	CLP	(35,412)	(100,013)	-
				Interest accrued (*)	CLP	(34,694)	(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	26	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	9	5	-
Foreign	Patagonia Seafarms INC	Related director	U.S.A	Services provided of cargo transport		15	40	-
Foreign	TAM Aviação Executiva e Taxi Aéreo S.A.	Common shareholder	Brazil	Services provided	BRL	12	-	-
				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\$	(6,387)	(4,736)	(2,050)
				Interlineal provided service	US\$	6,283	3,141	3,739
				Services provided of handling	US\$	1,493	1,246	1,106
				Compensation for early return of aircraft	US\$	-	9,240	-
				Services provided / received others	US\$	(963)	1,160	996
Foreign	Delta Air Lines, Inc.	Shareholder	U.S.A	Interlineal received service	US\$	(11,768)	(4,160)	-
				Interlineal provided service	US\$	7,695	4,357	-
				Compensation for cancellation of aircraft purchase	US\$	-	62,000	-
				Compensation for cancellation of aircraft purchase	US\$	(59)	3,310	-
				Compensation for cancellation of aircraft purchase	US\$	(318)	30	-
Foreign	QA Investments Ltd	Common shareholder	Jersey Channel Islands	(*)Loans received	US\$	(8,853)	(125,016)	-
Foreign	QA Investments 2 Ltd	Common shareholder	Jersey Channel Islands	(*)Interest accrued	US\$	(8,673)	(7,125)	-
				(*)Loans received	US\$	(44,266)	(125,016)	-
Foreign	Lozuy S.A.	Common shareholder	Uruguay	(*)Interest accrued	US\$	(43,367)	(7,125)	-
				(*)Loans received	US\$	(44,266)	(25,003)	-
				(*)Interest accrued	US\$	(43,367)	(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 at arm's length basis.

(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,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Remuneration	9,981	8,395	13,701
Management fees	1,016	257	411
Non-monetary benefits	501	1,719	1,815
Short-term benefits	16,639	13,624	31,124
Long-term benefits	-	-	8,577
Share-based payments	-	-	3,296
Termination benefits	513	4,539	1,428
Total	28,650	28,534	60,352

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 the year ended		
	December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Fuel hedge	14,269	(46,579)	(9,966)
Hedging margin guarantees	(4,900)	14,962	(21,200)
Tax paid on bank transaction	(2,530)	(1,261)	(11,369)
Fuel derivatives premiums	(17,077)	(3,949)	(17,102)
Bank commissions, taxes paid and other	(21,287)	(5,828)	(20,627)
Guarantees	(39,728)	(44,280)	(5,474)
Court deposits	(16,323)	38,528	(22,976)
Delta Air Lines Inc. Compensation	-	62,000	350,000
Total Other inflows (outflows) Operation flow	<u>(87,576)</u>	<u>13,593</u>	<u>241,286</u>
Tax paid on bank transaction	(425)	(2,192)	(2,249)
Guarantee deposit received from the sale of aircraft	18,900	-	-
Total Other inflows (outflows) Investment flow	<u>18,475</u>	<u>(2,192)</u>	<u>(2,249)</u>
Settlement of derivative contracts	-	(107,788)	(2,976)
Aircraft Financing advances	-	-	(55,728)
Fees paid to financial institutions	(11,034)	-	-
Total Other inflows (outflows) Financing flow	<u>(11,034)</u>	<u>(107,788)</u>	<u>(58,704)</u>

(c) Dividends:

	For the period ended		
	December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Latam Airlines Group S.A.	-	-	(54,580)
Latam Airlines Perú S.A. (*)	-	(571)	(536)
Total dividends paid	<u>-</u>	<u>(571)</u>	<u>(55,116)</u>

(*) Dividends paid to non-controlling shareholders

(d) Reconciliation of liabilities arising from financing activities:

Obligations with financial institutions	As of	Cash flows			Non cash-Flow Movements		As of
	December 31,	Obtainment	Payment		Interest accrued	Reclassifications	December 31,
	2020	Capital	Capital	Interest	and others (*)		2021
ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Loans to exporters	151,701	-	-	-	7,460	-	159,161
Bank loans	525,273	-	-	(546)	(2,889)	-	521,838
Guaranteed obligations	1,318,856	-	(14,605)	(17,405)	(513,276)	(263,035)	510,535
Other guaranteed obligations	1,939,116	661,609	(26,991)	(28,510)	135,405	44,793	2,725,422
Obligation with the public	2,183,407	-	-	-	69,791	-	2,253,198
Financial leases	1,614,501	-	(421,452)	(40,392)	(181,717)	218,242	1,189,182
Other loans	-	-	-	-	76,508	-	76,508
Lease liability	3,121,006	-	(103,366)	(17,768)	(39,234)	-	2,960,638
Total Obligations with financial institutions	10,853,860	661,609	(566,414)	(104,621)	(447,952)	-	10,396,482

Obligations with financial institutions	As of	Cash flows			Non cash-Flow Movements		As of
	December 31,	Obtainment	Payment		Interest accrued	Reclassifications	December 31,
	2019	Capital	Capital	Interest	and others		2020
ThUS\$	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

(*) Accrued interest and others, includes ThUS\$ 458,642 (ThUS\$ (891,407) as of December 31, 2020), associated with the rejection of fleet contracts.

(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,	
	2021	2020
	ThUS\$	ThUS\$
Increases (payments)	-	(31,803)
Recoveries	-	8,157
Total cash flows	-	(23,646)

(f) Additions of property, plant and equipment and Intangibles

	For the year ended		
	At December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Net cash flows from			
Purchases of property, plant and equipment	587,245	324,264	1,276,621
Additions associated with maintenance	302,858	173,740	453,827
Other additions	284,387	150,524	822,794
Purchases of intangible assets	88,518	75,433	140,173
Other additions	88,518	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,	
	2021	2020
	ThUS\$	ThUS\$
Net cash flows from (used in) operating activities	(65,901)	18,347
Net cash flows from (used in) investment activities	17,223	(13,872)
Net cash flows from (used in) financing activities	-	-
Effects of variation in the exchange rate on cash and cash equivalents	48,678	(4,475)
Net increase (decrease) in cash and cash equivalents	-	-

NOTE 36 - EVENTS SUBSEQUENT TO THE DATE OF THE FINANCIAL STATEMENTS

(1) Within the context of the Chapter 11 Proceedings:

- a. On February 10, 2022, an amendment to the restructuring support agreement, or "Restructuring Support Agreement (RSA)", dated November 26, 2021, was executed, through which, the Ad Hoc Group of LATAM Bondholders, represented by White & Case LLP (W&C), was incorporated as part of the RSA, agreeing among other things, to support the Reorganization Plan and LATAM agreeing mainly to pay certain of this group's professional fees up to a certain limit.

On March 15, 2022, the Court resolved to approve the New Amended and Restated DIP Financing Proposal. Pursuant to the approval of the New Amended and Restated DIP Financing Proposal, on April 8, 2022, an amended and restated text of the Existing DIP Credit Agreement will be executed, which will replace and refinance in full the Existing DIP Credit Agreement. The new loan agreement also extends the maturity date in accordance with the timing that LATAM is targeting for emergence from the Chapter 11 Proceeding.

It is worth mentioning that the Tranche C lenders of the New Amended and Restated DIP Financing Proposal have agreed to allow LATAM's group of shareholders comprised of the Cueto Group, Qatar and Delta, which are lenders under Tranche C of the Existing DIP Credit Agreement, to participate in Tranche C of the New Amended and Restated DIP Financing Proposal.

On March 15, 2022, the Court also resolved to approve the Backstop Commitment Agreements (the "Backstop Agreements"), which LATAM entered into with (i) a group of LATAM's unsecured creditors represented by Evercore; (ii) Delta Air Lines, Inc, Qatar Airways Investment (UK) Ltd., the Cueto group; and (iii) with the Eblen group, and were previously informed by Material Fact dated January 12, 2022. In these Backstop Agreements, the counterparts agree to support to the plan of reorganization and financing proposed by LATAM and certain of its direct and indirect subsidiaries (collectively with LATAM, the "Debtors"), committing approximately US\$ 5.4 billion in funds. On March 24, 2022, the Unsecured Creditors Committee ("UCC") and certain other creditors filed a notice to appeal this ruling to the United States District Court for the Southern District of New York.

- b. On March 14, 2022, the company made a partial withdrawal for US\$ 300 million from Tranche A, B and C of the DIP Financing. After these transfers, LATAM still has US\$ 950 million undrawn and available for future transfers from the DIP.
- c. On March 21, 2022, the Court approved the adequacy of the Chapter 11 Disclosure Statement for LATAM. This resolution establishes that the documentation provided by LATAM in the process is sufficient to allow the group to commence solicitation of votes, during which it will seek approval of the Plan from creditors.

LATAM will begin the process of soliciting votes to approve the Plan shortly and such Solicitation Period will last until May 2, 2022.

The Court has also set the Confirmation Hearing to take place on May 17 and 18, 2022, at which point the Court will evaluate the Plan of Reorganization, the last milestone of the bankruptcy process in the United States. LATAM continues to anticipate completion of the process and emergence from Chapter 11 in the second half of 2022.

(2) On February 25, 2022, an agreement was signed to receive 6 aircraft of the A321NEO family under an operating lease, which will be delivered during 2023.

(3) During the month of February, the Company filed an application to register an additional 200 million ADRs (American Depositary Receipt) with the Securities Exchange Commission ("SEC") with the sole purpose of having them available for issuance in the market, since most of the existing registered ADRs have already been issued. The Company informed that this does not mean that the Company is issuing new shares or increasing capital, but rather allowing investors in the United States to access the ADRs, which have as an underlying security LATAM's previously issued common stock.

After December 31, 2021 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, 2021, have been approved in the Extraordinary Meeting Session of March 29, 2022.

NOTE 37 - PARENT COMPANY FINANCIAL INFORMATION

In accordance with the requirements of SEC Rule 12-04(a) and 5-04(c) of Regulation S-X, which require condensed financial information for the financial position, changes in financial position and results of operations and cash flows of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. Due to Chapter 11 some subsidiaries are restricted to transfer dividends to the Parent Company.

The condensed financial information of the parent company has been prepared using the same accounting policies as set out in the accompanying consolidated financial statements and include the investment in subsidiaries accounted for the equity method.

	As of December 31, 2021 <u>ThUS\$</u>	As of December 31, 2020 <u>ThUS\$</u>
ASSETS		
Cash and cash equivalents		
Cash and cash equivalents	549,766	1,295,042
Other financial assets	78,706	32,407
Other non-financial assets	38,557	82,318
Trade and other accounts receivable	400,540	282,896
Accounts receivable from related entities	933,853	412,370
Inventories	121,949	168,686
Current tax assets	4,846	2,545
Total current assets other than non-current assets (or disposal groups) classified as held for sale	<u>2,128,217</u>	<u>2,276,264</u>
Non-current assets (or disposal groups) classified as held for sale	161,347	300,367
Total current assets	<u>2,289,564</u>	<u>2,576,631</u>
Non-current assets		
Other financial assets	8,804	27,658
Investments accounted for using the equity method	8,065,391	9,006,797
Other non-financial assets	12,344	13,356
Accounts receivable	10,551	2,975
Accounts receivable from related entities	48,008	38,300
Intangible assets other than goodwill	213,822	167,893
Property, plant and equipment	7,980,150	8,683,419
Deferred tax assets	-	553,122
Total non-current assets	<u>16,339,070</u>	<u>18,493,520</u>
Total assets	<u>18,628,634</u>	<u>21,070,151</u>

	As of December 31, 2021 ThUS\$	As of December 31, 2020 ThUS\$
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Other financial liabilities	3,777,465	2,347,033
Trade and other accounts payables	3,670,381	1,013,399
Accounts payable to related entities	1,650,246	1,481,281
Other provisions	99	32
Other non-financial liabilities	1,487,629	1,411,582
Total current liabilities	<u>10,585,820</u>	<u>6,253,327</u>
Non-current liabilities		
Other financial liabilities	4,041,347	5,631,916
Accounts payable	303,309	416,034
Accounts payable to related entities	177,779	574,202
Other provisions	10,045,195	9,892,007
Employee benefits	33,145	47,915
Other non-financial liabilities	508,943	697,135
Total non-current liabilities	<u>15,109,718</u>	<u>17,259,209</u>
Total liabilities	<u>25,695,538</u>	<u>23,512,536</u>
EQUITY		
Share capital	3,146,265	3,146,265
Retained earnings/(losses)	(8,841,106)	(4,193,615)
Treasury Shares	(178)	(178)
Other reserves	(1,361,529)	(1,388,185)
Parent's ownership interest	(7,056,548)	(2,435,713)
Non-controlling interest	(10,356)	(6,672)
Total equity	<u>(7,066,904)</u>	<u>(2,442,385)</u>
Total liabilities and equity	<u>18,628,634</u>	<u>21,070,151</u>

	For the year ended		
	December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Revenue	1,485,841	1,272,077	2,958,270
Cost of sales	(1,964,137)	(2,099,716)	(2,860,173)
Gross margin	(478,296)	(827,639)	98,097
Other income	712,997	948,160	1,124,033
Distribution costs	(134,366)	(125,563)	(222,585)
Administrative expenses	(199,409)	(225,557)	(326,640)
Other expenses	(197,737)	(154,582)	(211,830)
Restructuring activities expenses	(2,177,754)	(837,673)	-
Other gains/(losses)	39,471	(98,790)	15,367
Income from operation activities	(2,435,094)	(1,321,644)	476,442
Financial income	8,905	11,812	23,262
Financial costs	(579,304)	(410,153)	(479,596)
Share of profit of investments accounted for using the equity method	(1,168,898)	(3,537,259)	88,429
Foreign exchange gains/(losses)	72,888	(66,004)	(76,122)
Result of indexation units	(799)	-	67
Income (loss) before taxes	(4,102,302)	(5,323,248)	32,482
Income tax expense / benefit	(550,840)	767,713	163,131
NET INCOME (LOSS) FOR THE YEAR	(4,653,142)	(4,555,535)	195,613

	For the year ended		
	December 31,		
	2021	2020	2019
	ThUS\$	ThUS\$	ThUS\$
Cash flows from operating activities			
Cash collection from operating activities			
Proceeds from sales of goods and services	2,046,751	2,240,961	6,621,168
Other cash receipts from operating activities	38,268	52,192	122,637
Payments for operating activities			
Payments to suppliers for goods and services	(2,085,094)	(1,713,223)	(4,491,682)
Payments to and on behalf of employees	(295,030)	(298,370)	(466,212)
Other payments for operating activities	(29,363)	(27,757)	(67,056)
Interest received	-	-	5,127
Income taxes (paid)	(898)	(2,764)	-
Other cash inflows (outflows)	(37,992)	61,532	302,246
Net cash flows from operating activities	<u>(363,358)</u>	<u>312,571</u>	<u>2,026,228</u>
Cash flows from investing activities			
Cash flows from losses of control of subsidiaries or other businesses			
Cash flows used to obtain control of subsidiaries or other businesses	(12,375)	(349,125)	-
Other cash receipts from sales of equity or debt instruments of other entities	-	30,439	172,122
Other payments to acquire equity or debt instruments of other entities	-	(27,199)	(172,295)
Amounts raised from sale of property, plant and equipment	105,000	75,566	42,600
Purchases of property, plant and equipment	(574,431)	(163,022)	(578,498)
Purchases of intangible assets	(85,449)	(70,363)	(66,018)
Interest received	1,644	3,235	12,757
Other cash inflows (outflows)	18,900	-	-
Net cash flow (used in) investing activities	<u>(545,959)</u>	<u>(500,469)</u>	<u>(589,332)</u>
Cash flows from financing activities			
Payments for changes in ownership interests in subsidiaries that do not result in loss of control			
Amounts raised from long-term loans	1,665	1,361,807	370,139
Amounts raised from short-term loans	661,609	296,267	93,000
Loans from Related Entities	130,102	373,125	-
Loans repayments	(135,837)	(749,258)	(1,632,577)
Payments of lease liabilities	(391,879)	(90,335)	-
Dividends paid	-	-	(54,580)
Interest paid	(90,585)	(135,859)	(283,612)
Other cash inflows (outflows)	(11,034)	(107,782)	(58,704)
Net cash flows (used in) financing activities	<u>164,041</u>	<u>944,740</u>	<u>(1,566,334)</u>
Net increase in cash and cash equivalents before effect of exchanges rate change	<u>(745,276)</u>	<u>756,842</u>	<u>(129,438)</u>
Effects of variation in the exchange rate on cash and cash equivalents	-	-	5,183
Net increase (decrease) in cash and cash equivalents	<u>(745,276)</u>	<u>756,842</u>	<u>(124,255)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	<u>1,295,042</u>	<u>538,200</u>	<u>662,455</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u><u>549,766</u></u>	<u><u>1,295,042</u></u>	<u><u>538,200</u></u>

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Date: March 29, 2022

LATAM AIRLINES GROUP S.A.

By: /s/ Ramiro Alfonsín Balza

Name: Ramiro Alfonsín Balza

Title: LATAM Airlines Group CFO

	Description of Securities Disclosure	Incorporated by Reference From the Section of the 20-F for the year ended 2021 indicated below
1	Preemptive Rights	<i>Item 10.B-Preemptive Rights and Increases in Share Capital</i>
2	Type and Class of Securities	<i>Item 10.B-Capitalization</i>
3	Divisions and Distributions	<i>Item 10.B-Dividend and Liquidation Rights</i>
4	Other Rights	<i>Not Applicable</i>
5	Rights of Shares	<i>Item 10.B-General</i>
6	Requirements for amendments	<i>Item 10.B-Shareholder's Meetings and Voting Rights</i>
7	Limitations on the rights to own securities	<i>Item 10.B-Ownership Restrictions</i>
8	Disposition that may affect any change of control	<i>Item 10.B-Rights of Dissenting Shareholders to Tender Their Shares</i>
9	Ownership Threshold	<i>Item 10.B-Ownership Restrictions</i>
10	Differences between law of different jurisdictions	<i>Item 16.G-Corporate Governance</i>
11	Changes in the capital	<i>Item 10.B-Preemptive Rights and Increase in Share Capital</i>
12	Debt Securities	<i>Not Applicable</i>
13	Warrants and Rights	<i>Not Applicable</i>
14	Other Securities	<i>Not Applicable</i>
15	Name of the Depositary	<i>Item 12.D-American Depositary Shares</i>
16	American Depositary Shares	<i>Item 12.D-American Depositary Shares</i>

Exhibit F

Amendment No. 18 to A320 Agreement

AMENDMENT No.18

TO THE

SECOND A320 FAMILY PURCHASE AGREEMENT

BETWEEN

LATAM AIRLINES GROUP S.A.
(formerly known as LAN AIRLINES S.A.)

AND

AIRBUS S.A.S.

This amendment No.18 to the Second A320 Family Purchase Agreement (as defined below) is entered into as of _____2021, by and between

AIRBUS S.A.S., having its principal office at:
2, rond-point Emile Dewoitine
31700 BLAGNAC
FRANCE

(hereinafter referred to as the “**Seller**”) of the one part

AND

LATAM AIRLINES GROUP S.A. (formerly known as LAN AIRLINES S.A.) having its principal office at:
Edificio Huidobro
Avenida Presidente Riesco 5711- 20th Floor
Las Condes
SANTIAGO
CHILE

(hereinafter referred to as the “**Buyer**”) of the other part.

The Buyer and the Seller being collectively referred to as the “Parties” and individually as a “Party”

WHEREAS

- A. The Buyer and the Seller entered into an A320 family purchase agreement dated March 20th, 1998 covering the purchase by the Buyer and the sale by the Seller of twenty (20) A320 family aircraft bearing rank numbers 1 to 20. By an amendment No.1 to such purchase agreement, entered into by the Buyer and the Seller on February 24th, 2000 the number of A320 family aircraft to be purchased by the Buyer pursuant to such purchase agreement was increased to twenty five (25), with the additional five (5) A320 family aircraft bearing rank numbers 21 to 25. Such twenty five (25) A320 family aircraft are hereinafter referred to as the **“Original A320 Family Aircraft”**, and such purchase agreement, amendment No.1, and all exhibits, appendices and letter agreements thereto are together referred to as the **“Original A320 Family Purchase Agreement”**.
- B. The Buyer and the Seller entered into a deed of amendment and restatement of the Original A320 Family Purchase Agreement, dated August 2nd, 2000, dividing the Original A320 Family Purchase Agreement into two (2) separate purchase agreements, the first agreement concerning the Original A320 Family Aircraft bearing rank numbers 1 to 20, and the second agreement concerning the Original A320 Family Aircraft bearing rank numbers 21 to 25. The second agreement as supplemented with all exhibits and appendices thereto is hereinafter referred to as the **“Second A320 Family Purchase Agreement”**.

REDACTED*

* All text marked **“REDACTED*”** is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

- U. The Buyer and the Seller entered into an A320 NEO Purchase Agreement, dated June 22, 2011, as amended, supplemented or otherwise modified to and including the date hereof (the “**A320 NEO Purchase Agreement**”) whereby the Seller shall sell and deliver and the Buyer shall take delivery of certain A320neo aircraft (the “**A320 NEO Aircraft**”) and A321neo aircraft (“**A321 NEO Aircraft**”).

REDACTED*

- W. TAM Linhas Aereas S.A. (the “**Original Buyer**”) and the Seller have signed on November 14, 2006, an A320/A330 Purchase Agreement (Reference CCC 337.0068/06) covering the purchase by the Original Buyer and the sale by the Seller of certain A320 Family Aircraft and A330-200 Aircraft which , together with all exhibits, appendixes, and as amended supplemented or otherwise modified is hereinafter referred to as the “**Original TAM Agreement**”.
- X. The Buyer, Seller and Original Buyer entered into a novation agreement dated 30 October 2014 (the “**Novation**”) novating the Original TAM Agreement from the Original Buyer to the Buyer (the Original TAM Agreement as novated pursuant to the Novation is hereinafter referred to as the “**TAM A320 Agreement**”)

REDACTED*

- Z. On May 26, 2020, the Buyer filed a voluntary petition for relief 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” and such proceedings, the “Chapter 11 Cases”), and in connection therewith, has informed the Buyer of its decision to assume the Second A320 Family Purchase Agreement, as amended by the terms hereof, pursuant to Section 365(a) of the Bankruptcy Code.

AA. The Buyer and the Seller now wish to enter into this amendment No. 18 to the Second A320 Family Purchase Agreement (the “**Amendment No. 18**”) to amend certain provisions of the Second A320 Family Purchase Agreement as amended from time to time (the “**Agreement**”).

NOW IT IS HEREBY AGREED AS FOLLOWS:

1. AMENDED PROVISIONS

The Buyer and the Seller agree that

REDACTED*

REDACTED*

REDACTED*

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

2. CONDITION PRECEDENT

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Amendment No.18 that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Amendment No.18; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

In this Clause 2:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°27 means the amendment agreement to the Purchase Agreement 2 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Agreement, the Purchase Agreement 1, the Purchase Agreement 2 and the Piquero Purchase Agreement being assumed (as amended).

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Airbus A320 family purchase agreement dated 14 November 2006 and entered into between the Seller and TAM Linhas Aéreas S.A., as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto), and as novated from TAM Linhas Aéreas S.A. to the Buyer on 30 October 2014.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment n°27.

Purchase Agreement 3 means the Second A320 Family Purchase Agreement as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

3. MISCELLANEOUS

- 3.1 This Amendment No.18 contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written.
- 3.2 The Agreement shall be deemed amended to the extent provided in this Amendment No.18 and shall continue in full force and effect in accordance with its original terms as may be amended hereby.
- 3.3 The Parties agree that this Amendment No.18 shall constitute an integral, non-severable part of the Agreement and be governed by all of its provisions.
- 3.4 In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment No.18, the latter shall prevail to the extent of such inconsistency, whereas the part not concerned by such inconsistency shall remain in full force and effect.
- 3.5 This Amendment No.18 will not be modified or varied except by an instrument in writing executed by both Parties.
- 3.6 The Parties hereby acknowledge and agree that this Amendment No.18 is subject to the confidentiality provisions set forth in clause 22.12 of the Second A320 Family Purchase Agreement, except that the Buyer may disclose a copy of this Amendment No.18 (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Amendment No.18 and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Amendment No.18 with the Bankruptcy Court, the Buyer shall seek to file this Amendment No.18 and the Second A320 Family Purchase Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

- 3.7** The Parties agree that clause 21 of the Agreement shall govern the assignability and transferability of each Party's rights and obligations under this Amendment No.18.
- 3.8** This Amendment No.18 may be signed by the Parties hereto in separate counterparts, each of which when so signed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.
- 3.9** In the event that any provision of this Amendment No.18 should for any reason be held ineffective, the remainder of this Amendment No.18 shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Amendment N°18 prohibited or unenforceable in any respect. Any provisions of this Amendment No.18 which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Amendment No.18.
- 3.10** Upon the effectiveness of this Amendment No.18, the Seller waives, discharges and releases the Buyer from any liability whatsoever for or as a result of, and all rights and remedies if the Seller in connection with any delay in payment by the Buyer of any payments due and owing by the Buyer to the Seller on or before the effective date of this Amendment No.18 in accordance with the Agreement, including, but not limited to, any interest that Seller may claim or has claimed to have been due as a result of such delay in payment and any rights or remedies of the Seller attributable to any claim that the Buyer is or was in default or breach of the Agreement or any other agreements between the Buyer and the Seller by reason of any such delay in payment under the Agreement. Nothing herein shall be construed as an admission by the Buyer as to any default in or breach of any such agreements or default or delay in any such payment, or the accrual or any liability of the Buyer for any such interest.
- 3.11** The Seller and Buyer acknowledge and agree that no cure, monetary or otherwise, shall be necessary to assume the Agreement, as amended by this Amendment No. 18, pursuant to 11 U.S.C. §365, nor shall Seller be entitled to any payment of cure costs in connection with such assumption.
- 3.12** This Amendment No.18 shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Amendment No.18 shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 3.12 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 3.12, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 3.12 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Amendment No.18 or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Amendment No.18, nor any Party's defenses in respect of any such request or argument.

IN WITNESS WHEREOF this Amendment No.18 was duly entered into the day and year first above written.

Agreed and Accepted

For and on behalf of

LATAM AIRLINES GROUP S.A.

By: _____

Its: _____

Date: _____

LATAM AIRLINES GROUP S.A.

By: _____

Its: _____

Date: _____

Agreed and Accepted

For and on behalf of

AIRBUS S.A.S

By: **REDACTED*** _____

Its: **REDACTED*** _____

Date: _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

SUPPLEMENTAL AGREEMENT NO. 18

TO

PURCHASE AGREEMENT NO. 3256

BETWEEN

THE BOEING COMPANY

AND

LATAM AIRLINES GROUP S.A.

RELATING TO BOEING MODEL 787-916/787-816 AIRCRAFT

THIS SUPPLEMENTAL AGREEMENT, entered into as of _____, 2021, (“**SA-18**”) by and between THE BOEING COMPANY, a Delaware corporation (“**Boeing**”), and LATAM Airlines Group S.A. (formerly having the legal name LAN Airlines S.A. and doing business as LAN Airlines), a Chilean corporation (“**Customer**”), amends Purchase Agreement No. 3256;

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 3256, dated October 29, 2007 (the “**Purchase Agreement**”), and as amended from time to time, relating to the purchase and sale of Boeing Model 787-816 and Model 787-916 aircraft (the “**Aircraft**”); and

WHEREAS, in consideration of Customer’s affirmation to **REDACTED**, Boeing and Customer have mutually agreed to amend the Purchase Agreement to **REDACTED**

WHEREAS, Boeing and Customer entered into the Aircraft General Terms Agreement dated May 9, 1997, as amended and supplements, identified as AGTA-LAN (“**AGTA**”);

WHEREAS, Customer, along with certain of its affiliated entities, is a debtor-in-possession under chapter 11 of title 11 of the United States Code in the jointly administered cases captioned “In re: LATAM Airlines Group S.A., et al.” case no. 20-11254 (the “**Pending Cases**”), pending in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”);

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AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants herein contained, the receipt and adequacy of which is acknowledged, Boeing and Customer agree to amend the Purchase Agreement as follows:

1. Elements Specifically Agreed (Section 1 comprising the "Agreement").
 - (i) In consideration of Customer's affirmation of the **REDACTED** under the terms of the Purchase Agreement ("^{REDACTED} **787-9 Aircraft**"):
 - a. The Airframe Escalation Adjustment and the Engine Price Adjustment for the ^{REDACTED} **787-9 Aircraft** shall be determined in accordance with:
 - i. Delivery dates **REDACTED**, respectively, with escalation **REDACTED** and
 - ii. Escalation ^{REDACTED} commencing on **REDACTED** and continuing until **REDACTED**.
 - b. The parties agree to the **REDACTED** of the ^{REDACTED} **787-9 Aircraft** under Purchase Agreement No. 3256 set out in Table 1B, Rev. 3 entitled "Aircraft Delivery, Description, Price and Advance Payments" ("**Post 2021 787-9 Aircraft**") to the Purchase Agreement, **REDACTED** under the Purchase Agreement;
 - c. The parties agree to revise **REDACTED** element titled "**REDACTED**" ("**REDACTED**") pursuant to Section 4.3 of Letter Agreement 6-1162-ILK-0310R7 entitled "Special Matters" ("**Special Matters Letter**") as follows:
 - i. The **REDACTED** specified in Section 4.3 of the Special Matters Letter **REDACTED**

ii. The parties agree that the amount of the **REDACTED** as of the Effective Date and that the **REDACTED** revision effected by this SA-18 will be provided to Customer pursuant to Section 1.(i)c.iv. herein;

iii. Application of the **REDACTED**

REDACTED Aircraft"); and

iv. The revised **REDACTED** as specified in Section 1.(i)c.ii. herein for the **REDACTED** Aircraft will be effected through provision of a credit memorandum in the amount of **REDACTED**, subject to escalation **REDACTED**

Aircraft. Such **REDACTED** will be issued by Boeing to Customer at **REDACTED** Aircraft.

(ii) Advance Payments.

(1) Boeing confirms that a total of **REDACTED** of advance payments were received from Customer by Boeing in respect of the **REDACTED** 787-9 Aircraft, as shown in the table below, prior to the Effective Date of this Supplemental Agreement (the "**REDACTED** 787-9 Aircraft Advance Payments"):

MSN	Contracted Delivery Month	Advance Payments Received
38465	REDACTED	REDACTED
38462	REDACTED	REDACTED
38463	REDACTED	REDACTED
38460	REDACTED	REDACTED
	Total	REDACTED

(2) **REDACTED**

REDACTED

- (iii) Upon effectiveness of SA-18, Boeing waives, discharges and releases Customer from any liability whatsoever for or as a result of, and all rights and remedies of Boeing in connection with any delay in payment by Customer of any payments due and owing by Customer to Boeing on or before the Effective Date of this Agreement in accordance with the Purchase Agreement, including, but not limited to, any interest that Boeing may claim or has claimed to have been due as a result of such delay in payment and any rights or remedies of Boeing attributable to any claim that Customer is or was in default or breach of the Purchase Agreement or any other agreements between Customer and Boeing by reason of any such delay in payment under the Purchase Agreement. Nothing herein shall be construed as an admission by Customer as to any default in or breach of any such agreements or default or delay in any such payment, or the accrual or any liability of Customer for any such interest;
- (iv) Entry into SA-18 does not in and of itself constitute an assumption, rejection, or assumption and assignment of the Purchase Agreement or any other applicable agreement referenced herein or in such agreements (the “**Referenced Agreements**”), nor cause any of the Referenced Agreements to become a new post-petition agreement binding and enforceable upon Customer;
- (v) Customer agrees forthwith to prepare and file appropriate pleadings with the Bankruptcy Court seeking approval and authorization to assume the Purchase Agreement, as amended by this SA-18, pursuant to the appropriate provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, including, without limitation 11 U.S.C. §§105, 363 and 365 and Federal Rules of Bankruptcy Procedure 9014 and 9019, and following such notice and opportunity for a hearing as provided by the rules of the Bankruptcy Court and the Bankruptcy Code (the “**Assumption Motion**”). The parties acknowledge that the proposed form of order approving the Assumption Motion (the “**Approval Order**”) submitted to the Bankruptcy Court by Customer in connection with a motion requesting such approvals and authorizations will be in a form determined reasonably satisfactory to Boeing and Customer. Any such determination on behalf of Boeing will only apply to such portions of the Approval Order that relate to the approvals and authorizations required of the Bankruptcy Court in regard to the Purchase Agreement, as amended by this SA-18, and such determination will not be unreasonably withheld or delayed by Boeing. Boeing and Customer acknowledge and agree that the effectiveness of this SA-18 is conditioned upon entry of the Approval Order;
- (vi) Boeing and Customer acknowledge and agree that no cure, monetary or otherwise, shall be necessary to assume the Purchase Agreement, as

amended by this SA-18, pursuant to 11 U.S.C. §365, nor shall Boeing be entitled to any payment of cure costs in connection with such assumption;

(vii) Boeing will **REDACTED**

;

(viii) Customer will **REDACTED**

(ix) Boeing will **REDACTED**

;

(x) Boeing will provide Customer with **REDACTED**

;

(xi) BGS Commercial Parts will provide, at Customer's election, **REDACTED**

;

(xii) Notwithstanding any other provisions of this Agreement, this Agreement shall not be effective, and shall be of no force and effect, until the Effective Date. As used herein, "**Effective Date**" means the first business day after all of the following have occurred: (i) an Approval Order (as defined in Section 5 below) respecting this Agreement has become final and no longer subject to appeal or, if appealed, all such appeals have been finally denied or dismissed; (ii) an order approving a request to assume Purchase Agreement No. 3158, as amended by Supplemental Agreement 13 ("**SA-13**"), has become final and no longer subject to appeal or, if appealed, all such appeals have been finally denied or dismissed; and (iii) the parties are prepared to close concurrently on the transactions contemplated by SA-13.

2. Table of Contents.

The "Table of Contents" is deleted in its entirety and replaced with the attached "Table of Contents" (identified by "SA-18").

3. Tables and Letter Agreements.

3.1 "Table 1-A, Rev. 5" is deleted in its entirety and is replaced by the new "Table 1-A, Rev. 6" (identified as SA-18).

3.2 "Table 1B, Rev. 3" is deleted in its entirety and is replaced by the new "Table 1-B, Rev. 4" (identified as SA-18).

3.3 Letter Agreement 6-1162-JKS19-0251R1 is deleted in its entirety commencing with the Effective Date of this SA-18.

3.4 Letter Agreement 6-1162-ILK-0310R7 is deleted in its entirety and is replaced by the new 6-1162-ILK-0310R8 (identified as SA-18).

4. Confidential Treatment.

Boeing and Customer understand that the commercial and financial information contained in this SA-18 is considered by the parties to be Boeing Commercial Information as defined in that certain letter agreement dated April 24, 2021 among Boeing, the Debtors, and the Official Committee of Unsecured Creditors (the "**Confidentiality Agreement**"). Each of the parties agrees not to disclose any such Boeing Commercial Information except as provided in the Confidentiality Agreement. Without limiting the generality of the foregoing, (i) except as provided in the assignment provisions of Article 10 of the Special Matters Letter Agreement 6-1162-ILK-0310R7, Customer will not disclose this SA-18 for purposes of financing payments without the prior written consent of Boeing, which consent will be provided once the financier enters into a Non-Disclosure Agreement with Boeing in form and substance reasonably satisfactory to Boeing, which will include agreeing not to disclose or use Boeing Commercial Information except for the purpose set forth herein, and (ii) for the avoidance of doubt, to the extent Customer files this SA-18 with the Bankruptcy Court, Customer shall seek to file the SA-18, along with any filings that contain Boeing Confidential Information, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Pending Cases at Docket No. 1810.

5. Jurisdiction.

For the pendency of the Pending Cases, all disputes arising in connection with this SA-18, as defined here, shall be finally settled under the exclusive jurisdiction of the Bankruptcy Court.

6. **GOVERNING LAW.**

THIS SUPPLEMENTAL AGREEMENT WILL BE GOVERNED BY THE LAW OF THE STATE OF WASHINGTON, U.S.A., EXCLUSIVE OF WASHINGTON'S CONFLICTS OF LAWS PRINCIPLES.

Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined shall have the same meanings as in the Purchase Agreement. The Purchase Agreement will be deemed to be amended to the extent provided herein and as so amended will continue in full force and effect. In the event of any inconsistency between the above provisions and the provisions contained in the referenced exhibits to this SA-18, the terms of the exhibits will control.

The rest of this page is intentionally blank. Signature page follows.

EXECUTED as of the day and year first above written.

LATAM AIRLINES GROUP S.A.

THE BOEING COMPANY

By:

(Printed or Typed Name)

Its:

By:

REDACTED

REDACTED

Its:

Attorney in Fact

By:

(Printed or Typed Name)

Its:

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	REDACTED	
	REDACTED	
	REDACTED	
	REDACTED	
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**Table 1-A, Rev. 6 to Purchase Agreement No. PA-03256
Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 787-9

REDACTED

Detail Specification: **REDACTED**

REDACTED

Engine Model/Thrust: **REDACTED**

Airframe Price Base Year/Escalation Formula:

Airframe Price:

Engine Price Base Year/Escalation Formula:

Optional Features:

Sub-Total of Airframe and Features:

Airframe Escalation Data:

Engine Price (Per Aircraft):

Base Year Index (ECI):

Aircraft Basic Price (Excluding BFE/SPE):

Base Year Index (CPI):

Buyer Furnished Equipment (BFE) Estimate:

Airframe Escalation Data:

In-Flight Entertainment (IFE) Estimate

Base Year Index (ECI):

Deposit per Aircraft:

Base Year Index (CPI):

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Factor (Engine)	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
					At Signing 1%	24 Mos. 4%	21/18/15/12/6 Mos. 5%	Total 30%

REDACTED

**Table 1B, Rev. 4 to Purchase Agreement No. PA-03256
Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 787-9
 Engine Model/Thrust: **REDACTED**
 Airframe Price:
 Optional Features:
 Sub-Total of Airframe and Features:
 Engine Price (Per Aircraft):
 Aircraft Basic Price (Excluding BFE/SPE):
 Buyer Furnished Equipment (BFE) Estimate:
 In-Flight Entertainment (IFE) Estimate
 Deposit per Aircraft:

REDACTED

Detail Specification: **REDACTED**
 Airframe Price Base Year/Escalation Formula:
 Engine Price Base Year/Escalation Formula:

REDACTED

Airframe Escalation Data:

Base Year Index (ECI):
 Base Year Index (CPI):

Airframe Escalation Data:

Base Year Index (ECI):
 Base Year Index (CPI):

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Escalation Factor (Engine)	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
					At Signing 1%	24 Mos. 4%	21/18/15/12/6 Mos. 5%	Total 30%

REDACTED

6-1162-ILK-0310R8

LATAM Airlines Group S.A.
Avenida Presidente Riesco 5711
Piso 19
Las Condes
Santiago, Chile



Subject: Special Matters

Reference: Purchase Agreement No. 3256 (the Purchase Agreement), as amended by the Supplemental Agreement ("SA-18") between The Boeing Company (Boeing) and LATAM Airlines Group S.A. (formerly having the legal name LAN Airlines S.A. and doing business as LAN Airlines) (Customer) relating to Boeing Model 787-916/-816 aircraft (Aircraft)

This letter agreement (Letter Agreement) cancels and supersedes Letter Agreement 6-1162-ILK-0310R7 and amends and supplements the Purchase Agreement and SA-18. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

REDACTED

P.A. No. 3256
Special Matters

BOEING PROPRIETARY

SA-18

REDACTED



REDACTED

REDACTED

REDACTED

REDACTED



REDACTED

REDACTED

REDACTED



REDACTED



REDACTED



REDACTED



REDACTED



13. Confidential Treatment.

Boeing and Customer understand that the commercial and financial information contained in this Letter Agreement is considered by the parties as confidential (***Confidential Information***) and both agree not to disclose such Confidential Information except as provided herein. In addition to the parties' respective officers, directors and employees who need to know the Confidential Information and who understand the obligation to keep it confidential, the parties may disclose Confidential Information (1) to the extent required by law including without limitation judicial order or by requirement of a governmental agency and (2) to its agents, auditors and advisors who need to know the Confidential Information for purposes of enabling each party to understand, perform its obligations under, or receive the benefits of, this Agreement and who have agreed not to use or disclose the Confidential Information for any other purpose without the other party's prior written consent. In the event that a party concludes that disclosure of

P.A. No. 3256
Special_Matters

SA-18

BOEING PROPRIETARY



Confidential Information contained in this Letter Agreement is required by applicable law, the party will so advise the other party promptly in writing and endeavor to protect the confidentiality of such Confidential Information to the widest extent possible. In the event of a legal dispute with Boeing, nothing herein will preclude Customer from sharing with its legal counsel information necessary for purposes of enabling counsel to advise or represent Customer provided that so long as Customer causes its legal counsel to maintain the confidentiality of information that is the subject of this Article. Except as provided in the assignment provisions of Article 10 of this Special Matters Letter Agreement, Customer will not disclose this Letter Agreement for purposes of financing payments without the prior written consent of Boeing, which consent will be provided once the financier enters into a Non-Disclosure Agreement with Boeing in form and substance reasonably satisfactory to Boeing, which will include agreeing not to disclose or use Confidential Information except for the purpose set forth herein. This provision shall not apply to any Confidential Information that is in the public domain except that a party will be liable to the other for breach of its obligations under this provision if the Confidential Information entered the public domain as a consequence of a wrongful act or omission on its part.

Very truly yours,

THE BOEING COMPANY

REDACTED

REDACTED

Its: Attorney-In-Fact

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated herein, please indicate your acceptance and approval.

ACCEPTED AND AGREED TO

Date: April _____, 2021

LATAM AIRLINES GROUP S.A.



By: _____

Its: _____

By: _____

Its: _____

**Attachment 1 ROLLS to
Special Matters Letter Agreement No. 6-1162-ILK-0310R8
TRENT1000-A Powered 787-8 Option Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 787-8 **REDACTED** pounds
 Engine Model/Thrust: **REDACTED** **REDACTED** pounds
 Airframe Price: **REDACTED**
 Optional Features:
 Sub-Total of Airframe and Features:
 Engine Price (Per Aircraft):
 Aircraft Basic Price (Excluding BFE/SPE):
 Buyer Furnished Equipment (BFE) Estimate:
 Catalog Selected In Flight Entertainment (IFE) Estimate

Detail Specification:
 Airframe Price Base Year/Escalation Formula:
 Engine Price Base Year/Escalation Formula:

REDACTED

Non-Refundable Deposit/Aircraft at Def Agreement:

Airframe Escalation Data: **REDACTED**
 Base Year Index (ECI):
 Base Year Index (CPI):
Engine Escalation Data:
 Base Year Index (ECI):
 Base Year Index (CPI):

Delivery Date	Number of Aircraft	3% Escalation Factor (Airframe)	Escalation Factor (Engine)	Option Exercise Notice Date	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing 1%	24 Mos. 4%	21/18/12/9/6 Mos. 5%	Total 30%
REDACTED									

8

**Attachment 1 GENX to
 Special Matters Letter Agreement No. 6-1162-ILK-0310R8
 GENX Powered 787-8 Option Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW: 787-8 ^{REDACTED} pounds
 Engine Model/Thrust: GENX-1 ^{REDACTED} pounds
 Airframe Price: **REDACTED**
 Optional Features:
 Sub-Total of Airframe and Features:
 Engine Price (Per Aircraft):
 Aircraft Basic Price (Excluding BFE/SPE):
 Buyer Furnished Equipment (BFE) Estimate:
 Catalog Selected In Flight Entertainment (IFE) Estimate:

Detail Specification:
 Airframe Price Base Year/Escalation Formula:
 Engine Price Base Year/Escalation Formula:

REDACTED

Airframe Escalation Data:
 Base Year Index (ECI):
 Base Year Index (CPI):
Engine Escalation Data:
 Base Year Index (ECI):
 Base Year Index (CPI):

Non-Refundable Deposit/Aircraft at Def Agreement:

Delivery Date	Number of Aircraft	3% Escalation Factor (Airframe)	Escalation Factor (Engine)	Option Exercise Notice Date	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
						At Signing	24 Mos.	21/18/12/9/6 Mos.	Total
						1%	4%	5%	30%
REDACTED									

Attachment 2

REDACTED

REDACTED

Exhibit G

Amendment No. 9 to A320 Agreement

AMENDMENT No.9

TO THE

A320 FAMILY PURCHASE AGREEMENT

BETWEEN

LATAM AIRLINES GROUP S.A.
(formerly known as LAN AIRLINES S.A.)

AND

AIRBUS S.A.S.

This Amendment No.9 to the Agreement (as defined below) is entered into as of this _____ day of _____ 2021, by and between

AIRBUS S.A.S., having its principal office at:
2, rond-point Emile Dewoitine
31700 BLAGNAC
FRANCE

(hereinafter referred to as the “**Seller**”)

AND

LATAM AIRLINES GROUP S.A. (formerly known as LAN AIRLINES S.A.) having its principal office at:
Edificio Huidobro
Avenida Presidente Riesco 5711- 20th Floor
Las Condes
SANTIAGO
CHILE

(hereinafter referred to as the “**Buyer**”).

The Buyer and the Seller being collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS

A. The Buyer and the Seller entered into an A320 Family Purchase Agreement dated June 22, 2011 covering the purchase by the Buyer and the sale by the Seller of the Original NEO Aircraft (as such term is defined in the amendment No. 4 to such purchase agreement) and such purchase agreement, together with all exhibits, appendices and letter agreements thereto and as previously amended, supplemented or otherwise modified, are together referred to as the “**Agreement**”.

B. REDACTED*

C. The Buyer and the Seller entered into an A320 family purchase agreement dated March 20, 1998 covering the purchase by the Buyer and the sale by the Seller of twenty (20) A320 family aircraft. By amendment No.1 to such purchase agreement, entered into by the Buyer and the Seller on February 24th 2000, the number of A320 family aircraft to be purchased was increased to twenty five (25). Such purchase agreement, amendment No. 1 to such purchase agreement and all exhibits, appendices and letter agreements thereto, as amended, supplemented or otherwise modified up to August 1st 2000, are together referred to as the “**Original A320 Family Purchase Agreement**”.

* All text marked “REDACTED*” is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

D. The Buyer and the Seller entered into a deed of amendment and restatement of the Original A320 Family Purchase Agreement, dated August 2, 2000, **REDACTED***

the Seller shall sell and deliver and the Buyer shall take delivery of (i) the 2010 Incremental Aircraft (as such term is defined in the Second A320 Family Purchase Agreement) and (ii) the Second Batch of Incremental Aircraft (as such term is defined in the Second A320 Family Purchase Agreement). Pursuant to amendment No.16 to the Second A320 Family Purchase Agreement dated July 15, 2014, the Parties have agreed to convert twelve (12) 2010 Incremental Aircraft (as such term is defined in the Second A320 Family Purchase Agreement) into incremental A320 NEO aircraft. Pursuant to amendment No. 17 to the Second A320 Family Purchase Agreement dated December 11, 2014, the Parties agreed to convert eight (8) 2010 Incremental Aircraft (as such term is defined in the Second A320 Family Purchase Agreement) **REDACTED***

E. **REDACTED***

F. **REDACTED***

G. **REDACTED***

H. **REDACTED***

I. **REDACTED***

J. **REDACTED***

K. **REDACTED***

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

L. REDACTED*

- M.** On May 26, 2020, the Buyer filed a voluntary petition for relief 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**” and such proceedings, the “**Chapter 11 Cases**”), and in connection therewith, has informed the Seller of its decision to assume the Agreement, as amended by the terms hereof, pursuant to Section 365(a) of the Bankruptcy Code.
- N.** The Buyer and the Seller are concurrently entering into on the date hereof an amendment No.27 to the A320/A330 purchase agreement entered into on 14 November 2006 between the Buyer and the Seller, as amended from time to time (the “**TAM A320/A330 Agreement**”), whereby, amongst other things, the Buyer agrees to purchase and the Seller agrees to sell **REDACTED*** aircraft (individually and collectively, the “**2021 Incremental NEO Aircraft**”).
- O.** The Buyer now wishes to reschedule certain NEO Aircraft and the Seller now wishes to agree to such rescheduling under certain terms and conditions set forth into this amendment No.9 to the Agreement (“**Amendment No.9**”).

NOW IT IS HEREBY AGREED AS FOLLOWS:

The terms “herein,” “hereof,” and words of similar import refer to this Amendment No.9 and capitalized terms used herein and not otherwise defined in this Amendment No.9 will have the meanings assigned to them in the Agreement.

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

1. RESCHEDULING

The Parties hereby agree to amend the scheduled delivery period of REDACTED* (the “Rescheduled NEO Aircraft”) and to schedule the delivery of such Rescheduled NEO Aircraft in accordance with the following revised scheduled delivery periods (each a “Revised Scheduled Delivery Period”):

Rank Number	Aircraft Type	Original Scheduled Delivery Month or Quarter as defined in Amendment No.8	Revised Scheduled Delivery Period
REDACTED*			
REDACTED*			

The Parties agree that, in respect of any Rescheduled NEO Aircraft, any notification received by the Seller from the Buyer prior the date hereof in relation to the Buyer’s choice of the Propulsion Systems for such Rescheduled NEO Aircraft shall become null and void on the date hereof. The Buyer shall provide written notice to the Seller of its choice of Propulsion Systems for such Rescheduled NEO Aircraft no later than REDACTED* prior to the first day of the Scheduled Delivery Month of such Rescheduled NEO Aircraft. REDACTED*

* All text marked “REDACTED*” is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

2. DELIVERY SCHEDULE

As a result of the rescheduling set forth in Clause 1 above, the table contained in Clause 9.1.1 of the Agreement shall be deleted in its entirety and replaced with the following:

QUOTE

Scheduled Delivery Months or Quarters	Rank number	Aircraft type	Aircraft defined as REDACTED*
REDACTED*			
			REDACTED*

UNQUOTE

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

4. PREDELIVERY PAYMENT

4.1 As a consequence of the rescheduling set forth in Clause 1 herein, in respect of each Rescheduled NEO Aircraft, the predelivery payment reference price and the Predelivery Payment schedule shall be adjusted pursuant to Clauses 5.3.1 and 5.3.2 of the Agreement respectively to reflect the Revised Scheduled Delivery Period of such Rescheduled NEO Aircraft.

4.2.1 REDACTED*

4.2.2 The Buyer and the Seller acknowledge that the Seller retains **REDACTED***

4.3 The Seller has received from the Buyer under the Agreement on or prior to the date hereof Predelivery Payments for a total amount equal to **REDACTED*** (the "PDP Amount").

4.4 The Buyer and the Seller hereby agree that **REDACTED***

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

5. ADDITIONAL CONCESSIONS

5.1 For the purpose of this Clause 5.1:

Remaining NEO Aircraft means any of the **REDACTED*** Aircraft remaining to be delivered under the Agreement at the time hereof or any of the **REDACTED*** Aircraft (as defined in the TAM A320/A330 Agreement) remaining to be delivered under the TAM A320/A330 Agreement at the time hereof.

In consideration of the rescheduling set out in Clause 1 hereof and in order to support the introduction into service and operation of the NEO Aircraft, **REDACTED*** the Seller shall grant to the Buyer, in respect of each NEO Aircraft remaining to be delivered under the Agreement as of the date hereof, **REDACTED*** a goods and services credit memorandum (the "**Global Restructuring Goods and Services Credit Memorandum**") amounting to:

REDACTED* for each A320 NEO Aircraft
REDACTED*

REDACTED* for each A321 NEO Aircraft
REDACTED*

The Global Restructuring Goods and Services Credit Memorandum is quoted in US Dollars expressed in economic conditions corresponding to a theoretical delivery in **REDACTED*** and shall be subject to revision up to and including the date on which such credit is granted in accordance with the Airframe Price Revision Formula **REDACTED***

The Global Restructuring Goods and Services Credit Memorandum shall be used exclusively for the purchase by the Buyer of Goods and Services from the Seller. **REDACTED***

REDACTED*

* All text marked "**REDACTED***" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

5.2 In consideration of the rescheduling set out in Clause 1 hereof and in order to support the introduction into service and operation of the NEO Aircraft, for each NEO Aircraft remaining to be delivered under the Agreement as of the date hereof, **REDACTED***

the Seller shall grant the Buyer, **REDACTED*** a SCN credit memorandum (hereinafter the "SCN Credit Memorandum") for an amount of:

REDACTED* for an A320 NEO Aircraft
REDACTED*

REDACTED* for an A321 NEO Aircraft
REDACTED*

The SCN Credit Memorandum is quoted in US Dollars expressed in economic conditions corresponding to a theoretical delivery in **REDACTED*** and shall be subject to revision up to the Delivery Date of the relevant NEO Aircraft in accordance with the Airframe Price Revision Formula **REDACTED***

The SCN Credit Memorandum shall be applied against the Final Price of the respective NEO Aircraft.

REDACTED*

6. WAIVER

6.1 Upon the effectiveness of this Amendment No. 9, the Seller waives, discharges and releases the Buyer from any liability whatsoever for or as a result of, and all rights and remedies of the Seller in connection with any non-performed obligation or delay in payment by the Buyer of any payments due and owing by the Buyer to the Seller on or before the effective date of this Amendment No.9 in accordance with the Agreement, including, but not limited to, any interest that Seller may claim or has claimed to have been due as a result of such non-performed obligation or delay in payment and any rights or remedies of the Seller attributable to any claim that the Buyer is or was in default or breach of the Agreement or any other agreements between the Buyer and the Seller by reason of any such non-performed obligation or delay in payment under the Agreement. Nothing herein shall be construed as an admission by the Buyer as to any default in or breach of any such agreements or default or delay in any such payment, or the accrual or any liability of the Buyer for any such interest.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

- 6.2 The Seller and the Buyer acknowledge and agree that no cure, monetary or otherwise, shall be necessary to assume the Agreement, as amended by this Amendment No.9, pursuant to 11 U.S.C. §365, nor shall the Seller be entitled to any payment of cure costs in connection with such assumption.
- 6.3 The Buyer hereby irrevocably waives any and all rights it may have under the provisions of Clause 10 (Excusable Delay) and Clause 11 (Non Excusable Delay) of the Agreement or at law up to the date hereof with respect to any NEO Aircraft remaining to be delivered under the Agreement. The Parties agree that the provisions of Clause 10 (Excusable Delay) and Clause 11 (Non-Excusable Delay) (as amended by Letter Agreement No.6 to the Agreement and Amendment No.6 to the Agreement) of the Agreement will continue to apply from the date hereof to any delays in Delivery of the NEO Aircraft that are caused by respectively an Excusable Delay or Non-Excusable Delay and that result in the NEO Aircraft being delivered later than the dates indicated for such Aircraft in Clause 9.1.1 of the Agreement (as amended by this Amendment No.9). Liquidated damages paid by the Seller to the Buyer towards the liquidated damages caps referenced in the Agreement shall be deemed to be zero in respect of any NEO Aircraft remaining to be delivered under the Agreement.

7. CONDITIONS PRECEDENT

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Amendment No. 9 that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Amendment No.9; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 7:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment n°27 means the amendment agreement to the Purchase Agreement 2 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°18, the Amendment n°27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Agreement, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Agreement (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to this Amendment no.9.

Purchase Agreement 2 means the TAM A320/A330 Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment n°27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

8. MISCELLANEOUS

- 8.1** This Amendment No.9 contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understanding, commitments or representations whatsoever, whether oral or written.
- 8.2** The Agreement shall be deemed amended to the extent provided in this Amendment No.9 and shall continue in full force and effect in accordance with its original terms as may be amended hereby.
- 8.3** The Parties agree that this Amendment No.9 shall constitute an integral, non-severable part of the Agreement and be governed by all of its provisions.
- 8.4** In the event of any inconsistency between the terms and conditions of the Agreement and those of this Amendment No.9, the latter shall prevail to the extent of such inconsistency, whereas the part not concerned by such inconsistency shall remain in full force and effect.
- 8.5** This Amendment No.9 will not be modified or varied except by an instrument in writing executed by both Parties.
- 8.6** The Parties hereby acknowledge and agree that this Amendment No. 9 is subject to the confidentiality provisions set forth in clause 22.12 of the Agreement, except that the Buyer may disclose a copy of this Amendment No. 9 (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Amendment No. 9 and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Amendment No. 9 with the Bankruptcy Court, the Buyer shall seek to file this Amendment No. 9 and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.
- 8.7** The Parties agree that clause 21 of the Agreement shall govern the assignability and transferability of each Party's rights and obligations under this Amendment No.9.
- 8.8** This Amendment No.9 may be signed by the Parties hereto in separate counterparts, each of which when so signed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.
- 8.9** In the event that any provision of this Amendment No.9 should for any reason be held ineffective, the remainder of this Amendment No.9 shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Amendment N°9 prohibited or unenforceable in any respect. Any provisions of this Amendment No.9 which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Amendment No.9.

8.10 This Amendment No.9 shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Amendment No.9 shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 9.10 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 8.10, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 8.10 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Amendment No.9 or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Amendment No.9, nor any Party's defenses in respect of any such request or argument.

IN WITNESS WHEREOF this Amendment No.9 to the Agreement was duly entered into the day and year first above written.

Agreed and Accepted

Agreed and Accepted

For and on behalf of

For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S

By : _____

By : **REDACTED***

Its : _____

Its : **REDACTED***

LATAM AIRLINES GROUP S.A. A

By : _____

Its : _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

LETTER AGREEMENT No.1 to Amendment No.9

LATAM AIRLINES GROUP S.A.
Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes
Santiago
Chile

Subject: **REDACTED***

LATAM AIRLINES GROUP S.A. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into as of the date herewith into an amendment No.9 (the “**Amendment No.9**”) to the Purchase Agreement ref.CT1101195 dated 22 June 2011 as amended from time to time (the “**Agreement**”), such Amendment No.9 covering the amendment of certain provisions contained in the Agreement.

Capitalized terms used herein and not otherwise defined in this Letter Agreement No.1 (the “**Letter Agreement**”) shall have the meanings assigned thereto in the Agreement.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Agreement and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any inconsistency between the terms of this Letter Agreement and the terms contained in clauses 0 to 22 of the Agreement and any of its Exhibits, in each such case the terms of this Letter Agreement shall prevail.

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

LETTER AGREEMENT No.1 to Amendment No.9

REDACTED*

1. ECA Financing Support

REDACTED*

2. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

3. Costs and Expenses

The Buyer shall be responsible for all the reasonable and documented costs incurred in connection with any application to the Export Credit Agencies including, but not limited to, out-of-pocket expenses, application fees and reasonable and documented costs and expenses of outside legal counsel to the Seller.

4. Condition Precedent

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

LETTER AGREEMENT No.1 to Amendment No.9

In this Clause 4:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment n°27 means the amendment agreement to the Purchase Agreement 2 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment No.9, the Amendment n°18, the Amendment N°27, this Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Agreement.

Purchase Agreement 2 means the Airbus A320 family purchase agreement dated 14 November 2006 and entered into between the Seller and TAM Linhas Aéreas S.A., as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto), and as novated from TAM Linhas Aéreas S.A. to the Buyer on 30 October 2014.

LETTER AGREEMENT No.1 to Amendment No.9

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment n°27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

5. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.12 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

6. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

7. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.

8. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 8 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

LETTER AGREEMENT No.1 to Amendment No.9

Subject to the last sentence of this Clause 8, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 8 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 8:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT No.1 to Amendment No.9

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

By : _____

By : **REDACTED***

Its : _____

Its : **REDACTED***

Date : _____

Date : _____

By : _____

Its : _____

Date : _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

Exhibit E

Termination Agreement

AIRBUS S.A.S.

and

LATAM AIRLINES GROUP S.A.

TERMINATION AGREEMENT

in respect of

THE A350XWB PURCHASE AGREEMENT

Page 1 of 8

This termination agreement (this "**Termination Agreement**") is made as of the ___ day of _____ 2021,

Between

1. **AIRBUS S.A.S.**, a Société par Actions Simplifiée duly created and existing under French law having its principal office at 2 rond-point Emile Dewoitine, 31700 Blagnac, France and includes its successors and assigns (the "**Seller**"); and
2. **LATAM AIRLINES GROUP S.A.**, a company organised and existing under the laws of Chile, having its principal office at Edificio Huidobro, Avenida Presidente Riesco 5711 – 20th Floor, Las Condes, SANTIAGO, CHILE (the "**Buyer**"),

the Seller and the Buyer are hereinafter referred together as the "**Parties**" or each as a "**Party**".

WHEREAS

- (A) The Seller and TAM Linhas Aereas S.A. (the "**Original Buyer**") signed the A350 XWB purchase agreement (Reference CSC.337.0179/07) on 20 December 2005 (including all exhibits, appendices and letter agreements) relating to the purchase by the Original Buyer and the sale by the Seller of certain A350 XWB aircraft, as amended and supplemented from time to time and as novated through a novation agreement dated 21 July 2014 between the Original Buyer, the Buyer and the Seller (the "**Purchase Agreement**").
- (B) On 26 May 2020 (the "**Petition Date**"), the Buyer filed a voluntary petition for relief 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**" and such proceedings, the "**Chapter 11 Cases**"), and in connection therewith, has informed the Buyer of its decision to reject the Purchase Agreement pursuant to Section 365(a) of the Bankruptcy Code.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

- 1.1. In this Termination Agreement, capitalised terms and expressions not otherwise defined herein shall, unless the context otherwise requires, have the meaning given to them in the Purchase Agreement.
- 1.2. In addition, the following terms shall have the following meanings:
 - (a) "**A350 Amendment No.9**" means the amendment No.9 entered into between the Parties in respect of the Purchase Agreement dated 22 September 2017 between the Buyer and the Seller (as amended from time to time).
 - (b) "**A350 Amendment No.13**" means the amendment No.13 entered into between the Parties in respect of the Purchase Agreement dated 31 March 2020 between the Buyer and the Seller (as amended from time to time).

(c) **“Letter Agreement No. 1 to Amendment No. 2”** means the letter agreement No.1 to the amendment No.2 entered into between the Parties in respect of the Purchase Agreement dated 15 July 2014 (as amended from time to time).

(d) **“Terminated Aircraft”** means **REDACTED***

2. TERMINATION

The Parties agree that, as regards any rights and obligations that the Parties may have against each other and unless otherwise provided herein, with effect from the date hereof, all of their rights and obligations under the Purchase Agreement in relation to Terminated Aircraft and unless otherwise provided herein, shall be terminated forthwith without further act.

REDACTED*

Consequently, each Party irrevocably waives any right to initiate any dispute resolution proceedings, including court or arbitration proceedings, against the other Party in relation to the Purchase Agreement in relation to the Terminated Aircraft.

The Parties agree that clause 22.10 of the Purchase Agreement relating to non- disclosure shall remain in full force and effect notwithstanding the termination of the Purchase Agreement in relation to the Terminated Aircraft.

REDACTED*

* All text marked **“REDACTED*”** is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

4. CONDITION PRECEDENT

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Termination Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Termination Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 4:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment n°27 means the amendment agreement to the Purchase Agreement 2 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment n°27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Airbus A320 family purchase agreement dated 14 November 2006 and entered into between the Seller and TAM Linhas Aéreas S.A., as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto), and as novated from TAM Linhas Aéreas S.A. to the Buyer on 30 October 2014.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment n°27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

5. MISCELLANEOUS PROVISIONS

- 5.1 This Termination Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever, oral or written, with respect to the matters referred to herein. This Termination Amendment shall not be amended except by an instrument in writing executed by both Parties or by their duly authorised representatives.
- 5.2 This Termination Agreement may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same agreement.
- 5.3 If, at any time, any provision of this Termination Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired.

5.4 The Parties agrees that it shall not disclose any information relating to this Termination Agreement except that the Buyer may disclose a copy of this Termination Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Termination Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Termination Agreement with the Bankruptcy Court, the Buyer shall seek to file this Termination Agreement and the Purchase Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

6. LAW AND JURISDICTION

This Termination Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Termination Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 6 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 6, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 6 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Termination Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Termination Agreement, nor any Party's defenses in respect of any such request or argument.

IN WITNESS WHEREOF this Termination Agreement was duly entered into the day and year first above written.

For and on behalf of

For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

Name :

Name : **REDACTED***

Title :

Title : **REDACTED***

Name :

Title :

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Exhibit H

Amendment No. 27 to A320/A330 Agreement

AMENDMENT N° 27
TO THE A320/A330
PURCHASE AGREEMENT
BETWEEN
AIRBUS S.A.S.
AND
LATAM AIRLINES GROUP S.A.
REF: CT1242567

AMENDMENT N° 27

TO THE

A320/A330 PURCHASE AGREEMENT

This Amendment No.27 (“**Amendment No. 27**”) is made as of the ___ day of _____ 2021 to the A320/A330 Purchase Agreement signed on November 14, 2006,

Between

AIRBUS S.A.S., having its principal office at:

2 rond-point Emile Dewoitine
31700 BLAGNAC
FRANCE

and registered with the Commercial and Companies Register of Toulouse under number 383 474 814 (hereinafter referred to as “**the Seller**”) of the one part,

AND

LATAM AIRLINES GROUP S.A., having its principal office at:

Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes
SANTIAGO
CHILE

(herein after referred to as “**the Buyer**”) of the other part.

The Buyer and the Seller being collectively referred to as the “Parties” and individually as a “Party”.

WHEREAS

A- The Seller and TAM Linhas Aereas S.A. (the “**Original Buyer**”) have signed on November 14, 2006, an A320/A330 Purchase Agreement (reference CCC 337.0068/06) covering the purchase by the Original Buyer and the sale by the Seller of certain A320 Family Aircraft and A330-200 Aircraft which, together with all Exhibits, Appendixes, Letter Agreements, Amendment No. 1, dated as of January 21, 2008, Amendment No. 2, dated as of October 15, 2008, Amendment No. 3 dated as of July 1, 2009, Amendment No.4, dated as of July 1, 2009, Amendment No.5, dated as of December 24, 2009, Amendment No.6, dated as of March 4, 2010, Amendment No.7, dated as of July 28, 2010 (“**Amendment No.7**”), Amendment No.8, dated as of April 29, 2011, Amendment No.9, dated as of June 13, 2011, Amendment No.10, dated as of October 11, 2011, Amendment No.11, dated as of October 11, 2011 (“**Amendment No.11**”), Amendment No.12, dated as of January 27, 2012, Amendment No. 13, dated as of November 30, 2012, Amendment No. 14, dated as of December 14, 2012, Amendment No. 15, dated as of February 18, 2013, Amendment No. 16, dated as of February 27, 2013, Amendment No. 17, dated as of August 19, 2013 and Amendment No. 18, dated as of July 15, 2014, incorporated therein is hereinafter referred to as the “**A320/A330 Purchase Agreement**”.

- B- The Buyer, Seller and Original Buyer entered into a novation agreement dated 30 October 2014 (the “**Novation**”) novating the Original Agreement from the Original Buyer to the Buyer.
- C- The Buyer and the Seller entered into Amendment No. 19, dated as of December 11, 2014, Amendment No. 20, dated as of June 3, 2015, Amendment No. 21, dated as of December 21, 2015, Amendment No. 22, dated as of April 15, 2016, Amendment No. 23, dated as of April 15, 2016, Amendment No. 24, dated as of August 8, 2016, Amendment No. 25, dated as of September 22, 2017, and Amendment No.26 dated as of December 21, 2018 (the “**Amendment No.26**”) (together the “**Amendments**”).
- D- On May 26, 2020 (the “**Petition Date** ”), the Buyer filed a voluntary petition for relief 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**” and such proceedings, the “**Chapter 11 Cases**”), and in connection therewith, has informed the Seller of its decision to assume the Agreement (as defined below), as amended by the terms hereof, pursuant to Section 365(a) of the Bankruptcy Code.
- E- Now, (i) the Buyer and the Seller wish to reschedule the scheduled delivery period of certain NEO Aircraft, and (ii) the Buyer wishes to purchase from the Seller and the Seller wishes to sell to the Buyer **REDACTED*** aircraft of the A320neo family **REDACTED*** **REDACTED*** pursuant to the terms and conditions set out into this Amendment No.27.

NOW THEREFORE IT IS AGREED AS FOLLOWS:

The A320/A330 Purchase Agreement as novated pursuant to the Novation and amended pursuant to the Amendments and this Amendment No.27 is hereinafter referred to as the “**Agreement**”.

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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Exhibit A - Appendix 1	REDACTED*	
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Exhibit C	Amended and restated Letter Agreement No. 6 to Amendment No. 11	

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1. RESCHEDULING

1.1 The Parties hereby agree to reschedule the scheduled delivery period of REDACTED*

REDACTED*

REDACTED* (the "Rescheduled NEO Aircraft") and to schedule the delivery of such NEO Aircraft in accordance with the following revised scheduled delivery period (the "Revised Scheduled Delivery Period"):

Rank Number	NEO Aircraft Type	Original Scheduled Delivery Month or Quarter (as defined in Amendment No. 26)	Revised Scheduled Delivery Period
REDACTED*			

REDACTED*

1.2 Propulsion Systems Manufacturer and BFE Suppliers

The Buyer shall remain solely responsible for notifying the rescheduling set out above to the NEO Propulsion Systems manufacturer and BFE suppliers, pursuant to the Buyer's obligations under the relevant agreements between the Buyer and such NEO Propulsion Systems manufacturer and BFE suppliers.

2. INCREMENTAL ORDER

2.1 Scope

2.1.1 Sale and Purchase: pursuant to and in accordance with the terms and conditions contained in this Amendment No. 27 (and incorporating the relevant provisions of the A320/A330 Purchase Agreement), the Seller shall sell and deliver and the Buyer shall buy and take delivery of REDACTED* being REDACTED* REDACTED* (the "2021 Incremental A320 NEO Aircraft"), REDACTED* REDACTED* (the "2021 Incremental A321 NEO Aircraft") REDACTED* REDACTED* (hereinafter individually or collectively referred to as the "2021 Incremental NEO Aircraft").

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

- 2.1.2 Amendment of Existing Provisions: The Buyer and the Seller agree to amend certain provisions of the Agreement pursuant to the terms and conditions set out in this Amendment N°27.
- 2.1.3 With effect from the date hereof, all references to “Aircraft”, “NEO Aircraft”, “A320 NEO Family Aircraft” and “2011 A320 NEO Family Aircraft” in the Agreement shall include reference to the 2021 Incremental NEO Aircraft unless expressly stipulated otherwise herein or elsewhere.
- 2.1.4 Save to the extent specified to the contrary in this Amendment No. 27, all of the terms and conditions respectively relating to A320 NEO Aircraft and A321 NEO Aircraft set out in the Agreement and its Exhibits and Appendices shall apply to the 2021 Incremental A320 NEO Aircraft and 2021 Incremental A321 NEO Aircraft unless expressly stipulated otherwise herein or elsewhere.
- 2.1.5 Applicability of Letter Agreements
- 2.1.5.1 **REDACTED***
- 2.1.5.2 **REDACTED***
- 2.1.5.3 **REDACTED***
- 2.1.5.4 **REDACTED***

* All text marked “REDACTED*” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

2.1.5.5 REDACTED*

2.1.5.6 REDACTED*

2.2 Definitions and Interpretations

The parties hereby agree to either insert in alphabetical order or amend and restate, as the case may be, the following definitions in Clause 0.1 of the A320/A330 Purchase Agreement:

A320 NEO Family Aircraft or NEO Aircraft means, as applicable, any or all of the A319 NEO Aircraft, any or all of the A320 NEO Aircraft, any or all of the A321 NEO Aircraft, REDACTED*

REDACTED*

REDACTED*

Aircraft means individually or collectively an Airbus A319 Aircraft, A320 Aircraft, A321 Aircraft, A330-200 Aircraft, A320 NEO Aircraft, A321NEO Aircraft, REDACTED* REDACTED* delivered under this Agreement, including the Airframe, the Propulsion Systems, and any part, component, furnishing or equipment installed on the Aircraft upon Delivery.

Goods and Services means any goods and services that may be purchased by the Buyer from the Seller, excluding Aircraft.

NEO Standard Specification means individually or collectively the A319 NEO Standard Specification, the A320 NEO Standard Specification, the A321 NEO Standard Specification REDACTED*, as applicable.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

2.3. Specification

2.3.1 NEO Propulsion Systems

In respect of any NEO Aircraft, Clause 2.3.1 of the Agreement (as amended from time to time) shall be deleted and replaced by the following quoted text:

QUOTE

2.3.1 Each Airframe of the A320 NEO Family Aircraft shall be equipped with a set of either two (2) CFM LEAP-1A engines or two (2) International Aero Engines, LLC (“IAE LLC”) PW1100G-JM engines, upon selection referred to respectively as the “NEO Propulsion Systems”.

	IAE LLC	CFM
A319-100 NEO	PW1124G-JM REDACTED*	LEAP-1A24 REDACTED*
A320-200 NEO	PW1127G-JM REDACTED* or PW1129G-JM REDACTED*	LEAP-1A26 REDACTED*
A321-200 NEO	PW1133G-JM REDACTED*	LEAP-1A32 REDACTED*
REDACTED*	REDACTED*	REDACTED*

REDACTED*

The Parties agree that, in respect of any NEO Aircraft, any notification received by the Seller from the Buyer prior to the date hereof in relation to the Buyer’s choice of the NEO Propulsion Systems for such NEO Aircraft shall become null and void on the date of Amendment No. 27. The Buyer shall provide written notice to the Seller of its choice of Propulsion Systems for such NEO Aircraft no later than fourteen REDACTED* prior to the first day of the Scheduled Delivery Month of such NEO Aircraft. REDACTED* REDACTED*

UNQUOTE

* All text marked “REDACTED*” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

2.3.2 REDACTED*

2.4 Pricing

With respect to 2021 Incremental NEO Aircraft only, the provisions contained in Clauses 3.1.1 and 3.1.2 of the Agreement shall not apply and the following quoted provisions shall apply in their place:

QUOTE

3.1.1 NEO Airframe Basic Price

The NEO Airframe Basic Price (the "NEO Airframe Basic Price") for the 2021 Incremental NEO Aircraft is the sum of:

- (i) the basic price of the NEO Airframe as defined in the relevant NEO Standard Specification, including Nacelles and Thrust Reversers, and excluding Buyer Furnished Equipment, which is:

For the A320 NEO Aircraft: REDACTED* REDACTED*

For the A321 NEO Aircraft: REDACTED* REDACTED*

REDACTED* REDACTED* REDACTED*

- (ii) the base price of the SCN's as listed in Appendices 1 and 2 of Exhibit A of this Amendment No. 27 with respect to the A320 NEO Aircraft and the A321 NEO Aircraft, and in Appendix 1 of Exhibit A-4 of this Amendment No. 27 with respect to the REDACTED* , which is:

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

For the A321 NEO Aircraft: **REDACTED***

For the A321 NEO Aircraft: **REDACTED***

REDACTED*

(iii) the base price of the master charge, which is applicable if a CFM LEAP-1A NEO Propulsion System is selected, which is:

REDACTED*

All respective NEO Airframe Basic Prices have been established in accordance with the average economic conditions prevailing in **REDACTED*** delivery in **REDACTED*** **REDACTED*** and corresponding to a theoretical (the “**Base Period**”).

3.1.2 NEO Propulsion Systems Basic Price

The basic price of the NEO Propulsion Systems (the “**NEO Propulsion Systems Basic Price**”) shall, depending on the NEO Propulsion Systems selected by the Buyer, be as applicable pursuant to Clauses 3.1.2.1 or 3.1.2.2.

3.1.2.1 The base price of a set of two (2) CFM INTERNATIONAL Propulsion Systems is:

LEAP-1A26: **REDACTED*** for A320 NEO Aircraft

LEAP-1A32: **REDACTED*** for A321 NEO Aircraft

REDACTED* **REDACTED*** **REDACTED***

The NEO Propulsion Systems Basic Prices have been established in accordance with the delivery conditions prevailing in **REDACTED*** and have been computed from the Propulsion Systems Reference Price **REDACTED*** **REDACTED***

3.1.2.2 The base price for a set of two (2) IAE LLC Propulsion Systems is:

PW1127G-JM: **REDACTED*** for A320 NEO Aircraft

PW1129G-JM: **REDACTED*** for A320 NEO Aircraft

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

The NEO Propulsion Systems Basic Prices have been calculated in accordance with the delivery conditions prevailing in REDACTED* and have been computed from the Propulsion Systems Reference Price REDACTED* REDACTED*

UNQUOTE

PW1133G-JM: REDACTED* for A321 NEO Aircraft

REDACTED* REDACTED* REDACTED*

The NEO Propulsion Systems Basic Prices have been calculated in accordance with the delivery conditions prevailing REDACTED* in and have been computed from the Propulsion Systems Reference Price REDACTED* REDACTED*

UNQUOTE

2.5 Delivery Schedule

The 2021 Incremental NEO Aircraft shall have the assigned rank numbers REDACTED* REDACTED* and shall be added to the A319/A320/A321 delivery schedule (as set forth in Clause 9.1.1.1 of the A320/A330 Purchase Agreement as amended from time to time) in accordance with the following:

Aircraft Rank	Aircraft Type	Delivery Quarter
	REDACTED*	

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

3. DELIVERY SCHEDULE

As a result of the rescheduling and incremental order set forth respectively in Clauses 1 and 2 hereof, the A319 / A320 / A321 REDACTED* delivery schedule set out in Clause 9.1.1.1 of the Agreement (as amended from time to time) is hereby amended and restated as follows:

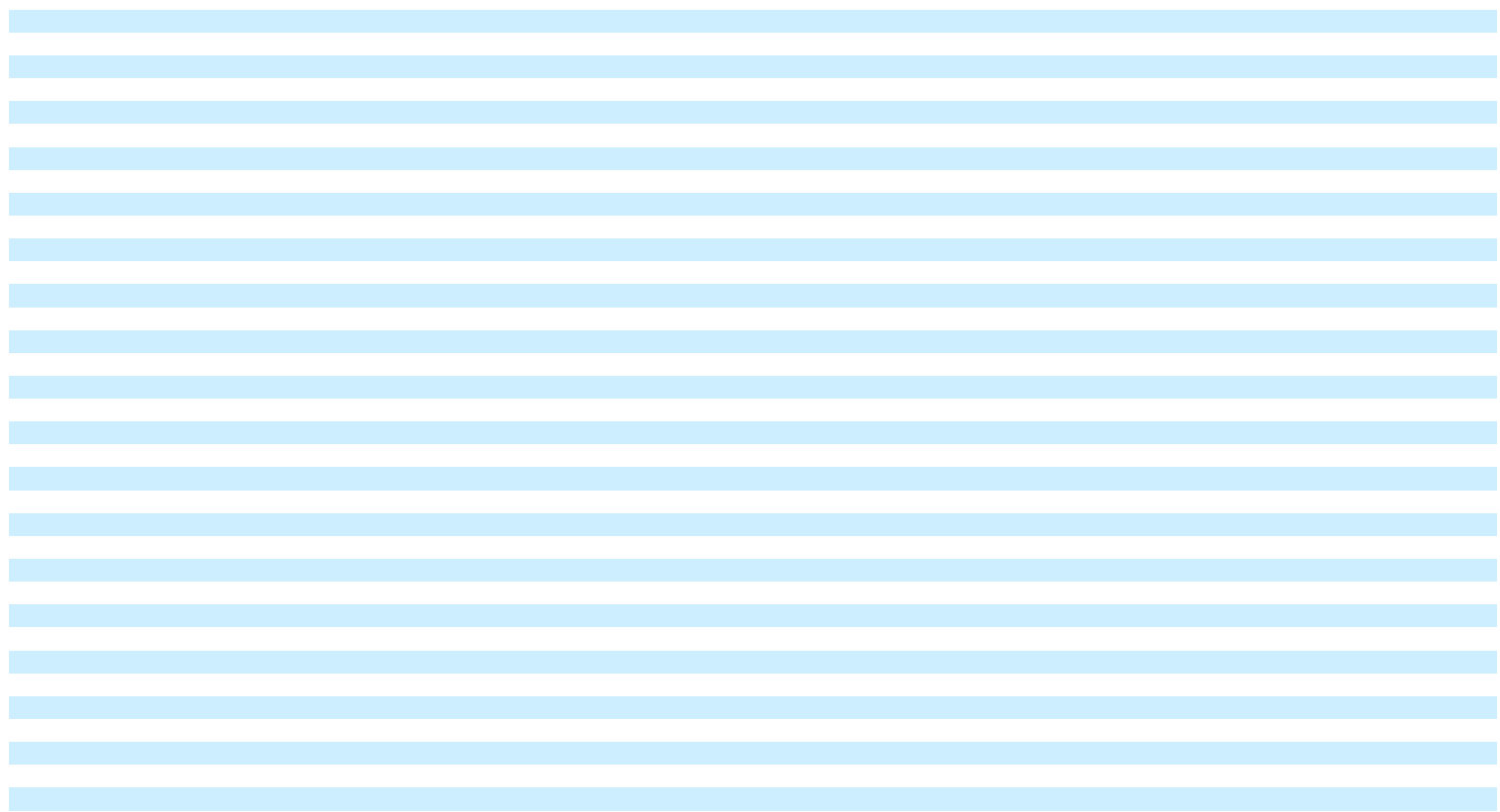
QUOTE

9.1.1.1 A319 / A320 / A321 / REDACTED* Aircraft

Aircraft Rank REDACTED*	Aircraft Type	Delivery Month/Quarter	REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*



* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Each of the above delivery quarters shall respectively be, with respect to the corresponding Aircraft, the “**Scheduled Delivery Quarter**”.

The Seller shall inform the Buyer in writing of the Scheduled Delivery Month during which the Aircraft shall be Ready for Delivery no later than **REDACTED*** prior to the first (1st) day of the Scheduled Delivery Quarter of such Aircraft.

For the purposes of Clause 5.3 of the Agreement and Clauses 2.2.1 and 2.2.2 of Letter Agreement No. 3 to Amendment No. 11 (as amended from time to time), until the Scheduled Delivery Month has been notified by the Seller to the Buyer pursuant to Clause 9.1.1, the Scheduled Delivery Month shall be deemed to be the middle month of the relevant Scheduled Delivery Quarter.

For the purposes of Clause 5.3 of the Agreement, until the NEO Propulsion Systems have been notified by the Buyer to the Seller pursuant to Clause 2.3, the NEO Propulsion Systems shall be deemed to be **REDACTED***

UNQUOTE

4. PREDELIVERY PAYMENTS

4.1 Rescheduled NEO Aircraft Predelivery Payments

As a consequence of the rescheduling set forth in Clause 1 herein, in respect of each Rescheduled NEO Aircraft, the Predelivery Payment Reference Price and the Predelivery Payment schedule shall be adjusted pursuant to Clauses 5.3.1 and 5.3.2 of the Agreement (as amended from time to time) respectively to reflect the Revised Scheduled Delivery Period of such Rescheduled NEO Aircraft.

The Seller has received from the Buyer on or prior to the date hereof Predelivery Payments for a total amount equal to **REDACTED*** under the Agreement (the “PDP Amount”).
REDACTED*

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

4.2 2021 Incremental NEO Aircraft Predelivery Payments

4.2.1 Solely with respect to the 2021 Incremental NEO Aircraft, Clause 5.2 of the Agreement, as amended by Clauses 2.1 of Letter Agreement No.3 to Amendment No.11, is hereby deleted in its entirety.

4.2.2 REDACTED*

REDACTED*

UNQUOTE

4.2.3 For the sole purpose of calculating the applicable Predelivery Payment Reference Price, Clause 5.3.1 of the Agreement, as amended by Clause 2.2.1 of Letter Agreement No.3 to Amendment No.11 (Clause 3.1 of the A320/A330 Purchase Agreement being amended by Clause 3.1 of Amendment No.23 to the Agreement), shall apply to the 2021 Incremental A320 NEO Aircraft and the 2021 Incremental A321 NEO Aircraft.

4.2.4 Solely with respect to the 2021 Incremental NEO Aircraft, Clause 5.3.2 of the Agreement, as amended by Clause 2.2.1 of Letter Agreement No.3 to Amendment No.11, is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

5.3.2 Such Predelivery Payments shall be made in accordance with the following schedule:

DUE DATE OF PAYMENTS

PERCENTAGE OF PREDELIVERY PAYMENT REFERENCE PRICE

REDACTED*

Total Payment prior to Delivery

REDACTED*

UNQUOTE

4.2.5 Pursuant to Clause 1 of Amendment No.18 to the Agreement and to Clause 3 of Amendment No.2 to the LAN A320 Agreement (as defined in Clause 6.3.1 herebelow), the Buyer hereby instructs the Seller to **REDACTED***

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

5. PRICE REVISION PROTECTION

5.1 Rescheduled NEO Aircraft

In respect of each Rescheduled NEO Aircraft, Clauses 1.1 and 1.2 of Letter Agreement No.3 to Amendment No.11 (as amended by Clause 7 of Amendment No.26) shall be hereby deleted in their entirety and replaced by the following quoted provisions:

QUOTE

1.1 Escalation Cap

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1.1.1 In addition to Clause 4 of the A320/A330 Purchase Agreement, with respect to each NEO Aircraft, during the period starting on **REDACTED*** and ending on **REDACTED*** the NEO Airframe Basic Price (increased or decreased, as the case may be, by the amounts relating to any SCNs executed after the date of the Agreement) and all applicable credit memoranda granted by the Seller under the Agreement and subject to revision in accordance with the Airframe Price Revision Formula **REDACTED***

- (i) in accordance with Clause 4 of the A320/A330 Purchase Agreement for the period starting on **REDACTED*** and ending on **REDACTED***

REDACTED*

or

- (ii) if lower, by the amount determined by escalating the NEO Airframe Basic Price and the applicable credit memoranda for the period starting on **REDACTED*** ending on **REDACTED***

1.1.2 In addition to Clause 4 of the A320/A330 Purchase Agreement, with respect to each NEO Aircraft, during the period starting on **REDACTED*** and ending on **REDACTED*** the NEO Airframe Basic Price (increased or decreased, as the case may be, by the amounts relating to any SCNs executed after the date of the Agreement) and all applicable credit memoranda granted by the Seller under the Agreement and subject to revision in accordance with the Airframe Price Revision Formula **REDACTED*** shall be escalated either:

- (i) in accordance with Clause 4 of the A320/A330 Purchase Agreement for the period starting on **REDACTED*** and ending on **REDACTED***

or

- (ii) if lower, by the amount determined by escalating the NEO Airframe Basic Price and the applicable credit memoranda for the period starting on the **REDACTED*** and ending on **REDACTED***

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

1.1.3 **REDACTED***

5.2 2021 Incremental NEO Aircraft

In respect of each 2021 Incremental NEO Aircraft, Clauses 1.1 and 1.2 of Letter Agreement No.3 to Amendment No.11 (as amended by Clause 7 of Amendment No.26) shall be hereby deleted in its entirety and replaced by the following quoted provisions:

QUOTE

1.1 Escalation Cap

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1.1.1 In addition to Clause 4 of the A320/A330 Purchase Agreement, with respect to each 2021 Incremental NEO Aircraft, during the period starting on **REDACTED*** and ending on **REDACTED*** the NEO Airframe Basic Price (increased or decreased, as the case may be, by the amounts relating to any SCNs executed after the date of this Amendment No.27) and all applicable credit memoranda granted by the Seller under the Agreement and subject to revision in accordance with the Airframe Price Revision Formula **REDACTED*** shall be escalated either:

(i) in accordance with Clause 4 of the A320/A330 Purchase Agreement for the period starting on **REDACTED*** and ending on **REDACTED***

or

(ii) if lower, by the amount determined by escalating the NEO Airframe Basic Price and the applicable credit memoranda for the period starting on **REDACTED*** and ending on **REDACTED* REDACTED***

1.1.2 **REDACTED***

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

1.2 Escalation Sharing

REDACTED*

UNQUOTE

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

6. ADDITIONAL CONCESSIONS

6.1 Global Restructuring Goods and Services Credit Memorandum

Remaining NEO Aircraft means any REDACTED* Aircraft remaining to be delivered under the Agreement at the time hereof or any REDACTED* remaining to be delivered under the LAN A320 Agreement at the time hereof.

In consideration of the rescheduling set out in Clause 1 hereof and in order to support the introduction into service and operation of the NEO Aircraft, and subject to the Buyer taking delivery of REDACTED* Aircraft, the Seller shall grant to the Buyer, in respect of each NEO Aircraft, on REDACTED* a goods and services credit memorandum (the “**Global Restructuring Goods and Services Credit Memorandum**”) amounting to:

REDACTED* for each A320 NEO Aircraft
REDACTED*

REDACTED* for each A321 NEO Aircraft
REDACTED*

REDACTED*

The Global Restructuring Goods and Services Credit Memorandum is quoted in US Dollars expressed in economic conditions corresponding to a theoretical delivery in REDACTED* and shall be subject to revision up to and including the date on which such credit is granted in accordance with:

(i) in respect of the Rescheduled NEO Aircraft, the Airframe Price Revision Formula REDACTED* it being understood and agreed that the escalation cap set out therein shall apply to the Global Restructuring Goods and Services Credit Memorandum for the period starting on REDACTED* and ending on REDACT

or

(ii) in respect of the 2021 Incremental NEO Aircraft, REDACTED* t being understood and agreed that the escalation cap set out therein shall apply to the Global Restructuring Goods and Services Credit Memorandum for the period starting on REDACTED* and ending on REDACTED*

The Global Restructuring Goods and Services Credit Memorandum shall be used exclusively for the purchase by the Buyer of Goods and Services from the Seller. REDACTED*

* All text marked “REDACTED*” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

6.2 SCN Credit Memorandum

For each NEO Aircraft, REDACTED* the SCNs for an aggregate amount equal to or in excess of REDACTED in REDACTED* delivery conditions with respect to an A320 NEO Aircraft, REDACTED* in REDACTED* delivery conditions with respect to an A321 NEO Aircraft, REDACTED* the Seller shall grant the Buyer, REDACTED* a SCN credit memorandum (hereinafter the "SCN Credit Memorandum") for an amount of:

REDACTED* for an A320 NEO Aircraft
REDACTED*

REDACTED* for an A321 NEO Aircraft
REDACTED*

REDACTED*

The SCN Credit Memorandum is quoted in US Dollars expressed in economic conditions corresponding to a theoretical delivery in REDACTED* and shall be subject to revision up to REDACTED* in accordance with:

- (i) in respect of the Rescheduled NEO Aircraft, REDACTED*

or

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

(ii) in respect of the 2021 Incremental NEO Aircraft, **REDACTED***

The SCN Credit Memorandum shall be applied against the Final Price of the respective NEO Aircraft.

6.3 Special A321 NEO Goods and Services Credit Memorandum

6.3.1 For the purpose of this Amendment No.27, the following term shall have the meaning ascribed to it:

LAN A320 Agreement means the A320 Family Purchase Agreement entered into on 22 June 2011 between the Buyer and the Seller, with reference CT1101195, as amended from time to time.

6.3.2 In consideration of the rescheduling set out in Clause 1 herein and the incremental sale and purchase of the 2021 Incremental NEO Aircraft set out in Clause 2 herein, the Seller shall grant to the Buyer a Special A321 NEO Goods & Services Credit Memorandum (the "**Special A321 NEO G&S Credit Memorandum**") in a fixed amount equal to:

REDACTED*

The Special A321 NEO G&S Credit Memorandum shall be made available by the Seller to the Buyer in several portions, each portion being granted starting on 01 June 2022 as follows:

REDACTED*

The Special A321 NEO G&S Credit Memorandum shall be exclusively used for the purchase of Goods and Services from the Seller and shall not be subject to any revision.

The Special A321 NEO G&S Credit Memorandum shall be earned at **REDACTED***

* All text marked "**REDACTED***" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

7. **BFE PROVISION**

Clause 4 of Letter Agreement No.11 to the A320/A330 Purchase Agreement is hereby deleted in its entirety and replaced with the following quoted text:

QUOTE

4. BFE

REDACTED*

UNQUOTE

7B. Each of the Buyer and the Seller hereby agrees that the letter agreement no.6 dated 11 October 2011 to the Amendment No.11 shall be amended and restated in the form set out in Exhibit C hereto.

8. **WAIVER**

8.1 Upon the effectiveness of this Amendment No.27, the Seller waives, discharges and releases the Buyer from any liability whatsoever for or as a result of, and all rights and remedies of the Seller in connection with any non-performed obligation or delay in payment by the Buyer of any payments due and owing by the Buyer to the Seller on or before the effective date of this Amendment No.27 in accordance with the Agreement, including, but not limited to, any interest that Seller may claim or has claimed to have been due as a result of such non-performed obligation or delay in payment and any rights or remedies of the Seller attributable to any claim that the Buyer is or was in default or breach of the Agreement or any other agreements between the Buyer and the Seller by reason of any such non- performed obligation or delay in payment under the Agreement. Nothing herein shall be construed as an admission by the Buyer as to any default in or breach of any such agreements or default or delay in any such payment, or the accrual or any liability of the Buyer for any such interest.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

- 8.2 The Seller and the Buyer acknowledge and agree that no cure, monetary or otherwise, shall be necessary to assume the Agreement, as amended by this Amendment No.27, pursuant to 11 U.S.C. §365, nor shall the Seller be entitled to any payment of cure costs in connection with such assumption.
- 8.3 The Buyer hereby irrevocably waives any and all rights it may have under the provisions of Clause 10 (Excusable Delay) and Clause 11 (Non Excusable Delay) of the Agreement or at law up to the date hereof with respect to any NEO Aircraft remaining to be delivered under the Agreement. The Parties agree that the provisions of Clause 10 (Excusable Delay) and Clause 11 (Non-Excusable Delay) of the Agreement (as amended from time to time) will continue to apply from the date hereof to any delays in Delivery of the NEO Aircraft that are caused by respectively an Excusable Delay or Non-Excusable Delay and that result in the NEO Aircraft being delivered later than the dates indicated for such Aircraft in Clause 9.1.1 of the Agreement (as amended by this Amendment No.27). Liquidated damages paid by the Seller to the Buyer towards the liquidated damages caps referenced in the Agreement shall be deemed to be zero in respect of any NEO Aircraft remaining to be delivered under the Agreement.

9. CONDITION PRECEDENT

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Amendment No.27 that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Amendment No.27; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 9:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 2 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Agreement, the Purchase Agreement 1, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Agreement (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the LAN A320 Agreement.

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to this Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

10. CONFIDENTIALITY

The Parties hereby acknowledge and agree that this Amendment No.27 is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Amendment No.27 (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Amendment No.27 and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Amendment No.27 with the Bankruptcy Court, the Buyer shall seek to file this Amendment No.27 and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

11. LAW AND JURISDICTION

This Amendment No.27 shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Amendment No.27 shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 11 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 11, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 11 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Amendment No.27 or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Amendment No.27, nor any Party's defenses in respect of any such request or argument.

12. MISCELLANEOUS PROVISIONS

- 12.1 This Amendment No.27 contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written with respect to the matters referred to herein. This Amendment No.27 shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.
- 12.2 The Agreement between the Seller and the Buyer shall be deemed amended to the extent herein provided and shall continue in full force and effect in accordance with its original terms as may be amended hereby.
- 12.3 The Parties agree that this Amendment No.27 shall constitute an integral, non- severable part of the Agreement and be governed by all of its provisions.
- 12.4 In the event of any inconsistency between the Agreement and this Amendment No.27, the latter shall prevail to the extent of said inconsistency.
- 12.5 This Amendment No.27 may be signed by the Parties hereto in separate counterparts, each of which when so signed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument.

13. SEVERABILITY

In the event that any provision of this Amendment No.27 should for any reason be held ineffective, the remainder of this Amendment No.27 shall remain in full force and effect. To the extent permitted by applicable law, each Party hereto hereby waives any provision of law which renders any provision of this Amendment No.27 prohibited or unenforceable in any respect. If any provisions of this Amendment No.27 prove to be or become, illegal, invalid or unenforceable in whole or in part, the Parties will endeavour to give effect to it in such a way to avoid such illegality, invalidity or unenforceability.

This Amendment No.27 has been executed in two (2) original specimens which are in English.

IN WITNESS WHEREOF this Amendment No.27 to the Agreement was duly entered into the day and year first above written.

For and on behalf of

For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

Name:

Name: **REDACTED***

Title:

Title: **REDACTED***

LATAM AIRLINES GROUP S.A.

Name:

Title:

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

EXHIBIT A -Appendix1

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

EXHIBIT A -Appendix 2

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

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REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

EXHIBIT A-4

A321XLR Specification

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

PRICE REVISION FORMULA

With respect to the 2021 Incremental NEO Aircraft only, the Airframe Price Revision Formula contained in REDACTED* the A320/A330 Purchase Agreement is hereby cancelled and replaced by the following quoted text:

QUOTE

PART 1 AIRFRAME PRICE REVISION FORMULA

1. BASE PRICE

The Airframe Base Price quoted in Clause 3.1 of this Agreement, and all other amounts expressed in this Agreement as being subject to this Airbus Price Revision Formula (each a "Base Price"), are subject to adjustment for changes in economic conditions as measured by REDACTED* and in accordance with the provisions hereof.

2. BASE PERIOD

REDACTED*

3. INDEXES

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

4. REVISION FORMULA

REDACTED*

REDACTED*

5. GENERAL PROVISIONS

5.1 Roundings

REDACTED*

5.2 REDACTED*

REDACTED*

5.3 Final Index Values

The Index values as defined in Clause 4 above shall be considered final and no further adjustment to the Base Prices as revised at Delivery of an Aircraft shall be made after Delivery of an Aircraft for any subsequent changes in the published Index values.

5.4 Limitation

REDACTED*

UNQUOTE

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Amended and Restated Letter Agreement No.6 to Amendment No.11

LATAM AIRLINES GROUP S.A.

Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes
Santiago
Chile

Subject: **REDACTED*** **- PURCHASE INCENTIVES**

LATAM AIRLINES GROUP S.A. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered on December 21, 2018 into an Amendment No.26 (the “**Amendment No.26**”), and as of even date hereof into Amendment No.27 (the “**Amendment No.27**”) to the A320/A330 Purchase Agreement dated November 14,2006, as amended from time to time (the “**Agreement**”), covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

REDACTED*

1 REDACTED*

1.1 REDACTED*

The Seller shall grant to the Buyer, REDACTED*

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED*

REDACTED* shall be subject to revision REDACTED* REDACTED*Price Revision Formula REDACTED* in accordance with the Airframe REDACTED*

1.2 REDACTED*

The Seller shall grant to the Buyer, REDACTED*

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical Delivery in January 2021 REDACTED*

REDACTED* shall be subject to revision REDACTED*

REDACTED* in accordance with the Airframe Price Revision Formula REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1.3 REDACTED*

The Seller shall grant to the Buyer, **REDACTED***

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED*

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

REDACTED*

1.4 REDACTED*

The Seller shall grant to the Buyer, **REDACTED***

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED*

REDACTED* shall be subject to revision **REDACTED*** **REDACTED*** in accordance with the Airframe Price Revision Formula **REDACTED***

REDACTED*

1.5 REDACTED*

The Seller shall grant to the Buyer, **REDACTED***

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED*

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

1.6 REDACTED*

The Seller shall grant to the Buyer, **REDACTED***

REDACTED* shall be applied against the Final Price of the respective 2021 Incremental NEO Aircraft.

The **REDACTED*** shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1.7 REDACTED*

The Seller shall grant the Buyer, **REDACTED***

REDACTED*

REDACTED* shall be applied **REDACTED***
REDACTED*

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***
REDACTED*

1.8 REDACTED*

The Seller shall grant the Buyer, **REDACTED***

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied **REDACTED***

REDACTED*

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

1.9 REDACTED*

The Seller shall grant the Buyer, **REDACTED***

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied **REDACTED***
REDACTED*

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the **REDACTED***

Airframe Price Revision Formula **REDACTED***

1.10 REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied **REDACTED***

REDACTED*

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1.11 REDACTED*

The Seller shall grant the Buyer, amounts: REDACTED*

REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied REDACTED*
REDACTED*

REDACTED* shall be subject to revision REDACTED*
REDACTED* in accordance with the Airframe Price Revision Formula REDACTED*

REDACTED*

1.12 REDACTED*
REDACTED*

2.1 REDACTED*

The Seller shall grant the Buyer, REDACTED*

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied REDACTED*

REDACTED*

REDACTED* shall be subject to revision REDACTED*

REDACTED* in accordance with the Airframe

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Price Revision Formula **REDACTED***
REDACTED*

2.2 REDACTED*

The Seller shall grant the Buyer, **REDACTED***

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied **REDACTED***

REDACTED*.

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

2.3 REDACTED*

The Seller shall grant to the Buyer, **REDACTED***

REDACTED*

REDACTED* is expressed in economic conditions prevailing for a theoretical delivery in January 2021.

REDACTED* shall be applied **REDACTED***

REDACTED* shall be subject to revision **REDACTED***

REDACTED* in accordance with the Airframe Price Revision Formula **REDACTED***

3. Condition Precedent

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

In this Clause 3:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

4. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

5. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

6. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

7. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.

8. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 8 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

LETTER AGREEMENT No.1 to Amendment No.27

Subject to the last sentence of this Clause 8, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 8 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this clause 8:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT No.1 to Amendment No.27

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

By: _____

By: **REDACTED***

Its: _____

Its: **REDACTED***

Date: _____

Date: _____

By: _____

Its: _____

Date: _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

LETTER AGREEMENT No.2 to Amendment No.27

LATAM AIRLINES GROUP S.A.
Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes
Santiago
Chile

Subject: **REDACTED***

LATAM AIRLINES GROUP S.A. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into, as of the date hereof Amendment No.27 (the “**Amendment No.27**”) to the A320/A330 Purchase Agreement dated as of November 14, 2006, as amended from time to time (the “**Agreement**”), covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1. REDACTED*

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

2. REDACTED*

REDACTED*

3. **Condition Precedent**

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 3:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

4. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

5. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

6. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

7. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both parties or by their duly authorised representatives.

8. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 8 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 8, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 8 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 8:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

tly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

By: _____

Its: _____

Date: _____

By: _____

Its: _____

Date: _____

Agreed and Accepted
For and on behalf of

AIRBUS S.A.S.

By: **REDACTED***

Its: **REDACTED***

Date: _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

LETTER AGREEMENT No.3 to Amendment No.27

LATAM AIRLINES GROUP S.A.

Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor Las Condes
Santiago
Chile

Subject: **REDACTED***

– **SUPPORT PACKAGE**

LATAM AIRLINES GROUP S.A. (the “**Buyer**”) and AIRBUS S.A.S. (the “**Seller**”) have entered into, as of even date hereof, an amendment No.27 (the “**Amendment No.27**”) to the A320/A330 Purchase Agreement dated November 14,2006, as amended from time to time (the “**Agreement**”), covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

* All text marked “**REDACTED***” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

1. Training REDACTED*

REDACTED*the Seller shall provide REDACTED* to the Buyer with the following training services REDACTED*

REDACTED*

1.1 Training Validity

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

1.2 Flight Crew Courses

REDACTED*

1.3 Cabin Crew Courses

REDACTED*

1.4 Maintenance Courses

REDACTED*

2. Seller Representatives under Clause 15 of the Agreement

The Seller shall provide **REDACTED*** Seller Representative Services **REDACTED***

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

7. Condition Precedent

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 7:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

LETTER AGREEMENT No.3 to Amendment No.27

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

8. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

9. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

10. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

11. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.

12. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 12 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern

District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 12, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 12 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 12:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT No.3 to Amendment No.27

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

By : _____

By : **REDACTED***

Its : _____

Its : **REDACTED***

Date : _____

Date : _____

By : _____

Its : _____

Date : _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

LETTER AGREEMENT No.4 to Amendment No.27

LATAM AIRLINES GROUP S.A.
Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes
Santiago
Chile

Subject: **REDACTED***

LATAM AIRLINES GROUP S.A. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into, as of even date hereof, an amendment No.27 (the "**Amendment No.27**") to the A320/A330 Purchase Agreement dated November 14, 2006, as amended from time to time (the "**Agreement**"), covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

1. REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

2. REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

3. Condition Precedent

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

In this Clause 3:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, .A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

4. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

5. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

6. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

7. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorized representatives.

8. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 8 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 8, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 8 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 8:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT No.4 to Amendment No.27

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

Agreed and Accepted
For and on behalf of

AIRBUS S.A.S.

By : _____
Its : _____
Date : _____

By : **REDACTED***
Its : **REDACTED***
Date : _____

By : _____
Its : _____
Date : _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

LETTER AGREEMENT No.5 to Amendment No.27

LATAM AIRLINES GROUP S.A.

Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes
Santiago
Chile

Subject: **REDACTED***

LATAM AIRLINES GROUP S.A. ("**the Buyer**") and AIRBUS S.A.S. ("**the Seller**") have entered into as of the date hereof, into an amendment No.27 (the "**Amendment No.27**") to the A320/A330 Purchase Agreement as amended from time to time (the "**Agreement**"), such Amendment No.27 covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft as described in such Amendment No.27.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Date February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

REDACTED*

2. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

3. Costs and Expenses

The Buyer shall be responsible for all the reasonable and documented costs incurred in connection with any application to the Export Credit Agencies including, but not limited to, out-of-pocket expenses, application fees and reasonable and documented costs and expenses of outside legal counsel to the Seller.

4. Condition Precedent

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

In this Clause 4:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

5. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

6. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

7. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.

8. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 8 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 8, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 8 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 8:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT No.5 to Amendment No.27

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

By: _____

By: **REDACTED***

Its: _____

Its: **REDACTED***

Date : _____

Date : _____

By: _____

Its: _____

Date : _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

LATAM AIRLINES GROUP S.A.
Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes Santiago
Chile

Subject : A320F NEO Family - REDACTED*

TAM - LINHAS AEREAS S.A. and AIRBUS S.A.S. (the "Seller") have entered into an A320 Family / A330 Purchase Agreement dated 14 November 2006 (as novated to LATAM AIRLINES GROUP (the "Buyer") through a novation agreement dated 30 October 2014 between TAM Linhas Aereas S.A., the Buyer and Airbus, and as amended and supplemented from time to time) for the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2011 A320 NEO Family Aircraft (as such term is defined in the amendment 11 to the Purchase Agreement dated 11 October 2011 (the "Amendment No.11") and the 2021 Incremental NEO Aircraft (as such term is defined in the amendment 27 to the Purchase Agreement as of the date hereof (the "Amendment No.27")) (the "Purchase Agreement").

Capitalised terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Purchase Agreement.

Both parties agree that this Letter Agreement, upon execution hereof shall constitute an integral, non-severable part of the Purchase Agreement and shall be governed by all its provisions as such provisions have been specifically amended pursuant to this Letter Agreement.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

28. Governing Law and Jurisdiction

This Letter Agreement REDACTED* shall be governed by and construed in accordance with English law. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 28 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 28, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Amended and Restated LETTER AGREEMENT No. 6 to Amendment No.11

For the avoidance of doubt, nothing in this Clause 28 shall waive or modify any party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any party's defenses in respect of any such request or argument.

In this clause 28:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

29. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "Standing Order") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED*

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

32. Conditions Precedent to this Letter Agreement

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 32:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment n°27 means the amendment agreement to the Purchase Agreement 2 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment N°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Amended and Restated LETTER AGREEMENT No. 6 to Amendment No.11

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the A320/A330 purchase agreement entered into on 14 November 2006 between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6, the letter agreement n°8D and the letter agreement n°9D to the Amendment n°27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer

Amended and Restated LETTER AGREEMENT No. 6 to Amendment No.11

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

Name: _____ Name: **REDACTED***

Title: _____ Title: **REDACTED***

Date: _____ Date: _____

Name: _____

Date: _____

Title: _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

LETTER AGREEMENT N° 6

APPENDIX 1

REDACTED*

REDACTED*

REDACTED*

'REDACTED*.....

REDACTED*

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

LETTER AGREEMENT N°8D TO AMENDMENT No.27

LATAM AIRLINES GROUP S.A.
Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor
Las Condes Santiago
Chile

Subject: REDACTED*

LATAM AIRLINES GROUP S.A. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into, as of even date hereof, an amendment No.27 (the "**Amendment No.27**") to the A320/A330 Purchase Agreement dated November 14, 2006, as amended from time to time (the "**Agreement**"), covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1. The Buyer and the Seller hereby agree **REDACTED***

2. **Condition Precedent**

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 2:

Amendment n°1 means the amendment agreement to the Piquero Purchase Agreement entered into or to be entered into between the Seller and Piquero.

Amendment n°9 means the amendment agreement to the Purchase Agreement 1 entered into or to be entered into between the Seller and the Buyer.

Amendment n°18 means the amendment agreement to the Purchase Agreement 3 entered into or to be entered into between the Seller and the Buyer.

Amendment Documents means the Amendment n°1, the Amendment n°9, the Amendment n°18, the Amendment No.27, the Purchase Agreement 1 Letter Agreement and the Purchase Agreement 2 Letter Agreements.

Assignment, Assumption and Release Amendment Agreement means the assignment, assumption and release amendment agreement entered into or to be entered into between the Buyer, the Seller and Piquero in relation to the assignment, assumption and release agreement dated 6 June 2019 between the Buyer, the Seller and Piquero.

Assumed Purchase Agreements means the Purchase Agreement 1, the Purchase Agreement 2, the Purchase Agreement 3 and the Piquero Purchase Agreement being assumed (as amended).

Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

PDP Financing Documents means the Consent Agreement Supplement and the Assignment, Assumption and Release Amendment Agreement.

Piquero means Piquero Leasing Limited.

Piquero Guarantee means the guarantee and indemnity dated 6 June 2019 granted by the Buyer in favour of the Seller with respect to, inter alia, the obligations of Piquero under the Piquero Purchase Agreement.

Piquero Purchase Agreement means the Purchase Agreement 1 (excluding any letter agreement relating thereto) as assigned, assumed and released pursuant to the Assignment, Assumption and Release Amendment Agreement.

Purchase Agreement 1 means the Airbus A320 family purchase agreement dated 22 June 2011 and entered into between the Buyer and the Seller, and as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Purchase Agreement 1 Letter Agreement means the letter agreement n°1 to the Amendment n°9.

Purchase Agreement 2 means the Agreement.

Purchase Agreement 2 Letter Agreements means the letter agreement n°1, the letter agreement n°2, the letter agreement n°3, the letter agreement n°4, the letter agreement n°5, the letter agreement n°6 and the letter agreement n°9D to the Amendment No.27.

Purchase Agreement 3 means the Airbus A320 family purchase agreement dated 20 March 1998 and entered into between the Seller and the Buyer, as amended and supplemented from time to time (including without limitation all exhibits and appendices thereto and any letter agreements entered into from time to time relating thereto).

Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

3. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

4. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

5. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

6. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.

7. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 7 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 7, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 7 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 7:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT N°8D TO AMENDMENT No.27

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

Name:

Name: **REDACTED***

Title:

Title: **REDACTED***

Date:

Date:

Name

Title

Date

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

LETTER AGREEMENT N°9D TO AMENDMENT No.27

LATAM AIRLINES GROUP S.A.

Edificio Huidobro
Avenida Presidente Riesco 5711 – 20th Floor Las Condes
Santiago Chile

Subject: REDACTED*

LATAM AIRLINES GROUP S.A. (the "**Buyer**") and AIRBUS S.A.S. (the "**Seller**") have entered into, as of even date hereof, an amendment No.27 (the "**Amendment No.27**") to the A320/A330 Purchase Agreement dated November 14, 2006, as amended from time to time (the "**Agreement**"), covering the manufacture and the sale, among others, by the Seller and the purchase by the Buyer of the 2021 Incremental NEO Aircraft.

Capitalized terms used herein and not otherwise defined in this Letter Agreement shall have the meanings assigned thereto in the Amendment No.27.

Both parties agree that this Letter Agreement, upon execution thereof, shall constitute an integral, nonseverable part of said Amendment No.27 and shall be governed by all its provisions, as such provisions have been specifically amended pursuant to this Letter Agreement.

In the event of any conflict between the terms of this Letter Agreement and the other terms of the Amendment No.27 (and any of the exhibits and appendices thereto), the terms of this Letter Agreement shall prevail.

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

1. The Buyer and the Seller hereby agree **REDACTED***

2. **Condition Precedent**

The Seller and the Buyer hereby agree that it shall be a condition precedent to the effectiveness of this Letter Agreement that the Bankruptcy Court shall have entered an order in form and substance acceptable to the Buyer and the Seller (i) approving this Letter Agreement; (ii) authorizing the Buyer and Piquero, as applicable, to enter into and perform under the Amendment Documents, the PDP Financing Documents, the Termination Agreement and the Assignment, Assumption and Release Amendment Agreement and to assume the Assumed Purchase Agreements, as amended; (iii) providing that the obligations of the Buyer and Piquero, as applicable, under the Assumed Purchase Agreements, as amended, the Termination Agreement, the Piquero Guarantee and the Assignment, Assumption and Release Amendment Agreement shall constitute administrative expense claims in the Case pursuant to section 503 of the Bankruptcy Code; and (iv) providing that the obligations of the Buyer under the Piquero Guarantee shall be binding upon and constitute obligations of the reorganized debtors or their successors.

In this Clause 2:

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Consent Agreement Supplement means the consent agreement supplement entered into or to be entered into between Piquero, the Seller, the Buyer and Banco Santander, S.A. in relation to the consent agreement dated 6 June 2019.

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Purchase Agreement 2 means the Agreement.

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Termination Agreement means the A350XWB termination agreement to be entered into between the Seller and the Buyer.

3. Assignment

Notwithstanding any other provision of this Letter Agreement or of the Agreement, this Letter Agreement and the rights and obligations of the Buyer herein shall not be assigned or transferred in any manner, and any attempted assignment or transfer in contravention of the provisions of this Clause shall be void and of no force or effect.

4. Confidentiality

The Parties hereby acknowledge and agree that this Letter Agreement is subject to the confidentiality provisions set forth in clause 22.10 of the Agreement, except that the Buyer may disclose a copy of this Letter Agreement (i) to the Bankruptcy Court to the extent necessary to obtain approval of this Letter Agreement and (ii) on a professional eyes' only basis to (a) the Official Committee of Unsecured Creditors, (b) that certain Ad Hoc Group of LATAM Bondholders, and (c) the United States Trustee. For the avoidance of doubt, to the extent the Buyer files this Letter Agreement with the Bankruptcy Court, the Buyer shall seek to file this Letter Agreement and the Agreement, along with any related filings, under seal pursuant to the Amended Standing Order Regarding Redactions (the "**Standing Order**") entered by the Bankruptcy Court in the Chapter 11 Cases at Docket No. 1810.

5. Severability

In the event that any provision of this Letter Agreement should for any reason be held ineffective, the remainder of this Letter Agreement shall remain in full force and effect. To the extent permitted by applicable law, each party hereto hereby waives any provision of law which renders any provision of this Letter Agreement prohibited or unenforceable in any respect. Any provisions of this Letter Agreement which may prove to be or become, illegal, invalid or unenforceable in whole or in part, shall as far as reasonably possible, and subject to applicable law, be performed in accordance with the spirit and purpose of this Letter Agreement.

6. Alterations to Contract

This Letter Agreement contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes any previous understandings, commitments or representations whatsoever oral or written in respect thereto. This Letter Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by both Parties or by their duly authorised representatives.

7. Law and Jurisdiction

This Letter Agreement shall be governed by and construed in accordance with the laws of England. Any dispute arising out of or in connection with this Letter Agreement shall be within the exclusive jurisdiction of the Courts of England except that subject to the last sentence of this Clause 7 and during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court shall have exclusive jurisdiction over any disputes or, to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York.

Subject to the last sentence of this Clause 7, the parties hereto irrevocably consent to the personal jurisdiction of (i) during the pendency of the Chapter 11 Cases for the period prior to the effective date of a chapter 11 plan for the Buyer, the Bankruptcy Court or to the extent the Bankruptcy Court abstains, reference to the Bankruptcy Court is withdrawn, or the Bankruptcy Court is otherwise found to not have subject matter jurisdiction, then to the U.S. District Court for the Southern District of New York or the state court of the State of New York located in New York County, New York, and (ii) thereafter, the Courts of England.

For the avoidance of doubt, nothing in this Clause 7 shall waive or modify any Party's right to request that the Bankruptcy Court abstain from hearing or otherwise transfer a dispute arising under this Letter Agreement or to argue that the Bankruptcy Court does not have statutory authority to adjudicate disputes arising under this Letter Agreement, nor any Party's defenses in respect of any such request or argument.

In this Clause 7:

Bankruptcy Code means the chapter 11 of title 11 of the United States Code.

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York.

Chapter 11 Cases means the voluntary petition filed by the Buyer for relief under the Bankruptcy Code in the Bankruptcy Court.

LETTER AGREEMENT N°9D TO AMENDMENT No.27

If the foregoing correctly sets forth our understanding, please execute two (2) originals in the space provided below and return one (1) original of this Letter Agreement to the Seller.

Agreed and Accepted
For and on behalf of

Agreed and Accepted
For and on behalf of

LATAM AIRLINES GROUP S.A.

AIRBUS S.A.S.

Name: _____ Name: **REDACTED***

Title: _____ Title: **REDACTED***

Date: _____ Date: _____

Name: _____

Date: _____

Title: _____

* All text marked "REDACTED*" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

SUPPLEMENTAL AGREEMENT NO. 13 (SA-13)

TO

PURCHASE AGREEMENT NO. 3158

BETWEEN

THE BOEING COMPANY

AND

TAM LINHAS AÉREAS S.A.

RELATING TO

BOEING MODEL 777 AIRCRAFT

THIS SUPPLEMENTAL AGREEMENT, entered into as of _____, 2021, ("SA-13") by and between THE BOEING COMPANY ("Boeing") and TAM LINHAS AÉREAS S.A. ("Customer");

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 3158 dated February 8, 2007 relating to Boeing Model 777 aircraft (the "Aircraft") which agreement, including all tables, exhibits, supplemental exhibits and specifications thereto, together with all letter agreements then or thereafter entered into that by their terms constitute part of such purchase agreement as may be amended and supplemented from time to time (the "Purchase Agreement").

WHEREAS, Boeing and Customer have mutually agreed to amend the Purchase Agreement to (i) revise the **REDACTED** to the Customer; and (ii) revise **REDACTED** in alignment with such revision.

WHEREAS, Customer, along with certain of its affiliated entities, is a debtor-in-possession under chapter 11 of title 11 of the United States Code in the jointly administered cases captioned "In re: LATAM Airlines Group S.A., et al." case no. 20-11254 (the "Pending Cases"), pending in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, Boeing and Customer have mutually agreed to amend the Purchase Agreement to incorporate the effect of this and certain other changes.

P.A. 3158

Boeing Proprietary

SA-13

AGREEMENT

NOW THEREFORE, and in consideration of the mutual covenants herein contained, the receipt and adequacy of which is acknowledged, Boeing and Customer agree to amend the Purchase Agreement as follows:

1. **Elements Specifically Agreed (Section 1 comprising the "Agreement")**.

(i) In consideration of Customer's **REDACTED** Aircraft as that term is defined in Supplemental Agreement 18 to Purchase Agreement No. 3256 between Boeing and LATAM Airlines Group S.A. (formerly having the legal name LAN Airlines S.A. and doing business as LAN Airlines) (the "**REDACTED Aircraft**"), the parties agree to the of one (1) 777 Freighter Aircraft, with a scheduled delivery month of , from the Purchase Agreement (the "**REDACTED 777 Freighter**") with **REDACTED** under the Purchase Agreement and without **REDACTED** in respect of the **REDACTED** 777 Freighter under such agreements;

(ii) **Advance Payments:**

Boeing confirms that a total of **REDACTED** of advance payments from Customer by Boeing in respect of the **REDACTED** 777 Freighter were received by Boeing prior to the effective date of this Supplemental Agreement (the "**REDACTED 777 Freighter Advance Payments**"). The **REDACTED**

(iii) Upon effectiveness of SA-13, Boeing waives, discharges and releases Customer from any liability whatsoever for or as a result of, and all rights and remedies of Boeing in connection with any delay in payment by Customer of any payments due and owing by Customer to Boeing on or before the effective date of this Agreement in accordance with the Purchase Agreement, including, but not limited to, any interest that Boeing may claim or has claimed to have been due as a result of such delay in payment and any rights or remedies of Boeing attributable to any claim that Customer is or was in default or breach of the Purchase Agreement or any other agreements between Customer and Boeing by reason of any such delay in payment under the Purchase Agreement. Nothing herein shall be construed as an admission by Customer as to any default in or breach of any such agreements or default or delay in any such payment, or the accrual or any liability of Customer for any such interest.

(iv) Entry into this SA-13 does not in and of itself constitute an assumption,

rejection, or assumption and assignment of the Purchase Agreement or any other applicable agreement referenced herein or in such agreements (the "**Referenced Agreements**"), nor cause any of the Referenced Agreements to become a new post-petition agreement binding and enforceable upon Customer.

- (v) Customer agrees forthwith to prepare and file appropriate pleadings with the Bankruptcy Court seeking approval and authorization to assume the Purchase Agreement, as amended by this SA-13, pursuant to the appropriate provisions of the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, including, without limitation 11 U.S.C. §§105, 363 and 365 and Federal Rules of Bankruptcy Procedure 9014 and 9019, and following such notice and opportunity for a hearing as provided by the rules of the Bankruptcy Court and the Bankruptcy Code (the "**Assumption Motion**"). The parties acknowledge that the proposed form of order approving the Assumption Motion (the "**Approval Order**") submitted to the Bankruptcy Court by Customer in connection with a motion requesting such approvals and authorizations will be in a form determined reasonably satisfactory to Boeing and Customer. Any such determination on behalf of Boeing will only apply to such portions of the Approval Order that relate to the approvals and authorizations required of the Bankruptcy Court in regard to the Purchase Agreement, as amended by this SA-13, and such determination will not be unreasonably withheld or delayed by Boeing. Boeing and Customer acknowledge and agree the effectiveness of this SA-13 is conditioned upon entry of the Approval Order.
- (vi) Boeing and Customer acknowledge and agree that no cure, monetary or otherwise, shall be necessary to assume the Purchase Agreement, as amended by this SA-13, pursuant to 11 U.S.C. §365, nor shall Boeing be entitled to any payment of cure costs in connection with such assumption.
- (vii) Notwithstanding any other provisions of this Agreement, this Agreement shall not be effective, and shall be of no force and effect, until the Effective Date. As used herein, "**Effective Date**" means the first business day after all of the following have occurred: (i) an Approval Order (as defined in Section 5 below) respecting this Agreement has become final and no longer subject to appeal or, if appealed, all such appeals have been finally denied or dismissed; (ii) an order approving a request to assume Purchase Agreement No. 3256, as amended by Supplemental Agreement 18 ("**SA-18**"), has become final and no longer subject to appeal or, if appealed, all such appeals have been finally denied or dismissed; and (iii) the parties are prepared to close concurrently on the transactions contemplated by SA-18.

2. Table of Contents.

The "Table of Contents" is deleted in its entirety and replaced with the attached "Table of Contents" (identified by "SA-13").

3. Tables.

“Table 3-R3 to Purchase Agreement No. PA-03158 SA-12 Aircraft Delivery, Description, Price and Advance Payments” is deleted in its entirety and the new Table 3-R4 entitled “Table 3-R4 to Purchase Agreement No. PA-03158 SA-13 Aircraft Delivery, Description, Price and Advance Payments” (identified by “SA-13”) is substituted in lieu thereof to reflect REDACTED of the Aircraft in the Purchase Agreement.

4. Confidential Treatment.

Boeing and Customer understand that the commercial and financial information contained in this SA-13 is considered by the parties to be Boeing Commercial Information as defined in that certain letter agreement dated April 24, 2021 among Boeing, the Debtors, and the Official Committee of Unsecured Creditors (the “**Confidentiality Agreement**”). Each of the parties agrees not to disclose any such Boeing Commercial Information except as provided in the Confidentiality Agreement. Without limiting the generality of the foregoing, (i) except as provided in the assignment provisions of REDACTED

, Customer will not disclose this SA-13 for purposes of financing payments without the prior written consent of Boeing, which consent will be provided once the financier enters into a Non-Disclosure Agreement with Boeing in form and substance reasonably satisfactory to Boeing, which will include agreeing not to disclose or use Boeing Commercial Information except for the purpose set forth herein, and (ii) for the avoidance of doubt, to the extent Customer files this SA-13 with the Bankruptcy Court, Customer shall seek to file the SA-13, along with any filings that contain Boeing Confidential Information, under seal pursuant to the Amended Standing Order Regarding Redactions (the “**Standing Order**”) entered by the Bankruptcy Court in the Pending Cases at Docket No. 1810.

5. Jurisdiction.

For the pendency of the Pending Cases, all disputes arising in connection with this SA-13, as defined here, shall be finally settled under the exclusive jurisdiction of the Bankruptcy Court.

6. GOVERNING LAW.

THIS SUPPLEMENTAL AGREEMENT WILL BE GOVERNED BY THE LAW OF THE STATE OF WASHINGTON, U.S.A., EXCLUSIVE OF WASHINGTON'S CONFLICTS OF LAWS PRINCIPLES.

Unless the context otherwise requires, all capitalized terms used herein and not otherwise defined shall have the same meanings as in the Purchase Agreement. The Purchase Agreement will be deemed to be amended to the extent provided herein and as so amended will continue in full force and effect. In the event of any inconsistency between the above provisions and the provisions contained in the referenced exhibits to this SA-13, the terms of the exhibits will control.

EXECUTED as of the day and year first above written.

TAM LINHAS AÉREAS S.A.

THE BOEING COMPANY

By:

(Printed or Typed Name)

Its:

By:

REDACTED

REDACTED

Its:

_____ Attorney in Fact

By:

(Printed or Typed Name)

Its:

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Boeing Proprietary

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**Table 3-R4 To
Purchase Agreement No. PA-03158 SA-13
Aircraft Delivery, Description, Price and Advance Payments**

Airframe Model/MTOW:	REDACTED ,000 pounds	Detail Specification:	REDACTED
Engine Model/Thrust:	GE90- REDACTED REDACTED pounds	Airframe Price Base Year/Escalation Formula:	REDACTED
Airframe Price:	REDACTED	Engine Price Base Year/Escalation Formula:	
Optional Features:			
Sub-Total of Airframe and Features:		<u>Airframe Escalation Data:</u>	
Engine Price (Per Aircraft):		Base Year Index (ECI):	REDACTED
Aircraft Basic Price (Excluding BFE/SPE):		Base Year Index (CPI):	
Buyer Furnished Equipment (BFE)			
Seller Purchased Equipment (SPE)/In Flight Ent	\$0		
LIFT Seats Provided by Boeing (Estimate):	\$0		
Deposit per Aircraft:			

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)		Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
					At Signing 1%	24 Mos. 4%	21/18/15/12/9/6 Mos. 5%	Total 35%

REDACTED

REDACTED

Dated 9 September 2021

OPERATING LEASE AGREEMENT

**relating to one (1) Boeing 787-9 Aircraft
with Manufacturer Serial Number 38891**

between

AVOLON AEROSPACE AOE 147 LIMITED

as Lessor

and

LATAM AIRLINES GROUP S.A.

as Lessee

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OPERATING LEASE AGREEMENT dated 9 September 2021 (this “**Agreement**”)

BETWEEN:

- (1) **AVOLON AEROSPACE AOE 147 LIMITED**, a company organised and existing under the laws of the Cayman Islands, whose registered office is at PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands and principal place of business is at Number One Ballsbridge, Building 1, Shelbourne Road, Ballsbridge, Dublin 4, Ireland (the “**Lessor**”); and
- (2) **LATAM AIRLINES GROUP S.A.**, a sociedad anónima incorporated and existing under the laws of Chile whose registered office and principal place of business is at Edificio Huidobro, Avenida Presidente Riesco 5711, 20th Floor, Las Condes, Santiago, Chile (the “**Lessee**”).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

In this Agreement capitalised words and expressions have the meanings set out in Part A of Schedule 1 (*Definitions*). The rules of interpretation and construction set out in Part B of Schedule 1 (*Interpretation*) shall apply to this Agreement.

2. AGREEMENT TO LEASE

2.1 Lease

Subject to the terms of this Agreement, the Lessor agrees to lease the Aircraft to the Lessee and the Lessee agrees to take the Aircraft on lease for the Lease Period. This Agreement is effective on the date shown at the beginning of this Agreement but:

REDACTED

2.2 No Default

The Lessor will not have to deliver the Aircraft to the Lessee if, on the Scheduled Delivery Date, a Default has occurred and is continuing or would occur as a result of Delivery.

2.3 Lessee's obligations

The Lessor will not be responsible for any delay in Delivery if the Lessee fails to satisfy all its obligations listed in Part A of Schedule 3 (*Lessee Conditions Precedent*) on the required date.

2.4 Deferral of conditions precedent

2.4.1 If the Lessor delivers the Aircraft to the Lessee even though it has not received all the documents and evidence referred to in Clause 2.1.1 on or prior to the date specified, the Lessor may waive or defer receipt of any such document and evidence not received (a) that is within the reasonable control of the Lessee listed in Part A of Schedule 3 (*Lessee Conditions Precedent*) on such specific terms and in the Lessor's sole discretion and (b) that is not within the reasonable control of the Lessee listed in Part A of Schedule 3 (*Lessee Conditions Precedent*) for any period agreed between the Lessor and the Lessee (each acting reasonably) taking into account the nature of any such document and evidence not received by the Lessor.

2.4.2 If the Lessee accepts delivery of the Aircraft even though it has not received all the documents and evidence referred to in Clause 2.1.2 on or prior to the date specified, the Lessee may waive or defer receipt of any such document and evidence not received (a) that is within the reasonable control of the Lessor listed in Part B of Schedule 3 (*Lessor Conditions Precedent*) on such specific terms and in the Lessee's sole discretion and (b) that is not within the reasonable control of the Lessor listed in Part B of Schedule 3 (*Lessor Conditions Precedent*) for any period agreed between the Lessee and the Lessor (each acting reasonably) taking into account the nature of any such document and evidence not received by the Lessee.

2.5 Waiver of Default

The Lessor reserves all of its rights under this Agreement and pursuant to all Applicable Regulations in connection with any Event of Default even if it delivers the Aircraft to the Lessee whilst a Default is continuing.

2.6 Conditions subsequent

The Lessee will perform all of the actions and provide to the Lessor each of the documents and evidence listed in 0 of Schedule 3 (*Lessee Conditions Subsequent*) in form and substance satisfactory to the Lessor by no later than the dates specified in 0 of Schedule 3 (*Lessee Conditions Subsequent*).

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations and warranties

Each party is making the statements in this Clause 3 in order to induce the other party to enter into this Agreement. Each party understands that the statements it makes in this Agreement must be true when this Agreement is signed and on the Delivery Date in accordance with Clause 3.4 (*Survival of representations and warranties*). On this basis each party represents and warrants to the other that:

- 3.1.1 in the case of the Lessor, it has been properly formed as a company with limited liability and, in the case of the Lessee, it has been properly formed as a *sociedad anónima* with limited liability and since the date of its formation, it has been maintained in accordance with all Applicable Regulations;
- 3.1.2 in entering into each Transaction Document to which it is a party and performing its obligations, it does not contravene, nor in respect of any Transaction Document to which it is a party which is entered into after the date of this Agreement will it contravene, any Applicable Regulations;
- 3.1.3 all necessary corporate actions have been taken and all authorisations have been obtained for the execution by it of each Transaction Document to which it is a party and the performance of its obligations thereunder, it has the power to enter into the Transaction Documents to which it is a party and this Agreement and each of the other Transaction Documents to which it is a party has been or, in the case of any other Transaction Document entered into after the date of this Agreement, will be duly executed and delivered by it; and
- 3.1.4 its obligations under each Transaction Document to which it is a party are, or if any Transaction Document to which it is a party is entered into after the date of this Agreement will be, from the date of execution of such Transaction Document to which it is a party, legal, valid and binding obligations and enforceable against it in accordance with their respective terms (except as enforceability may be limited by (i) applicable bankruptcy, insolvency, examination, reorganisation or similar laws, and (ii) general principles of equity).

3.2 Lessee's representations and warranties

The Lessee further represents and warrants to the Lessor that:

REDACTED

REDACTED

3.3 **Lessor's representations and warranties**

The Lessor further represents and warrants that:

- 3.3.1 it is subject to civil commercial law with respect to its obligations under the Transaction Documents to which it is a party, neither it nor any of its assets is entitled to any right of immunity and the entry into and performance by it of the Transaction Documents to which it is a party constitute private and commercial acts;
- 3.3.2 the choice by the Lessor of English law or New York law (as the case may be) to govern the Transaction Documents expressed to be governed by such laws and the submission by the Lessor to the jurisdiction of the English courts or the courts of New York (as the case may be and as provided in Clause 25.2 (*Jurisdiction*)) is valid and binding on the Lessor;

- 3.3.3 it is not involved in any litigation or other dispute nor is there any claim pending against it, the outcome of which would, if determined against the Lessor, adversely affect its financial condition in any material respect or its ability to perform its obligations under this Agreement or any other Transaction Document to which it is a party;
- 3.3.4 its obligations under the Transaction Documents to which it is a party rank at least *pari passu* with all of its present and future unsecured and unsubordinated obligations (including contingent obligations) with the exception of such obligations as are mandatorily preferred by law and not by virtue of any contract;
- 3.3.5 on the Delivery Date, the Lessor Guarantor will have a Tangible Net Worth of at least \$25,000,000;
- 3.3.6 no Security Interest has been created by the Lessor over the Aircraft, save for those Security Interests created pursuant to the Financing Documents and, to the best of the Lessor's knowledge, there are no Security Interests existing as of the Delivery Date which relate to the operation of the Aircraft under the Previous Lease;
- 3.3.7 neither the Lessor nor, to the Lessor's knowledge, any director, officer or employee of the Lessor, has failed to comply with any Anti-Corruption Laws;
- 3.3.8 the Previous Lease has been duly terminated;
- 3.3.9 it has instituted and maintains policies and procedures designed to prevent bribery and corruption by the Lessor;
- 3.3.10 it is conducting its operations at all times in material compliance with Anti- Money Laundering Laws and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Lessor with respect to the Anti-Money Laundering Laws is pending or, to its knowledge, threatened; and
- 3.3.11 the Aircraft has not suffered a Total Loss (or any event which, with the lapse of time would constitute a Total Loss) or any unrepaired damage, the cost of which to repair exceeds the Partial Loss Threshold.

3.4 **Survival of representations and warranties**

The representations and warranties given by (a) the Lessor in Clause 3.1 (*Representations and warranties*) and Clause 3.3 (*Lessor's representations and warranties*) and (b) the Lessee in Clause 3.1 (*Representations and warranties*) and Clause 3.2 (*Lessee's representations and warranties*) shall survive the execution of this Agreement and shall be deemed to be repeated by the Lessor or, the Lessee, as the case may be, on the Delivery Date with reference to the facts and circumstances subsisting on such date.

4. **DELIVERY AND ACCEPTANCE**

4.1 **Delivery and acceptance**

The Lessor shall deliver the Aircraft to the Lessee at the Delivery Location in accordance with the procedure set out in Part B of Schedule 4 (*Delivery Procedure*) and in compliance with the Aircraft specification set out in Schedule 2 (*Aircraft Particulars*) and Schedule 4Part A (*Aircraft Specification*) and the delivery conditions set out in Part C of Schedule 4 (*Delivery Condition*). Subject to the terms of this Agreement, the Lessee shall, if the Aircraft complies with the Aircraft specification set out in Schedule 2 (*Aircraft Particulars*) and Schedule 4Part A (*Aircraft Specification*) and the delivery conditions set out in Part C of Schedule 4 (*Delivery Condition*), accept the Aircraft when tendered for Delivery, at which time the leasing of the Aircraft will commence.

4.2 Acceptance Certificate

4.2.1 The Lessee shall evidence its acceptance of the Aircraft by executing the Acceptance Certificate and delivering it to the Lessor.

4.2.2 Execution and delivery by the Lessee of the Acceptance Certificate will be conclusive proof as between the Lessor and the Lessee that the Lessee has examined and investigated the Aircraft, that the Aircraft and the Aircraft Documents are satisfactory to the Lessee in all respects and for all purposes under this Agreement and that the Lessee has irrevocably and unconditionally accepted the Aircraft for lease under this Agreement without any reservations or exceptions whatsoever, except for any reservations or exceptions which are expressly agreed between the Lessor and the Lessee and are accordingly referenced in the Acceptance Certificate.

4.3 Risk

As from Delivery, the Lessee shall bear all risks associated with any loss of or damage to the Aircraft until Redelivery.

4.4 Failure to take Delivery

REDACTED

4.5 Delayed Delivery

REDACTED

REDACTED

5. 4.4.1FAILURE TO TAKE DELIVERY4.5.1PAYMENTS

REDACTED

REDACTED

REDACTED

REDACTED

6. ABSOLUTE AND UNCONDITIONAL OBLIGATIONS

The Lessee's obligations to pay Rent, Security Deposit, Agreed Value and any other amounts due under this Agreement and to perform all of its other obligations under this Agreement and any other Transaction Document, are absolute and unconditional, no matter what happens and no matter how fundamental or unforeseen the event and regardless of any partial or total failure of consideration, including without limitation:

- 6.1.1 any unavailability of the Aircraft for any reason, including, but not limited to, any defect in the airworthiness, merchantability, satisfactory condition, fitness for any purpose, condition, design or operation of any kind or nature of the Aircraft; or
- 6.1.2 the ineligibility of the Aircraft for any particular use or trade, or for registration or documentation under the laws of any relevant jurisdiction; or
- 6.1.3 the Total Loss (except as provided hereunder upon payment of the Agreed Value and all other amounts (including Rent) then due and payable hereunder) of, or any damage to, the Aircraft, Airframe or any Engine; or
- 6.1.4 any set off, counterclaim, recoupment, withholding defence or other rights which the Lessee may have against the Owner, the Lessor, any Financier or any other person; or

- 6.1.5 any failure or delay on the part of any party hereto in performing or complying with any of the terms or conditions of this Agreement or any other Transaction Document; or
- 6.1.6 any insolvency, bankruptcy, administration, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against the Owner, the Lessor, any Financier or the Lessee, including the Chapter 11 Cases; or
- 6.1.7 any lack of due authorisation of, or other defect in, this Agreement or any other Transaction Document,

provided that nothing in this Clause 6 will be construed to extinguish or otherwise limit the Lessee's right to institute separate legal proceedings for the claim of damages and other relief from courts against the Lessor or any other person in the event of the Lessor's or such other person's breach of this Agreement or the other Transaction Documents.

7. LESSOR'S OBLIGATIONS

7.1 Quiet enjoyment

So long as no Event of Default has occurred and is continuing, the Lessor will not, and will procure that neither the Owner, nor any person claiming by or through the Owner, will interfere with the Lessee's right or, if the Aircraft is subleased or interchanged pursuant to a Permitted Sublease, the Permitted Sublessee's right to have quiet use, enjoyment and possession of the Aircraft during the Lease Period. The exercise by the Lessor of its rights under or in connection with this Agreement or any other Transaction Document will not constitute such interference.

7.2 Warranties

7.2.1 The Lessee and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee shall, during the Lease Period and for so long as no Event of Default has occurred and is continuing, enjoy the benefit of the Airframe Warranties and the Engine Warranties pursuant to the terms of the Airframe Warranties Agreement and the Engine Warranties Agreement respectively.

7.2.2 Save as provided below, during the Lease Period, the Lessor will allow the Lessee and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee to have the use and benefit of any other existing and transferable manufacturer, vendor or supplier warranties relating to the Aircraft in each case subject to any necessary consents of the relevant manufacturer, vendor or supplier. The Lessor agrees to take such steps at the cost and expense of the Lessee, as are reasonably necessary to enable the Lessee and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee to receive the benefits of such warranties. The Lessee and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee will have the benefit of any such warranties subject to any terms that the relevant manufacturer, vendor or supplier may require and the Lessee will and, if the Aircraft is subleased pursuant to a Permitted Sublease, will procure that the Permitted Sublessee will enter into such agreements as may be required with such relevant manufacturer, vendor or supplier. The Lessee will and, if the Aircraft is subleased pursuant to a Permitted Sublease, will procure that the Permitted Sublessee will diligently and promptly pursue any valid claims that it may have against any such relevant manufacturer, vendor or supplier and will give the Lessor prompt written notice of the same. The Lessee agrees to use and, if the Aircraft is subleased pursuant to a Permitted Sublease, agrees to procure that the Permitted Sublessee uses any amounts received in relation to any claim under any such warranties only for the purposes of repairing or replacing the Airframe, Engine or Part which gave rise to the relevant warranty claim (except to the extent that any such amount includes additional sums payable to the Lessee as compensation and/or reimbursement of transportation costs).

7.2.3 On the Expiry Date (or on such earlier date as the Lessor may specify by notice in writing if an Event of Default has occurred and is continuing), the Lessee's rights under the warranties referred to in Clause 7.2.2 (including the Lessee's rights to pursue claims and receive payments thereunder) shall immediately revert to the Lessor.

7.2.4 On the Expiry Date, the Lessee will at its own cost and expense, take all steps necessary to ensure that the benefit of any unexpired and transferable warranties relating to the Aircraft is vested in the Lessor or its nominee.

8. INFORMATION

8.1 Financial information

REDACTED

REDACTED

8.2 Technical information

REDACTED

8.3 Other information

REDACTED

9. CONTROL OF THE AIRCRAFT

9.1 No disposal or encumbrance

The Lessee shall not, and shall not attempt or hold itself out as having any power to, sell, charge, lease (other than as expressly permitted by Clauses 9.3 (*Charter or wet leasing*) and 9.4 (*Permitted subleasing*) or otherwise dispose of or encumber the Aircraft or any part thereof.

REDACTED

REDACTED

10. ENGINES AND PARTS

10.1 Engine pooling

The Lessee or any Leasing Affiliate in operational control of the Aircraft may, without the prior written consent of the Lessor or any other person, remove an Engine (which for the avoidance of doubt, includes any Lessor Temporary Engine), from the Aircraft and install such Engine on an airframe which is either owned by or leased to, and operated, by the Lessee or such Leasing Affiliate (as the case may be) provided that:

10.1.1 such airframe is a Boeing 787 family aircraft;

10.1.2 the Engine is compatible with the airframe upon which it is installed;

10.1.3 the Owner retains ownership of the Engine and the rights of the Owner, the Lessor or any Financier are not prejudiced as a result of such installation on such airframe.

10.1.4 no Event of Default has occurred and is continuing;

10.1.5 neither:

- (a) the provisions of any Applicable Regulations; nor
- (b) the terms of any lease or other agreement or Security Interest to which such airframe is subject,

prohibit such installation or will have the effect at any time of divesting or impairing the title and interests of the Owner as owner of the Engine and/or the Lessor as lessor of the Engine, and/or the Financiers under the Security Interests created by the Financing Documents in respect of the Engine;

10.1.6 the terms of any lease, agreement or Security Interest to which such airframe is subject do not entitle the relevant lessor, owner, seller or the holder of any Security Interest under such lease, agreement or Security Interest nor their successors or assigns to acquire, as against the Lessor, any right, title or interest in an Engine as a result of such Engine being installed on such airframe;

10.1.7 such installation is permitted by the Aviation Authority;

10.1.8 the terms of this Agreement (including Insurance) shall continue to apply to the Engine as if it were still installed on the Airframe; and

10.1.9 the Engine (or a Replacement Engine that replaces it in accordance with Clause 10.3 (*Permanent replacement of Engines and Parts*)) is reinstalled on the Airframe in accordance with this Agreement on or prior to the Expiry Date.

10.2 Temporary removal and replacement of Engines and Parts

10.2.1 Subject to sub-clause 10.2.2 below, the Lessee may not install or permit to be installed any engine or part on the Aircraft other than an Engine, (which for the avoidance of doubt, includes any Lessor Temporary Engine), or a Part without the prior written consent of the Lessor (such consent not to be unreasonably withheld or delayed).

10.2.2 The Lessee or any Leasing Affiliate in operational control of the Aircraft may remove or permit the removal of any Engine or Part from the Aircraft in accordance with this Agreement and contemporaneously install or permit the installation of an engine (a "**Temporary Engine**") or part either owned by or leased to, and operated, by the Lessee or such Leasing Affiliate, as the case may be, (which is not an Engine or Part but which in the case of an engine is of the same model as the removed Engine or, at the Lessee's option, an improved or advanced version. If the same or a more advanced engine version is not available, the Lessee shall be permitted to install a less advanced version provided it is suitable for installation on the Airframe and permitted by the Manufacturer) without the prior written consent of the Lessor, **provided that**:

- (a) no Event of Default has occurred and is continuing;
- (b) such installation is permitted by the Aviation Authority;

- (c) in the case of a Temporary Engine it is suitable for installation and use on the Airframe without impairing the value or utility of the Airframe (and, for the avoidance of doubt, not the value or utility of the Temporary Engine);
 - (d) such removed Engine or Part is reinstalled on the Airframe as soon as reasonably practicable and in any event prior to the Expiry Date unless such Engine or Part has been permanently replaced by a Replacement Engine or Replacement Part, as the case may be, in accordance with Clause 10.3 (*Permanent replacement of Engines and Parts*);
 - (e) such installation does not have any adverse effect on the insurance coverage of the Aircraft as required pursuant to Clause 17 (*Insurance*); and
 - (f) such installation is recorded as such in the Aircraft Documents.
- 10.2.3 The Lessee shall ensure that title to any Engine or Part removed from the Aircraft shall remain vested in the Owner at all times and shall not take any steps which could reasonably be expected to prejudice the Lessor's, the Owner's or any Financier's rights in that Engine or Part or lead any third party to believe that the Engine or Part is the property of any person other than the Owner. The Lessor acknowledges and agrees for the benefit of the Lessee and any other person with an interest in any relevant Temporary Engine or temporary part that (i) none of the Lessor, the Owner nor any Financier will acquire any right, title or interest in any Temporary Engine or temporary part by reason of such Temporary Engine or temporary part being installed on the Aircraft and (ii) the Lessor, the Owner and any Financier shall recognise the rights of the relevant owner and any other person with an interest in such Temporary Engine or temporary part.
- 10.2.4 The Lessee shall ensure that any Engine or Part which is removed from the Aircraft and which is not installed on an or another aircraft in accordance with Clause 10.1 (*Engine pooling*) is:
- (a) safely stored, repaired and maintained in accordance with this Agreement free from any Security Interests (other than Permitted Security Interests);
 - (b) subject to separate insurance cover while removed in accordance with Clause 17 (*Insurance*) and (in the case of an Engine), without prejudice to the foregoing, the Lessee shall notify the insurers promptly of its removal and comply with any instructions of the insurers in relation to it; and
 - (c) if unserviceable, as soon as practicable placed with a Maintenance Performer for progressive repair.

10.3 **Permanent replacement of Engines and Parts**

REDACTED

REDACTED

REDACTED

REDACTED

11. REGISTRATION, CERTIFICATION AND FILINGS

11.1 Registration with the Aviation Authority

- 11.1.1 The Lessee will, save as provided in Schedule 11 (*Subleasing Requirements*), maintain the registration of the Aircraft with the Aviation Authority throughout the Lease Period in full compliance with Applicable Regulations and will not do or permit to be done anything which could reasonably be expected to adversely affect such registration. All expenses associated with such registration shall be at the sole cost, expense and responsibility of the Lessee.
- 11.1.2 Throughout the Lease Period, the Lessee will:
- (a) if required under Applicable Regulations, at its own cost, (i) record on each relevant register of the Aviation Authority that the Owner is the owner of the Aircraft and (ii) file this Agreement (or their main details) on that register;
 - (b) if permitted under Applicable Regulations, at its own cost, make any changes to any registration or filing that may be necessary or advisable to take account of any change in any modification to the Aircraft (such as the permanent replacement of any Engine or Part) in accordance with this Agreement or of any change in any Applicable Regulation; and
 - (c) to the extent permitted by Applicable Regulations, at the Lessor's cost, (i) co-operate with the Lessor (A) filing the Financiers' Security Interests created by the Financing Documents in the Aircraft on each relevant register of the Aviation Authority and, if applicable, the relevant register of the aviation authority of the Habitual Base, and (B) recording on each relevant register of the Aviation Authority that the Security Trustee is the security trustee in respect of the financing of the Aircraft and (ii) make any changes to any registration or filing that may be necessary or advisable to take account of any change in the ownership of the Aircraft and co-operate with the Lessor filing in relation to the interests of any Financier in the Aircraft, save where such change in registration of filing is required as a result of a change of law in the State of Registration or as a result of any subleasing or interchange of the Aircraft, in which case such change shall be made at the Lessee's cost.
- 11.1.3 Notwithstanding Clause 11.1.2, if the Lessee is the only party with the legal standing or practical ability to file any Financiers' Security Interests, and/or record on each relevant register of the Aviation Authority that the Security Trustee is the security trustee in respect of the financing of the Aircraft, the Lessee agrees to make such filing and/or recording provided that the Lessor provides the Lessee with all relevant documentation in order to enable the Lessee to make such filing and/or recording.

11.2 Certification

The Lessee will take all actions needed to ensure that a current certificate of airworthiness (in the appropriate category for the nature of the operations of the Aircraft) is maintained in full effect throughout the Lease Period except if such current certificate of airworthiness is withdrawn by the Aviation Authority when maintenance, overhaul or repair is being carried out on the Aircraft in accordance with the provisions of this Agreement **provided that** such certificate of airworthiness is immediately reinstated after such maintenance, overhaul or repair has been effected to the Aircraft.

11.3 Filings and documentary Taxes

The Lessee will file or record each of the Transaction Documents and Financing Documents which can be filed or recorded by the Lessee and will pay any stamp duty or other documentary Taxes to which any of the Transaction Documents (but excluding any Financing Documents) are or may become subject, in each case punctually and as is necessary under Applicable Regulations.

11.4 Cape Town Convention

11.4.1 If the state in which the Lessee and/or a Permitted Sublessee is situated, the location of the Lessee's or any Permitted Sublessee's principal place of business or registered office, or the State of Registration has, or at any time brings into force, any legislative or other provisions giving effect to the Cape Town Convention and/or the Protocol, the Lessee (i) shall consent to the registration of any international interests or prospective international interests with the International Registry with respect to the Aircraft and/or any Engine and constituted by this Agreement and (ii) shall (and shall procure that any Permitted Sublessee shall) from time to time, do or cause to be done (and consents to the Lessor, the Owner or any Financier doing or causing to be done) any and all acts and things capable of being done by the Lessee or any Permitted Sublessee which may be required (in the determination of the Lessor (acting reasonably)) to ensure that the Owner, the Lessor and any Financier has the full benefit of the Cape Town Convention and/or the Protocol in connection with the Aircraft and any Engine, including:

- (a) any matters connected with registering, perfecting and/or preserving any international interest(s) vested in the name of the Owner, the Lessor or any Financier with respect to the Aircraft and/or any Engine and constituted by this Agreement and any interests arising out of any Permitted Sublease, including any applicable certified designee letter and, if required and to the extent available, obtaining any authorising entry point codes from the State of Registration necessary to effectuate the foregoing;
- (b) constituting any international interest(s) to be vested in the Security Trustee, the Owner or the Lessor with respect to the Aircraft and/or any Engine in connection with this Agreement and any interests arising out of any Permitted Sublease, including any applicable certified designee letter;

- (c) entry into agreements (subordination or otherwise) to protect the priority of any international interest(s) referred to in the foregoing paragraph;
 - (d) agreeing to consenting to and acknowledging any assignment the Lessor enters, or has entered, into with a Financier in connection with this Agreement;
 - (e) excluding in writing the application of any provisions of the Cape Town Convention and/or Protocol that the Lessor may deem desirable in connection with the foregoing;
 - (f) granting the right to discharge in respect of an international interest to the Lessor or, at the Lessor's direction, to a Financier;
 - (g) executing or procuring that the Permitted Sublessee executes an IDERA in favour of the Lessor, or if required by the Lessor, the Security Trustee, and submitting the same to the Aviation Authority for recordation and providing the recorded IDERA to the Lessor, or if required by the Lessor, the Owner or the Security Trustee;
 - (h) not registering, or consenting to the registration of, any conflicting interests (whether or not taking priority over the Owner's, the Lessor's or any Financier's international interests) at the International Registry without the Lessor's and the Security Trustee's prior written consent (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent); and
 - (i) not executing or submitting or permitting a Permitted Sublessee to execute or submit an IDERA for recordation in favour of any creditor other than the Lessor or the Security Trustee without the Lessor's and the Security Trustee's prior written consent (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent).
- 11.4.2 The Lessee shall not permit any person to register a prospective international interest, international interest or national interest at the International Registry without the prior written consent of the Lessor and the Security Trustee (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent) except for any such interests created where:
- (a) the Lessee is the debtor and one of the Lessor, the Owner or the Security Trustee is the creditor; or
 - (b) the Lessor is the debtor and one of the Owner or the Security Trustee is the creditor; or
 - (c) the Owner is the debtor and one of the Lessor, the Owner or the Security Trustee is the creditor.
- 11.4.3 The Lessee will promptly notify the Lessor on becoming aware of the registration of any non-consensual right or interest at the International Registry against the Airframe or any Engine and take all steps necessary to procure the discharge and de-registration of such interest.

11.4.4 In this Clause 11.4 (*Cape Town Convention*) and Schedule 11 (*Subleasing Requirements*):

- (a) the following expressions shall have the respective meanings given to them in Article 1 of the Cape Town Convention:
 - (i) airframe;
 - (ii) creditor;
 - (iii) debtor;
 - (iv) international interest;
 - (v) International Registry;
 - (vi) national interests;
 - (vii) non-consensual right or interest;
 - (viii) prospective international interest; and
 - (ix) State of registry; and
- (b) “state in which the Lessee is situated” shall be construed in accordance with Article 4 of the Cape Town Convention.

12. TITLE PROTECTION AND OPERATION

12.1 Title protection

Throughout the Lease Period, the Lessee will at its own cost:

- 12.1.1 install and maintain or procure that there are installed and maintained fireproof nameplates not less than 7cm by 5cm affixed in a prominent position in the cockpit or cabin of the Aircraft and on each Engine showing the following:

“THIS [AIRCRAFT][ENGINE] IS OWNED BY AVOLON AEROSPACE AOE 147 LIMITED, IS MORTGAGED TO [WILMINGTON TRUST (LONDON) LIMITED] AND IS LEASED TO LATAM AIRLINES GROUP S.A. AND IS OPERATED BY LATAM AIRLINES GROUP S.A. OR ONE OF ITS LEASING AFFILIATES AND MAY NOT BE OPERATED BY ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF AVOLON AEROSPACE AOE 147 LIMITED”;
- 12.1.2 take all reasonable steps to ensure that the interests of the Lessor, the Owner and, if applicable, the Financiers in the Aircraft are, when appropriate, made known to third parties dealing with the Lessee and the Aircraft and the Lessee will not:
 - (a) hold itself out as owner of the Aircraft or as having an economic interest in it equivalent to ownership (whether to obtain a particular tax treatment or otherwise);

- (b) take or refrain from any action if, as a consequence, the rights of the Lessor, the Owner or any Financier in the Aircraft or the validity, enforceability or priority of this Agreement or of any of the Financing Documents could reasonably be expected to be jeopardised;
- (c) represent or hold out to third parties, the Lessor, the Owner or any Financier as carrying goods or passengers on the Aircraft or as being in any way associated with or responsible for the business activities of the Lessee;
- (d) permit the Aircraft or any interest of the Lessor, the Owner or of any Financier in it, or any party's rights under this Agreement, to become or remain subject to any Security Interest (other than a Permitted Security Interest); or
- (e) pledge the credit of the Lessor, the Owner or any Financier.

12.2 Security Interests

- 12.2.1 As soon as reasonably practicable the Lessee will take any action that may be necessary to discharge any Security Interest described in paragraph (a) or (b) of the definition of Permitted Security Interests.
- 12.2.2 The Lessee will not (otherwise than as expressly required, permitted or otherwise contemplated by the Transaction Documents) do anything or take any action or knowingly omit to take any action which has or could reasonably be expected to have the effect of prejudicing the first priority nature of any Security Interests created pursuant to the Financing Documents.

12.3 Lessee's rights

The Lessee shall have no right, title or interest in or to any part of the Aircraft except the rights expressly set out in this Agreement, it being expressly agreed and acknowledged by the Lessee that title to the Aircraft shall remain vested in the Owner subject to the Security Interests arising under the Financing Documents in favour of the Financiers (or any of them).

12.4 Operation

- 12.4.1 The Lessee will not use or operate the Aircraft, or permit the Aircraft to be used or operated:
 - (a) in breach of any Applicable Regulations relating to the operation of the Aircraft;
 - (b) for any purpose for which the Aircraft was not designed or contrary to any recommendation of the Airframe Manufacturer, the Engine Manufacturer or the Aviation Authority;
 - (c) for the carriage of:
 - (i) whole animals living or dead except in the cargo compartment according to IATA regulations (except for guide dogs or domestic pet animals carried in a suitable container to prevent the escape of any liquid and to ensure the welfare of the animal);

- (ii) acids, toxic chemicals, other corrosive materials, explosives, nuclear fuels, nuclear wastes, or any nuclear assemblies or components, except as permitted for passenger aircraft under the "Restriction of Goods" schedule issued by IATA from time to time and **provided that** all the requirements for packaging or otherwise contained therein are fulfilled;
 - (iii) any other goods, materials or items of cargo which could reasonably be expected to cause damage to the Aircraft and which would not be adequately covered by the Insurances; or
 - (iv) any illegal items or substances which, with the exercise of reasonable diligence, could have been avoided;
- (d) in any circumstances or geographic location where the Aircraft is not covered by the Insurance;
- (e) in any circumstance permitting the Aircraft to proceed to, or remain at, or operate from any location in an Excluded Country (for the avoidance of doubt, over flights may be conducted provided they comply with all Applicable Regulations and the terms of the Insurances); or
- (f) for any training, demonstration or test flights but the Lessee or any Permitted Sublessee will be entitled to undertake flight deck crew training of their own personnel **provided that** the use of the Aircraft for such crew training is not disproportionate to the amount of such crew training on other aircraft of the same type as the Aircraft operated by the Lessee or any Permitted Sublessee.

12.4.2 The Lessee will:

- (a) keep (or will procure that any Permitted Sublessee keeps) the main operational base of the Aircraft at the Habitual Base;
- (b) use the Aircraft solely in commercial or other operations for which the Lessee is duly authorised by the Aviation Authority and Applicable Regulations;
- (c) ensure that the crew and engineers employed by the Lessee in connection with the operation and maintenance of the Aircraft have the qualifications and hold the licences required by the Aviation Authority and Applicable Regulations;
- (d) to the extent that the EU ETS Legislation applies to the operation of the Aircraft:
 - (i) comply with any obligations applicable to it in respect of the EU ETS Legislation and shall ensure that the Lessee (and not the Lessor, the Owner or any Financier) is notified to the relevant authorities as being the operator of the Aircraft whenever applicable in connection with the EU ETS Legislation; and

- (ii) upon the reasonable request of the Lessor, but not more frequently than on a yearly basis for so long as the EU ETS Legislation applies to the operation of the Aircraft, certify to the Lessor that the Lessee and any Permitted Sublessee are complying with the EU ETS Legislation to the extent that such EU ETS Legislation applies to the Lessee or any Permitted Sublessee;
 - (e) obtain and maintain in full force all certificates, licences, permits and authorisations for the time being required for the use and operation of the Aircraft and for the making of payments by the Lessee as required by, and the compliance by the Lessee with its other obligations under, this Agreement; and
 - (f) not abandon the Aircraft or do or willingly permit to be done anything which may expose the Aircraft or any part of it to the risk of damage, destruction, arrest, confiscation, seizure, forfeiture, impounding, detention or appropriation.
- 12.4.3 The Lessee will not use, operate, maintain, overhaul, repair, insure or deal with the Aircraft or any Engine or Part in a manner which discriminates against the Aircraft or such Engine or Parts when compared with the manner in which the Lessee uses, operates, maintains, overhauls, repairs, insures or deals with other Boeing 787 family aircraft or other engines or parts (in each case of a similar model to the Engines or Parts) operated or owned by the Lessee, **provided however that**, without prejudice to its obligations pursuant to the other provisions of this Agreement, in the twelve (12) months prior to the Redelivery Date the Lessee will be permitted, subject to prior written notice to the Lessor and prior consultation with the Lessor, to discriminate against the Aircraft solely in relation to the implementation of an optional improvement or modification that is a passenger convenience item (being an improvement or modification which it is implementing, or which it intends to implement, in respect of its Boeing 787 family fleet).
- 12.4.4 The Lessee will not do or permit to be done anything which could reasonably be expected to prejudice any right which the Lessor, the Owner or any Financier may have against the Airframe Manufacturer, the Engine Manufacturer or any other supplier of any Part.

12.5 **Operational costs**

The Lessee will pay or cause to be paid all costs of operating the Aircraft and all other aircraft operated by the Lessee, including all air navigation charges, licences and other overflight and airport fees and charges and passenger taxes when due.

REDACTED

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14. INDEMNITIES

REDACTED

REDACTED

REDACTED

14.3 **Payment of Taxes**

Subject to the provisions of Clause 14.4 (*Tax Indemnity*), the Lessee shall promptly pay all Taxes imposed on the Lessee by any Government Entity with respect to the Aircraft, including without limitation with respect to the ownership, delivery, leasing, sub-leasing, possession, use, operation, importation, exportation, redelivery, sale or other disposition of the Aircraft.

14.4 **Tax Indemnity**

14.4.1 Subject to the exclusions set out in Clause 14.4.2, the Lessee shall immediately upon demand indemnify and hold harmless the Lessor and, if different, the Owner against any and all Taxes which the Lessor and, if different, the Owner may suffer or incur, whether directly or indirectly and which arise (and regardless of when the same are suffered or incurred) as a result of the purchase, ownership, maintenance, service repair, overhaul, delivery, possession, transfer of title or possession, import, export, storage, modification, leasing, inspection, refurbishment, replacement, transportation, storing, testing, design, sub-leasing, positioning, interchange, condition, environmental damage, use, operation, registration or redelivery of the Aircraft, any Engine, any Part and/or which otherwise relate to the Aircraft.

14.4.2 The Lessee will not be required to indemnify the Lessor and, if different, the Owner under Clause 14.4.1 to the extent the Tax for which the indemnity claim is made:

- (a) is covered pursuant to another indemnity provision of this Agreement and payment to the Lessor under such other indemnity has actually been received by the Lessor; or
- (b) arises as a result of any Lessor Lien or Excluded Tax.

14.5 **VAT**

14.5.1 For the purposes of this Clause 14.5:

- (a) *VAT* includes value added tax and any goods and services, sales or turnover tax, or charges of a similar kind.
- (b) *Supply* includes anything on which VAT is charged.

14.5.2 The Lessee must pay the Lessor or the relevant tax authority (as applicable) the amount of any VAT which is chargeable for any Supply relating to any obligation of the Lessee under any of the Transaction Documents.

14.5.3 If the Lessor is required under any of the Transaction Documents to reimburse the Lessee for any cost, expense or other amount incurred by the Lessee under such Transaction Document, if VAT is payable in respect of such cost, expense or other amount, the Lessor will pay such VAT.

14.5.4 Each amount shown which the Lessee must pay under the Transaction Documents does not include VAT and if VAT is payable in respect of any amount, the Lessee shall pay all such VAT and shall indemnify the Lessor against any claims for the same (and where appropriate the Lessee shall increase the payments which would otherwise be required to be made hereunder so that the Lessor is left in the same position as it would have been in had no VAT been payable); and the Lessee shall provide evidence to the Lessor in respect of payment of any such VAT.

14.6 Currency protection

14.6.1 The Lessee agrees to indemnify each Indemnitee against any Loss which such Indemnitee suffers in converting any sum into Dollars if:

- (a) such Indemnitee receives an amount relating to the Lessee's obligations in a different currency from that in which payments should be made under the Transaction Documents; or
- (b) the Lessee pays a judgment or claim in a different currency from that in which payments should be made under the Transaction Documents.

14.6.2 The Lessee waives any right it may have in any jurisdiction to pay any amount under the Transaction Documents in a currency other than the contractual currency.

14.6.3 The Lessor will:

- (a) pay to the Lessee any currency gain which it has received from any conversion made by the Lessor relating to any event referred to in Clause 14.6.1; and
- (b) use all reasonable endeavours to procure payment to the Lessee by any other Indemnitee of any currency gain which such Indemnitee has received from any conversion made by such Indemnitee relating to any event referred to in Clause 14.6.1,

provided that in each case no Event of Default has occurred and is continuing.

14.7 Tax on indemnity payments

The amount of any payment made under this Clause 14 (*Indemnities*) must take into account the Tax treatment of the payment and of the Loss in respect of which the payment is claimed so that the Indemnitee is fully compensated, after that Tax treatment has been taken into account, for the Loss for which the relevant claim is made.

14.8 Contest and indemnity payments

14.8.1 Provided no Event of Default shall have occurred and be continuing and without prejudice to the Lessee's obligations pursuant to Clause 14.4 (*Tax Indemnity*), at the Lessee's request and sole cost and expense, the computation of any amount payable by the Lessee pursuant to Clause 14.4 (*Tax Indemnity*) shall be verified by an independent accounting firm of international reputation selected by the Lessee and reasonably satisfactory to the Lessor. If the Lessor notifies the Lessee in writing that such accounting firm is not reasonably satisfactory to the Lessor, then another independent accounting firm of international reputation shall be selected by the Lessor and notified to the Lessee to verify the computation requested by the Lessee and at the Lessee's sole cost and expense. Such computation by such other independent accounting firm shall be binding on the Lessor and the Lessee.

- 14.8.2 If the Lessee disputes the payment of (i) any Taxes payable by the Lessor or any Indemnitee for which the Lessee is responsible under this Agreement or (ii) an amount payable by the Lessee pursuant to Clause 14.1 (*General Indemnity*), the Lessor will, **provided that** no Default has occurred and is continuing, consider with the Lessee in good faith, and if reasonably requested by the Lessee, shall take such action as is reasonably practicable and as the Lessee may reasonably request at the Lessee's sole costs and expense to contest that payment, but neither the Lessor nor any Indemnitee will be obliged to take any such action which:
- (i) the Lessor or such Indemnitee reasonably considers may materially prejudice it; or
 - (ii) the Lessor or such Indemnitee reasonably considers does not have a reasonable prospect of success; or
 - (iii) involves a sum of less than ten thousand Dollars (\$10,000).
- 14.8.3 Without limiting the Lessor's right to pursue payment from the Lessee for a particular Loss under this Agreement, the Lessor will not be entitled to actually receive payment from the Lessee for the same Loss twice.
- 14.8.4 The Lessor agrees that:
- (a) it shall, as soon as reasonably practicable after it has actual knowledge of a claim or Loss for which it or any other Indemnitee wishes to claim indemnification from the Lessee hereunder, notify the Lessee of such claim or Loss;
 - (b) to the extent that it can do so without (in the reasonable opinion of the Lessor or the relevant Indemnitee) being prejudiced in any way and without limiting in any way, the Lessor's (or any other Indemnitee's) rights to indemnification from the Lessee hereunder, it will not pay or settle any claim from a third party until it has notified the Lessee of such claim or Loss and if requested by the Lessee, consulted in good faith with the Lessee (at the Lessee's reasonable cost) for up to thirty (30) days after the date of notification to the Lessee of such claim or Loss;
 - (c) it will at the reasonable cost and expense of the Lessee consult and co-operate in good faith with the Lessee in taking such action (if any) as is reasonably practicable in order to avoid or mitigate such claim or Loss, **provided always that** the Lessor shall not be required to take such action:
 - (i) if an Event of Default shall have occurred and shall be continuing;

- (ii) unless adequate provision, reasonably satisfactory to the Lessor, shall have been made in respect of the third party claim and the costs thereof;
 - (iii) if the Lessor or any Indemnitee considers that such action may materially prejudice it;
 - (iv) if any such action involves a material risk of the sale, forfeiture or loss of, or the creation of a Security Interest (other than a Permitted Security Interest) over, the Aircraft, or if such action could in the reasonable opinion of the Lessor or any Indemnitee, give rise to any reasonable likelihood of criminal liability;
 - (v) if the Lessor or any Indemnitee reasonably considers such action does not have a reasonable prospect of success; or
 - (vi) if the sum involved is less than \$10,000; and
- (d) to the extent that the Lessee indemnifies the Lessor or any Indemnitee in full in respect of any Loss under Clause 14.1.1 and the Lessor or such Indemnitee is subsequently reimbursed in full in respect of that Loss by any other person, the Lessor or such Indemnitee shall, provided no Default shall have occurred and be continuing, promptly pay to the Lessee an amount equal to the sum paid to it by the Lessee pursuant to Clause 14.1.1, less any Tax payable by the Lessor or such Indemnitee in respect of such reimbursement and less any costs and expenses incurred by the Lessor or such Indemnitee in obtaining such reimbursement (to the extent that Lessor or such Indemnitee is not reimbursed for such costs and expenses).

14.9 **Tax credit**

If the Lessor or the Owner, in good faith and based upon its own reasonable interpretation of any relevant laws or regulations, determines that it has realised a Tax benefit (by way of deduction, credit or otherwise) as a result of any payment which the Lessee has made under Clause 14.4 (*Tax Indemnity*) to or for the benefit of the Lessor or the Owner, the Lessor or the Owner (as applicable) shall (to the extent that it can do so without prejudice to the retention of the Tax benefit and subject to the Lessee's obligation to repay such amount to the Lessor or the Owner (as applicable) if the Tax benefit is subsequently disallowed or cancelled) pay to the Lessee as soon as practicable after the Tax benefit has been realised (but not before the Lessee has made all payments and indemnities due and payable at that time to the Lessor or the Owner (as applicable) required under this Clause 14 (*Indemnities*) and so long as no Event of Default has occurred and is continuing) an amount which will ensure that (after taking account of the payment itself) the Lessor or the Owner (as applicable) is in no better and no worse position than it would have been if the Tax benefit had not been realised. Nothing in this Clause 14.9 shall:

14.9.2 interfere with the right of the Lessor and, if different, the Owner to arrange its Tax affairs in whatever manner it thinks fit; or

14.9.3 oblige the Lessor and, if different, the Owner to disclose any information relating to its Tax affairs or any Tax computations.

15. TOTAL LOSS

15.1 Risk of Loss

The Lessee will be responsible for all risks associated with a Total Loss throughout the Lease Period.

15.2 Total Loss: Airframe

15.2.1 If the Airframe suffers a Total Loss at any time prior to Delivery, this Agreement will immediately terminate and neither party will have any further obligations hereunder except as expressly stated and save for accrued rights, obligations and claims and any obligations expressed to survive the termination of this Agreement **provided that** the Lessor shall, within five (5) Business Days, repay to the Lessee an amount equal to the balance of the Security Deposit paid by the Lessee.

15.2.2 If the Airframe suffers a Total Loss at any time after Delivery:

- (a) the Lessee will pay the Agreed Value to the Loss Payee on the Total Loss Payment Date together with any unpaid Rent calculated up to and including that date (except in circumstances where the Total Loss arises as a result of the operation of paragraph (c) and (d) of the definition of Total Loss and on or prior to the Total Loss Payment Date, the Lessee recovers full possession of the Aircraft, in which case no Total Loss shall be deemed to have occurred);
- (b) the Lessee will continue to perform those of its obligations that remain capable of performance (including, for the avoidance of doubt, the payment of Rent) up to and including the Total Loss Payment Date; and
- (c) subject to the rights of any insurers, reinsurers or other third party, upon irrevocable payment in full of the Agreed Value to the Loss Payee and all other amounts which may be payable by the Lessee under this Agreement, the Lessor will transfer (or procure that the Owner transfers) all of its rights, title and interest in and to the Aircraft (including each Engine) to the Lessee or its nominee and will return to the Lessee any surplus proceeds of hull insurance in respect of such Total Loss received by the Lessor over and above the amount of such Agreed Value (to the extent not applied to another payment obligation of the Lessee). Ownership will be transferred on an "as-is, where-is" basis without any recourse or warranty except that there are no Lessor Liens and that the Lessor will execute or cause to be executed and delivered such bills of sale and other documents and instruments as the Lessee may reasonably request to evidence (on the public record or otherwise) the transfer and the vesting of the Owner's rights, title and interest in and to the Aircraft in the Lessee, free and clear of all rights of the Owner and any Lessor Liens. The Lessee shall indemnify the Lessor and the Owner for all fees and expenses properly incurred and Taxes incurred by the Lessor or the Owner resulting from their compliance with this Sub-Clause 15.2.2(c).

15.3 **Total Loss: Engine or Part**

15.3.1 If an Engine or a Part suffers a Total Loss which does not also involve a Total Loss of the Airframe (and as if, for these purposes, all references in the definition of "Total Loss" to "Aircraft" were to "Engine" or "Part" as the context may require) the Lessee shall:

- (a) in the case of a lost Engine, APU or Landing Gear notify the Lessor promptly after becoming aware of the same;
- (b) replace the lost Engine or lost Part with a Replacement Engine or Replacement Part (as applicable) in accordance with Sub-Clause 15.3.2 below; and
- (c) continue to pay Rent and all other sums due under this Agreement as if the Total Loss had not occurred.

15.3.2 As soon as practicable after the Total Loss referred to in Sub-Clause 15.3.1 above and in any event within ninety (90) days of the occurrence thereof, the Lessee shall replace the lost Engine or lost Part at its own expense with a Replacement Part or Replacement Engine in accordance with Clause 10.3 (*Permanent replacement of Engines and Parts*).

15.3.3 After the Lessee has carried out all of its obligations under this Clause 15.3, and unless the insurers are entitled to the replaced Engine or Part as salvage, the Lessor will, if requested, make sure that the Owner will transfer ownership of the replaced Engine or Part to the Lessee or its nominee. Ownership will be transferred on an "as-is, where-is" basis without any recourse or warranty except that there are no Lessor Liens and that the Lessor will execute or cause to be executed and delivered such bills of sale and other documents and instruments as the Lessee may reasonably request to evidence (on the public record or otherwise) the transfer and the vesting of the Owner's rights, title and interest in and to such Engine or Part in the Lessee, free and clear of all rights of the Owner and any Lessor Liens. The Lessee shall indemnify the Lessor and the Owner for all fees and expenses properly incurred and Taxes incurred by the Lessor or the Owner resulting from their compliance with this Sub-Clause 15.3.3.

16. **REQUISITION**

REDACTED

17. INSURANCE

17.1 General Requirements

- 17.1.1 The Lessee will keep the Aircraft covered by Insurance at all times during the Lease Period as required by this Clause 17 (*Insurance*) and Schedule 9 (*Insurance Requirements*). The Lessor acknowledges that the Lessee currently provides insurance coverage through its fleet policy with Marsh Ltd. acting as Insurance Broker, and the Lessor confirms that these arrangements meet its current requirements as at the date of this Agreement.

17.1.2 All insurance premiums and other costs of maintaining the Insurance will be for the account of the Lessee.

17.1.3 The Lessee will ensure that each certificate of Insurance is in form and substance having regard to standard industry practice in the London, New York or any internationally recognised aviation insurance market.

17.2 **Specific Requirements**

The specific requirements of the Lessor, at the date of this Agreement, with respect to Insurance for the Aircraft are set out in Schedule 9 (*Insurance Requirements*).

17.3 **Insurance Covenants**

17.3.1 The Lessee will comply with each Insurance policy and will not do or omit to do anything, or permit any act or omission, which:

- (a) results in or could reasonably be expected to result in the Insurance not being valid in any respect or which renders it or which could reasonably be expected to render it wholly or partially void or voidable; or
- (b) could reasonably be expected to bring any particular liability, that would otherwise be covered by the Insurance, if a claim were made, within the scope of an exclusion from or an exception to it; or
- (c) results in any alteration to, or the creation of any Security Interest (other than a Permitted Security Interest) in, the Insurances and which could reasonably be expected to prejudice the interests of any Indemnitee; or
- (d) is in breach of or does not comply with Applicable Regulations as regards insurance requirements for the Aircraft.

17.3.2 The Lessee shall:

- (a) not without the prior notice to the Lessor take out any insurance or reinsurance in respect of the Aircraft (other than relating solely to hull total loss, loss of use insurance, profit commission, engine breakdown cover and/or deductibles risk insurance) other than that required under this Agreement;
- (b) be responsible for any deductible under the Insurances;
- (c) provide any other insurance and reinsurance related information or assistance in respect of the Insurances that the Lessor or the Security Trustee may reasonably require, including, without limitation, in relation to the expiry and/or renewal of the Insurances;
- (d) not settle any claim in excess of the Partial Loss Threshold in respect of physical damage arising under any of the Insurances in respect of any loss or damage without the prior written notice to the Lessor, acting reasonably; and

- (e) notify the Lessor in writing of any payments of proceeds of Insurances that it receives in respect of the Aircraft in amounts exceeding the Partial Loss Threshold.

17.3.3 The Lessee will start renewal procedures at least thirty (30) days prior to the expiry of any policy of Insurance and provide to the Lessor:

- (a) upon reasonable request from time to time, an update on the status of negotiations for renewal;
- (b) on or prior to each renewal date (subject to such Insurance Broker customarily providing such at that time) confirmation from the relevant Insurance Broker that the insurance coverage required to be effected in accordance with this Agreement has been renewed prior to the expiry of the current policy;
- (c) certificates of insurance (and where appropriate, reinsurance) and a Broker's Letter of Undertaking, detailing the coverage of each policy and (subject to the Insurance Broker confirming such in its customary form of certificate of insurance) confirming the agreement of the approved underwriters to the specific insurance requirements of this Agreement or specifying this Agreement as a "Contract" for the purposes thereof, no later than seven (7) Business Days after each renewal date; and
- (d) such other information regarding the Insurance as the Lessor may reasonably require.

17.4 **Failure to Insure**

If the Lessee fails to insure the Aircraft in accordance with this Agreement:

- 17.4.1 any Indemnitee may (but is not obliged to) pay outstanding premiums or effect alternative insurance in respect of the Aircraft and any cost incurred by an Indemnitee in the exercise of this right will be reimbursed by the Lessee on demand; and
- 17.4.2 the Lessor may (but is not obliged to) require the Aircraft to be grounded and to remain there until it is once again insured in accordance with this Agreement.

17.5 **Continuation of Insurance**

- 17.5.1 The Lessee will maintain liability insurance after the Expiry Date to cover the Lessee's continuing liability under the indemnities in Clause 14.1 (*General Indemnity*), until the earlier of:
 - (a) second anniversary of the Expiry Date; or
 - (b) the first C Check to be performed after Redelivery.
- 17.5.2 Each Indemnitee will be named as additional insured under the insurance maintained under Clause 17.5.1 and neither the Lessee ceasing to lease the Aircraft, nor the Indemnitees ceasing to have any interest in it, will affect the Lessee's obligations under this Clause 17 (*Insurance*).

17.6 Application of Insurance Proceeds

The proceeds of any policy of Insurance will be applied in accordance with Schedule 9 (*Insurance Requirements*).

18. RETURN OF THE AIRCRAFT

REDACTED

REDACTED

REDACTED

19. EVENTS OF DEFAULT

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

20.4 Sale or re-lease of the Aircraft

Upon any such termination as is mentioned in Clause 20.1 (*Rights*), the Lessor may sell or re-lease or otherwise deal with the Aircraft at such time and in such manner and on such terms as the Lessor considers appropriate in its absolute discretion, free and clear of any interest of the Lessee, as if this Agreement had never been entered into.

20.5 Deregistration

Upon any such termination as is mentioned in Clause 20.1 (*Rights*), the Lessee shall cooperate with the Lessor, to enable the Lessor to effect or cause to be effected deregistration of the Aircraft from the State of Registration and the export of the Aircraft from the country where the Aircraft is for the time being situated and any other steps necessary to enable the Aircraft to be redelivered to the Lessor in accordance with this Agreement.

REDACTED

REDACTED

21. ILLEGALITY

21.1 If a Lessor Illegality Event or a Lessee Illegality Event occurs then, subject always to Clause 21.2, the Lessor may by notice in writing to the Lessee terminate the leasing of the Aircraft under this Agreement, such termination to take effect on the earlier of (a) the latest date on which the Lessor or the Lessee, as the case may be, may continue such leasing and perform their respective obligations hereunder without being in breach of Applicable Regulations and, (b) the date on which the Lessor determines (acting reasonably) that it must give notice in writing to the Lessee to terminate the leasing of the Aircraft under this Agreement to ensure that its rights under this Agreement and in and to the Aircraft are not adversely affected as a result of the occurrence of the relevant Lessor Illegality Event or Lessee Illegality Event, as the case may be (the "**Effective Date**"), and:

21.1.1 **in case of a Lessee Illegality Event:** the Lessee shall as soon as reasonably practicable and in any event within ten (10) Business Days of the Effective Date (or such longer period as the Lessor may agree) redeliver the Aircraft to the Lessor in accordance with Clause 18 (*Return of the Aircraft*) and (a) the Lessee shall pay to the Lessor amounts equal to those specified in Clause 20.3 (*Payments*) and (b) the Lessor shall promptly thereafter refund to the Lessee an amount equal to the balance of the Security Deposit (to the extent received by the Lessor). The provisions of Clause 20.4 (*Sale or re-lease of the Aircraft*) and 20.5 (*Deregistration*) shall apply in respect of any such termination; or

21.1.2 **in case of a Lessor Illegality Event:** the Lessee shall as soon as reasonably practicable and in any event within ten (10) Business Days of the Effective Date (or such longer period as the Lessor may agree) redeliver the Aircraft to the Lessor in accordance with Clause 18 (*Return of the Aircraft*) but with the redelivery conditions set out in Clause 21.3 (*Return Condition applicable to Lessor Illegality*) applying instead of those return conditions set out in Schedule 10 (*Redelivery*). The provisions of Clause 20.5 (*Deregistration*) shall apply in respect of any such termination.

REDACTED

REDACTED

22. **DISCLAIMER**

22.1 **Exclusion**

The Aircraft is to be leased and delivered “as is, where is”, that is in its actual state and condition at Delivery and the Lessee agrees and acknowledges that, save as expressly stated in this Agreement:

- 22.1.1 none of the Lessor, the Owner, the Security Trustee, the Financiers, the Servicer or any other Indemnitee (collectively, the “**Protected Parties**”) will have any liability to the Lessee or any other person in relation to, and no Protected Party has made or given, nor will be deemed to have made or given (whether by virtue of having done or failed to do any act or having acquired or failed to acquire any status under or in relation to this Agreement or otherwise), any warranties or representations, express or implied, with respect to the Aircraft, including (but not limited to) the description, airworthiness, compliance with specifications, operation, merchantability, satisfactory quality, freedom from infringement of patent or other proprietary rights, fitness for any particular use or purpose, value, durability, condition, or design or as to the quality of the material or workmanship, the absence of latent or other defects, whether or not discoverable, or as to any other matter whatsoever, express or implied (including any implied warranty from a course of performance, dealing, usage or trade with respect to the Aircraft); and
- 22.1.2 no Protected Party will have any obligation or liability whatsoever to the Lessee (whether arising in contract or in tort, and whether arising by reference to negligence or strict liability of the Protected Parties or otherwise) for:
- (a) any liability, loss or damage caused or alleged to be caused directly or indirectly by the Aircraft or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith;
 - (b) the use, operation or performance of the Aircraft or any risks relating thereto;
 - (c) any interruption of service, loss of business or anticipated profits or any other direct, indirect or consequential loss or damage; or
 - (d) the delivery, operation, servicing, maintenance, repair, improvement or replacement of the Aircraft.

22.2 **Waiver**

The Lessee hereby waives, as between itself and the Protected Parties:

- 22.2.1 all its rights in respect of any condition, warranty or representation, express or implied, on the part of the Protected Parties; and

22.2.2 all claims against the Protected Parties, however and whenever arising,

in each case, in respect of or out of any of the matters referred to in Clause 22.1 (*Exclusion*) and save as expressly stated in this Agreement.

22.3 Confirmation

The Lessee confirms that it is fully aware of the provisions of Clause 22.1 (*Exclusion*) and acknowledges that the Rent and other amounts payable under this Agreement have been calculated based on its provisions.

23. ASSIGNMENT AND TRANSFER

23.1 Benefit of Agreement

This Agreement shall be binding on and enure to the benefit of the parties hereto and their respective successors and permitted transferees and assignees.

23.2 No Lessee Transfer or Security Interest

REDACTED

REDACTED

REDACTED

23.3 **Transfer by Lessor**

REDACTED

REDACTED

REDACTED

23.5 **Conditions to any Absolute Assignment**

In relation to any Absolute Assignment by the Lessor:

- 23.5.1 neither the assignee nor any of its Affiliates shall be engaged in any airline business activity that directly competes with that of the Lessee or any of its Leasing Affiliates;
- 23.5.2 the Lessor will procure that the proposed assignee shall have executed and delivered to the Lessee on or prior to the occurrence of the Absolute Assignment an undertaking substantially in the form of Clause 7.1 (*Quiet enjoyment*);
- 23.5.3 completion of such Absolute Assignment does not affect the Lessee's or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement quiet enjoyment of the Aircraft and does not cause unreasonable interruption to the normal business operations of the Lessee or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement;
- 23.5.4 if such Absolute Assignment occurs after Delivery the Lessor, upon receipt of reasonably satisfactory documentary evidence, shall reimburse to the Lessee an amount equal to all out-of-pocket costs and expenses including reasonable legal expenses properly incurred by the Lessee in connection with such Absolute Assignment no later than ten (10) Business Days following the date of receipt of an invoice documenting such costs and expenses;
- 23.5.5 the Lessor shall pay to Lessee the Lessee Fee no later than ten (10) Business Days following such Absolute Assignment;
- 23.5.6 as at the date of such Absolute Assignment, the Lessee will not be in breach of any Applicable Regulations (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) as a consequence of such Absolute Assignment;

23.5.7 except as otherwise agreed by the Lessee, the Lessee shall incur no greater financial obligations under this Agreement and other than as provided by this Agreement, the Lessee's obligations under this Agreement shall not be increased and the Lessee's rights under this Agreement shall not be diminished as a result of such assignment, in each case, based on Applicable Regulations in effect as at the date of such assignment (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) **provided that** this paragraph shall not apply to any increase in the number of Indemnitees; and

23.5.8 the Lessee (acting reasonably) shall receive sufficient information in respect of the assignee to enable the Lessee to perform the Lessee's know your customer checks on such transferee.

23.6 **Conditions to any Security Transfer**

In relation to any Security Transfer by the Lessor:

23.6.1 the Lessor will procure that any transferee holding title to, or a Security Interest over, the Aircraft shall have executed and delivered to the Lessee a quiet enjoyment undertaking substantially in the form of the Security Trustee's Quiet Enjoyment Letter, upon acquiring such title or Security Interest;

23.6.2 completion of such Security Transfer does not affect the Lessee's or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement quiet enjoyment of the Aircraft and does not cause unreasonable interruption to the normal business operations of the Lessee or operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement;

23.6.3 the Lessor, upon receipt of reasonably satisfactory documentary evidence, shall reimburse to the Lessee an amount equal to all out-of-pocket costs and expenses including reasonable legal expenses properly incurred by the Lessee in connection with such Security Transfer occurring after Delivery no later than ten (10) Business Days following the date of receipt of an invoice documenting such costs and expenses;

23.6.4 unless the Lessee is not required to execute any agreements in relation to such Security Transfer, the Lessor shall pay to Lessee the Lessee Fee no later than ten (10) Business Days following such Security Transfer;

23.6.5 as at the date of such Security Transfer, the Lessee will not be in breach of any Applicable Regulations (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) as a consequence of such Security Transfer; and

23.6.6 except as otherwise agreed by the Lessee, the Lessee shall incur no greater financial obligations under this Agreement and other than as provided by this Agreement, the Lessee's obligations under this Agreement shall not be increased and the Lessee's rights under this Agreement shall not be diminished as a result of such Security Transfer, in each case, based on Applicable Regulations in effect as at the date of such Security Transfer (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) **provided that** this paragraph shall not apply to any increase in the number of Indemnitees.

23.7 **Conditions to any Head Lease**

In relation to any Head Lease by the Lessor:

- 23.7.1 neither the new Owner nor any of its Affiliates shall be engaged in any airline business activity that directly competes with that of the Lessee or any of its Leasing Affiliates;
- 23.7.2 the Lessor will procure that any new Owner holding title to the Aircraft shall have executed and delivered to the Lessee an undertaking substantially in the form of Clause 7.1 (*Quiet enjoyment*) (or such other form as the Lessee, acting reasonably, may agree with such transferee) upon acquiring such title;
- 23.7.3 closing of such Head Lease does not affect the Lessee's or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement quiet enjoyment of the Aircraft and does not cause unreasonable interruption to the normal business operations of the Lessee or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement;
- 23.7.4 the Lessor, upon receipt of reasonably satisfactory documentary evidence, shall reimburse to the Lessee an amount equal all out-of-pocket costs and expenses including the reasonable legal expenses properly incurred by the Lessee in connection with such Head Lease established after Delivery no later than ten (10) Business Days following the date of receipt of an invoice documenting such costs and expenses;
- 23.7.5 as at the date of such Head Lease, the Lessee will not be in breach of any Applicable Regulations (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) as a consequence of such Head Lease; and
- 23.7.6 except as otherwise agreed by the Lessee, the Lessee shall incur no greater financial obligations under this Agreement and other than as provided by this Agreement, the Lessee's obligations under this Agreement shall not be increased and the Lessee's rights under this Agreement shall not be diminished as a result of such Head Lease, in each case, based on Applicable Regulations in effect as at the date of such Head Lease (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) **provided that** this paragraph shall not apply to any increase in the number of Indemnitees.

23.8 **Introduction/Change of Financiers**

23.8.1 Subject to Clause 23.10 (*Conditions to Change of Financiers*), the Lessee acknowledges that the Lessor, the Owner and/or the Financiers may from time to time finance or refinance the Aircraft and/or restructure the financing arrangements contemplated by the Financing Documents (which may include, without limitation, the imposition or substitution of any Head Lease or a tax structured lease, tranching debt, sale of receivables or securitisation) and may, in connection therewith, enter into new Financing Documents. At or about the time of completion of any such financing or restructuring, the Lessor shall deliver a written notice (a "**Financing Notice**") to the Lessee identifying the new Financiers and their respective jurisdiction of incorporation, and the Lessee shall (without prejudice to the Lessee's obligations under Clause 12.1 (*Title protection*)):

- (a) at the Lessor's cost, (i) co-operate with the Lessor filing the Financiers' Security Interests created pursuant to the finance or refinance of the Aircraft and/or restructure the financing arrangements contemplated by the Financing Documents on each relevant register of the Aviation Authority and, if applicable the Habitual Base and (ii) co-operate with the Lessor filing in relation to the interests of any Financier in the Aircraft. Notwithstanding the foregoing, if the Lessee is the only party with the legal standing or practical ability to file any Financier's Security Interests, the Lessee agrees to make such filing;
- (b) at the Lessor's cost, provide a replacement Deregistration Power of Attorney, if applicable, an Aviation Authority Letter and, if applicable, an IDERA, in favour of the Lessor and/or the Security Trustee or the relevant Financier as applicable, and, in the case of any IDERA, which has been recorded with the Aviation Authority;
- (c) at the Lessor's cost, replace the name-plates required by Clause 12.1 (*Title protection*) to record any change in the identity of any relevant Financier (if appropriate);
- (d) procure a revised certificate of insurance naming the new Financiers as additional insured and noting any new Financing Document; and
- (e) execute and deliver in favour of any such new Financiers, a Notice and Acknowledgement.

23.8.2 If, pursuant to the introduction of, or a change in the identity of, any Financiers in accordance with the terms of this Agreement, a person ceases to be a Financier, notwithstanding such change, such person (and its related Indemnitees) shall remain Indemnitees and entitled to the benefit of each indemnity expressed to be for the benefit of the Indemnitees and to the liability insurance cover required by Clauses 17 (*Insurance*), 23 (*Assignment and Transfer*) and Schedule 9 (*Insurance Requirements*) until the earlier of (i) the first C Check to be performed after such change or (ii) the second anniversary of such change. The Lessee's obligation under this Clause 23.8.2 shall not be affected by the Lessee ceasing to be the lessee of the Aircraft.

23.9 **Financing Documents**

The Lessee acknowledges that the Lessor will not be obliged to disclose the content of, or provide copies of, any Financing Document to the Lessee.

23.10 **Conditions to Change of Financiers**

In connection with any change of Financiers detailed in Clause 23.8 (*Introduction/Change of Financiers*):

- 23.10.1 the Lessor will procure that any new Financiers holding title to, or a Security Interest over, the Aircraft shall have executed and delivered to the Lessee a quiet enjoyment undertaking substantially in the form of the Security Trustee's Quiet Enjoyment Letter upon acquiring such title or such Security Interest;
- 23.10.2 completion of such change of Financiers does not affect the Lessee's or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement quiet enjoyment of the Aircraft and does not cause unreasonable interruption to the normal business operations of the Lessee or the operator of the Aircraft under a Permitted Sublease or Approved Interchange Agreement;
- 23.10.3 unless the Lessee is not required to execute any agreements in relation to such change of Financiers, the Lessor shall pay to Lessee the Lessee Fee no later than ten (10) Business Days following such change of Financiers;
- 23.10.4 as at the date of such change, the Lessee will not be in breach of any Applicable Regulations (including any Applicable Regulations that may have been enacted at the date thereof but which Applicable Regulations haven't come into effect) as a consequence of such change;
- 23.10.5 the Lessor, upon receipt of reasonably satisfactory documentary evidence, shall reimburse to the Lessee an amount equal to all out-of-pocket costs and expenses including reasonable legal expenses and out of pocket expenses properly incurred by the Lessee in connection with the change of Financiers no later than ten (10) Business Days following the date of receipt of an invoice documenting such costs and expenses; and
- 23.10.6 except as otherwise agreed by the Lessee, the Lessee shall incur no greater financial obligations under this Agreement and other than as provided by this Agreement, the Lessee's obligations under this Agreement shall not be increased and the Lessee's rights under this Agreement shall not be diminished as a result of such change of Financier, in each case, based on Applicable Regulations in effect as at the date of such change of Financier (including any Applicable Regulations that may have been enacted as at the date thereof but which Applicable Regulations have not come into effect) **provided that** this paragraph shall not apply to any increase in the number of Indemnitees.

24. **MISCELLANEOUS**

24.1 **Notices**

All notices under or in connection with this Agreement will unless otherwise stated be given in writing by letter, or by electronic mail (including by pdf format). Any consent or permission from the Lessor must be in writing. Any notice will be deemed to have been delivered as follows:

- 24.1.1 if the notice is by letter, it will be effective when it is delivered; and

24.1.2 if the notice is by e-mail, when the email message is sent, **provided that** the message is in legible form and no message is received by the sender indicating that such message has not been received by or delivered to the intended recipient.

The current address and phone numbers and email address of the Lessor and the Lessee are in Part B of Schedule 8 (*Reporting & Notices*) and may only be amended by notice in writing.

24.2 **Language**

All notices and documents to be given under this Agreement must be in English. If they are not in English, they must be given with a certified English translation. If there is any difference between the English version of this Agreement and any version in any other language, the English version will apply.

24.3 **Rights**

24.3.1 The parties' rights under this Agreement may be used as often as that party considers appropriate, are cumulative and apply in addition to its rights under any law.

24.3.2 A party hereto only loses any of its rights if it specifically waives them in writing. If a party hereto decides not to use any of its rights or delays in using such rights, that does not mean it cannot exercise such rights at a future date.

24.4 **Certificates**

Any certificate or decision given by the Lessor about any rate of interest or any other amount due under this Agreement will be presumed to be correct, save in the case of manifest error.

24.5 **Application of receipts**

If any amount the Lessee pays or the Lessor recovers from the Lessee under this Agreement is less than the amount then due, the Lessor may use the funds in any proportion the Lessor chooses towards the any other amounts due.

24.6 **Severability**

If a provision of this Agreement is or becomes illegal, invalid or cannot be enforced, in any jurisdiction that will not affect:

24.6.1 the legality, validity or enforceability in that jurisdiction of any of the other provisions of this Agreement; or

24.6.2 the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

24.7 **Expenses**

24.7.1 Except as expressly provided in this Agreement, each party shall bear its own fees, costs and expenses in connection with the preparation, negotiation and completion of this Agreement and the other Transaction Documents (including the fees and expenses of its own legal, tax or other advisors).

24.7.2 Any fees, costs and expenses arising pursuant to amendments to this Agreement or the other Transaction Documents requested by the Lessor or the Lessee shall be borne by the relevant party requesting such amendments or as otherwise mutually agreed.

24.8 Time of essence

The time stipulated in this Agreement for all payments by either party hereto to the other and for the performance of each party's obligations under this Agreement is of the essence.

24.9 The whole agreement

This Agreement and the other Transaction Documents is the whole agreement between the Lessor and the Lessee for leasing the Aircraft and replaces all previous agreements. This Agreement can only be amended in writing signed by both parties.

24.10 Counterparts

Any Transaction Document may be executed in any number of counterparts and by the parties on separate counterparts. Each counterpart shall constitute an original of the relevant Transaction Document, but together the counterparts shall constitute one document. Delivery of a counterpart of any Transaction Document by e-mail attachment or telecopy shall be an effective mode of delivery.

24.11 Set-off

At any time following the occurrence of an Event of Default which is continuing, the Lessor may set-off any debt owed by the Lessee under the Transaction Documents against any debt the Lessor owes the Lessee under the Transaction Documents. This can happen in any currency even if the debts are owed in different currencies. If the debts are in different currencies, the Lessor may convert either debt at the market rate of exchange available in London or New York. If the amount of a debt is unknown, the Lessor may estimate the amount. Any difference between the estimated debt and the actual debt will be paid by either the Lessor or the Lessee, as appropriate, when the amount becomes known.

24.12 Lease manager

The Lessor hereby notifies the Lessee that it has appointed Avolon Aerospace Leasing Limited as its agent to act on its behalf under this Agreement generally. Accordingly, the Lessor agrees that until the earlier of (i) the termination of this Agreement and (ii) written notification to the Lessee from the Lessor to the contrary, the Lessee shall, without enquiry, be entitled to rely upon any notice or communication received from the Servicer as if it had been received from the Lessor and any such notice or communication shall be treated as a notice or communication from the Lessor for all purposes of this Agreement. For the avoidance of doubt, to the extent that the Lessee performs its obligations under this Agreement in favour of the Servicer such performance shall discharge *pro tanto* the Lessee's obligations to the Lessor under this Agreement. However, except as provided in this Agreement, the Servicer's appointment to act as lease manager shall not in any way diminish any of the Lessee's rights under this Agreement or render its obligations or liabilities under this Agreement more onerous.

24.13 Delegation

The Lessor may delegate to the Servicer or any other person or persons all or any of the rights, powers or discretions vested in it by this Agreement and any such delegation may be made upon such terms and conditions as the Lessor in its absolute discretion thinks fit. Notwithstanding such delegation, the Lessor remains responsible to the Lessee for the performance of its obligations under this Agreement and any other Transaction Document.

24.14 Further assurances

24.14.1 Each party shall, and shall use all reasonable endeavours to procure that third parties shall, execute and sign such documents and do such acts and things as any other party shall reasonably request in order to carry out the intended purpose of this Agreement or to establish, perfect, preserve or enforce that party's rights under this Agreement.

24.14.2 Unless otherwise agreed in this Agreement, the reasonable out-of-pocket expenses incurred by a party pursuant to this Clause 24.14 shall be borne by the party which makes a request hereunder.

24.15 Amendments

The terms of this Agreement are only capable of amendment with the written consent of the parties hereto and any such amendment will be binding on all parties.

25. LAW

25.1 Law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

25.2 Jurisdiction

During the pendency of the Chapter 11 Cases, the Bankruptcy Court shall have exclusive jurisdiction over all disputes arising under or related to this Agreement, all other Transaction Documents and any non-contractual obligation arising out of or in connection with any of them. The Lessor and the Lessee irrevocably submit to and accept the jurisdiction of the Bankruptcy Court during the pendency of the Lessor's Chapter 11 Case and, to the extent the reference to the Bankruptcy Court is withdrawn, the U.S. District Court for the Southern District of New York. However, to the extent the Bankruptcy Court (or, to the extent the reference to the Bankruptcy Court is withdrawn, the U.S. District Court for the Southern District of New York) lacks jurisdiction over, or abstains from hearing, any such dispute, the Parties agree that only the English courts may hear and adjudicate such dispute in accordance with this Agreement.

Following the earlier of the substantial consummation of a plan for the Lessee or the closing of the Chapter 11 Cases the courts of England shall have exclusive jurisdiction to settle any disputes arising out of or in connection with this Agreement and any non-contractual obligations arising out of or in connection with this Agreement. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

25.3 **Process agents**

- 25.3.1 The Lessee appoints the London office of LATAM Airlines Group S.A., currently located at Room 2038, Second Floor, D'Albiac House, Cromer Road, Heathrow Airport, London TW6 1SD, England, as its agent for service of process in England to be served with court documents relating to this Agreement. The Lessee must maintain a valid agent for receipt of process in England from the date of this Agreement until the Expiry Date and may not change the identity of such agent without giving prior notice to the Lessor.
- 25.3.2 The Lessee agrees that if its process agent does not notify the Lessee about any court documents served on it, this will not affect the proceedings concerned.
- 25.3.3 The Lessee agrees that court documents can be served on it by faxing, posting or hand delivering a copy to its process agent at the address above.
- 25.3.4 The Lessor appoints Bolt Burden, Providence House, Providence Place, Islington, London, N1 0NT, England, (Attention: Matthew Miller and Timothy Lucas) as its process agent in England to be served with court documents relating to this Agreement. The Lessor must maintain a valid agent for receipt of process in England from the date of this Agreement until the Expiry Date and may not change the identity of such agent without giving prior notice to the Lessee.
- 25.3.5 The Lessor agrees that if its process agent does not notify the Lessor about any court documents served on it, this will not affect the proceedings concerned.
- 25.3.6 The Lessor agrees that court documents can be served on it by faxing, posting or hand delivering a copy to its process agent at the address above.

25.4 **Courts**

Each party hereto agrees that:

- 25.4.1 During the pendency of the Chapter 11 Cases, it will not object to the Bankruptcy Court being used for any disputes regarding this Agreement;
- 25.4.2 A Final Order of the Bankruptcy Court issued during the pendency of the Chapter 11 Cases, regarding this Agreement is final and binding and can be enforced elsewhere in the world subject to the exhaustion of any applicable appeals and subject to Applicable Regulations
- 25.4.3 Following the earlier of the substantial consummation of a plan for the Lessee or the closing of the Chapter 11 Cases, it will not object to the courts of England being used for any disputes regarding this Agreement; and
- 25.4.4 Following the earlier of the substantial consummation of a plan for the Lessee or the closing of the Chapter 11 Cases, a judgment or order of a court of England regarding this Agreement is final and binding and can be enforced elsewhere in the world, subject to Applicable Regulations.

25.5 **Lessor's rights**

- 25.5.1 Following the earlier of the substantial consummation of a plan for the Lessee or the closing of the Chapter 11 Cases, notwithstanding Clause 25.2 (*Jurisdiction*) above, the Lessor may commence proceedings: (a) in any other court of competent jurisdiction; and (b) concurrently in more than one jurisdiction. Each of the Lessor and the Lessee irrevocably submits to the jurisdiction of any such court and waives any objection to the exercise of such jurisdiction.

25.5.2 Following the earlier of the substantial consummation of a plan for the Lessee or the closing of the Chapter 11 Cases, notwithstanding Clause 25.2 (*Jurisdiction*) above, the Lessee may commence proceedings: (a) in any other court of competent jurisdiction; and (b) concurrently in more than one jurisdiction, in relation to any breach of (i) the Lessor's covenant of quiet enjoyment contained in Clause 7.1 (*Quiet enjoyment*) or (ii) the Security Trustee's quiet enjoyment covenant contained in any Security Trustee's Quiet Enjoyment Letter. Each of the Lessor and the Lessee irrevocably submits to the jurisdiction of any such court and waives any objection to the exercise of such jurisdiction.

25.6 **Waiver of sovereign immunity**

Each party hereto irrevocably and unconditionally:

25.6.1 agrees that if the other party brings legal proceedings against it or its assets in relation to this Agreement or any other Transaction Document no immunity from such legal proceedings (which will be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;

25.6.2 waives any such right of immunity which it or its assets now has or may in the future acquire; and

25.6.3 consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

25.7 **Cape Town Immunity**

Each party hereto hereby waives any immunity from suit, from the jurisdiction of any court or from any legal or judicial process or remedy and, without limiting the generality of the foregoing, each party hereto hereby waives in accordance with Article XXII of the Cape Town Aircraft Protocol any sovereign immunity from jurisdiction of the courts specified in Clause 25.2 (*Jurisdiction*) or relating to the enforcement of rights and interests relating to the Aircraft, the Airframe and/or any Engine. This Clause 25.7 shall only be effective if the Cape Town Convention comes into force in the State of Registration.

26. CONFIDENTIALITY

The Lessor and the Lessee agree that the Transaction Documents are to be kept confidential. Neither party (including its respective officers, directors, agents and advisors) will disclose any information from or in connection with the Transaction Documents without the consent of the other which consent shall not be unreasonably withheld or delayed, except for:

- 26.1.1 disclosures made by the Lessor to actual or potential assignees and transferees who the Lessor expects to satisfy the assignment and transfer criteria in Clause 23 (*Assignment and Transfer*) (as applicable), financiers and/or rating agencies or to their respective professional advisors, provided that, in each case, such persons are required to have entered into a confidentiality agreement or are subject to professional obligations to maintain such confidentiality;
- 26.1.2 disclosures made by either party to its professional advisers (including lawyers), insurers, auditors, servicers, managers or as may be required by Applicable Regulations;
- 26.1.3 disclosures made by the Lessor to its Affiliates;
- 26.1.4 disclosures made by the Lessee to its Affiliates; and
- 26.1.5 disclosures made to tax authorities following a request by a tax authority.

The confidentiality obligations shall be subject to the Lessee's obligations as a Chapter 11 Debtor and the Lessee shall be permitted to disclose a copy of this Agreement to (i) the advisors for the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases on a "professional eyes only" basis (ii) the lenders party to that certain Super-Priority Debtor-in-Possession Term Loan Agreement on a confidential basis and (iii) the advisors to the Ad Hoc Group of LATAM Bondholders on a "professional eyes only" basis.

27. THIRD PARTY RIGHTS

The parties do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 (the "Act") by any person who is not a party to this Agreement, **provided that** each Indemnitee may enforce its rights under this Agreement in accordance with the terms of the Act. The parties may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under this Agreement without the consent of any person who is not a party to this Agreement.

REDACTED

REDACTED

THIS AGREEMENT has been entered into on the date shown at the beginning of this Agreement.

**Schedule 1
Definitions and Interpretation**

**Part A
Definitions**

In this Agreement:

Schedule 71 “**12 Year Structural Check**” has the meaning ascribed to it in Part B of Schedule 7.

1 “**Absolute Assignment**” has the meaning given to such term in Clause 23.3.1(d).

“**Absolute Transfer**” has the meaning given to such term in Clause 23.3.1(c).

“**Acceptance Certificate**” means the acceptance certificate in substantially the form of Schedule 5 (*Form of Acceptance Certificate*).

“**Affiliate**” in relation to any person means any person directly or indirectly controlling, controlled by or under common control with that person.

“**Agent**” means, as at the Delivery Date, J.P. Morgan AG as ECA facility agent and thereafter the person or persons appointed as agent of the Financiers pursuant to the Financing Documents and any other person identified as an “**Agent**” for the purposes of this Agreement, as may be notified by the Lessor to the Lessee from time to time.

“**Agreed Value**” means:

REDACTED

“**Aircraft**” means the aircraft described in Schedule 2 (*Aircraft Particulars*) and Schedule 4Part A (*Aircraft Specification*) (and includes a separate reference to all Engines, the APU, Parts and Aircraft Documents except where it would not make sense to interpret the reference to Aircraft in that way).

“**Aircraft Documents**” means the documents, data and records set out in the Annex to the Acceptance Certificate, all available documents of delivery of the Aircraft from the Manufacturer, all available documents produced by the Previous Operator and all additions, renewals, revisions and replacements required or permitted by this Agreement.

“**Airframe**” means the Aircraft, excluding the Engines and the Aircraft Documents. “**Airframe Manufacturer**” means The Boeing Company.

“**Airframe Warranties Agreement**” means the agreement entered into or to be entered into on or prior to the Delivery Date in respect of the Airframe Warranties.

“**Airframe Warranties**” means the package of airframe warranties specified in the Airframe Warranties Agreement.

“**Airworthiness Directive**” means each airworthiness directive issued by any of the Aviation Authority, EASA or the FAA specifying conditions, limitations or corrective actions to be taken in respect of the Aircraft.

“**Anti-Corruption Laws**” means the US Foreign Corrupt Practices Act of 1977, as amended, and any other anti-bribery or anti-corruption law or regulation in any jurisdiction applicable, in the case of the Lessor, to the Lessor and in the case of the Lessee, to the Lessee and any Permitted Sublessee, the Financiers or the Aircraft.

“**Anti-Money Laundering Laws**” means those money laundering statutes in any jurisdiction applicable, in the case of the Lessor, to the Lessor and in the case of the Lessee, to the Lessee (including, but not limited to, Law 19.913) and the Lessor, any Permitted Sublessee, the Financiers or the Aircraft, the rules and regulations thereunder and any applicable related or similar rules, regulations or guidelines issued, administered or enforced by any governmental or regulatory agency.

“**Applicable Regulations**” means any law, treaty, court order, regulation, official guideline, official directive or mandatory requirement imposed by any Government Entity which takes effect in the relevant circumstances and, without limitation, includes any resolution, directive or embargo of the United Nations, the United States of America, the European Union or any constituent member of any of those bodies.

“**Approval Order**” means an order issued by the Bankruptcy Court approving the entry into of the Amended and Restated Letter of Intent dated 30 July 2021 between the Lessor Guarantor and the Lessee in respect of the leasing of the Aircraft and the Other Aircraft.

“**Approved Data**” means data that is acceptable to the Aviation Authority and includes Type certificate data and specification sheets, supplemental type certificates (STC), Airworthiness Directives (AD), manufacturer’s approved data, FAA Designated Engineering Representative (DER) data, EASA approved data under DOA (Design Organization Approval), Manufactures SB’s (Service Bulletins) or EO’s (Engineering Order).

“**Approved Interchange Agreement**” means any interchange agreement, sublease by the hour agreement or assignment of use agreement entered into from time to time by the Lessee and a Leasing Affiliate which sets out the terms on which the Aircraft may be made available for interchange between the Lessee and such Leasing Affiliate.

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“**APU**” means the auxiliary power unit installed in the Airframe on the Delivery Date until replaced in accordance with this Agreement and includes any such replacement unit.

“**APU Operating Hour**” means each hour or part thereof elapsing from the moment the APU is started to the moment when the APU is shut down. If possible to read, such data shall be obtained from the APU Data Memory Module (DMM).

“**APU Overhaul**” has the meaning ascribed to it in Schedule 7, Part B.1

“**Assignment of Insurances**” means the assignment entered into, or to be entered into as the context may require, between the Lessee as assignor and the Lessor as assignee.

“**Aviation Authority**” means each of the authorities which, under the Applicable Regulations of the State of Registration may from time to time control or supervise civil aviation in the State of Registration or exercise jurisdiction over matters relating to the Aircraft.

“**Aviation Authority Letter**” means a letter (in a form which will be accepted by the Aviation Authority) from the Lessee or, as applicable, the Permitted Sublessee addressed to the Aviation Authority, pursuant to which the Lessee or, as applicable, the Permitted Sublessee authorises the Lessor and/or the Security Trustee to obtain from the Aviation Authority a general statement of account in relation to charges incurred by the Lessee or, as applicable, the Permitted Sublessee in respect of all aircraft (including the Aircraft) operated by the Lessee or, as applicable, the Permitted Sublessee under a lease agreement with the Lessor.

“**Bankruptcy Code**” means Title 11 of the United States Code.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of New York.

“**Bankruptcy Law**” means the Bankruptcy Code or any similar federal or state law for the relief of Debtors.

REDACTED

“**Broker’s Letter of Undertaking**” means an undertaking from the Insurance Broker in the form as recognised by the Lloyds Insurance Broker’s Committee or otherwise acceptable to the Lessor and the Security Trustee (acting reasonably) (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to it determining its acceptability).

“**Business Day**” means:

- (a) a day (other than a Saturday or Sunday) on which business of the nature required by this Agreement is carried out in Dublin, Ireland and Santiago, Chile; and
- (b) where used in relation to payments, a day (other than a Saturday or Sunday) on which banks are open for business in New York and Santiago, Chile.

“**Cape Town Convention**” means the Convention on International Interests in Mobile Equipment and the Protocol thereto on Matters Specific to Aircraft Equipment signed at Cape Town, South Africa on 16 November 2001. References to any Articles of the Cape Town Convention refer to the English language version of the Consolidated Text of the Cape Town Convention and the Aircraft Protocol attached to Resolution No. 1 of the Final Act of the Diplomatic Conference to adopt the Cape Town Convention and Aircraft Protocol.

“**Cargo Container Loading Modification**” means the modification using LD-4/LD-8 cargo as set out in Schedule 12.

“**Chapter 11 Cases**” means the cases that Lessee and certain of its Affiliates commenced on 26 May 2020, 7 July 2020 or 9 July 2020, as applicable, by filing voluntary Chapter 11 petitions in the Bankruptcy Court and the related parallel and ancillary proceedings.

“**C Check**” means a base maintenance inspection of the Aircraft and performance of all necessary tasks (and resulting repairs, if any) required to clear the Aircraft for 36 months, 7,500 Flight Hours and 5,000 Cycles or as otherwise indicated in the latest revision of the MPD and approved by the Aviation Authority.

“**Cycle**” means (i) with respect to the Airframe, one take-off and landing of the Aircraft, (ii) with respect to an Engine, one take-off and landing of the aircraft on which the relevant Engine is installed (each “touch and go” will be one Cycle) and (iii) with respect to the APU, one APU start and shut down.

“**Debtor**” or “**Debtors**” means, individually or collectively, each of the debtors in the Chapter 11 Cases.

“**Default**” means an Event of Default or any event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition, may constitute an Event of Default.

“**Default Rate**” means the Prime Rate plus zero point five per cent (0.5%) per annum..

“**Delivery**” means the delivery of the Aircraft to and its acceptance by the Lessee under this Agreement, as evidenced by execution of the Acceptance Certificate by the Lessee.

“**Delivery Date**” means the date on which Delivery takes place.

“**Delivery Location**” means an approved MRO in the continental United States of America or such other location as mutually agreed by the Lessor and the Lessee.

“**DER Repair**” means a repair which has not been approved for use on the Aircraft by the Manufacturer.

“**Deregistration Power of Attorney**” means a duly executed irrevocable deregistration power of attorney from the Lessee and, if applicable, any Permitted Sublessee, in favour of the Lessor and/or the Security Trustee, as applicable, in form and substance reasonably satisfactory to the Lessor and Security Trustee (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent).

“**DGAC Chile**” means the Dirección General de Aeronáutica Civil de Chile, or any Government Entity that is the successor thereto.

“**Dollars**” or “**\$**” means the lawful currency of the United States of America.

“**EASA**” means the European Aviation Safety Agency or any other organisation or authority that, under the laws of the European Union, shall from time to time have jurisdiction over, amongst other things, aircraft airworthiness standards for the European Union.

“**Engine**” means each engine (whether or not installed on the Airframe) specified in the Acceptance Certificate unless and/or until replaced in accordance with this Agreement.

“**Engine Life Limited Parts**” has the meaning ascribed to it in Part B of Schedule 7.

“**Engine LLPs**” means those Parts, defined by the Engine Manufacturer in the engine manual, or by EASA or the FAA or the Aviation Authority through Airworthiness Directives, requiring retirement and subsequent replacement on a mandatory basis prior to or upon the expiration of the Engine Manufacturer’s certified life, such life being expressed in terms of Cycles, Flight Hours or calendar time, as applicable.

“**Engine Manufacturer**” means Rolls-Royce plc.

“**Engine Performance Restoration Shop Visit**” has the meaning ascribed to it in Part B of Schedule 71.

“**Engine Replacement Period**” means the period starting twenty-four (24) months prior to the Redelivery Date and ending on the Redelivery Date.

“**Engine Warranties**” means a package of engine warranties specified in the Engine Warranties Agreement.

“**Engine Warranties Agreement**” means the agreement entered into or to be entered into on or prior to the Delivery Date, between the Engine Manufacturer, Lessor, the Security Trustee (if applicable), the Lessee and/or the Owner (as the case may be) in relation to the Engine Warranties.

“**EU ETS Legislation**” means the EU Directive EC/2008/101 regarding the European Union Emissions Trading Scheme and its application to aviation and all related implementation legislation.

“**Event of Default**” means an event specified in Clause 19 (*Events of Default*).

“**Excluded Country**” means any state, country or jurisdiction which, at any relevant time, is subject to any sanction, resolution, order or embargo (howsoever described) of:

- (a) the United Nations Security Council;
- (b) any Government Entity of the European Union;
- (c) the United States of America, the State of Registration or the Habitual Base of the Aircraft; or
- (d) any Government Entity having jurisdiction over the Lessor, the Lessee, the Financiers or the Aircraft,

in each case, the effect of which, unless any applicable consents, exemptions or licences have been obtained in relation to the Aircraft, prohibits the Lessor, the Owner, the Lessee and/or any Permitted Sub-Lessee from operating, exporting and or using the Aircraft to, from or in that state, country or jurisdiction.

“**Excluded Tax**” means Taxes in relation to the Lessor or the Owner to the extent such Taxes are:

- (a) imposed as a direct result of activities of the Lessor or the Owner in the jurisdiction imposing the liability unrelated to:
 - (i) the Lessor’s or the Owner’s dealings with the Lessee;
 - (ii) to the transactions contemplated by this Agreement or the Transaction Documents;
 - (iii) any Permitted Sublease or Approved Interchange Agreement; and
 - (iv) the operation of the Aircraft by the Lessee or any Permitted Sublessee; or
- (b) imposed on the net income, profits or gains of the Lessor or the Owner by any Government Entity in their respective state of incorporation and/or the jurisdiction in which they are resident for tax purposes, other than:
 - (i) Taxes payable by the Lessor or the Owner as a direct result of the Lessor or the Owner being required to include in its taxable income any amount attributable to any improvement, alteration, substitution or addition to the Aircraft, except to the extent that any taxable profit realised by the Lessor or, as the case may be, the Owner is directly attributable to any improvement, alteration, substitution or addition to the Aircraft effected by the Lessee pursuant to any provision of this Agreement;

- (ii) Taxes which are imposed on the Lessor or the Owner by reason of the presence, location, maintenance, registration, use or operation of the Aircraft, any Engine, the Airframe or any Part in such jurisdiction;
- (iii) Taxes which are imposed on the Lessor or the Owner by reason of or consequent upon any Default or any breach by the Lessee of, or any failure by the Lessee to perform any of its obligations under, or any misrepresentation made by the Lessee in, this Agreement; or
- (c) Taxes which are imposed on the net income, profits or gains of the Lessor or the Owner by any Government Entity in any jurisdiction other than in their respective state of incorporation and/or the jurisdiction in which they are resident for tax purposes, subject to the qualifications set out in sub-paragraphs (b)(i), (ii) and (iii) above and subject to the additional qualification that this paragraph (c) shall not include any such Taxes to the extent they are imposed:
 - (i) as a result of the presence in the jurisdiction imposing the Tax of the Lessee or any Permitted Sublessee; or
 - (ii) as a result of the payment by the Lessee from the jurisdiction imposing the Tax of any amount due under this Agreement or any other Transaction Document; or
- (d) imposed solely as a result of an event occurring after the Expiry Date which is not related to the Lessor's dealings with the Lessee or the transactions contemplated by this Agreement or the operation of the Aircraft by the Lessee; or
- (e) imposed with respect to any period commencing or event occurring before Delivery; or
- (f) caused by the Lessor's or the Owner's fraud, wilful misconduct or Gross Negligence; or
- (g) a Tax liability which would have arisen even if the Transaction Documents had not been entered into and such Tax liability is unrelated to the transactions contemplated by any Transaction Documents; or
- (h) caused by a breach or default by the Lessor or the Owner of its express obligations under a Transaction Document which does not result from any act or omission of any person other than the Lessor or the Owner; or
- (i) caused by a breach by the Lessor or the Owner of any express representation or warranty made under this Agreement or under any other Transaction Document which does not result from any act or omission of any person other than the Lessor or the Owner; or

- (j) Taxes which arise as a result of a reasonably avoidable delay or failure by the Lessor or the Owner in filing any necessary tax returns required by law, in paying the relevant Taxes required by law or, in completing any necessary tax returns required by law it is obliged by law to file (provided the Lessor or the Owner, as the case may be, was aware of such obligation to file a tax return or make a payment of tax), unless such delay, failure or error is caused by the breach or failure of the Lessee to provide any information that is required for these purposes or that the Lessor may reasonably request; or
- (k) Taxes which arise solely as a result of events or circumstances occurring during any period during which the Lessee does not have possession of the Aircraft as a result of a breach by the Lessor of its obligations pursuant to Clause 7.1 (*Quiet enjoyment*) or any breach by the Security Trustee of its quiet enjoyment covenant contained in any Security Trustee's Quiet Enjoyment Letter; or
- (l) Taxes which arise as a result of the acquisition of the Aircraft (or Delivery), any voluntary sale, assignment, transfer or other disposition by the Lessor or the Owner of the Aircraft or any interest therein unless such sale, assignment, transfer or other disposition occurs in connection with, or arises following a Default; or
- (m) Taxes which arise with respect to any period or event occurring after Redelivery in accordance with the conditions set out in this Agreement (except to the extent any such Tax is attributable to such Redelivery) and is unrelated to any event occurring prior to such Redelivery and unrelated to the Lessor's dealings with the Lessee pursuant to the Transaction Documents or the transactions contemplated by the Transaction Documents; or
- (n) Taxes which arise as a result of any financing arrangement entered into by the Lessor or the Owner with respect to the Aircraft including any amounts payable by the Lessor or the Owner under or in connection with the Financing Documents; or
- (o) incurred by the Owner (if the Owner is not the Lessor) except to the extent that such Tax is a tax imposed on the Owner in circumstances in which, but for the existence of the Owner and any Head Lease, the Lessor would have incurred that liability and the Lessee would have been obliged to indemnify the Lessor against that liability.

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whichever is the earlier or, if the Redelivery of the Aircraft has been extended pursuant to Clause 18.2.1(a), the actual Redelivery Date.

"FAA" means the Federal Aviation Administration of the United States of America and any successor thereof.

“**Final Order**” means an order or judgment, the operation or effect of which has not been reversed, stayed, modified or amended, and as to which order or judgment (or any reversal, stay, modification or amendment thereof) (a) the time to appeal, seek certiorari or request reargument or further review or rehearing has expired and no appeal, petition for certiorari or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be granted; provided, however, with respect to either of the foregoing, no order or judgment shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024 may be filed with respect to such order or judgment.

“**Financier**” means, as at the Delivery Date, each of Her Britannic Majesty’s Secretary of State acting through the Export Credits Guarantee Department (operating as UK Export Finance), JPMorgan Chase Bank, N.A., National Westminster Bank plc. and CaixaBank (or each of their permitted transferees and assigns) as ECA Lenders, J.P. Morgan AG (or its permitted transferees and assigns) in its capacity as ECA Facility Agent and Wilmington Trust (London) Limited (or its permitted transferees and assigns) in its capacity as Security Trustee, and any other person or persons through which the Lessor or the Owner may from time to time finance or refinance its interest in the Aircraft and/or for whose benefit security over, or rights relating to, the Aircraft and/or any Transaction Document may be granted (including by way of a declaration of trust) by the Lessor or the Owner or at its request, and includes the Security Trustee and the Agent as well as any underwriter, placement agent or syndication agent, any export credit agency and any other person identified as a “Financier” for the purposes of this Agreement, as may be notified by the Lessor to the Lessee from time to time.

“**Financing Documents**” means each present and/or future document which is from time to time related to any financing of the Aircraft (including for such purpose each mortgage and any other security document providing for a Security Interest in the Aircraft or any Transaction Document, or leasing arrangements whether or not constituting a financing and any documents ancillary thereto).

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“**Flight Hour**” means:

- (a) with respect to the Airframe, each hour or part of an hour elapsing from the moment the wheels of the Aircraft leave the ground on take off until the wheels of the Aircraft next touch the ground; and

- (b) with respect to an Engine, each hour or part of an hour such Engine is operated, elapsing from the moment the wheels of the aircraft on which such Engine is installed leave the ground until the wheels of such aircraft next touch the ground.

“**Government Entity**” means:

- (a) any national government, political subdivision thereof, or local jurisdiction therein;
- (b) any instrumentality, board, commission, court, or agency of any thereof, however constituted; and
- (c) any association, organization, or institution of which any of the above is a member or to whose jurisdiction any thereof is subject or in whose activities any of the above is a participant.

“**Gross Negligence**” means any intentional action or decision of a person which is taken or made by such person with reckless disregard for the consequences of such action or decision.

“**Habitual Base**” means: (i) Brazil; (ii) Chile; (iii) the principal operations base of any Permitted Sublessee provided such base is not in a country or countries which is an Excluded Country; or (iv) subject to the prior written consent of the Lessor acting reasonably, any other country or countries not being an Excluded Country in which the Aircraft is for the time being habitually based (and for this purpose, the Aircraft shall be “habitually based” at the location from which the Aircraft departs on a flight (or a series of flights) and to which it customarily returns and remains between such flights (or series of flights)).

“**Head Lease**” has the meaning given to such term in Clause 23.3.1(b).

“**Hearing Date**” means the date of the Bankruptcy Court hearing date in August 2021. “**IATA**” means the International Air Transport Association.

“**IDERA**” means an irrevocable deregistration and export request authorisation suitable for filing with the relevant Aviation Authority, substantially in the form referred to in the Cape Town Convention or otherwise in form and substance reasonably satisfactory to the Lessor.

“**IFRS**” means the international financial reporting standards.

“**Indemnitee**” means the Lessor, the Owner, each Financier, the Lessor Guarantor and any and each of their respective successors, permitted assigns, shareholders, subsidiaries, affiliates, partners, directors, agents, employees, members and officers and each permitted transferee of each Financier.

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“**Insurance**” means the insurance cover (including any reinsurance) to be taken out under Clause 17 (*Insurance*) and Schedule 9 (*Insurance Requirements*).

“**Insurance Broker**” means Marsh Ltd or Willis Limited London or any other insurance broker with insurers of recognised standing in London or New York who normally participate in aviation insurances in the leading international insurance markets and led by internationally recognised and reputable underwriters approved by the Lessor (acting reasonably) for the purposes of this Agreement.

“**Invoice Date**” has the meaning given to such term in Part A, Schedule 7.

“**Landing Gear**” means the landing gear assembly of the Aircraft, excluding any rotatable components.

“**Landing Gear Overhaul**” has the meaning ascribed to it in Part B of Schedule 71.

“**Lease Period**” means the period commencing on the Delivery Date and ending on the Expiry Date.

“**Leasing Affiliate**” means any of:

- (a) the airlines specified in Part B of Schedule 11 for so long as any such airline is an Affiliate of the Lessee;
- (b) the Subsidiaries of the Lessee;
- (c) the Affiliates of the Lessee;
- (d) any other person controlled by the Lessee;

provided that, in each case, such person (i) is a commercial air carrier possessing at all relevant times whilst the Aircraft is operated by such person all necessary authorisations (including without limitation, those required to operate the Aircraft), consents and licences; (ii) is not incorporated in, or does not have its principal place of business in an Excluded Country (iii) is not a Sanctions Target and (iv) is not insolvent (excluding the Chapter 11 Cases, the related parallel and ancillary proceedings and any related events or circumstances in existence as of the date of this Agreement).

For the purpose of this definition, the Lessee shall be deemed to control another person if (i) the Lessee possesses directly or indirectly the power to direct the management or policies of such other person whether through (x) the ownership of voting rights, (y) control of the board (including control of its composition) of the other person, or (z) indirect control of (x) and (y), or (ii) such other person would, under relevant accounting principles, be consolidated for accounting purposes with Lessee.

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“**Lessee Guarantor**” has the meaning give to such term in Clause 23.2.

“**Lessee Illegality Event**” means it is or will become unlawful for the Lessor or the Lessee to give effect to any of its obligations expressed to be assumed by it in this Agreement or any other Transaction Document or to continue this Agreement or the leasing of the Aircraft hereunder or for the Lessor to exercise any of its rights or remedies under this Agreement or any other Transaction Document, or an event contemplated by Clause 19.1.16 or 19.1.17 occurs other than as a result of the act or omission of the Lessee or any Permitted Sublessee, and in each case such circumstances do not constitute a Lessor Illegality Event.

“**Lessee Termination Event**” has the meaning given to such term in Clause 28.

“**Lessor Guarantee**” means the guarantee dated on or about the date of this Agreement issued by the Lessor Guarantor in favour of the Lessee in respect of the Lessor’s obligations under the Transaction Documents to which it is a party.

“**Lessor Guarantor**” means Avolon Aerospace Leasing Limited.

“**Lessor Temporary Engine**” has the meaning given to it in Clause 10.5.1.

“**Lessor Replacement Engine**” has the meaning given to such term in Clause 10.5.2.

“**Lessor Replacement Engine Delivery Date**” has the meaning given to such term in Clause 10.5.2.

“**Lessor Illegality Event**” means it is or will become unlawful for the Lessor to give effect to any of its obligations expressed to be assumed by it in this Agreement or any other Transaction Document or to continue this Agreement or the leasing of the Aircraft hereunder or to exercise any of its rights or remedies under this Agreement or any other Transaction Document, and such circumstances apply solely in the Lessor’s and/or the Lessor Guarantor’s jurisdiction of incorporation and do not apply to, or in respect of, another jurisdiction.

“**Lessor Lien**” means any Security Interest over or in respect of the Aircraft or any Transaction Document:

- (a) created by the Lessor or the Owner or through the Lessor or the Owner, including in connection with the financing of the Aircraft; or
- (b) created by or through any Financier; or
- (c) resulting from acts of or claims against the Lessor or the Owner or any Indemnitee not arising as a result of the operation of the Aircraft or the transactions contemplated by or permitted under this Agreement (other than as a consequence of the occurrence of an Event of Default) or to any act or omission of the Lessee; or
- (d) resulting from an Excluded Tax.

“**Life Limited Parts**” or “**LLPs**” means those Parts, defined by the Manufacturer or by EASA, the FAA or the Aviation Authority, requiring retirement and subsequent replacement on a mandatory basis prior to, or upon the expiration of, the Manufacturer’s certified life, such life being expressed in terms of Cycles, Flight Hours or calendar time, as applicable.

“**Loss**” means any liabilities, obligations, settlements, losses, actions, claims, charges, proceedings, indemnity payments, damages, penalties, fines, fees (including, without limitation, legal fees and irrevocable VAT thereon, if applicable), adverse judgments, orders, other sanctions, costs and expenses of whatsoever kind and nature.

“**Loss Payee**” means the Security Trustee or, such other person as the Lessor notifies the Lessee in writing from time to time.

“**Maintenance Performer**” means the maintenance performer for the Airframe, the Parts and the Engines certified by the Aviation Authority.

“**Maintenance Planning Document**” or “**MPD**” means the latest revision of the maintenance planning document issued by the Manufacturer setting out the maintenance tasks for the Aircraft and the thresholds and/or intervals at which such tasks should be completed.

“**Maintenance Programme**” means the maintenance programme of the Lessee or any Permitted Sublessee which for the Aircraft shall be substantially in accordance with the MPD and approved by the Aviation Authority as amended from time to time in accordance with the provisions of Clause 13.5.4 (*Aircraft Documents*).

“**Manufacturer**” means, with respect to the Airframe, the Airframe Manufacturer, with respect to the Engines, the Engine Manufacturer and with respect to any Part, the original equipment manufacturer of such Part.

“**Manufacturer Warranties**” means both the Airframe Warranties and the Engine Warranties.

“**Material Adverse Change**” means a material adverse change in the financial condition of the Lessee since 30 July 2021.

“**Minimum LC Rating**” means a long-term unsecured rating of BBB from Standard and Poors’ or A from Moody’s Investor Services.

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“**Modifications**” means the modifications set out in Schedule 12.

“**Modifications Maintenance Performer**” has the meaning given to such term in Clause 13.2.3.

“**Non OEM Part**” means a replacement Part which has not been either (a) manufactured by the Manufacturer or the Engine Manufacturer, as appropriate or (b) approved and warranted in writing by the Manufacturer or the Engine Manufacturer, as appropriate.

“**Notice and Acknowledgement**” means a notice and acknowledgement entered into, or to be entered into as the context may require, between any of the Lessor, the Security Trustee and the Owner and the Lessee substantially in such form as may be reasonably required by the Lessor or the Security Trustee.

“**OEM**” means the original equipment manufacturer.

“**OEM Part**” means a part that has been manufactured by the same Manufacturer of the Part it replaces.

“**Original Financial Statements**” means the Lessee’s consolidated audited financial statements for its financial year ended 31 December 2020.

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“**Other Agreements**” means each of the aircraft lease agreements between the Lessor (or an Affiliate of the Lessor) and the Lessee (or an Affiliate of the Lessee) relating to the Other Aircraft.

“**Owner**” means, as at the Delivery Date, Darcy Aviation Limited and thereafter such other person as the Lessor may notify to the Lessee as the owner of the Aircraft from time to time.

“**Part**” means each component, furnishing or part (other than a complete Engine) supplied with the Aircraft on the Delivery Date, in each case until replaced in accordance with this Agreement and includes any such replacement, and all technical data (including historical, operational and maintenance records related thereto when required by the Aviation Authority).

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“**Permitted LC Bank**” means any major international bank reasonably satisfactory to the Lessor for the purposes of issuing or confirming a Security Deposit Letter of Credit with a credit rating equal to or higher than the Minimum LC Rating.

“**Permitted Security Interest**” means:

- (a) any lien for Taxes not assessed or, if assessed, not yet due and payable, or which are being contested in good faith by appropriate proceedings;
- (b) any lien of a repairer, carrier, hangar keeper, mechanic, material-man, carrier, employee or other similar lien arising in the ordinary course of business by operation of law in respect of obligations which are not overdue or are being contested in good faith by appropriate proceedings;
- (c) any Lessor Lien;
- (d) any lien arising in respect of the operation of the Aircraft pursuant to the Previous Lease;
- (e) any Security Interest arising from the Financing Documents and the Transaction Documents,

but, in each case of (a) and (b) above, only if:

- (i) adequate reserves have been provided by the Lessee for the payment of the Taxes or obligations and such reserves have been evidenced to the Lessor to its reasonable satisfaction; and
- (ii) such proceedings, or the continued existence of the lien, do not, in the reasonable opinion of the Lessor, give rise to any likelihood of the sale, forfeiture or other loss of possession or title in the Aircraft or any interest in the Aircraft or of criminal liability on any Indemnitee.

“**Permitted Sublease**” has the meaning given to such term in Clause 9.4 (*Permitted subleasing*).

“**Permitted Sublessee**” means, at any time,:

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“**Previous Lease**” means the operating lease agreement dated 16 January 2015 originally between CIT Aerospace International, as lessor, and Norwegian Air International Limited as lessee, as novated, amended and supplemented from time to time and ultimately between the Lessor as lessor and the Previous Operator as lessee and as terminated on 18 March 2021.

“**Previous Operator**” means Torkefjorden Leasing Limited, an Affiliate of Norwegian Air Shuttle ASA .

“**Prime Rate**” means on any date that the same is to be determined the \$ “prime rate” as published in the Wall Street Journal on such date, and, in any case, if the rate is less than zero, the Prime Rate shall be deemed to be zero.

“**Protocol**” means the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, concluded in Cape Town South Africa, on 16 November 2001 (utilising the English-language version thereof).

“**RAB**” means the Brazilian Aeronautical Registry, or any Government Entity that is the successor thereto.

“**Redelivery**” means the redelivery of the Aircraft to the Lessor in compliance with the terms of this Agreement.

“**Redelivery Acceptance Certificate**” means the redelivery acceptance certificate in substantially the form of Schedule 6 (*Form of Redelivery Acceptance Certificate*).

“**Redelivery Condition**” means the condition in which the Aircraft must be on Redelivery, as described in Part B of Schedule 10 (*Redelivery*).

“**Redelivery Date**” means the date on which the Lessor accepts the Aircraft for Redelivery.

“**Redelivery Location**” means Sao Paulo, Brazil or Santiago, Chile (at the Lessee’s option) or such other location as the Lessor and the Lessee may agree.

“**Redelivery Procedure**” means the inspection and other procedures to verify that the Aircraft is in the Redelivery Condition, as described in Part A of Schedule 10 (*Redelivery*).

“**Removed Engine**” means an Engine which has been removed from the Airframe and is to be replaced by a Replacement Engine in accordance with Clauses 10.3 (Permanent replacement of Engines and Parts).

“**Rent**” means all amounts payable as rent in accordance with Clause 5.1 (*Rent*) and Part A of Schedule 7 (*Rent*).

“**Rent Date**” means the first day of each Rent Period.

“**Rent Period**” means each period ascertained in accordance with Clause 5.2 (*Rent Periods*).

“**Replacement Engine**” means, where it is intended that that engine will become an Engine, an engine:

- (a) which is serviceable, airworthy and of the same manufacture and model as, or an improved or advanced version of, the Removed Engine it is replacing, approved by the Manufacturer for operational use on the Airframe (assuming that Removed Engine it is replacing was in the condition and repair in which it is required to be maintained under this Agreement);
- (b) in respect of which the Lessee has such details as to the source and maintenance records of the replacement engine as are required by Applicable Regulations;
- (c) which has equivalent or better less time elapsed since the last engine performance restoration and remaining equivalent warranty status as the Engine it replaces;

- (d) which has as much useful life available until the next scheduled maintenance for performance restoration as the Engine it replaces;
- (e) in respect of which the Lessee can provide to the Lessor full details as to its source and full maintenance records;
- (f) with complete certified back-to-birth records for its Life Limited Parts;
- (g) for which the Lessee has documentation (and shall provide the same to the Lessor promptly upon request) certifying compliance with all applicable Aviation Authority requirements, including, without limitation:
 - (i) a release certificate and, if not indicated on such release certificate, a teardown report or documentation indicating time since last maintenance requirement (with respect to a time controlled part) and a description of work accomplished with respect to such part by a Maintenance Performer;
 - (ii) overhaul records;
 - (iii) documentation of modification status and compliance with Airworthiness Directives;
 - (iv) in the case of Engine Life Limited Parts, a complete service history (including full "back to birth" traceability) in compliance with OEM standards; and
 - (v) any other associated documentation relating to the maintenance and repair status of such replacement part;
- (h) which is of an equivalent or greater condition, value, modification status and utility as, and has not accumulated more Engine Flight Hours or Cycles than the Removed Engine it is replacing (assuming that the Removed Engine it is replacing was in the condition and repair in which it is required to be maintained under this Agreement);
- (i) which is suitable for installation and use on the Airframe without impairing the value or utility of the Airframe (assuming the Airframe is in the condition in which it is repaired to be maintained under this Agreement);
- (j) which has not been involved in any incident or accident;
- (k) which is free from any Security Interests (other than Permitted Security Interests) and for which the Lessee can provide the Lessor such evidence of title as the Lessor or Security Trustee may reasonably request; and
- (l) which shall not contain any Non OEM Part parts or DER Repairs.

"**Replacement Part**" means a part, component, furnishing, appliance, module, accessory, instrument or other item of equipment (not being an Engine module):

- (a) which is serviceable, airworthy and of the same manufacture and model as or, an improved or advanced version of, and in equivalent or better operating condition as and of at least the same condition, value, modification status and utility as the Part that it is replacing (assuming that that replaced Part was in the condition and repair in which it is required to be maintained under this Agreement);

- (b) in respect of which the Lessee has such details as to the source and maintenance records of the replacement part as are required by Applicable Regulations and in the case of Life Limited Parts that a complete service history is available (including traceability “back to birth”);
- (c) for which the Lessee has documentation (and shall provide the same to the Lessor promptly upon request) certifying compliance with all applicable Aviation Authority requirements, including, without limitation, if applicable:
 - (i) a release certificate and, if not indicated on such release certificate, a teardown report or documentation indicating time since last maintenance requirement (with respect to a time controlled part) and a description of work accomplished with respect to such part by a Maintenance Performer;
 - (ii) overhaul records;
 - (iii) documentation of modification status and compliance with Airworthiness Directives;
 - (iv) in the case of Life Limited Parts, a complete service history (including full “back to birth” traceability) in compliance with OEM standards; and
 - (v) any other associated documentation relating to the maintenance and repair status of such replacement part;
- (d) which is free from any Security Interests (other than Permitted Security Interests) and for which the Lessee can provide the Lessor such evidence of title as the Lessor or Security Trustee may reasonably request;
- (e) subject to Clause 10.4 (*Approved Non-OEM Parts*), which has had all repairs approved by the OEM; and
- (f) which has not been involved in any incident or accident.

“**Requisitioning Period**” means any period from the date when the Aircraft is requisitioned for use to the earlier of (a) the Redelivery of the Aircraft to the Lessee and (b) payment of the Agreed Value by the Lessee.

REDACTED

“**Sanctions**” means: (i) United Nations sanctions imposed pursuant to any United Nations Security Council Resolution; (ii) U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”); (iii) any other sanctions laws and regulations applicable to the Lessee or to the Aircraft and (iv) any Government Entity of the European Union.

“**Sanctions Target**” means a target or subject of Sanctions, including, without limitation, any person or entity designated as a Specially Designated National and Blocked Person or included in the annex to the US Executive Order No. 13224 on Terrorist Financing: Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, issued 23 September 2001, as amended by Order 13268 by the Office of Foreign Assets Control of the U.S Department of the Treasury (OFAC).

“**Scheduled Delivery Date**” means a day in the Scheduled Delivery Month to be notified by the Lessor to the Lessee in writing not less than two (2) weeks prior to the commencement of the Scheduled Delivery Month.

“**Scheduled Delivery Month**” means November 2021 or such later month as the Lessor and the Lessee may agree.

REDACTED

“**Security Interest**” means any mortgage, charge, assignment by way of security, pledge, conditional sale, encumbrance of any kind, lien, including tax liens, mechanics liens and any liens that attach by operation of law, declaration of trust or any other arrangement which has the effect of giving another person any security claim or interest.

“**Security Transfer**” has the meaning given to such term in Clause 23.3.1(a).

“**Security Trustee**” means, as at the Delivery Date, Wilmington Trust (London) Limited (or its permitted transferees and assigns) in its capacity as security trustee or such other person or persons appointed as security trustee, collateral agent or similar representative for any of the Financiers and any other person identified as a “Security Trustee” for the purposes of this Agreement, as notified by the Lessor to the Lessee from time to time.

“**Security Trustee’s Quiet Enjoyment Letter**” means any quiet enjoyment letter issued by any Security Trustee substantially in the form of Clause 7.1 (*Quiet enjoyment*) and otherwise in such form as may be agreed between the Lessor and the Lessee (acting reasonably).

“**Service Bulletins**” means publications from any relevant Manufacturer recommending or requiring that the Aircraft be inspected or modified.

“**Servicer**” means:

- (a) Avolon Aerospace Leasing Limited; and/or
- (b) any other lease manager which is of good industry standing and is reputable and experienced in commercial aircraft leasing and which is not (and is not related to) an airline in competition with the Lessee or any Leasing Affiliate, providing services to the Lessor or the Owner related to the Aircraft or the Transaction Documents, identified as a “**Servicer**” for the purposes of this Agreement, as may be notified in writing by the Lessor to the Lessee from time to time.

“**State of Registration**” means (i) the state of registration of the Lessee, (ii) Brazil or (iii) such other country or state of registration of the Aircraft in which the Aircraft is permitted to be registered in accordance with Clause 9.4 (*Permitted subleasing*).

“**Subordination Agreement**” means any subordination agreement entered into between the Permitted Sublessee, the Lessee, the Owner and/or the Lessor (as the case may be) and, if applicable, the Security Trustee in relation to a Permitted Sublease in form and substance reasonably acceptable to the Lessor.

“**Subsidiary**” means:

- (a) in relation to any reference to accounts, any company whose accounts are consolidated with the accounts of the Lessee in accordance with accounting principles generally accepted under accounting standards of Chile;
- (b) for any other purpose, an entity from time to time:
 - (i) of which another has direct or indirect control or owns directly or indirectly more than fifty per cent. (50%) of the voting share capital; or
 - (ii) which is a direct or indirect subsidiary of another under the laws of the jurisdiction of its incorporation.

For the purpose of this defined term, “**control**” means the power to direct the management and the policies of the entity whether by control of the management, board of directors or similar governing body of such entity or by ownership of or rights over the voting capital of such entity.

“**TAM**” means TAM Linhas Aéreas S.A.

“**Tangible Net Worth**” means, in respect of any person, the aggregate amount paid up or credited as paid up on such person’s issued share capital and reserves (including any share premium account, capital redemption reserve and any credit balance on its profit and loss account) less the aggregate of any debt balance on its profit and loss account, and excluding amounts set aside for deferred taxation and any amounts attributable to goodwill, patents, trade marks, trade names, deferred research and development costs, deferred marketing expenses and other intangible assets.

“**Taxes**” means all present and future taxes, levies, imposts, duties or charges of any nature whatsoever relating to any of the foregoing, and wheresoever imposed, including value added tax or any similar tax and any franchise, transfer, sales, use, business, occupation, excise, personal property, real property, stamp, gross income, fuel, leasing, occupational, turnover, excess profits, excise, gross receipts, franchise, registration, licence, corporation, capital gains, export, import, customs income, levies, imposts, withholdings or other taxes or duties of any nature whatsoever (or any other amount corresponding to any of the foregoing) now or hereafter imposed, levied, collected, withheld or assessed by any national or regional taxing or fiscal authority or agency or other Government Entity, together with any penalties, additions to tax, fines or interest thereon, and **Tax** and **Taxation** shall be construed accordingly.

“**TotalCare Agreement**” has the meaning given to such term in Part B of Schedule 7.

“**TotalCare Agreement Summary**” means the summary of the coverage and term of the TotalCare agreement including the following information:

- (a) Customer’s name;
- (b) Engine type;
- (c) Engine serial numbers;
- (d) Name, date and reference of the TotalCare Agreement;
- (e) Period of Cover of the TotalCare Agreement;
- (f) Definition of Qualified Event;
- (g) TotalCare Services provided by the Engine Manufacturer under the TotalCare Agreement; and
- (h) Differences in the Lessee’s Engine Management Plan from the generic Rolls-Royce Engine Management Plan.

“**Total Loss**” means:

- (a) the actual, constructive, compromised, arranged or total loss of the Aircraft agreed by insurers;
- (b) if the Aircraft is destroyed, damaged beyond economic repair or becomes permanently unfit for normal use for any reason (including any damage to the Aircraft or it being requisitioned for use where the insurers agree a total loss settlement);
- (c) if the Aircraft is requisitioned for title, confiscated, seized, detained, forfeited, compulsorily purchased; or
- (d) if the Aircraft is requisitioned for hire for more than one hundred and eighty (180) days or is hi-jacked, stolen or disappears for sixty (60) days or longer.

“**Total Loss Payment Date**” means with respect to a Total Loss the earlier of:

- (a) the first Business Day which falls on or after the date falling sixty (60) days after the Total Loss happened; and
- (b) the date the Insurance proceeds are received by the person entitled to such proceeds under this Agreement for that Total Loss.

“**Tracked Part**” means each part that for its nature needs a specific control of usage expressed in calendar time and/or Cycles and/or Flight Hours, when its individualization is feasible by means of its serial number identification provided by the OEM and as a minimum, shall include all parts identified in the aircraft inspection report provided by the Airframe Manufacturer at Delivery. A list of tracked parts are to be agreed between the Lessor and the Lessee no later than six (6) months prior to the Redelivery Date.

“**Transaction Documents**” means this Agreement, the IDERA, the Airframe Warranties Agreement, the Engine Warranties Agreement, the Notice and Acknowledgement, the Acceptance Certificate, the Aviation Authority Letter (if applicable), the Deregistration Power of Attorney, the Assignment of Insurances, the Lessor Guarantee, any Subordination

Agreement and any other document which is entered into by the Lessee or any Permitted Sublessee in connection with any of those agreements, as each of the same may be amended from time to time.

REDACTED

“**Workscope Planning Guide**” means the Engine Manufacturer’s generic workscope planning guide in respect of the Engines.

Part B
Interpretation

The following rules of interpretation apply throughout the Agreement.

1. Unless otherwise stated, a reference to:
 - (a) any Applicable Regulation includes any change or addition to it or replacement of it;
 - (b) “**month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:
 - (i) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
 - (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.The above rules will only apply to the last month of any period;
 - (c) this Agreement or any other agreement or document includes any changes, replacements or substitutions;
 - (d) **indebtedness** includes any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (e) a **person** may, depending on the context, include an individual, any form of corporate or business association or any state or form of governmental or official body, whether having a distinct legal identity or not;
 - (f) the Lessor, the Lessee or any other person includes their respective successors, transferees and assignees; and
 - (g) **includes, including, include** or similar terms shall not be construed as limiting and shall mean “including, without limitation”.
2. The Clause headings and sub-headings are used in this Agreement only to make it easier to read. They are not intended to affect its meaning.
3. Certain technical terms used but not defined have the meaning given in Annex six and eight of the Convention of International Civil Aviation in force from time to time.
4. A Default or Event of Default is continuing if it has not been waived in writing by the Lessor or remedied.
5. Any reference to this Agreement includes its Schedules.

**Schedule 2
Aircraft Particulars**

Manufacturer:	Boeing
Model:	787-9
Registration:	As specified in the Acceptance Certificate
Engine Model:	Trent 1000-J2
Engine Serial Numbers:	As specified in the Acceptance Certificate
Engine Thrust Rating	78,000 lbs
APU Manufacturer:	Hamilton Standard
APU Model:	APS 5000A
APU Serial Number:	As specified in the Acceptance Certificate
Aircraft Specification:	As per Schedule 4Part A (<i>Aircraft Specification</i>)
MTOW:	250,837 kgs
MLW:	192,776 kgs
MZFW:	181,436 kgs
LOPA:	35W / 309Y
Noise Category:	ICAO Chapter 4
All Weather Operations:	Category III

Schedule 3
Conditions Precedent and Conditions Subsequent

Part A
Lessee Conditions Precedent

REDACTED

REDACTED

REDACTED

Part B
Lessor Conditions Precedent

REDACTED

REDACTED

Part C

Lessee Conditions Subsequent

1. Import

Evidence that any required import licence, and all customs formalities, relating to the import of the Aircraft into the State of Registration and/or the Habitual Base have been obtained or complied with to be provided to the Lessor within no more than forty-five (45) days after the Delivery Date, including evidence of submission to the Chilean Customs Authority (*Dirección General de Aduanas*) of a communication indicating the application of the temporary admissions regime to the Aircraft.

2. Aircraft documents

No later than sixty (60) days after the Delivery Date, the Lessor shall receive each of the following:

- (a) Standard Airworthiness Certificate issued by DGCA Chile in respect of the Aircraft;
- (b) Copy of the Registration of Ownership title and of this Agreement in the Registro Nacional de Aeronaves of the *Dirección General de Aeronáutica Civil*; and
- (c) Certificate of registration of the Aircraft issued by the DGCA Chile evidencing the Lessee as operator and the Owner as owner of the Aircraft.

Schedule 4

**Part A
Aircraft Specification**

Aircraft Manufacturer, Model and Series: Boeing 787-9

Aircraft Specification: Boeing 787-9

Manufacturer's Serial Number: 38891

The Aircraft shall conform to the above Aircraft Specification and be equipped with all Parts installed thereon at the time of the delivery by the Manufacturer.

Engine Manufacturer and Model: Rolls Royce Trent 1000 Engines

Serial Numbers: As set forth in the Acceptance Certificate

APU Serial Numbers: As set forth in the Acceptance Certificate

MTOW: 250,837 kgs

LOPA: 35W / 309Y

Part B
Delivery Procedure

REDACTED

Part C
Delivery Condition

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

10. Documentation

All Aircraft Documents and other current and historical records delivered with the Aircraft on delivery from the Manufacturer, and all other Aircraft Documents acquired or prepared by the Previous Operator shall be available with the Aircraft including, without limitation, (i) time logs showing Aircraft and Engine Flight Hours and Cycles on any given date, (ii) documents, (iii) manuals (revised up to and including the most current revisions issued by the Manufacturer), (iv) data, (v) Overhaul records, (vi) time controlled Part traceability to Overhaul and to "zero time since new" for time controlled Parts which have life limits as determined by the Manufacturer or EASA and the FAA as applicable, (vii) log books, (viii) original Aircraft and Engine delivery documents, (ix) EASA Form One (or any successor thereto) for all then currently installed Parts which have been replaced by the Previous Operator, (x) EASA Form One for time controlled Parts then currently installed on the Aircraft and which have been Overhauled or installed, (xi) FAA, EASA and/or other Aviation Authority forms (as applicable), (xii) records of modification accomplished with respect to the Airframe, Engines, Landing Gear and APU, (xiii) Airframe and Engine inspection records (including NDT documentation such as x-ray, eddy current, etc.), (xiv) burn test certification records, including without limitation, those required by EASA or FAA for seat covers, cushions and carpeting (as applicable), and (xv) all other documentation in the possession of the Previous Operator, pertaining to the Airframe, Engines and Parts. All discrepancies found in the Aircraft Documents shall be corrected, and any missing Aircraft Documents shall be reconstructed by the Lessor at the Lessor's sole cost and expense prior to the Delivery Date in accordance with the following:

A. Certificates

- A001 Certificate of Airworthiness
- A002 Current Certificate of Registration
- A003 C of A for Export
- A004 Noise Limitation Certificate (AFM page)
- A005 Radio Station License
- A006 Aircraft deregistration confirmation (if applicable)
- A007 Burn Certificates - Cabin Interiors - as follows:

Certification of compliance with the fire blocking requirements as outlined in FAR / JAR Part 25 including:

- Seat cushions*

- Back rest cushions*
- Dress covers*
- Carpets and Curtains
- Flight Attendant Seats
- Cockpit Observer's Seats
- Galley Floor Covering
- Interior Surfaces (if refurbished)

* Including "in combination" burn certification

* Note: some of the above items may not be required based on Modifications as specified in Clause 13.

B. Aircraft Maintenance Status Summaries

- B001 Certified current Time in Service (Flight Hours and Cycles) and maintenance status
- B002 Certified status of Airframe and Appliance Airworthiness Directives including method of compliance
- B003 Certified status of Service Bulletins Incorporated
- B004 Certified status of all non SB and Major Modifications/STC's including acceptable State of Manufacture Certification
- B005 Certified status of SSI (SSI's included in structures program – LDND)
- B006 Certified status of CPCP (CPCP included in structures program – LDND)
- B007 Certified inventory of Hard Time Components (Fitted listing)
- B008 Certified inventory of OC/CM Components (Fitted listing)
- B009 Certified status of Check/Inspection History and Current Status of Checks
- B010 List of Deferred Maintenance Items (if applicable)
- B011 List of Out of Phase Checks, Special Requirements, Time Limited Repairs (if any)
- B012 Aircraft Accident and Incident Statement
- B013 Structural repairs and damage Status (including Dent and Buckle Chart)
- B014 Certification Maintenance Requirements (CMR) item status

B015 Aircraft Flight Time Report / Aircraft Log Book

C. Aircraft Maintenance Records

- C001 Technical Logs
- C002 A Checks: Last complete cycle of A Checks (or equivalent)
- C003 C Checks: Last Complete cycle of C Checks (or equivalent)
- C004 All Major Checks (if applicable)
- C005 CPCP Tasks including DFP and finding reports (if applicable)
- C006 Dirty Finger Print Certification (DFP) - AD's - DFP must reference AD and/or Applicable SB
- C007 Dirty Finger Print Certification - SB's
- C008 Dirty Finger Print Certification - STC Documentation and All other modifications
- C009 Dirty Finger Print Certification All Structural repairs/structural damage
- C010 Details of State of Manufacture approval basis - All non SRM Structural repairs
- C011 Certification Maintenance Requirement (CMR) Dirty Finger Prints
- C012 Last Weighing Report including Schedule
- C013 Last Balancing of All Control Surfaces (if applicable)
- C014 Last Demonstration Flight Report
- C015 Certified ETOPS compliance report (if applicable)
- C016 Certified last done/ next due MPD task listing
- C017 NDT documentation such as x-ray and eddy current, etc.(if applicable)

D. Configuration Status

- D001 Approved and certified LOPA
- D002 Galley Drawings and Galley OHM
- D003 Emergency Equipment Drawing/Listing
- D004 Loose Equipment Inventory
- D005 Inventory Listing of Avionic Units installed

E. Aircraft Historical Records

- E001 C of A (Export) from State of Manufacture
- E002 Manufacturer's AD Report
- E003 Manufacturer's Inspection Report, Initial Equipment list / Aircraft Readiness Log (or equivalent)
- E004 Manufacturer's repair/alteration report
- E005 Manufacturer's SB Report (if applicable)
- E006 Aircraft Historical / Miscellaneous Log (or equivalent) (if applicable)
- E007 Last Flight Data Recorder Read Out and Corrections (if applicable)

F. Engine Records

- F001 Certified Statement on Status of Each Engine
- F002 Certified Status of Engine Airworthiness Directives including Method of Compliance
- F003 Manufacturer's Modifications and SB Status
- F004 In house Modifications (if applicable)
- F005 Certified LLP Listing
- F006 Manufacturer Delivery Document
- F007 Complete copies of all historical Engine/Module Shop Visit Reports including complete dirty finger print work packages or mini packages
- F008 LLP Status and Full and unbroken Traceability to birth
- F009 Condition Monitoring Report (if available)
- F010 Engine Log Book/Master Records of Installation/Removals
- F011 Last Borescope Report, including video if available
- F012 Test Cell Run Report
- F013 Last On Wing Ground Run (if available)
- F014 Engine Accident & Incident Statement
- F015 Approved ETOPS compliance report (if applicable)
- F016 Type of Engine Oil Used

F017 Statement of Exceedences and corrective actions per the maintenance manual during Term

F018 Power Rating Operation Statement (Cycles of operation e.g., B1, B2, C1, etc.)

F019 Engine NDT documentation such as x-ray, eddy current, etc. (if applicable)

G. APU

G001 Certified Statement on Status of APU

G002 Certified Status of APU Airworthiness Directives including Method of Compliance

G003 Manufacturer's Modifications and SB Status

G004 APU Log Book/Master Record of Installation/Removals

G005 Complete copies of all APU Shop Visit Reports & Reason for Removal

G006 Statement of APU Hours to Aircraft Flying Hours (ratio)

G007 LLP Status and Full and unbroken Traceability to birth (if applicable)

G008 Last On Wing/Health Check Data sheets (if applicable)

G009 Last Test Cell Run

G010 Approved ETOPS compliance report (if applicable) G011 Type of APU Oil Used

H. Component Records

H001 *Approved Release to Service Certification for Hard Time Components

H002 *Approved Release to Service Certification for OC/CM Components

I. Landing Gears

I001 *Approved Release to Service Certification for major assemblies on each Landing Gear from last Overhaul

I002 Approved LLP Listings for each Landing Gear such that total life of each LLP can be appropriately demonstrated

I003 Last Overhaul Mini Pack

J. Manuals

All Manufacturer's Manuals delivered with the Aircraft (if applicable)

Any manual required for continue airworthiness due to Modifications accomplished in accordance with STC's (if applicable).

Lessee shall gain its own access to electronic and/or internet-based manuals and publications granted by the Manufacturer.

K. Miscellaneous

K001 Maintenance Programme Specifications (Lessee's)

K002 Reference Material for Interpretation of Status Summaries, or cross reference for Part Numbers

* Items H001, H002 and I001 to be covered by EASA Form 1 or FAA Form 8130 3 with EASA dual release and all other documentation in the possession of the Lessor, relating to the Airframe, Engines or any Parts.

Schedule 5
Form of Acceptance Certificate

This Acceptance Certificate relates to the operating lease agreement (the “**Agreement**”) dated [] and made between Avolon Aerospace AOE 147 Limited (the “**Lessor**”), and LATAM Airlines Group S.A. (the “**Lessee**”) in respect of the one (1) Boeing model 787-9 aircraft with manufacturer’s serial number 38891, registration mark [●] and having two (2) Trent 1000-J2 Engines with serial numbers [●] and [●] installed thereon (as more particularly described in the Agreement as the Aircraft).

Unless otherwise defined in this certificate, capitalised words and expressions used in this certificate shall have the same meanings as given to them in the Agreement.

1. The Aircraft has been delivered to us together with its Aircraft Documents (as per the Aircraft Documents List signed by the Lessee and the Lessor and annexed to this Acceptance Certificate) on the [**] day of [**] 20[**]. Delivery took place on that date at [[**] (state Delivery Location)], at [**] hours.
2. We confirm that the Aircraft meets all of the requirements necessary for us to accept Delivery of it and that the Lessor has fully performed all of its obligations under the Agreement with respect to that Delivery. We acknowledge that the Aircraft has been delivered to us “as-is where-is”. We agree that Clause 22 of the Agreement shall apply as if expressly set out herein.
3. The installed APU is a Hamilton Standard APS 5000A model APU with Serial Number [●].
4. At Delivery the Aircraft had [**] fuel on board.
5. Other statistics evidencing the condition of the Aircraft at Delivery (including Flight Hours and Cycles) are attached.
6. The Lessee confirms to the Lessor that, as at the time indicated above, being the Delivery Date:
 - (a) the representations and warranties of the Lessee contained in Clause 3 (*Representations and Warranties*) of the Agreement remain and are true;
 - (b) the Aircraft is insured as required by the Agreement; and
 - (c) the Aircraft is accepted for all purposes of the Agreement.

This Acceptance Certificate and any non-contractual obligations arising from or in connection with it, are governed by and shall be construed in accordance with English law.

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

LATAM AIRLINES GROUP S.A.

We hereby acknowledge and accept the above

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

AVOLON AEROSPACE AOE 147 LIMITED

[*TO BE INSERTED*]

Schedule 6
Form of Redelivery Acceptance Certificate

This Redelivery Acceptance Certificate relates to the operating lease agreement (the “**Agreement**”) dated [] 2021 and made between [●] (the “**Lessor**”), and LATAM Airlines Group S.A. (the “**Lessee**”) in respect of the one (1) Boeing model 787-9 aircraft with manufacturer’s serial number 38891, registration mark [●] and having two (2) Trent 1000-J2 Engines with serial numbers [●] and [●] installed thereon (as more particularly described in the Agreement as the Aircraft).

Unless otherwise defined in this certificate, capitalised words and expressions used in this certificate shall have the same meanings as given to them in the Agreement.

1. The Aircraft has been redelivered to us together with its Aircraft Documents (as per the Aircraft Documents List signed by the Lessee and the Lessor and annexed to this Redelivery Acceptance Certificate) on the [** day of [**] 20[**]. Redelivery took place on that date at [[**] (*state redelivery Location*)], at [**] hours.
2. We confirm that the Aircraft meets all of the requirements necessary for us to accept Redelivery of it and that the Lessee has fully performed all of its obligations under the Agreement with respect to that Redelivery. We acknowledge that the Aircraft has been redelivered to us “as-is where-is”. We agree that Clause 22 of the Agreement shall apply as if expressly set out herein.
3. The installed APU is a Hamilton Standard APS 5000A model APU with Serial Number [●].
4. At Redelivery the Aircraft had [**] fuel on board.
5. Other statistics evidencing the condition of the Aircraft at Redelivery (including Flight Hours and Cycles) are attached.

This Redelivery Acceptance Certificate and any non-contractual obligations arising from or in connection with it, are governed by and shall be construed in accordance with English law.

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of [●]

We hereby acknowledge and accept the above Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

LATAM AIRLINES GROUP S.A.

[*TO BE INSERTED*]

**Schedule 7
Payments**

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

**Schedule 8
Reporting & Notices**

**Part A
Form of Technical Report**



OWNER REPORT

Details of Arguments

DATE FROM	<input type="text"/>	DATE TO	<input type="text"/>
FLEET	<input type="text"/>	DATA AE OF	<input type="text"/>
REGISTRATION CODE	<input type="text"/>	PERIOD FH	<input type="text"/>
MSB	<input type="text"/>	PERIOD FC	<input type="text"/>
AIRCRAFT OWNER	<input type="text"/>	TOTAL FH SINCE NEW	<input type="text"/>
AIRCRAFT OPERATOR	<input type="text"/>	TOTAL FC SINCE NEW	<input type="text"/>

Details

AIRFRAME STATUS													
CHECK NAME	INTERNAL CALENDAR TIME	INTERNAL FPH	INTERNAL FFC	NEXT CHECK BARCODE	NEXT CHECK LOCATION	BP BARCODE	BP DUE	SCHED START	LAST CHECK BARCODE	DATE LAST CHECK	LAST CHECK LOCATION	FH AT LAST CHECK	FC AT LAST CHECK

ENGINE(S) (Originals Received)												
PART NUMBER	SERIAL NUMBER	PERIOD FPH	PERIOD FFC	TOTAL FPH SINCE NEW	TOTAL FFC SINCE NEW	DATE LAST SHOP VISIT	FC SINCE LRV	FH SINCE LRV	FLEET	CURRENT LOCATION	REMOVAL DATE	INSTALLATION DATE

ENGINE(S) (Issued if Period)									
PART NUMBER	SERIAL NUMBER	POSITION	PERIOD FPH	PERIOD FFC	TOTAL FPH SINCE NEW	TOTAL FFC SINCE NEW	OWNER	FLEET	CURRENT LOCATION

APU (Originals Received)										
PART NUMBER	SERIAL NUMBER	PERIOD FPH	PERIOD FFC	CURRENT TFM	CURRENT CON	DATE LAST REPAIR	FH SINCE LAST	FC SINCE LAST	FLEET	CURRENT LOCATION

LANDING GEAR (Originals Received)												
POSITION	PART NUMBER	SERIAL NUMBER	CURRENT TFM	CURRENT CON	DATE LAST OVERHAUL	HOURS SINCE OVERHAUL	CYCLES SINCE OVERHAUL	FLEET	CURRENT LOCATION	REMAINING TFM	REMAINING CYCLES	

**Part B
Notices**

Lessee

LATAM Airlines Group S.A.

Address: Avenida Américo Vespucio N° 901 Edificio Corporativo LATAM 1-A Renca
Santiago
Chile

Email: operating.lease@latam.com
with a copy to: audy.schenkl@latam.com
Attention: VP Fleet & Engine Contracts

Lessor

Avolon Aerospace AOE 147 Limited

Address: Number One Ballsbridge
Shelbourne Road
Ballsbridge
Dublin 4
Ireland

Fax: +353 1 485 3242
Email: notices@avolon.aero
Attention: Chief Operating Officer

Servicer

Avolon Aerospace Leasing Limited

Address: Number One
Ballsbridge
Building 1
Shelbourne Road
Ballsbridge
Dublin 4
Ireland.

Fax: +353 1 485 3242
Email: notices@avolon.aero
Attention: Chief Operating Officer

Schedule 9
Insurance Requirements

1. Scope of cover
 - 1.1 The Lessee will at its own cost maintain the following concerning the Aircraft:
 - (a) Hull and Spares All Risks Insurance (which may be contained in separate policies) which will cover the Aircraft for not less than the Agreed Value and Engines and Parts for their replacement cost, against all risks of loss or damage sustained (i) by the Aircraft or (ii) by Engines or Parts.
 - (b) Hull, Spares, War and Allied Perils Insurance which will cover the Aircraft for not less than the Agreed Value and Engines and Parts for their replacement cost against all of those risks currently enumerated in Lloyds Endorsement AVN 48B (War, Hi-jacking and Other Perils Exclusion Clause (*Aviation*) other than paragraph (b) of that Form) or equivalent.
 - (c) Airline Liability Insurance for a combined single limit of liability of not less than one billion Dollars **REDACTED** operations in the passenger configuration, for any one accident or series of accidents for each aircraft arising out of any one occurrence and in the annual aggregate, which will include (but may not be limited to) aircraft third party (bodily injury/property damage), passenger (including passengers' checked and unchecked baggage and personal effects), cargo and mail legal liability and general third party liability insurance including products, hangar keepers' and premises liability. This policy shall include the AVN 52E Extended Coverage Endorsement Aviation Liabilities and additional coverage in respect of War and Allied Perils Third Party Baggage Cargo Legal Liabilities of not less than one billion Dollars (\$1,000,000,000) any one occurrence, each aircraft and in the annual aggregate. For so long as the Aircraft is registered in Brazil, war risks liability cover may be provided by way of a government indemnity from the government of Brazil.
2. Additional Terms of Hull and Spares & War Risks Insurances
 - 2.1 The Lessee will ensure that each Insurance policy taken out as specified in paragraphs 1.1(a) and 1.1(b):
 - (a) includes the Lessor, the Owner and each of the Financiers as additional insured;
 - (b) provides in the form of section 1 of AVN67B that any payment in respect of a Total Loss will be paid to or to the order of the Contract Party(ies) in accordance with paragraph 6(a) below, and any other loss will be settled in accordance with paragraphs 6(b) and 6(c) below; and

(c) provides in the form of AVS 103 or equivalent that the underwriters subscribing to each relevant insurance policy agree to a 50/50 claims funding arrangement in the event of any dispute as to which insurance is applicable.

2.2 The Lessee will ensure that each Insurance policy taken out as specified in paragraph 1(a) will provide that:

(a) any deductibles will be no greater than the following:

REDACTED

(b) the insurers have no right to replace the Aircraft on a Total Loss (arranged, constructive or otherwise).

(c) the insurers confirm that under Clause 17 (*Insurance*) and this Schedule, if the insured has installed an engine owned by a third party on the Aircraft either (a) the Hull Insurance will automatically increase to such higher amount as is necessary in order to satisfy both the Lessor's requirement to receive the Agreed Value in the event of a Total Loss and the amount required by the third party engine owner; or (b) separate additional insurance on such engine will attach in order to satisfy separately the requirement of the insured to such third party owner.

(d) if at any time the data recognition clause of AVN2000 or any equivalent clause is endorsed on the policies of insurance, the Lessee shall, at its own cost and expense, ensure that the write-back clauses of AVN2001 and AVN 2002 are endorsed on the insurances.

3. Additional terms of liability insurance

The Lessee will ensure in respect of each liability Insurance policy that it:

(a) contains a provision insuring (to the extent of the risks covered by the policy) the indemnity provisions of this Agreement, if available in the relevant market;

(b) includes each Indemnatee as an additional insured for their respective rights and interests warranted, each as to itself only, no operational interest;

(c) does not provide for any deductible other than in respect of cargo and baggage;

- (d) contains a provision that the Insurance policy be primary and without any right of contribution from any other insurance which may be available to the Lessor or any Financier; and
- (e) contains a severability of interests clause which provides that the Insurance, except for the limit of liability, will operate to give each assured the same protection as if there was a separate policy issued to each insured.

4. Terms common to all Insurance

The Lessee will ensure that each Insurance policy:

- (a) is in accordance with standard international insurance industry practice and covers at least such risks as are customarily insured against in the airline industry;
- (b) provides cover denominated in Dollars;
- (c) provides for worldwide coverage, subject only to such exceptions as the Lessor and the Security Trustee may agree (acting reasonably);
- (d) incorporates the provisions of Lloyds Endorsement AVN67B or equivalent provisions reasonably satisfactory to the Lessor and the Security Trustee;
- (e) provides that, in relation to the interests of each of the additional insureds, the Insurances will not be invalidated by any act or omission by the Lessee, or any other person other than the respective additional insureds seeking protection and shall insure the interests of each of the additional insureds regardless of any breach or violation by the Lessee, or any other person other than the respective additional insureds seeking protection of any warranty, declaration or condition, contained in such Insurances **provided that** such additional insured so protected has not caused, contributed or knowingly condoned the act or omission;
- (f) provides that the insurers will hold harmless and waive any rights of recourse against the additional assureds or to be subrogated to any rights of the Lessor of the Lessee;
- (g) provides that the additional insureds will have no obligation or responsibility for the payment of any premiums due (but reserve the right to pay the same should any of them elect so to do) and that the insurers will not exercise any right of set-off or counter-claim in respect of any premium due against the respective interests of the additional insureds other than outstanding premiums relating to the Aircraft, any Engine or Part the subject of the relevant claim; and

(h) provides that the Insurances will continue unaltered for the benefit of the additional insureds for at least thirty (30) days after written notice by registered mail or fax of any cancellation, change, event of non-payment of premium or instalment thereof has been issued by insurers, except in the case of war risks for which seven (7) days (or such lesser period as is or may be customarily available in respect of war risks or allied perils) will be given, or in the case of war between the five great powers or nuclear peril for which termination is automatic.

5. Reinsurance

The Lessor may require that the original insurers maintain not less than one hundred per cent (100%) reinsurance (or such other amount no greater than the maximum amount permitted under Applicable Regulations at the relevant time) for so long as the original Insurance is required to be in force under this Agreement. Such reinsurance will be placed with approved underwriters through the Insurance Broker and will be:

- (a) be on the same terms as the original Insurance;
- (b) contain a "cut-through" Clause providing that, in the event of a claim arising under the reinsurance, the reinsurer shall (in lieu of payment to the original insurer) pay to the relevant Indemnitee that portion of any claim which the reinsurer would otherwise be liable to pay to the original insurer; and
- (c) provide for payment to be made notwithstanding:
 - (i) any bankruptcy, insolvency, liquidation or dissolution of any of the original insurers; and/or
 - (ii) that the original insurers have made no payment under the original Insurance policies.

6. Application of insurance proceeds

The following are the directions of the Indemnitees for the application of any proceeds of the Insurance:

- (a) in respect of a Total Loss, all recoveries under the Insurance will be paid to the Loss Payee without any deduction whatsoever;
- (b) insurance proceeds for damage or loss (not amounting to a Total Loss) exceeding the Partial Loss Threshold: all insurance proceeds of any property, damage or loss to the Aircraft, any Engine or any Part occurring during the Lease Period not constituting a Total Loss and in excess of the Partial Loss Threshold will be:
 - (i) subject to no Event of Default having occurred and is then continuing, paid directly from the insurer to the Lessee for repairs completed or replacement property purchased upon (x) the Lessor being satisfied (acting reasonably) that the repairs or replacements have been effected in accordance with this Agreement, and (y) the receipt by the insurers of the Lessor's prior written approval for the release of such proceeds; or

- (ii) if an Event of Default has occurred and is then continuing, paid to the Loss Payee and applied in payment (to reimburse the Lessee for any payment so made) for repairs or replacement property upon the Lessor being satisfied (acting reasonably) that the repairs or replacement have been effected in accordance with this Agreement;
- (c) insurance proceeds for damage or loss (not amounting to a Total Loss) equal to or less than the Partial Loss Threshold: insurance proceeds in amounts equal to or less than the Partial Loss Threshold may be paid by the insurer directly to the Lessee;
- (d) Liability Proceeds: all insurance proceeds in respect of third party liability will, except to the extent paid by the insurers to the relevant third party, be paid to the Loss Payee to be paid directly in satisfaction of the relevant liability or to the Lessee in reimbursement of any payment so made; and
- (e) Event of Default: notwithstanding the foregoing paragraphs, if at the time of the payment of any such insurance proceeds an Event of Default has occurred and is continuing, all such proceeds (other than the proceeds of any third party liability Insurances) will be paid to or retained by the Loss Payee to be applied toward payment of any amounts which may be or become payable by the Lessee in such order as the Loss Payee may elect.

To the extent that insurance proceeds are paid to the Lessee, the Lessee agrees to comply with the foregoing provisions and apply or pay over such proceeds as so required.

7. Contract parties and documents

The Lessee will ensure that for the purposes of Lloyds Endorsement AVN 67B:

- (a) this Agreement and such other of the Transaction Documents and/or the Financing Documents as the Lessor, acting reasonably, requires are identified as “contracts”; and
- (b) the Lessor, the Owner and each of the Financiers are named as the “contract parties”.

8. AVN67B

Notwithstanding the provisions of this Schedule 9, for so long as Airline Finance/Lease Contract Endorsement AVN67B is in effect and it remains the general aviation insurance market practice to insure equipment financed or leased on the basis of such endorsement, the Lessee may maintain insurances in respect of the Aircraft for the purposes of this Agreement which incorporate the terms and conditions of AVN67B. To the extent any provision of AVN67B conflicts or is otherwise inconsistent with the requirements of this Schedule 9, then such AVN67B endorsement will prevail. An insurance certificate in the form of AVN67B will be deemed to satisfy the requirements of this Schedule 9.

**Schedule 10
Redelivery**

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

6. **Documents**

All Aircraft Documents and other current and historical records delivered with the Aircraft on the Delivery Date, and all other Aircraft Documents acquired or prepared by the Lessee during the Lease Period shall be returned with the Aircraft including, without limitation, (i) time logs showing Aircraft and Engine Flight Hours and Cycles on any given date, (ii) documents, (iii) manuals (revised up to and including the most current revisions issued by the Manufacturer), (iv) data, (v) Overhaul records, (vi) time controlled Part traceability to Overhaul and to “zero time since new” for time controlled Parts which have life limits as determined by the Manufacturer or EASA and the FAA as applicable, (vii) log books, (viii) original Aircraft and Engine delivery documents, (ix) EASA Form One and the FAA 8130-3 as applicable (or any successor thereto) for all then currently installed Parts which have been replaced by the Lessee, (x) EASA Form One and the FAA 813-3 as applicable for time controlled Parts then currently installed on the Aircraft and which have been Overhauled or installed, (xi) FAA, EASA and/or other Aviation Authority forms (as applicable), (xii) records of modification accomplished with respect to the Airframe, Engines, Landing Gear and APU, (xiii) Airframe and Engine inspection records (including NDT documentation such as x-ray, eddy current, etc.), (xiv) burn test certification records, including without limitation, those required by EASA or FAA for seat covers, cushions and carpeting (as applicable), and (xv) all other documentation in the possession of the Lessee, pertaining to the Airframe, Engines and Parts. Any discrepancies found in the Aircraft Documents shall be corrected, and any missing Aircraft Documents shall be reconstructed by the Lessee at the Lessee’s sole cost and expense prior to Redelivery in accordance with the following:

A. Certificates

A001 Certificate of Airworthiness

A002 Current Certificate of Registration

A003 C of A for Export

A004 Noise Limitation Certificate (AFM page)

A005 Radio Station License

A006 Aircraft deregistration confirmation

A007 Burn Certificates - Cabin Interiors - as follows:

Certification of compliance with the fire blocking requirements as outlined in FAR / JAR Part 25 including:

- Seat cushions*
- Back rest cushions*
- Dress covers*
- Carpets and Curtains
- Flight Attendant Seats
- Cockpit Observer’s Seats
- Galley Floor Covering
- Interior Surfaces (if refurbished)
- * Including “in combination” burn certification

B. Aircraft Maintenance Status Summaries

- B001 Certified current Time in Service (Flight Hours and Cycles) and maintenance status
- B002 Certified status of Airframe and Appliance Airworthiness Directives including method of compliance
- B003 Certified status of Service Bulletins Incorporated
- B004 Certified status of all non SB and Major Modifications/STC's including acceptable State of Manufacture Certification
- B005 Certified status of SSI
- B006 Certified status of CPCP (if applicable)
- B007 Certified inventory of Hard Time Components (Fitted listing)
- B008 Certified inventory of OC/CM Components (Fitted listing)
- B009 Certified status of Check/Inspection History and Current Status of Checks
- B010 List of Deferred Maintenance Items (if applicable)
- B011 List of Out of Phase Checks, Special Requirements, Time Limited Repairs (if any)
- B012 Aircraft Accident and Incident Statement
- B013 Structural repairs and damage Status (including Dent and Buckle Chart) B014 Certification Maintenance Requirements (CMR) item status
- B015 Aircraft Flight Time Report / Aircraft Log Book

C. Aircraft Maintenance Records

- C001 Technical Logs
- C002 A Checks: Last complete cycle of A Checks (or equivalent)
- C003 C Checks: Last Complete cycle of C Checks (or equivalent)
- C004 All Major Checks
- C005 CPCP Tasks including DFP and finding reports

C006 Dirty Finger Print Certification (DFP) - AD's - DFP must reference AD and/or ApplicableSB

C007 Dirty Finger Print Certification - SB's

C008 Dirty Finger Print Certification - STC Documentation and All other modifications

C009 Dirty Finger Print Certification All Structural repairs/structural damage

C010 Details of State of Manufacture approval basis - All non SRM Structural repairs

C011 Certification Maintenance Requirement (CMR) Dirty Finger Prints

C012 Last Weighing Report including Schedule

C013 Last Balancing of All Control Surfaces (if applicable)

C014 Last Demonstration Flight Report

C015 Certified ETOPS compliance report (if applicable)

C016 Certified last done/ next due MPD task listing

C017 NDT documentation such as x-ray and eddy current, etc.

D. Configuration Status

D001 Approved and certified LOPA

D002 Galley Drawings and Galley

D003 Emergency Equipment Drawing/Listing

D004 Loose Equipment Inventory

D005 Inventory Listing of Avionic Units installed

E. Aircraft Historical Records

E001 C of A (Export) from State of Manufacture

E002 Manufacturer's AD Report

E003 Manufacturer's Inspection Report, Initial Equipment list / Aircraft Readiness Log (orequivalent)

E004 Manufacturer's repair/alteration report

E005 Manufacturer's SB Report

E006 Aircraft Historical / Miscellaneous Log (or equivalent)

E007 Last Flight Data Recorder Read Out and Corrections

F. Engine Records

F001 Certified Statement on Status of Each Engine

F002 Certified Status of Engine Airworthiness Directives including Method of Compliance

F003 Manufacturer's Modifications and SB Status

F004 In house Modifications (if applicable)

F005 Certified LLP Listing

F006 Manufacturer Delivery Document

F007 Complete copies of all historical Engine/Module Shop Visit Reports including completed dirty finger print work packages

F008 LLP Status and Full and unbroken Traceability to birth

F009 Condition Monitoring Report

F010 Engine Log Book/Master Records of Installation/Removals

F011 Last Borescope Report, including video if available

F012 Test Cell Run Report

F013 Last On Wing Ground Run

F014 Engine Accident & Incident Statement

F015 Approved ETOPS compliance report (if applicable) F016 Type of Engine Oil Used

F017 Statement of Exceedences and corrective actions per the maintenance manual during Term

F018 Power Rating Operation Statement (Cycles of operation e.g., B1, B2, C1, etc.)

F019 Engine NDT documentation such as x-ray, eddy current, etc.

G. APU

G001 Certified Statement on Status of APU

G002 Certified Status of APU Airworthiness Directives including Method of Compliance

G003 Manufacturer's Modifications and SB Status

G004 APU Log Book/Master Record of Installation/Removals

G005 Complete copies of all APU Shop Visit Reports & Reason for Removal G006 Statement of APU Hours to Aircraft Flying Hours (ratio)

G007 LLP Status and Full and unbroken Traceability to birth (if applicable) G008 Last On Wing/Health Check Data sheets (if applicable)

G009 Last Test Cell Run

G010 Approved ETOPS compliance report (if applicable) G011 Type of APU Oil Used

H. Component Records

H001 *Approved Release to Service Certification for Hard Time Components including 8130 / Form 1 or equivalent certification

H002 *Approved Release to Service Certification for OC/CM Components including 8130 / Form 1 or equivalent certification

I. Landing Gears

I001 *Approved Release to Service Certification (including 8130 / Form 1 or equivalent certification) for major assemblies on each Landing Gear from last Overhaul

I002 Approved LLP Listings for each Landing Gear such that total life of each LLP can be appropriately demonstrated

I003 Last Overhaul Mini Pack

J. Manuals

All Manufacturer's Manuals delivered with the Aircraft under this Agreement updated to the latest revision standard (applicable as at the Expiry Date) as may be reasonably requested by the Lessor.

CD:

J001 Wiring Diagram Manual

J002 Illustrated Parts Catalog

J003 Maintenance Manual

J004 Aircraft Schematics manual

J005 Wire List and Hook up Charts

K. Miscellaneous

K001 Maintenance Programme Specifications (Lessee's)

K002 Reference Material for Interpretation of Status Summaries, or cross reference for Part Numbers

- * Items H001, H002 and I001 to be covered by EASA Form 1 or FAA Form 8130 3 with EASA dual release and all other documentation in the possession of the Lessee, relating to the Airframe, Engines or any Parts.

**Schedule 11
Subleasing Requirements**

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

Schedule 12

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

REDACTED

EXECUTION PAGE
LEASE AGREEMENT - MSN 38891

SIGNED by
duly authorised for and
on behalf of
AVOLON AEROSPACE
AOE 147 LIMITED

)
)
) /s/ Kate Ruddy

) Kate Ruddy
) Authorised Signatory

SIGNED by
duly authorised for and
on behalf of
LATAM AIRLINES GROUP S.A.

)
)
)
)

EXECUTION PAGE
LEASE AGREEMENT - MSN 38891

SIGNED by
duly authorised for and
on behalf of
AVOLON AEROSPACE
AOE 147 LIMITED

)
)
)
)
)

SIGNED by
duly authorised for and
on behalf of
LATAM AIRLINES GROUP S.A.

) /s/ Sebastian Acuto
) Sebastian Acuto
) Authorised Signatory
)

Dated

2021

**UMB BANK, N.A., not in its individual capacity but solely
in its capacity as owner trustee of the MSN 38459 Trust**

as Lessor

and

LATAM AIRLINES GROUP S.A.

as Lessee

**OPERATING LEASE AGREEMENT
ONE (1) BOEING 787-9 AIRCRAFT WITH
MANUFACTURER SERIAL NUMBER 38459**

 **NORTON ROSE FULBRIGHT**

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BETWEEN:

- (1) **UMB BANK, N.A.**, a national banking association organised and existing under the federal laws of the United States of America whose office is located at 6440 S. Millrock Drive, Suite 400, Salt Lake City, UT 84121, U.S.A., not in its individual capacity but solely in its capacity as owner trustee of the MSN 38459 Trust (the **Lessor**); and
- (2) **LATAM AIRLINES GROUP S.A.**, a *sociedad anónima* incorporated under the laws of Chile whose registered office is located at Edificio Huidobro, Avenida Presidente Riesco 5711, 19th Floor Las Condes, Santiago, Chile (the **Lessee**).

IT IS AGREED as follows:

1 Definitions and Interpretation

In this Agreement capitalised words and expressions have the meanings set out in Part A of Schedule 1 (*Definitions*). The rules of interpretation and construction set out in Part B of Schedule 1 (*Interpretation*) shall apply to this Agreement.

2 Agreement to Lease

Subject to the terms of this Agreement, the Lessor agrees to lease the Aircraft to the Lessee and the Lessee agrees to take the Aircraft on lease for the Lease Period.

3 Representations and Warranties

Representations and warranties

3.1 Each Party represents and warrants to the other that:

- (a) in the case of UMB Bank, N.A., it has been properly formed as a national banking association under the federal laws of the United States of America and is acting as the trustee of the MSN 38459 Trust and in the case of the Lessee, it has been properly formed as a *sociedad anónima* with limited liability under the laws of Chile;
- (b) all necessary corporate actions have been taken and all authorisations have been obtained for the execution by it of each Transaction Document to which it is a party and the performance of its obligations thereunder, it has the power to enter into the Transaction Documents to which it is a party and each of the Transaction Documents to which it is a party has been duly executed and delivered by it;

- (c) it is subject to civil commercial law with respect to its obligations under the Transaction Documents to which it is a party, neither it nor any of its assets is entitled to any right of immunity and the entry into and performance by it of the Transaction Documents to which it is a party constitute private and commercial acts;
- (d) the choice of English or New York law (as the case may be) to govern the Transaction Documents to which it is a party and the submission by that Party to the jurisdiction of the English or New York courts (as the case may be) is valid and binding on that Party;
- (e) its obligations under each Transaction Document to which it is a party are, or if any Transaction Document to which it is a party is entered into after the date of this Agreement will be, from the date of execution of such Transaction Document to which it is a party, legal, valid and binding obligations and enforceable against it in accordance with their respective terms (except as enforceability may be limited by (i) applicable bankruptcy, insolvency, examination, reorganisation or similar laws, and (ii) general principles of equity); and
- (f) The entry into and performance by it of, and the transactions contemplated by, this Agreement and each other Transaction Document to which it is a party do not and will not conflict with:
 - (i) any Applicable Law applicable to it;
 - (ii) its constitutional documents; or
 - (iii) any agreement or instrument binding upon it or any of its assets.

Lessee's representations and warranties

3.2 The Lessee further represents and warrants to the Lessor that:

- (a) other than the Chapter 11 Events, no Default has occurred and is continuing or would occur as a result of Delivery;
- (b) other than the Chapter 11 Proceedings, it is not involved in any litigation or other dispute nor is there any claim pending against it, the outcome of which would, if determined against the Lessee, reasonably be expected to adversely affect its financial condition in any material respect or its ability to perform its material obligations under this Agreement or any other Transaction Document to which it is a party;
- (c) the Original Financial Statements, as published on www.latamairlinesgroup.net:
 - (i) have been prepared in accordance with IFRS;

- (ii) fairly represent the financial condition of the Lessee as at the date to which they were drawn up; and
 - (iii) do not contain any untrue statement or omit to state a material fact which could make them materially misleading;
- (d) since the preparation of the accounts referred to in Clause 3.2(c) above, there has been no material adverse change in the Lessee's financial condition in any material respect, other than the Chapter 11 Events;
- (e) neither the Lessee nor, to the Lessee's knowledge, any directors or officers of the Lessee or any Affiliate of the Lessee:
- (i) is a Prohibited Person;
 - (ii) is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;
 - (iii) owns or controls a Prohibited Person; or
 - (iv) is in breach of the US sanctions administered by OFAC, any other US Government sanctions, export or procurement laws or any other sanctions or other such restrictions on business dealing imposed by the European Union or Chile;
- (f) neither the Lessee nor, to the Lessee's knowledge, any director, officer or employee of the Lessee or any Affiliate of the Lessee has failed to comply with any Anti-Corruption Laws;
- (g) it has instituted and maintains policies and procedures designed to prevent bribery and corruption by the Lessee;
- (h) it is conducting its operations at all times in material compliance with Anti-Money Laundering Laws and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Lessee with respect to the Anti-Money Laundering Laws is pending or, to its knowledge, threatened;
- (i) except for (i) such filings, registrations and recordings as will have been made on the Delivery Date as specified in Part A of Schedule 3 (*Lessee Conditions Precedent*) and (ii) the matters referred to in Clause 4.3 (*Conditions Subsequent*), all Authorisations required or desirable:
- (i) to enable the Lessee lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents; and

- (ii) to make the Transaction Documents admissible in evidence in the State of Registration and, if different, the Lessee's jurisdiction of incorporation, have been obtained or effected and are in full force and effect;
- (j) except as provided herein, under the Applicable Law of Chile it is not necessary that the Transaction Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Transaction Documents;
- (k) its obligations under the Transaction Documents to which it is a party rank at least *pari passu* with all of its present and future unsecured and unsubordinated obligations (including contingent obligations) with the exception of such obligations as are mandatorily preferred by law and not by virtue of any contract and except as claims may have been or may be granted priority status in the Chapter 11 Proceedings; and
- (l) the lease rentals are exempt from Chilean income tax and withholding tax pursuant to Decree Law No. 2.564 of 1979.

Lessor's representations and warranties

3.3 The Lessor further represents and warrants to the Lessee that:

- (a) it is not involved in any litigation or other dispute nor is there any claim pending against it, the outcome of which could reasonably be expected to adversely affect its financial condition in any material respect or its ability to perform its material obligations under this Agreement or any other Transaction Document to which it is a party;
- (b) neither it nor, to its knowledge, any director, officer, employee of the Lessor, has failed to comply with any Anti-Corruption Laws;
- (c) it has instituted and maintains policies and procedures designed to prevent bribery and corruption by the Lessor;
- (d) it is conducting its operations at all times in material compliance with Anti-Corruption Laws and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Lessor with respect to the Anti-Corruption Laws is pending or, to its knowledge, threatened;
- (e) on the Delivery Date, title to the Aircraft is held by the Lessor as owner trustee under a grantor trust and the only beneficiary under such grantor trust is the Beneficiary; and
- (f) on the Delivery Date, the Lessor Guarantor will have a net worth of at least \$25,000,000.

Repetition of Lessor's representations and warranties

- 3.4 The representations and warranties given by the Lessor in Clause 3.1 (*Representations and warranties*) and Clause 3.3 (*Lessor's representation and warranties*) shall survive the execution of this Agreement and shall be deemed to be repeated by the Lessor on the Delivery Date with reference to the facts and circumstances subsisting on such date.

Repetition of Lessee's representations and warranties

- 3.5 The representations and warranties given by the Lessee in Clause 3.1 (*Representations and warranties*) and Clause 3.2 (*Lessee's representations and warranties*) will survive the execution of this Agreement and shall be deemed to be repeated by the Lessee on the Delivery Date with reference to the facts and circumstances subsisting on such date.

4 Conditions

4.1 Conditions Precedent

- (a) The Lessor will have no obligation to deliver the Aircraft to the Lessee unless the conditions precedent set out in Part A of Schedule 3 (*Lessee Conditions Precedent*) have been fulfilled in form and substance reasonably satisfactory to the Lessor on or before the dates specified in Part A of Schedule 3 (*Lessee Conditions Precedent*) unless deferred or waived by the Lessor in its absolute discretion; and
- (b) The Lessee will have no obligation to accept the Aircraft hereunder unless the conditions precedent set out in Part B of Schedule 3 (*Lessor conditions precedent*) have been fulfilled in form and substance reasonably satisfactory to the Lessee on or before the dates specified in Part B of Schedule 3 (*Lessor conditions precedent*) unless deferred by the Lessee in its absolute discretion.

4.2 Waiver or Deferral of conditions precedent

- (a) If the Lessor delivers the Aircraft to the Lessee even though it has not received all of the documents and evidence referred to in Clause 4.1 (*Conditions Precedent*) on or prior to the date specified, the Lessor may waive or defer any of the obligations of the Lessee listed in Part A of Schedule 3 (*Lessee Conditions Precedent*) on specific conditions and at the Lessor's sole discretion; and
- (b) If the Lessee accepts the Aircraft even though it has not received all the documents and evidence referred to in Clause 4.1 (*Conditions Precedent*) on or prior to the date specified, the Lessee may waive or defer any of the obligations of the Lessor listed in Part B of Schedule 3 (*Lessor conditions precedent*) on specific conditions and at the Lessee's sole discretion.

4.3 **Conditions Subsequent**

The Lessee will perform all of the actions and provide to the Lessor each of the documents and evidence listed in Part C of Schedule 3 (*Lessee conditions subsequent*) in form and substance reasonably satisfactory to the Lessor by no later than the dates specified in Part C of Schedule 3 (*Lessee conditions subsequent*).

5 **Delivery and Acceptance**

Delivery

5.1 The Lessor and the Lessee will follow the Delivery Procedure set out in Schedule 4 (*Delivery Procedure*).

Acceptance

5.2 After completion of the Delivery Procedure set out in Schedule 4 (*Delivery Procedure*), if the Aircraft meets the requirements as detailed in the Delivery Procedure, the Lessee shall accept the Aircraft on lease and shall effect acceptance of the Aircraft

Risk REDACTED*

5.3 As from Delivery, the Lessee shall bear all risks associated with any loss of or damage to the Aircraft until Redelivery.

Failure to take Delivery

5.4 If the Lessee fails to take delivery of the Aircraft when tendered for delivery by the Lessor in accordance with the terms of the Transaction Documents and provided that such failure is not caused by a Lessor Event, the Lessee will indemnify the Lessor on demand for all costs and expenses incurred by the Lessor as a result of such failure. The Lessor will use reasonable endeavours to eliminate or mitigate all such costs and expenses.

5.5 The Lessor shall provide to the Lessee reasonable evidence, including calculations, of such costs and expenses.

REDACTED *

5.6 **REDACTED ***

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

(a) REDACTED *

;

(b) REDACTED *

(c) REDACTED *

(d) REDACTED *

6 Payments

PBH Rent

- 6.1 During the PBH Period, on each PBH Rent Payment Date, the Lessee shall pay to the Lessor as Rent the PBH Rent. The Lessee shall provide to the Lessor details of the utilisation of the Aircraft in the technical status report by no later than the tenth (10th) day of each month in accordance with Clause 9.2(a) for the purpose of verifying the PBH Rent due during the PBH Rent Period. For the purposes of calculating the PBH Rent, any fraction of a Flight Hour shall be rounded upward to the nearest one-tenth of a Flight Hour. On the twentieth (20th) Business Day of the month in which the technical report is issued (the **Invoice Date**), the Lessor shall provide the Lessee with an invoice (the **PBH Invoice**) setting forth the calculation and amount owed by the Lessee on account of the applicable PBH Rent Period. So long as the PBH Invoice is issued within the time frame set forth herein, the Lessee shall pay to the Lessor the PBH Rent within ten (10) Business Days following the Invoice Date (the **PBH Rent Payment Date**), provided, however, in the event of any delay in the issuance of the PBH Invoice, then the PBH Rent Payment Date (and the Lessee's obligation to pay the PBH Rent) will be extended by one day for each day of delay in the issuance of the PBH Invoice.

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PBH Extension Period

6.2

REDACTED *

6.3

REDACTED *

Fixed Rent

6.4 During the Fixed Rent Period, on each Fixed Rent Payment Date, subject to Clause 14.19(b), the Lessee will pay to the Lessor as Rent the Fixed Rent.

Manner of payments

6.5 All sums payable by the Lessee to the Lessor in the performance of its obligations under the Transaction Documents will be paid on or prior to the due date, in Dollars and in immediately available funds for value on the due date of payment into the account notified in writing by the Lessor to the Lessee at least fifteen (15) Business Days prior to the Delivery Date (or such other account as the Lessor may notify in writing to the Lessee at least fifteen (15) Business Days prior to the date such payment is due, provided always that payment to such other account will not result in any increased cost to the Lessee, pursuant to Clause 15.4 or otherwise, under Applicable Laws in effect as of the date of such account change).

Late payments

6.6 If either Party fails to pay any amount payable under this Agreement or any other Transaction Document on the due date, it will (after the expiry of the applicable grace period) pay default interest on the overdue amount from (and including) the date of expiry of the applicable grace period to (but excluding) the date on which such overdue amount is paid in full, both before and after judgment at the Default Rate. All default interest will be calculated on the basis of the actual number of days elapsed and a three hundred and sixty (360) day year.

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Payments on Business Days

6.7 If any payment of Rent, End of Lease Maintenance Payment Adjustments or Agreed Value under this Agreement would otherwise be due on a non-Business Day, it will be due on the preceding Business Day. If any other payment falls due on a non-Business Day, it will be due on the succeeding Business Day.

7 Absolute and Unconditional Obligations

7.1 The Lessee's obligations to pay Rent, Agreed Value, End of Lease Maintenance Payment Adjustments and any other amounts due under this Agreement and to perform all of its other obligations under this Agreement, are absolute and unconditional, irrespective of any contingency, including without limitation:

- (a) after Delivery, any unavailability of the Aircraft for any reason, including, but not limited to, any defect in the airworthiness, merchantability, satisfactory condition, fitness for any purpose, condition, design or operation of any kind or nature of the Aircraft;
- (b) after Delivery, the ineligibility of the Aircraft for any particular use or trade, or for registration or documentation under the laws of any relevant jurisdiction;
- (c) the Total Loss (except as provided hereunder upon payment of the Agreed Value and all other amounts (including Rent) then due and payable hereunder) of, or any damage to, the Aircraft, Airframe or any Engine;
- (d) any set off, counterclaim, recoupment, withholding defence or other rights which the Lessee may have against the Owner, the Lessor, any Financier (if applicable) or any other person;
- (e) the exercise of any rights and/or remedies by the Lessor, the Owner and/or any Financier (if applicable) under this Agreement or any other Transaction Document;
- (f) any failure or delay on the part of any Party in performing or complying with any of the terms or conditions of this Agreement or any other Transaction Document;
- (g) any insolvency, bankruptcy, administration, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against the Owner, the Lessor, any Financier (if applicable) or the Lessee; or
- (h) any lack of due authorisation of, or other defect in, this Agreement or any other Transaction Document,

provided that nothing in this Clause 7 will be construed to extinguish or otherwise limit the Lessee's right to institute separate legal proceedings against the Lessor in the event of the Lessor's breach of this Agreement or to limit the Lessee's rights and remedies against the Lessor or any other person.

8 Lessor's Obligations

Quiet enjoyment

- 8.1 So long as no Event of Default has occurred and is continuing, the Lessor will not, and will procure that neither the Owner, nor any person claiming by or through the Owner, will interfere with the Lessee's right or, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee's right to have quiet use, enjoyment and possession of the Aircraft during the Lease Period. The exercise by the Lessor, or any person claiming by or through the Lessor, of its rights under or in connection with this Agreement or any other Transaction Document will not constitute such interference.

Warranties

- 8.2 The Lessee or, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee shall, during the Lease Period, enjoy the benefit of the Airframe Warranties and the Engine Warranties pursuant to the terms of the Airframe Warranties Agreement and the Engine Warranties Agreement respectively.
- 8.3 Save as provided below, during the Lease Period, the Lessor will allow the Lessee or, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee to have the use and benefit of any other existing and transferable manufacturer, vendor or supplier warranties relating to the Aircraft in each case subject to any necessary consents of the relevant Manufacturer, vendor or supplier. The Lessor agrees to take such steps at the cost and expense of the Lessee, as are reasonably necessary to enable the Lessee or, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee to receive the benefits of such warranties. The Lessee and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee will have the benefit of any such warranties subject to any terms that the relevant Manufacturer, vendor or supplier may require.
- 8.4 On the Expiry Date, the Lessee's and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee's rights under the warranties referred to in Clause 8.3 (including their respective rights to pursue claims and receive payments thereunder) shall immediately revert to the Owner.
- 8.5 On the Expiry Date, the Lessee and, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee, will at the Lessee's own cost and expense, take all steps necessary to ensure that the benefit of any unexpired and transferable warranties relating to the Aircraft is vested in the Owner.

Life Key/Lessor Care agreements

8.6 The Lessor undertakes in favour of the Lessee that for the duration of the Lease Period, the Engines shall be covered by Life Key/Lessor Care agreements entered into between the Lessor and the Engine Manufacturer and that such Life Key/Lessor Care agreements will remain in full force and effect during such Lease Period.

9 Information

Financial information

9.1 During the Lease Period, the Lessee will deliver to the Lessor:

- (a) as soon as practicable and not later than one hundred and twenty (120) days after the end of the Lessee's financial year to which they relate, a copy of its consolidated audited financial statements in English (together with all notes) prepared in accordance with IFRS by a reputable firm of accountants. The financial statements will fairly and accurately present the financial position of the Lessee as at the end of such financial year and the results of its operations for such financial year and will disclose all material liabilities (contingent or otherwise) of the Lessee;
- (b) as soon as practicable and not later than sixty (60) days after the end of the Lessee's financial quarter to which they relate, a copy of its consolidated management accounts in English (together with all notes) prepared in accordance with IFRS by a reputable firm of accountants. The financial statements shall fairly and accurately present the financial position of the Lessee as at the end of such financial quarter and the results of its operations for such financial quarter and shall, in accordance with such accounting principles and practices, disclose all material liabilities (contingent or otherwise) of the Lessee; and
- (c) with reasonable promptness, such other financial information with respect to the Lessee as the Lessor may from time to time reasonably request to the extent such information and data is relevant to the performance of the Lessee's obligations under this Agreement and in any event subject to any confidentiality restrictions on the Lessee in respect thereof,

provided, however, that the Lessee's obligations pursuant to Clause 9.1 shall be deemed satisfied should the Lessee publish the equivalent information required to be provided by the Lessee pursuant to Clause 9.1, on the Lessee's investor relations website which is publically available to the Lessor (currently at www.latamairlinesgroup.net) or such other websites which are available to the Lessor.

Technical information

9.2 Throughout the Lease Period, the Lessee will:

- (a) provide the Lessor within ten (10) days after the end of each month, a technical report for the Aircraft for the preceding month in the form of Schedule 7 (*Reporting and notices*); and
- (b) provide to the Lessor other technical information the Lessor may reasonably request from time to time regarding the maintenance of the Aircraft.

Other information

9.3 Throughout the Lease Period, the Lessee shall:

- (a) notify the Lessor as soon as practicable of any loss, theft, damage or destruction to the Aircraft, any Engine or any Part to the Aircraft if the potential cost may exceed the Damage Notification Threshold;
- (b) notify the Lessor of any Default promptly after it occurs and the Lessee becomes aware of it; and
- (c) provide the Lessor, on request, with evidence that all Taxes (other than Lessor Taxes) and charges incurred and payable by the Lessee in connection with the operation of the Aircraft, including those invoiced by airports and air traffic control authorities have been paid in full in accordance with the then current arrangements agreed between the Lessee and the relevant authority for the invoicing and payment of any such Taxes or charges. Such request shall not be made more frequently than once in any twelve (12) month period unless an Event of Default has occurred and is continuing, where such limitation shall not apply.

10 Control of the Aircraft

No disposal or encumbrance

10.1 The Lessee shall not, and shall not attempt or hold itself out as having any power to, sell, charge, lease (other than as expressly permitted by this Clause 10) or otherwise dispose of or encumber the Aircraft or any part thereof.

Subleasing

10.2 **REDACTED ***

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Continuing obligations

- 10.5 The Lessee acknowledges and agrees that, notwithstanding any sublease or interchange of the Aircraft, the Lessee will remain fully liable to perform its obligations under this Agreement and the other Transaction Documents to which it is a party but to the extent the relevant Permitted Sublessee properly performs an obligation under the Permitted Sublease, the Lessor agrees that such performance shall be regarded as discharging (to such extent) any corresponding obligations of the Lessee under this Agreement.

Sublease event of default

- 10.6 If an event of default (howsoever described) is continuing under a Permitted Sublease while a Permitted Sublessee is in possession of the Aircraft, the Lessee shall promptly notify the Lessor of the steps that it is proposing to take with respect to such event of default to enforce the terms of the Permitted Sublease and, where appropriate, to recover possession of the Aircraft, or, as the case may be, to waive such event of default (subject to any such waiver being on reasonable terms and conditions).

Costs relating to subleasing

- 10.7 All reasonable costs and expenses (including reasonable legal fees) incurred and documented by the Lessor, the Owner (if different from the Lessor) or any Financier in connection with the implementation of any subleasing or interchanging of the Aircraft pursuant to this Clause 10 being in place at Delivery shall be for the account of the Lessee, provided the registration of any Financier's interests in the Aircraft put in place at Delivery will be at the cost and expense of the Lessor.
- 10.8 In respect of any subleasing or interchanging of the Aircraft pursuant to this Clause 10 other than set in Clause 10.7, all reasonable costs and expenses (including reasonable legal fees) incurred and documented by the Lessor, the Owner (if different from the Lessor) or any Financier in connection with the implementation of any such subleasing or interchanging of the Aircraft pursuant to this Clause 10 shall be for the account of the Lessee.

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Performance by a Permitted Sublessee

10.9 The Lessor agrees that performance by any Permitted Sublessee of any of the Lessee's obligations under this Agreement shall, *pro tanto*, constitute performance by the Lessee of such obligations.

11 Engines and Parts

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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12 Registration, Certification and Filings

Registration with the Aviation Authority

- 12.1 The Lessee shall, save as provided in Schedule 10 (*Subleasing requirements*) (or with the prior written consent of the Lessor), register and maintain the registration of the Aircraft with the Aviation Authority throughout the Lease Period in compliance with Applicable Law and this Agreement and will not do or permit to be done anything which could reasonably be expected to adversely affect such registration.
- 12.2 All expenses associated with such registration shall be at the sole cost, expense and responsibility of the Lessee provided, however, that the Lessor shall pay any incremental costs associated with the registration of any interests of the Financiers in the State of Registration at the time such interests are created, provided further, that the Lessee shall be responsible for any costs associated with the registration of any interests of the Financiers in the State of Registration incurred as a result of a subsequent change in the State of Registration pursuant to this Agreement.
- 12.3 Throughout the Lease Period, the Lessee will:
- (a) where it is the responsibility of the Lessee to do so under Applicable Law (i) record on each relevant register of the Aviation Authority that the Owner is the owner of the Aircraft and, if applicable, that the Financiers have a Security Interest in the Aircraft and (ii) file this Agreement and, if applicable, each Financing Document on that register, it being agreed that any such recordings or filings in relation to the Financiers or the Financing Documents shall at the Lessor's cost and any other recordings or filings shall be at the Lessee's cost;
 - (b) if to the extent permissible under Applicable Law and if applicable, at its own cost, make any changes to any registration or filing that may be necessary or advisable to take account of any change in any modification to the Aircraft (such as the permanent replacement of any Engine or Part by a Replacement Engine or Replacement Part) in accordance with this Agreement or of any change in any Applicable Law; and
 - (c) if to the extent permissible under Applicable Law and if applicable, at the Lessor's cost and expense, make any changes to any registration or filing that may be necessary or advisable to take account of any change in the ownership of the Aircraft or the interests of any Financier in the Aircraft.

Certification

- 12.4 The Lessee will take all actions needed to ensure that a current certificate of airworthiness (in the appropriate category for the nature of the operations of the Aircraft) is maintained in full effect throughout the Lease Period, except if such current certificate of airworthiness is withdrawn by the Aviation Authority when maintenance, overhaul or repair is being carried out on the Aircraft in accordance with the provisions of this Agreement **provided that** such certificate of airworthiness is immediately reinstated after such maintenance, overhaul or repair has been completed. Upon the Lessor's request, the Lessee shall provide a copy of the certificate of airworthiness and any supporting recommendations to the Lessor as soon as reasonably practicable upon issuance or renewal.

Filings and documentary Taxes

- 12.5 The Lessee will file or record each of the Transaction Documents which can be filed or recorded by the Lessee and will pay any stamp duty or other documentary Taxes to which any of the Transaction Documents are or may become subject, in each case punctually and as may be necessary under Applicable Law.

Cape Town Convention

- 12.6 If the state in which the Lessee and/or a Permitted Sublessee is situated, the location of the Lessee's or any Permitted Sublessee's principal place of business or registered office, or the State of Registration has, or at any time brings into force, any legislative or other provisions giving effect to the Convention and the Protocol, the Lessee (at the Lessee's cost and expense) (i) shall consent to the registration of any international interests or prospective international interests with the International Registry with respect to the Airframe and/or any Engine and constituted by this Agreement and (ii) shall (and shall procure that any Permitted Sublessee shall) from time to time, do or cause to be done (and consents to the Lessor, the Owner or any Financier doing or causing to be done) any and all acts and things capable of being done by the Lessee or any Permitted Sublessee which may be required to ensure that the Owner, the Lessor and any Financier has the full benefit of the Convention and the Protocol in connection with the Airframe and/or any Engine, including:
- (a) any matters connected with registering, perfecting, and/or preserving any international interest(s) vested in the name of the Owner, the Lessor or any Financier with respect to the Airframe and/or any Engine and constituted by this Agreement and any international interests arising out of any Permitted Sublease, including any applicable certified designee letter to the extent available and if required, obtaining any authorising entry point codes from the State of Registration necessary to effectuate the foregoing;
 - (b) constituting any international interest(s) to be vested in the Owner, the Lessor or any Financier with respect to the Airframe and/or any Engine in connection with this Agreement and any international interests arising out of any Permitted Sublease, including any applicable certified designee letter;

- (c) entry into agreements (subordination or otherwise) to protect the priority of any international interest(s) referred to in Clause 12.6(b);
 - (d) agreeing to, consenting to, and acknowledging any assignment the Lessor enters, or has entered, into with a Financier in connection with this Agreement;
 - (e) excluding in writing the application of any provisions of the Convention and/or Protocol that the Lessor may deem desirable in connection with the foregoing;
 - (f) granting the right to discharge in respect of an international interest to the Lessor or, at the Lessor's direction, to a Financier;
 - (g) executing an IDERA in favour of the Lessor, or if required by the Lessor, the Security Trustee, submitting the same to the Aviation Authority for recordation and providing the recorded IDERA to the Lessor, or at the Lessor's direction, to the Lessor's counsel in the State of Registration;
 - (h) not registering, or consenting to the registration of, any conflicting interests (whether or not taking priority over the Owner's, the Lessor's or any Financier's international interests) at the International Registry without the Lessor's prior written consent; and
 - (i) not executing or submitting, or permitting a Permitted Sublessee to execute or submit an IDERA for recordation in favour of any creditor other than the Lessor or the Security Trustee without the Lessor's prior written consent.
- 12.7 The Lessee shall not permit any person to register a prospective international interest, international interest or national interest at the International Registry without the prior written consent of the Lessor except for any such interests created where:
- (a) the Lessee is the debtor and one of the Lessor, the Owner or the Security Trustee is the creditor;
 - (b) the Lessor is the debtor and one of the Owner or the Security Trustee is the creditor; or
 - (c) the Owner is the debtor and one of the Lessor or the Security Trustee is the creditor.
- 12.8 The Lessee will promptly notify the Lessor on becoming aware of the registration of any non- consensual right or interest at the International Registry against the Airframe or any Engine and take all steps necessary to procure the discharge and deregistration of such interest.
- 12.9 In Clauses 12.6 to 12.9:
- (a) the following expressions shall have the respective meanings given to them in Article 1 of the Cape Town Convention:
 - (i) airframe;

- (ii) creditor;
 - (iii) debtor;
 - (iv) international interest;
 - (v) International Registry;
 - (vi) national interests;
 - (vii) non-consensual right or interest;
 - (viii) prospective international interest; and
 - (ix) state of registry; and
- (b) state in which the Lessee is situated shall be construed in accordance with Article 4 of the Cape Town Convention.

13 Title Protection and Operation

Nameplates

- 13.1 Throughout the Lease Period, the Lessee will at its own cost install and maintain or procure that there are installed and maintained fireproof nameplates not less than 7cm by 5cm affixed in a prominent position in the cockpit or cabin of the Aircraft and on each Engine showing the following:

“THIS [AIRCRAFT MSN 38459] [ENGINE ESN [10370 / 10337]] IS OWNED BY UMB BANK, N.A., NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY AS OWNER TRUSTEE AND IS LEASED TO LATAM AIRLINES GROUP S.A. AND IS OPERATED BY LATAM AIRLINES GROUP S.A. OR ONE OF ITS AFFILIATES [AND IS SUBJECT TO A MORTGAGE IN FAVOUR OF []].”

Lessee's rights and Title Protection

13.2

- (a) The Lessee shall have no right, title or interest in or to any part of the Aircraft except the rights expressly set out in this Agreement, it being expressly agreed and acknowledged by the Lessee that title to the Aircraft shall remain vested in the Owner subject to any Security Interests arising under the Financing Documents in favour of the Financiers (or any of them).

(b) The Lessee shall:

- (i) not do or knowingly permit to be done or omit or knowingly permit to be omitted to be done any act or thing which might reasonably be expected to jeopardise the respective rights, title and interest of the Lessor and the Financiers in and to the Aircraft, the Transaction Documents or the validity, enforceability or priority thereof;
- (ii) on all occasions when the ownership of the Aircraft, any Engine or any Part is relevant, make clear to third parties that title is held by the Owner.

(c) The Lessee will not:

- (i) hold itself out as owner of the Aircraft; or
- (ii) represent to third parties that the Lessor, the Owner or any Financier is in any way associated with or responsible for the business activities of the Lessee; or
- (iii) pledge the credit of the Lessor, the Owner or any Financier.

Security Interests

13.3 As soon as reasonably practicable the Lessee will take any action that may be necessary to discharge any Security Interest described in paragraph (a) or (b) of the definition of Permitted Security Interests.

Operation

13.4 The Lessee will not (and will procure that any Permitted Sublessee will not) use or operate the Aircraft, or permit the Aircraft to be used or operated:

- (a) in breach of any Applicable Law which is applicable to the Aircraft or its use or operation during the Lease Period;
- (b) for any purpose for which the Aircraft was not designed or contrary to any recommendation or outside of operational limits permitted by of the Airframe Manufacturer, the Engine Manufacturer or the Aviation Authority;
- (c) for the carriage of:
 - (i) whole animals living or dead except in the cargo compartment according to IATA regulations (except for guide dogs or domestic pet animals carried in a suitable container to prevent the escape of any liquid and to ensure the welfare of the animal);

- (ii) acids, toxic chemicals, other corrosive materials, explosives, nuclear fuels, nuclear wastes, or any nuclear assemblies or components, except as permitted for passenger aircraft under the "Restriction of Goods" schedule issued by IATA from time to time and provided that all the requirements for packaging or otherwise contained therein are fulfilled;
 - (iii) any other goods, materials or items of cargo which could reasonably be expected to cause damage to the Aircraft and which would not be adequately covered by the Insurances; or
 - (iv) any illegal items or substances which, with the exercise of reasonable diligence, could have been avoided;
- (d) in any circumstances or geographic location where the Aircraft is not covered by the Insurance;
- (e) or permit the Aircraft to proceed to, or remain at, or operate from any location in a Prohibited Country except that over flights may be conducted provided they comply with all Applicable Law and the terms of the Insurances; or
- (f) for any training, demonstration or test flights but the Lessee or any Permitted Sublessee will be entitled to undertake flight deck crew training of their own personnel **provided that** the use of the Aircraft for such crew training is not disproportionate to the amount of such crew training on other aircraft of the same type as the Aircraft operated by the Lessee or any Permitted Sublessee.

13.5 The Lessee will (and will procure that any Permitted Sublessee will):

- (a) keep the main operational base of the Aircraft at the Habitual Base;
- (b) use the Aircraft solely in commercial or other operations for which the Lessee is duly authorised by the Aviation Authority and the Applicable Law;
- (c) ensure that the crew and engineers employed by the Lessee in connection with the operation and maintenance of the Aircraft have the qualifications and hold the licences required by the Aviation Authority and the Applicable Law;
- (d) obtain and maintain in full force all certificates, licences, permits and authorisations for the time being required for the use and operation of the Aircraft and for the making of payments by the Lessee as required by, and the compliance by the Lessee with its other obligations under, this Agreement; and

- (e) not abandon the Aircraft or knowingly do, or permit to be done, anything which may expose the Aircraft or any part of it to the risk of damage, destruction, arrest, confiscation, seizure, forfeiture, impounding, detention or appropriation.

13.6 The Lessee will not do or permit to be done anything which could reasonably be expected to prejudice any right which the Lessor, the Owner or any Financier may have against the Airframe Manufacturer, the Engine Manufacturer or any other Manufacturer or supplier of any Part.

14 Technical

Maintenance, overhaul and repair

14.1 Throughout the Lease Period, the Lessee will at its own cost arrange for the Aircraft to be maintained, overhauled and repaired by an Approved Maintenance Performer, so that:

- (a) the Aircraft is kept safe for operation and airworthy in all respects in compliance with all requirements of the Aviation Authority and to the extent applicable the FAA;
- (b) all maintenance is conducted in accordance with the Maintenance Programme by the Approved Maintenance Performer;
- (c) the Aircraft is maintained, serviced and repaired in the same manner and with the same care as used by the Lessee with respect to aircraft of the same model operated by such party;
- (d) all airworthiness certificates in respect of the Aircraft are maintained in good order at all times under the laws of the State of Registration except (to the extent permitted under Applicable Law) during periods of maintenance or repair; and
- (e) detailed maintenance records and associated maintenance data are kept in respect of such maintenance and repair.

Aircraft Documents

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15 Indemnities

General Indemnity

15.1 Subject to the exclusions set out in Clause 15.2, the Lessee shall immediately upon demand, indemnify each of the Indemnitees against any and all Losses which an Indemnitee may suffer or incur, whether directly or indirectly (and regardless of when the same are suffered or incurred) as a result of or in connection with:

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Withholdings

- 15.3 The Lessee will not deduct any amount from any of its payments under the Transaction Documents, for or on account of any Taxes, unless the Lessee is obliged to do so under any Applicable Law.
- 15.4 If the Lessee has to make a deduction as described in Clause 15.3, the Lessee must:
- (a) deduct the minimum amount necessary to comply with its legal obligations;
 - (b) pay the Tax to the relevant authority in accordance with all Applicable Law;
 - (c) pay to the Lessor an additional amount so that the Lessor receives a net amount on the relevant payment date, that is equal to the amount that it would have received if the deduction had not been made; and
 - (d) obtain a receipt or, if not legally possible, provide other evidence for the payment of such Tax from the relevant authority and give it to the Lessor.
- 15.5 If, following the making of any increased payment by the Lessee resulting from a requirement for the Lessee to make any Tax deduction, (a) the Lessor receives or is granted a credit against, remission or repayment of any Tax (a **Tax Credit**) payable by it which is referable to such Tax deduction or any increased payment made by the Lessee to the Lessor, and (b) such Tax Credit confers a genuine benefit on the Lessor, the Lessor shall, to the extent that it is satisfied that it can do so without prejudice to the retention of such Tax Credit and the right of the Lessor to obtain any other relief or allowance which may be available to it, and provided that no Event of Default has occurred and is continuing, reimburse the Lessee with such amount as the Lessor shall certify (substantiating in reasonably sufficient detail the amount concerned) to the Lessee to be the proportion of the relevant Tax Credit as will leave the Lessor (after such reimbursement) in no better or worse position than it would have been in had there been no Tax deduction. Nothing in this Clause 15.5 shall:
- (a) interfere with the right of the Lessor to arrange its Tax affairs in whatever manner it thinks fit; or
 - (b) oblige the Lessor to disclose any information relating to its Tax affairs or any Tax computations.

Payment of Taxes

- 15.6 Subject to any exceptions expressly set out in this Agreement, the Lessee shall promptly pay all Taxes imposed by any Government Entity with respect to this Agreement, the Lessee's use of the Aircraft, and any Permitted Sublessee's use of the Aircraft, in accordance with Applicable Law, including without limitation with respect to the ownership, delivery, leasing, sub-leasing, possession, use, operation, importation, exportation, redelivery, sale or other disposition of the Aircraft.

Tax Indemnity

- 15.7 Subject to the exclusions set out in Clause 15.8, the Lessee shall immediately upon demand indemnify and hold harmless each of the Tax Indemnitees against any and all Taxes which a Tax Indemnitee may suffer or incur, whether directly or indirectly and which arise (and regardless of when the same are suffered or incurred) as a result of the ownership, maintenance, service repair, overhaul, delivery, possession, transfer of title or possession, import, export, pooling, modification, leasing, inspection, refurbishment, replacement, transportation, storing, testing, design, sub-leasing, positioning, interchange, condition, environmental damage, use, operation, control, location, alternation, registration or redelivery of the Aircraft, the Airframe, any Engine, any Part.
- 15.8 The Lessee will not be required to indemnify any Tax Indemnitee under Clause 15.7 or pay such Taxes pursuant to Clause 15.6 to the extent the Tax for which the indemnity claim is made or the payment obligations applies:
- (a) is covered pursuant to another indemnity provision of this Agreement and payment such Tax Indemnitee under such other indemnity has actually been received by the Lessor; or
 - (b) arises as a result of any Lessor Lien or Lessor Tax.

VAT

- 15.9 For the purposes of Clauses 15.9, 15.10 and 15.11:
- (a) **VAT** - includes value added tax and any goods and services, sales or turnover tax, imposition or levy of a like nature.
 - (b) **Supply** - includes anything on which VAT is charged.
- 15.10 The Lessee must pay the Lessor or the relevant tax authority (as applicable) the amount of any VAT which is chargeable for any Supply made by the Lessor under any of the Transaction Documents.
- 15.11 Each amount shown which the Lessee must pay under the Transaction Documents does not include VAT and if VAT is payable in respect of any amount, the Lessee shall pay all such VAT and shall indemnify the Lessor against any claims for the same (and where appropriate the Lessee shall increase the payments which would otherwise be required to be made hereunder so that the Lessor is left in the same position as it would have been in had no VAT been payable); and the Lessee shall provide evidence to the Lessor in respect of payment of any such VAT.

Currency protection

15.12 The Lessee agrees to indemnify each Indemnitee against any Loss which such Indemnitee suffers in converting any sum into Dollars if:

- (a) such Indemnitee receives an amount relating to the Lessee's obligations in a different currency from that in which payments should be made under the Transaction Documents; or
- (b) the Lessee pays a judgment or claim in a different currency from that in which payments should be made under the Transaction Documents.

15.13 The Lessee waives any right it may have in any jurisdiction to pay any amount under the Transaction Documents in a currency other than the contractual currency.

Tax on indemnity payments

15.14 The amount of any payment made under this Clause 15 must take into account the Tax treatment of the payment and of the Loss or Tax in respect of which the payment is claimed so that the Indemnitee is fully compensated, after that Tax treatment has been taken into account, for the Loss or Tax for which the relevant claim is made.

No indemnification of persons other than a Tax Indemnitee

15.15 For the avoidance of doubt, nothing in this Agreement shall have the effect of requiring the Lessee to indemnify any person (including any Financiers) other than a Tax Indemnitee against any Taxes which such person may suffer or incur, or to make any payment to a Tax Indemnitee in respect of any Tax which another person (including any Financiers) may suffer or incur.

Mitigation

15.16

- (a) If any Indemnitee becomes aware of any Loss or Tax which may give rise to an indemnity obligation on the part of the Lessee under this Clause 15 (*Indemnities*) such Indemnitee shall notify the Lessee thereof, and, if requested by the Lessee take such action as is reasonably practicable (and the Lessee shall pay the Indemnitee's costs and expenses) to defend or mitigate the relevant Loss or Tax (without prejudice to the Lessee's obligation to indemnify hereunder) provided that:
 - (i) no such action may be taken by the Lessee or shall be required to be taken by such Indemnitee unless adequate provision in respect of the Loss or Tax and any associated costs or expenses has been made by the Lessee to the reasonable satisfaction of such Indemnitee (having regard to the nature and the amount of the Loss);

- (ii) the Lessee shall indemnify such Indemnitee in full on demand in respect of any fees, costs or expenses suffered or incurred by the Lessor in connection with any action taken by such Indemnitee or Lessee as aforesaid; and
 - (iii) such action does not present a risk of the imposition of criminal penalties or civil penalties or any risk of the sale, forfeiture, or the loss of, or the creation of any Security Interest on the Aircraft, or any other adverse effect on the interests of an Indemnitee.
- (b) Notwithstanding the forgoing, no Indemnitee shall be required to take, or omit to take, any action, if the effect of such action or omission would reasonably be expected to adversely affect the Indemnitee (or its business affairs or reputation) or would be contrary to Applicable Law.
- (c) Nothing in this Clause 15.16 shall in any way limit or diminish the obligations of the Lessee under this Agreement or the Transaction Documents to indemnify the Indemnitees in accordance with the provisions of this Clause 15 (*Indemnities*).

16 Total Loss

Risk of Loss

16.1 The Lessee will be responsible for all risks associated with a Total Loss throughout the Lease Period.

Total Loss: Airframe

16.2 If the Airframe suffers a Total Loss at any time prior to Delivery, this Agreement will immediately terminate and neither Party will have any further obligations hereunder except as expressly stated and save for accrued rights, obligations and claims and any obligations expressed to survive the termination of this Agreement.

16.3 If the Airframe suffers a Total Loss at any time after Delivery:

- (a) the Lessee will pay the Agreed Value to the Loss Payee on the Total Loss Payment Date;
- (b) the Lessee will continue to perform those of its obligations that remain capable of performance (including, for the avoidance of doubt, the payment of Rent) up to and including the Total Loss Payment Date; and

- (c) subject to the rights of any insurers, reinsurers or other third party, upon irrevocable payment in full of the Agreed Value to the Loss Payee and all other amounts which may be payable by the Lessee under this Agreement, the Lessor will transfer (or procure that the Owner transfers) all of its rights, title and interest in and to the Aircraft (including each Engine) to the Lessee or its nominee and will return to the Lessee any surplus proceeds of insurance provided to the Lessor over and above the amount of such Agreed Value. Ownership will be transferred on an "as-is, where-is" basis without any recourse or warranty except that there are no Lessor Liens and that the Lessor will execute or cause to be executed and delivered such bills of sale and other documents and instruments as the Lessee may reasonably request to evidence (on the public record or otherwise) the transfer and the vesting of the Owner's rights, title and interest in and to the Aircraft in the Lessee, free and clear of all rights of the Owner and any Lessor Liens. The Lessee shall indemnify the Lessor and the Owner for all fees and expenses properly incurred and Taxes incurred by the Lessor or the Owner resulting from their compliance with this Clause 16.3(c).

Total Loss: Engine or Part

- 16.4 If an Engine or a Part suffers a Total Loss which does not also involve a Total Loss of the Airframe (and as if, for these purposes, all references in the definition of **Total Loss to Aircraft** were to **Engine or Part** as the context may require) the Lessee shall:
- (a) in the case of a lost Engine, APU or Landing Gear notify the Lessor promptly after becoming aware of the same;
 - (b) replace the lost Engine or lost Part with a Replacement Engine or Replacement Part (as applicable) in accordance with Clause 16.5 below; and
 - (c) continue to pay Rent and all other sums due under this Agreement as if the Total Loss had not occurred.
- 16.5 As soon as practicable after the Total Loss referred to in Clause 16.4 above and in any event within one hundred and twenty (120) days of the occurrence thereof, the Lessee shall replace the lost Engine or lost Part at its own expense by ensuring that:
- (a) title to a Replacement Engine or Replacement Part (and any Manufacturer Warranties relating to that Replacement Engine or Replacement Part) vests in the Owner free of any Security Interest other than Permitted Security Interests and becomes subject to this Agreement and to the Financing Documents; and
 - (b) the Lessee shall have caused all registrations and filings as required by law or reasonably requested by the Lessor, the Owner or any Financier (including without limitation those to be made with the International Registry) regarding such Replacement Engine (at the expense of the Lessee) as are necessary to ensure the protection and contemplated priority of the rights and interests of the Owner, Lessor, any Financier in respect thereof, as determined by the Owner, acting reasonably (and in any event at least to the same extent as the registrations made with respect to the Engines under this Agreement,

following which the Replacement Engine or Replacement Part shall, as the case may be become an Engine or Part.

16.6 After the Lessee has carried out all of its obligations under Clauses 16.4 and 16.5, and unless the insurers are entitled to the replaced Engine or Part as salvage, the Lessor will, if requested, make sure that the Owner will transfer ownership of the replaced Engine or Part to the Lessee or its nominee. Ownership will be transferred on an "as-is, where-is" basis without any recourse or warranty except that there are no Lessor Liens and that the Lessor will execute or cause to be executed and delivered such bills of sale and other documents and instruments as the Lessee may reasonably request to evidence (on the public record or otherwise) the transfer and the vesting of the Owner's rights, title and interest in and to such Engine or Part in the Lessee, free and clear of all rights of the Owner and any Lessor Liens. The Lessee shall indemnify the Lessor and the Owner for all fees and expenses properly incurred and Taxes incurred by the Lessor or the Owner resulting from their compliance with this Clause 16.6.

17 Requisition

No Default

17.1 If the Aircraft is requisitioned for use which does not constitute a Total Loss, then provided that all the provisions of this Agreement are complied with (including Insurance) there will be no Default as a result of such requisitioning and throughout the Requisitioning Period:

- (a) the Lessee will continue to pay Rent and perform those of its obligations that remain capable of performance;
- (b) the Lessee will be entitled to any hire paid by the requisitioning authority prior to the Expiry Date so long as no Event of Default has occurred and is continuing; and
- (c) if the Requisitioning Period extends beyond the Scheduled Expiry Date, the Lessor will have an option, exercisable on notice to the Lessee, either:
 - (i) to continue the leasing of the Aircraft until the date on which the Aircraft ceases to be subject to such requisition; or
 - (ii) to treat the leasing of the Aircraft as terminated.

Continuing leasing

- 17.2 If the Lessor chooses to continue the leasing of the Aircraft as contemplated in Clause 17.1(c), all of the obligations of the Lessee which remain capable of performance (including the obligations to pay Rent and procure insurance at the same rate and on the same basis as before the Scheduled Expiry Date) will continue until the Expiry Date. In such circumstances, the Lessee will be entitled to any hire paid by the requisitioning authority which is attributable to the period in question, so long as no Event of Default has occurred which is continuing.
- 17.3 If the Lessor chooses to treat the leasing of the Aircraft as terminated, as contemplated in Clause 17.1(c)(ii) the Lessor will be entitled to any hire paid by the requisitioning authority after the Expiry Date.
- 17.4 At the end of the Requisitioning Period, and irrespective of the option chosen, the Lessee will put the Aircraft into the Redelivery Condition and redeliver it to the Lessor in accordance with Clause 19 (*Return of the Aircraft*).

Compensation

- 17.5 In the case of a requisition for use, the Lessor will be entitled to all compensation paid by the requisitioning authority for any structural change, damage or wear and tear to the Aircraft, but the Lessor will either use that compensation:
- (a) to reimburse the Lessee for the expense of complying with its obligations under this Agreement including its obligations to put the Aircraft into the Redelivery Condition; or
 - (b) if an Event of Default has occurred and is continuing, towards settlement of any amounts owing by the Lessee under the Transaction Documents,
- and any surplus amounts shall be retained by the Lessor.

18 Insurance

General Requirements

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19 Return of the Aircraft

Return

19.1 Unless the Aircraft has suffered a Total Loss or the circumstances set out in Clause 22.2 (*Return Condition Applicable to Lessor Illegality*) apply, the Lessee will redeliver the Aircraft to the Lessor on the Expiry Date, at the Redelivery Location in the Redelivery Condition and free and clear of all Security Interests (other than Lessor Liens).

Rectification

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Export and deregistration

- 19.4 Upon Redelivery, the Lessee will provide (and procure that any Permitted Sublessee provides) to the Lessor upon the Lessor's request, all documents and other reasonable assistance from the Lessee (a) necessary to export the Aircraft from the State of Registration (or, if different, the country where the Aircraft is located at Redelivery) (including, if required by Applicable Laws, a valid and subsisting export license for the Aircraft) and (b) required to deregister the Aircraft from the aircraft register maintained by the Aviation Authority.
- 19.5 The Lessee shall also provide the Lessor with an export certificate of airworthiness issued by the Aviation Authority in accordance with the requirements set forth in paragraph 1(c) of Part B of Schedule 9.

Acknowledgement

- 19.6 Provided the Lessee has complied with its obligations under this Clause 19 and Schedule 9 (*Redelivery*), following Redelivery of the Aircraft (including the Aircraft Documents) by the Lessee to the Lessor at the Redelivery Location and in the Redelivery Condition, the Lessor will deliver to the Lessee written acknowledgement confirming that the Lessee has redelivered the Aircraft to the Lessor in the Redelivery Condition in the form of the Redelivery Acceptance Certificate.

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Title

- 19.7 Title to any loose equipment installed in the Aircraft on Redelivery shall, without further act, vest in the Owner, free and clear of Security Interests other than Lessor Liens, unless otherwise agreed by the Lessor and the Lessee in writing.

End of Lease Maintenance Payment Adjustments

- 19.8 On the Expiry Date, the Lessee will pay to the Lessor, or the Lessor will pay to the Lessee, as the case may be, the End of Lease Maintenance Payment Adjustments as set out in Schedule 6 (*End of Lease Maintenance Payment Adjustments*).

20 Events of Default

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22 Illegality

22.1 If as a result of any change in Applicable Law after the date of this Agreement it becomes unlawful for the Lessor or the Lessee to perform any of their material obligations under this Agreement, the Lessor may by notice in writing to the Lessee terminate the leasing of the Aircraft under this Agreement, such termination to take effect on the latest date on which the Lessor or the Lessee, as the case may be, may continue such leasing and such obligations without being in breach of Applicable Law (the **Effective Date**), and:

- (a) In case of a Lessee Illegality Event: the Lessee will as soon as reasonably practicable redeliver the Aircraft to the Lessor in accordance with Clause 19 (*Return of the Aircraft*), the applicable provisions of Part A of Schedule 9 (*Redelivery Procedure*) taking into account such Lessee Illegality Event and the provisions of Part B of Schedule 9 (*Redelivery Condition*) and shall pay to the Lessor amounts equal to those specified in Clause 21.3 (*Payments*). The provisions of Clause 21.4 (*Sale or re-lease of the Aircraft*) and 21.5 (*Deregistration*) shall apply in respect of any such termination. Without prejudice to the foregoing, the Lessor and the Lessee will consult in good faith up to the Effective Date as to any steps which may be taken to restructure the transaction to avoid such unlawfulness and to enter into substitute arrangements which are valid, legal and enforceable and which have the same commercial effect as this Agreement; or
- (b) In case of a Lessor Illegality Event: the Lessee will as soon as reasonably practicable redeliver the Aircraft to the Lessor in accordance with Clause 19 (*Return of the Aircraft*) but with the redelivery conditions set out in Clause 22.2 (*Return Condition applicable to Lessor Illegality*) applying instead of those return procedures and conditions set out in Schedule 9 (*Redelivery Procedure and Redelivery Condition*). The provisions of Clause 21.5 (*Deregistration*) shall apply in respect of any such termination. Without prejudice to the foregoing, the Lessor and the Lessee will consult in good faith up to the Effective Date as to any steps which may be taken to restructure the transaction to avoid such unlawfulness and to enter into substitute arrangements which are valid, legal and enforceable and which have the same commercial effect as this Agreement.

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Return Condition Applicable to Lessor Illegality

22.2 In circumstances where the Lessee is obliged to redeliver the Aircraft pursuant to Clause 22.1 following the occurrence of a Lessor Illegality Event, the Lessee shall not be obliged to return the Aircraft in accordance with the return conditions set out in Part B of Schedule 9 (*Redelivery Condition*) and shall only be obliged to return the Aircraft in accordance with the following conditions which shall apply instead of those set out in Part B of Schedule 9 (*Redelivery Condition*):

- (a) The Aircraft shall be returned with a current Certificate of Airworthiness and, if applicable, the Lessee will assist the Lessor in obtaining a Certificate of Airworthiness for Export issued by the Aviation Authority to the next country of registry (such country to be designated in writing by the Lessor to the Lessee in sufficient time to enable the Lessee to arrange for the issue of the same by the Aviation Authority).
- (b) The Airframe shall have its next sequential "A" check completed.
- (c) The Lessee will facilitate other reconfiguration work requested by the Lessor at the Lessor's cost. Any such reconfiguration work will not involve any major modifications or alterations to the Aircraft. The Lessee shall not pay Rent while the Aircraft undergoes any additional work requested by the Lessor and the Lessee shall only undertake such work if the Lessee is satisfied that it will not delay the process of redelivering the Aircraft to the Lessor. The Lessee agrees to notify the Lessor if the work requested by the Lessor will affect the timing of the redelivery of the Aircraft and provide the Lessor with a reasonable explanation as to why this is the case.
- (d) The Engines will be returned in serviceable condition with no abnormal deterioration in the performance of any Engine.
- (e) The APU will be serviceable.
- (f) Each Engine and the APU shall pass a magnetic chip detection inspection in accordance with the AMM.
- (g) All Parts, taken as a group shall have an average total Flight Hours and Cycles since new of no more than 115% of the total Flight Hours and Cycles since new accumulated on the Airframe or applicable Engine.

- (h) There shall be no temporary, time-limited or interim repairs on the Aircraft unless the Manufacturer specifically recommends such repair.
- (i) The Lessee, if applicable, shall pay the End of Lease Maintenance Payment Adjustments as set out in Schedule 6 (*End of Lease Maintenance Payment Adjustments*) in respect of the period up to the date on which the Aircraft is redelivered to the Lessor in accordance with this Clause 22.2.
- (j) All Aircraft systems software shall be up-to-date as of the date on which the Lessee redelivers the Aircraft in accordance with this Clause 22.2.
- (k) Wheels, tyres and brakes shall be serviceable.

22.3 Provided the Lessee has complied with its obligations under Clause 22.2, following the Aircraft being redelivered by the Lessee to the Lessor in accordance with the conditions specified above, the Lessor will deliver to the Lessee written acknowledgement confirming that the Lessee has redelivered the Aircraft to the Lessor in accordance with Clause 22.2.

22.4 Title to any loose equipment installed in the Aircraft upon the Aircraft being re-delivered pursuant to Clause 22.2 shall, without further act, vest in the Owner, free and clear of Security Interests other than Lessor Liens, unless otherwise agreed by the Lessor and the Lessee in writing.

23 Termination Due to Chapter 11 Cases

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Exclusion

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- (a) none of the Lessor, the Owner, the Security Trustee, the Financiers, the Servicer or any other Indemnitee (collectively, the **Protected Parties**) will have any liability to the Lessee or any other person in relation to, and no Protected Party has made or given, nor will be deemed to have made or given (whether by virtue of having done or failed to do any act or having acquired or failed to acquire any status under or in relation to this Agreement or otherwise), any warranties or representations, express or implied, with respect to the Aircraft, including (but not limited to) the description, airworthiness, compliance with specifications, operation, merchantability, satisfactory quality, freedom from infringement of patent or other proprietary rights, fitness for any particular use or purpose, value, durability, condition, or design or as to the quality of the material or workmanship, the absence of latent or other defects, whether or not discoverable, or as to any other matter whatsoever, express or implied (including any implied warranty from a course of performance, dealing, usage or trade with respect to the Aircraft); and
- (b) no Protected Party will have any obligation or liability whatsoever to the Lessee (whether arising in contract or in tort, and whether arising by reference to negligence or strict liability of the Protected Parties or otherwise) for:
 - (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by the Aircraft or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith;
 - (ii) the use, operation or performance of the Aircraft or any risks relating thereto;
 - (iii) any interruption of service, loss of business or anticipated profits or any other direct, indirect or consequential loss or damage; or
 - (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of the Aircraft.

Waiver

24.2 The Lessee hereby waives, as between itself and the Protected Parties:

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(a) all its rights in respect of any condition, warranty or representation, express or implied, on the part of the Protected Parties; and

(b) all claims against the Protected Parties, however and whenever arising

in each case, in respect of or out of any of the matters referred to in Clause 23 (*Disclaimer*) and save as expressly stated in this Agreement.

Confirmation

24.3 The Lessee confirms that it is fully aware of the provisions of this Clause 24 and acknowledges that the Rent and other amounts payable under this Agreement have been calculated based on its provisions.

25 Assignment and Transfer

Benefit of Agreement

25.1 This Agreement shall be binding on and inure to the benefit of the Parties and their respective successors and permitted transferees and assignees.

Lessee Transfer

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Transfer of rights and obligations by Lessor

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Lessee Co-operation

25.6 The Lessee agrees to:

- (a) co-operate with all reasonable requests by the Lessor, the Owner and, if applicable, the Financiers in connection with any Lessor Transfer or Security Transfer; and
- (b) subject to, in the case of a Lessor Transfer, each of the conditions set out in Clause 25.3 (*Transfer of rights and obligations by Lessor*) being satisfied and, in the case of a Security Transfer, each of the conditions set out in Clause 25.5 (*Transfer of rights and obligations by Lessor*) being satisfied, execute and deliver to the Lessor any documents which are reasonably required in connection with any Lessor Transfer or Security Transfer.

No Restriction

25.7 Nothing in this Clause 25 shall impose any conditions or restrictions on the Lessor's rights following termination of the leasing of the Aircraft due to an Event of Default pursuant to Clause 21 (*Remedies*).

26 Miscellaneous

Notices

26.1 All notices under or in connection with this Agreement will unless otherwise stated be given in writing by letter or e-mail. Any consent or permission from the Lessor must be in writing. Any notice will be deemed to have been delivered as follows:

- (a) if the notice is by letter, it will be effective when it is delivered;
- (b) if the notice is by e-mail, when the email message is sent, **provided that** the message is in legible form and no message is received by the sender indicating that such message has not been received by or delivered to the intended recipient.

The current address, e-mail address and phone numbers of the Lessor and the Lessee are in Part B of Schedule 7 (*Reporting & notices*) and may only be amended by notice in writing.

Language

- 26.2 All notices and documents to be given under this Agreement must be in English. If they are not in English, they must be given with a certified English translation. If there is any difference between the English version of this Agreement and any version in any other language, the English version will apply.

Rights

- 26.3 The rights of both Parties under this Agreement may be used as often as each Party considers appropriate, are cumulative and apply in addition to its rights under any law.
- 26.4 Any Party only loses any of its rights if it specifically waives them in writing. If any of the Parties decides not to use any of its rights or delays in using such rights, that does not mean it cannot exercise such rights at a future date.

Severability

- 26.5 If a provision of this Agreement is or becomes illegal, invalid or cannot be enforced, in any jurisdiction that will not affect:
- (a) the legality, validity or enforceability in that jurisdiction of any of the other provisions of this Agreement; or
 - (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

Expenses

- 26.6 Except as expressly provided in this Agreement, each Party shall bear its own fees, costs and expenses in connection with the preparation, negotiation and completion of this Agreement and the other Transaction Documents (including the fees and expenses of its own legal, tax or other advisors).
- 26.7 Any fees, costs and expenses arising pursuant to amendments to this Agreement or the other Transaction Documents requested by the Lessor or the Lessee shall be borne by the relevant Party requesting such amendments or as otherwise mutually agreed.

The whole agreement

- 26.8 This Agreement and the other Transaction Documents is the whole agreement between the Lessor and the Lessee for leasing the Aircraft and replaces all previous agreements. This Agreement can only be amended in writing signed by both Parties.

Counterparts

- 26.9 Any Transaction Document may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart shall constitute an original of the relevant Transaction Document, but together the counterparts shall constitute one document.

Set-off

- 26.10 At any time following the occurrence of an Event of Default which is continuing, the Lessor may set-off any debt owed by the Lessee under the Transaction Documents against any debt the Lessor owes the Lessee under the Transaction Documents and the Other Transaction Documents. This can happen in any currency even if the debts are owed in different currencies. If the debts are in different currencies, the Lessor may convert either debt at the market rate of exchange available in London or New York. If the amount of a debt is unknown, the Lessor may estimate the amount. Any difference between the estimated debt and the actual debt will be paid by either the Lessor or the Lessee, as appropriate, when the amount becomes known.

Lease manager

- 26.11 If the Lessor notifies the Lessee that it has appointed a Servicer as its agent to act on its behalf under this Agreement generally, then the Lessor agrees that until the earlier of (i) the termination of this Agreement and (ii) written notification to the Lessee from the Lessor to the contrary, the Lessee shall, without enquiry, be entitled to and shall communicate with and deal with such Servicer with respect to all matters relating to this Agreement (including as to the performance of obligations hereunder) and the Aircraft as if communicating with and dealing with the Lessor. However, except as provided in this Agreement, such Servicer's appointment to act as lease manager shall not in any way diminish any of the Lessee's rights under this Agreement or render its obligations or liabilities under this Agreement more onerous.

Delegation

- 26.12 The Lessor may delegate to any other person or persons all or any of the rights, powers or discretions vested in it by this Agreement and any such delegation may be made upon such terms and conditions as the Lessor in its absolute discretion thinks fit. The Lessor shall remain primarily liable for the performance of such obligations notwithstanding such delegation.

Further Assurances

- 26.13 Each Party shall, and shall use all reasonable endeavours to procure that third parties shall, execute and sign such documents and do such acts and things as any other Party shall reasonably request in order to carry out the intended purpose of this Agreement or to establish, perfect, preserve or enforce that Party's rights under this Agreement. Unless otherwise agreed in this Agreement, the reasonable out of pocket expenses incurred by a Party pursuant to this Clause 26.13 shall be borne by the Party which makes a request hereunder.

Amendments

26.14 The terms of this Agreement are only capable of amendment with the written consent of the Parties and any such amendment will be binding on all Parties.

27 Law

Law

27.1 This Agreement and any non-contractual obligations arising from or in connection with it are governed by and shall be construed in accordance with English law.

Jurisdiction

27.2 The courts of England shall have jurisdiction to settle any disputes arising out of or in connection with this Agreement and any non-contractual obligations arising out of or in connection with this Agreement, except that during the pendency of the Chapter 11 Cases, the Bankruptcy Court shall have exclusive jurisdiction over any disputes. For such purposes each Party irrevocably submits to the jurisdiction of the English courts and the Bankruptcy Court and waives any objection to the exercise of such jurisdiction.

Courts

27.3 Each Party agrees that:

- (a) following the closing of the Chapter 11 Cases, it will not object to the courts of England being used for any disputes regarding this Agreement; and
- (b) a judgment or order of a court of England regarding this Agreement is final and binding and can be enforced elsewhere in the world, subject to applicable laws.

Lessor's Rights

27.4 Notwithstanding Clause 27.2 (*Jurisdiction*) above and provided the Chapter 11 Cases have been closed:

- (a) the Lessor may commence proceedings:
 - (i) in any other court of competent jurisdiction; and

(ii) concurrently in more than one jurisdiction. Each of the Lessor and the Lessee irrevocably submits to the jurisdiction of any such court and waives any objection to the exercise of such jurisdiction; and

(b) Notwithstanding Clause 27.2 (*Jurisdiction*) above and provided that the Chapter 11 Cases have been closed, the Lessee may commence proceedings: (i) in any other court of competent jurisdiction; and (ii) concurrently in more than one jurisdiction, in relation to any breach of the Lessor's covenant of quiet enjoyment contained in Clause 8.1 (*Quiet enjoyment*) or the Security Trustee's quiet enjoyment covenant contained in any Security Trustee's quiet enjoyment letter. Each of the Lessor and the Lessee irrevocably submits to the jurisdiction of any such court and waives any objection to the exercise of such jurisdiction.

27.5 Notwithstanding Clause 27.2 (*Jurisdiction*) above and provided that the Chapter 11 Cases have been closed, provided further that no Event of Default has occurred, the Lessee may commence proceedings: (a) in any other court of competent jurisdiction; and (b) concurrently in more than one jurisdiction, in relation to any undisputed breach of (i) the Lessor's covenant of quiet enjoyment contained in Clause 8.1 (*Quiet enjoyment*) or (ii) the Security Trustee's quiet enjoyment covenant contained in any Security Trustee's quiet enjoyment letter and in such circumstances, the Lessor and the Lessee each irrevocably submits to the jurisdiction of any such court and waives any objection to the exercise of such jurisdiction.

Process Agent

27.6 The Lessee appoints the London office of LATAM Airlines Group S.A., currently located at Room 2038, Second Floor, D'Albiac House, Cromer Road, Heathrow Airport, London, TW6 1SD, England (marked for the attention of: Gonzalo Garcia) as its agent for service of process in England to be served with court documents relating to this Agreement. The Lessee must maintain a valid agent for receipt of process in England from the date of this Agreement until the Expiry Date and may not change the identity of such agent without giving prior notice to the Lessor.

27.7 The Lessee agrees that if its process agent does not notify the Lessee about any court documents served on it, this will not affect the proceedings concerned.

27.8 The Lessee agrees that court documents can be served on it by faxing, posting or hand delivering a copy to its process agent at the address above.

27.9 The Lessor appoints Holland & Knight (UK) LLP, currently located at Leaf 27C, Tower 42, 25 Old Broad Street, London EC2N 1HQ, as its process agent in England to be served with court documents relating to this Agreement. The Lessor must maintain a valid agent for receipt of process in England from the date of this Agreement until the Expiry Date and may not change the identity of such agent without giving prior notice to the Lessee.

27.10 The Lessor agrees that if its process agent does not notify the Lessor about any court documents served on it, this will not affect the proceedings concerned.

27.11 The Lessor agrees that court documents can be served on it by faxing, posting or hand delivering a copy to its process agent at the address above.

Waiver of Sovereign Immunity

27.12 The Lessee irrevocably and unconditionally:

- (a) agrees that if the Lessor brings legal proceedings against it or its assets in relation to this Agreement or any other Transaction Document no immunity from such legal proceedings (which will be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;
- (b) waives any such right of immunity which it or its assets now has or may in the future acquire; and
- (c) consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

Cape Town Convention Immunity

27.13 Each Party hereby waives any immunity from suit, from the jurisdiction of any court or from any legal or judicial process or remedy and, without limiting the generality of the foregoing, each Party hereby waives in accordance with Article 57 of the Cape Town Convention any sovereign immunity from jurisdiction of the courts specified in Clause 27.2 (*Jurisdiction*) or relating to the enforcement of rights and interests relating to the Aircraft, the Airframe and/or any Engine.

28 Confidentiality

28.1 The Lessor and the Lessee agree that the Transaction Documents are to be kept confidential. Neither Party (including its respective officers, directors, agents and advisors) will disclose any information from or in connection with the Transaction Documents without the consent of the other which consent shall not be unreasonably withheld or delayed, except for:

- (a) disclosures made by the Lessor to actual or potential assignees and transferees who satisfy the assignment and transfer criteria in Clause 25.3 (*Transfer by Lessor*) or Clause 25.4 (*Security Transfer by Lessor*) (as applicable), financiers, investors, direct or indirect shareholders and/or rating agencies or to their respective professional advisors, provided that, in each case, such persons have entered into a confidentiality agreement with the Lessor or are subject to professional obligations to maintain such confidentiality;

- (b) disclosures made by either Party to its professional advisers (including lawyers), agents, or as may be required by Applicable Law, regulatory bodies, auditors or similar;
- (c) disclosures to any export credit agency, who may further disclose to the extent required to do so by Applicable Law;
- (d) disclosure made by the Lessor to its Affiliates; and
- (e) disclosures made by the Lessee to its Affiliates.
- (f) disclosures made by Lessee under its obligations as a debtor under the Chapter 11 Cases including (i) to the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases on a professional eyes' only basis (ii) the agents under that certain Super-Priority Debtor-in-Possession Term Loan Agreement on a confidential basis and (iii) the Ad Hoc Group of LATAM Bondholders in the Chapter 11 Cases on a professional eyes' only basis.

28.2 The Parties will not be precluded in any manner or in any way from providing, arranging or participating in any financing for, providing advisory or other services to third parties in, or acting as principal in, transactions which may involve the other Party; provided that such does not disclose any confidential information in connection therewith.

29 Third Party Rights

The Parties do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 (the **Act**) by any person who is not a party to this Agreement, provided that each Indemnitee may enforce its rights under this Agreement in accordance with the terms of the Act. The Parties may rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under this Agreement without the consent of any person who is not a party to this Agreement.

THIS AGREEMENT has been entered into on the date shown at the beginning of this Agreement.

Schedule 1

Definitions and Interpretation

Part A

Definitions

Actual Location means Victorville, California, United States of America

Affiliate in relation to any person means any person directly or indirectly controlling, controlled by or under common control with that person

Agreed Value

REDACTED *

Aircraft means the aircraft described in Schedule 2 (*Aircraft Particulars*) (and includes a separate reference to all Engines, Parts, the APU and the Landing Gear and Aircraft Documents except where it would not make sense to interpret the reference to Aircraft in that way)

Aircraft Documents means, whether in paper, photographic, digital, electronic or other medium, (i) the manuals and records identified in the attachments to the Technical Acceptance Certificate hereto and as set out in Schedule 5 (*Aircraft Documents*) and all other records and documentation pertaining to the Aircraft and delivered with the Aircraft on the Delivery Date (including all documents of delivery of the Aircraft from the Airframe Manufacturer) and (ii) all other records and documentation generated during the Lease Period that are related to any maintenance, inspections, repair, alterations, modifications or additions accomplished during the Lease Period with respect to the Aircraft

AMM means the Aircraft Maintenance Manual

Airframe means the Aircraft, excluding the Engines and the Aircraft Documents

Airframe 12-Year Check means the airframe 12 year check which shall include the completion of the 12 year structural tasks, system and zonal tasks and all lesser due tasks and checks in accordance with the then current revision of the Maintenance Programme

Airframe Reserve Rate has the meaning set forth in Schedule 6 (*End of Lease Maintenance Payment Adjustments*)

Airframe Manufacturer means The Boeing Company

Airframe Warranties means the package of airframe warranties specified in the Airframe Warranties Agreement

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Airframe Warranties Agreement means the agreement entered into or to be entered into, between the Lessor, the Lessee, the Owner, the Airframe Manufacturer and (if applicable) the Security Trustee in relation to the Airframe Warranties

Airworthiness Directive or AD means each airworthiness directive issued by any of the Aviation Authority, EASA or the FAA, specifying conditions, limitations, modifications, inspections or corrective actions to be taken in respect of the Aircraft

Anti-Corruption Laws means the US Foreign Corrupt Practices Act of 1977, as amended, and any other anti-bribery or anti-corruption law or regulation in any jurisdiction applicable, in the case of the Lessor, to the Lessor and in the case of the Lessee, to the Lessee and any Permitted Sublessee, the Financiers or the Aircraft

Anti-Money Laundering Laws means those money laundering statutes in any jurisdiction applicable, in the case of the Lessor, to the Lessor and in the case of the Lessee, to the Lessee (including, but not limited to, Law 19.913) and the Lessor, any Permitted Sublessee, the Financiers or the Aircraft, the rules and regulations thereunder and any applicable related or similar rules, regulations or guidelines issued, administered or enforced by any governmental or regulatory agency

Applicable Law REDACTED*

Approval Order has the meaning given to such term in Part A of paragraph 5(b) of Schedule 3

Approved Maintenance Performer means (a) for all major checks, repairs and maintenance (including any C Check, any shop visit for an Engine or the APU, any Landing Gear Overhaul or the overhaul of any serialized components) and all Major Modifications, any maintenance facility approved by (i) the local Aviation Authority and (ii) either EASA or the FAA or (b) for all lower level checks, repairs and maintenance, any maintenance facility approved by the Aviation Authority which, provided Lessee has the requisite licenses and approvals, may be Lessee

Approved Non-OEM Part

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

APU means the auxiliary power unit installed in the Airframe on the Delivery Date until replaced in accordance with this Agreement and includes any such replacement unit

APU Operating Hour means each hour or part of an hour during which the APU is operated

APU Power Section Refurbishment means, with respect to the APU, a level of work where, at a minimum, complete disassembly of the power section and load compressor so as to achieve “zero- time” status on power section and load compressor, all in accordance to the Manufacturer’s then current heavy repair and full gas path overhaul criteria

APU Reserve Rate has the meaning set forth in Schedule 6 (*End of Lease Maintenance Payment Adjustments*)

Assignment of Insurances means the assignment of insurances entered into, or to be entered into as the context may require, between the Lessee as assignor and the Lessor as assignee

Authorisation means an authorisation, consent, approval, resolution, licence, permit, exemption, filing, notarisation or registration

Aviation Authority means each of the authorities which, under the Applicable Law of the State of Registration may from time to time control or supervise civil aviation in the State of Registration or exercise jurisdiction over matters relating to the Aircraft

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Aviation Authority Letter means a letter (in a form which will be accepted by the Aviation Authority) from the Lessee or, if applicable, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee, addressed to the Aviation Authority, pursuant to which the Lessee or, if applicable, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee authorises the Lessor to obtain from the Aviation Authority a general statement of account in relation to charges incurred by the Lessee or, if applicable, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee in respect of all aircraft (including the Aircraft) operated by the Lessee or, if applicable, if the Aircraft is subleased pursuant to a Permitted Sublease, the Permitted Sublessee under a lease agreement with the Lessor

Back-to-Birth Traceability means in respect of any Life Limited Part, original documentary evidence (or a certified true copy of such original documentary evidence) specifying the part number and the unique serial number of such Life Limited Part, and providing a detailed full operational history record having the following:

- (a) the original delivery document (or a certified true copy of such original delivery document) where original delivery document means (x) for a part delivered new as a spare part, the manufacturer's airworthiness document (FAA 8130-3 or EASA Form 1) showing the part number and serial number, (y) for a part delivered new installed on an assembly, the manufacturer's assembly listing showing part number, serial number, assembly serial number and where relevant the as-delivered model and thrust rating;
- (b) a certified removal/installation transaction history detailing an unbroken record of the hours and cycles elapsed at each relevant thrust rating (for engine Life Limited Parts) or at each certified take-off weight (for landing gears, if applicable) from new up to current; and
- (c) if provided from a person other than the OEM, a statement from the last operator to the effect that such part was never involved in any major incident or accident and, to the extent available, was never subjected to over temperature extreme stress condition or immersion in salt water and was not obtained from any government or military source

Bankruptcy Court means the United States Bankruptcy Court for the Southern District of New York

Beneficiary

REDACTED *

Broker's Letter of Undertaking means an undertaking from the Insurance Broker in the form as recognised by the Lloyds Insurance Broker's Committee or otherwise acceptable to the Lessor (acting reasonably)

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Business Day means:

- (a) a day (other than a Saturday or Sunday) on which business of the nature required by this Agreement is carried out in New York, United States of America and Santiago, Chile; and
- (b) where used in relation to payments, a day (other than a Saturday or Sunday) on which banks are open for business in New York, United States of America and Santiago, Chile

Cabin Reconfiguration has the meaning given to such term in Clause 14.18 (*Cabin Reconfiguration*)

Cape Town Convention means:

- (a) the Convention on International Interests in Mobile Equipment (the **Convention**); and
- (b) the Protocol to the Convention on Matters Specific to Aircraft Equipment (the **Protocol**),

both signed in Cape Town, South Africa on 16 November 2001 and references to any Articles of the Cape Town Convention refer to the English language version of the Consolidated Text

C Check means a maintenance check on the Airframe under the Approved Maintenance Program consisting of full and complete zonal, systems and structural check and any other maintenance and inspection tasks that are a part of such checks (including "A" checks and lesser checks) and resultant repairs, all in accordance with the Approved Maintenance Program, or if the Approved Maintenance Program permits such structural check to be performed in phases, the performance of such phases shall constitute a complete zonal, systems and structural block "C" check

Chapter 11 Cases mean those certain proceedings under chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101 et. Seq., of the Lessee and its affiliated debtors and debtors-in-possession, filed on 26 May 2020, 7 July 2020, and 9 July 2020 in the Bankruptcy Court

Chapter 11 Events means the Chapter 11 Proceedings together with the events and circumstances in existence as of the date of this Agreement which affect or relate to the financial condition of the Lessee or any of its affiliated debtors

Chapter 11 Proceedings means the Chapter 11 Cases together with the related parallel and ancillary proceedings in Chile, Colombia and the Cayman Islands

Compliance Authority means the certifying authorities of the State of Design (as such expression is defined in Annex 8 of the Convention on International Civil Aviation) in respect of the Aircraft, which means any of the Airframe, any Engine or Part Manufacturer or such other agency or authority as shall succeed its functions

Condition Confirmation Certificate means, if applicable with respect to an Engine, the condition confirmation certificate substantially in the form of Schedule 14 (*Form of Condition Confirmation Certificate*) to be entered into between the Lessee and the Lessor upon completion of the shop visit for such Engine contemplated by Schedule 4 (*Delivery Condition*)

Consolidated Text means the consolidated text of the Convention and the Protocol attached to Resolution No. 1 of the Final Act of the diplomatic conference held to adopt the Convention and the Protocol

Cut-Off Date **REDACTED ***

Cycle means (i) with respect to the Airframe, one take-off and landing of the Aircraft, (ii) with respect to an Engine or Part, one take-off and landing of the aircraft on which the relevant Engine or Part is installed (each "touch and go" will be one Cycle) and (iii) with respect to the APU, one APU start and shut down

Damage Notification Threshold **REDACTED***

Default means an Event of Default or any event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition, may constitute an Event of Default

Default Rate **REDACTED***

Delivery means the delivery of the Aircraft to and its acceptance by the Lessee under this Agreement, as evidenced by execution of the Final Acceptance Certificate by the Lessee

Delivery Date means the date on which Delivery takes place

Delivery Ferry Flight has the meaning set forth in Schedule 4 (*Delivery Procedure*)

Delivery Location means the facilities of the Lessee in Santiago, Chile or such other location agreed by the Lessor and the Lessee

Delivery Procedure means the inspection and other procedures to verify that the Aircraft is in the delivery condition, as described in Schedule 4 (*Delivery Procedure*)

DER Repair means a repair which has been approved for use on the Aircraft by a person or organization designated as an engineering representative of the FAA or EASA having approval authority appropriate to the work being approved

Deregistration Power of Attorney means a duly executed irrevocable deregistration power of attorney from the Lessee and, if applicable, any Permitted Sublessee, in favour of the Lessor and, if applicable, the Security Trustee, in form and substance reasonably satisfactory to the Lessor and, if applicable, the Security Trustee

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DGAC Chile means the Dirección General de Aeronáutica Civil de Chile, or any Government Entity that is the successor thereto

Dollars or \$ means the lawful currency of the United States of America

EASA means the European Aviation Safety Agency or any other organisation or authority that, under the laws of the European Union, shall from time to time have jurisdiction over, amongst other things, aircraft airworthiness standards for the European Union

End of Lease Maintenance Payment Adjustments means the payments payable by the Lessee to the Lessor, or the payments payable by the Lessor to the Lessee, as the case may be, pursuant to Schedule 6 (*End of Lease Maintenance Payment Adjustments*)

Engine means:

- (a) each engine and its constituent Engine Modules (whether or not installed on the Airframe) as specified in the Technical Acceptance Certificate; or
- (b) any Replacement Engine which has replaced an engine referred to in paragraph (a) above or this paragraph (b) in accordance with this Agreement, title to which has vested in the Owner

Engine Life Limited Parts or **Engine LLPs** means those Parts, defined by the Engine Manufacturer in the engine manual, or by EASA or the FAA or the Aviation Authority through Airworthiness Directives, requiring retirement and subsequent replacement on a mandatory basis prior to or upon the expiration of the Engine Manufacturer's certified life, such life being expressed in terms of Cycles, Flight Hours, landings or calendar time

Engine Life Limited Part Replacement or **Engine LLP Replacement** means when replaced, replacement Engine LLPs shall have at least equivalent life as the replaced Engine LLP

Engine Maintenance Programme or **EMP** means the latest version of the Engine Manufacturer's generic engine management programme or workscope planning guide applicable to the Engines

Engine Manufacturer means Rolls-Royce plc

Engine Modules means any of the seven major modules of an Engine, namely: (1) the High Pressure Compressor Module (the **HPC**), (2) the High Pressure Turbine Module (the **HPT**), (3) the Combustor, (4) Fan Booster/Low Pressure Compressor (**Fan Booster/LPC**), (5) Low Pressure Turbine (**LPT**), (6) Gearbox, and (7) Intermediate Pressure Compressor (**IPC**) each of which is comprised of sub-modules, as set forth in the guidelines OEM planning guide

Engine Performance Restoration Shop Visit means the disassembly, inspection and, at a minimum, full refurbishment of the core modules in accordance with the Engine Maintenance Programme

Engine Replacement Period means the period starting twenty-four (24) months prior to the Redelivery Date and ending on the Redelivery Date

Engine Warranties means a package of engine warranties specified in the Engine Warranties Agreement

Engine Warranties Agreement means the agreement entered into or to be entered into, between the Lessor, the Lessee, the Owner, the Engine Manufacturer and (if applicable) the Security Trustee in relation to the Engine Warranties

Equipment Change means any modification, alteration, addition to or removal from the Aircraft during the Lease Period

Event of Default means an event specified in Clause 20 (*Events of Default*)

Expiry Date means:

- (a) the Scheduled Expiry Date;
- (b) the Total Loss Payment Date; or
- (c) the date on which the leasing of the Aircraft to the Lessee is expressed to terminate under this Agreement,

whichever is the earliest or, if the Redelivery of the Aircraft has been extended pursuant to Clause 19.2(a) in order to rectify any non-compliance with the Redelivery Condition, the actual Redelivery Date

FAA means the Federal Aviation Administration of the United States of America and any successor thereof

Financier means any person or persons through which the Lessor or the Owner may from time to time finance or refinance its interest in the Aircraft and/or for whose benefit security over, or rights relating to, the Aircraft and/or any Transaction Document may be granted (including by way of a declaration of trust) by the Lessor or the Owner or at its request, and includes the Security Trustee as well as any underwriter, placement agent or syndication agent, any export credit agency and any other person identified as a "Financier" for the purposes of this Agreement, as may be notified by the Lessor to the Lessee from time to time

Financing Documents means each present and/or future document which is from time to time related to any financing of the Aircraft (including for such purpose any mortgage or leasing arrangements whether or not constituting a financing and any documents ancillary thereto)

Final Acceptance Certificate means the acceptance certificate to be entered into between the Lessee and the Lessor after the Delivery Ferry Flight on the Delivery Date substantially in the form of Schedule 12 (*Form of Final Acceptance Certificate*)

Final Inspection has the meaning given to such term in Section 1(a) of Part A of Schedule 9 (*Redelivery Procedure*)

Fixed Rent **REDACTED***

Fixed Rent Commencement Date means the day immediately after, as applicable, (i) the PBH Expiry Date as may be extended pursuant to, and in accordance with the terms of, Clause 6.2 or (ii) the end of the PBH Extension Period

Fixed Rent Payment Date means the first day of each Fixed Rent Period, provided that if a Fixed Rent Period does not constitute the duration of the entire applicable month, the Fixed Rent for such period shall be prorated on the basis of a 30 day month

Fixed Rent Period means each of the consecutive monthly periods throughout the period commencing on and including the Fixed Rent Commencement Date and ending on the Expiry Date

Flight Hour means each hour or part thereof (rounded up to two decimal places) elapsing from the moment at which the wheels of the Aircraft, or in the case of any Part or Engine temporarily installed on another aircraft, leave the ground on take-off until the wheels touch the ground on landing following such flight

Government Entity means:

- (a) any national government, political subdivision thereof, or local jurisdiction therein;
- (b) any instrumentality, board, commission, court, or agency of any thereof, however constituted; and
- (c) any association, organization, or institution of which any of the above is a member or to whose jurisdiction any thereof is subject or in whose activities any of the above is a participant

Gross Negligence means any intentional action or decision of a person which is taken or made by such person with reckless disregard for the consequences of such action or decision

Habitual Base means: (i) Brazil; (ii) Chile; (iii) the principal operations base of any Permitted Sublessee provided such base is not in a country or countries which is a Prohibited Jurisdiction; or (iv) subject to the prior written consent of the Lessor acting reasonably, any other country or countries not being a Prohibited Jurisdiction in which the Aircraft is for the time being habitually based (and for this purpose, the Aircraft shall be "habitually based" at the location from which the Aircraft departs on a flight (or a series of flights) and to which it customarily returns and remains between such flights (or series of flights))

*All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

IATA means the International Air Transport Association

IDERA means an irrevocable deregistration and export request authorisation suitable for filing with the relevant Aviation Authority, substantially in the form referred to in the Cape Town Convention or otherwise in form and substance reasonably satisfactory to the Lessor

IFRS means the international financial reporting standards

Indemnitee means the Lessor, the Owner, the Financiers, the Servicer, the Lessor Guarantor and any and each of their respective shareholders, subsidiaries, affiliates, partners, directors, employees, agents, members and officers

Insurance means the insurance cover (including any reinsurance) to be taken out under Clause 18 (*Insurance*) and Schedule 8 (*Insurance Requirements*)

Insurance Broker means Marsh Ltd or Willis Limited London or any other insurance broker with insurers of recognised standing in London or New York who normally participate in aviation insurances in the leading international insurance markets and led by internationally recognised and reputable underwriters approved by the Lessor (acting reasonably) for the purposes of this Agreement

International Registry means the international registration facilities established for the purpose of the Convention

Invoice Date has the meaning set forth in Clause 6.1

Landing Gear means the landing gear assembly of the Aircraft, excluding any wheels, tyres or brakes

Landing Gear Overhaul means an overhaul of a Landing Gear assembly in accordance with the Manufacturer's repair manual that restores such Landing Gear to a "zero time since overhaul" condition in accordance with the Manufacturer's repair manual and is performed in accordance with the Manufacturer's overhaul specifications and operating criteria (excluding any rotatable components such as wheels, tyres, brakes and consumable items)

Landing Gear Reserve Rate has the meaning set forth in Schedule 6 (*End of Lease Maintenance Payment Adjustments*)

Lease Period means the period commencing on the Delivery Date and ending on the Expiry Date

Leasing Affiliate means, in each case, so long as they are an Affiliate of the Lessee at the time of the relevant event:

- (a) LATAM-Airlines Ecuador S.A.;
- (b) Aerovías de Integración Regional S.A. (doing business as LAN Colombia);
- (c) LAN Argentina S.A.;
- (d) LATAM Airlines Perú S.A.;
- (e) Transporte Aéreo S.A. (doing business as LAN Express);
- (f) TAM Linhas Aéreas S.A. and its affiliates;
- (g) ABSA Aerolinhas Brasileiras S.A.; and
- (h) any other company that currently is or in the future becomes an affiliate of the Lessee, because:
 - (i) it is controlled, directly or indirectly, by the Lessee;
 - (ii) more than half of its issued share capital is beneficially owned, directly or indirectly, by the Lessee; or
 - (iii) it is a subsidiary of another Leasing Affiliate.

For the purposes of this definition, the Lessee shall be deemed to “control” another entity if: (1) the Lessee possesses, directly or indirectly, the power to direct the management or policies of such other entity either through: (i) the ownership of voting rights; (ii) control of the board (including control of its composition) of the other entity; or (iii) indirect control of (i) and (ii); or (2) such other entity would, under relevant accounting principles, be consolidated or required to be consolidated for accounting purposes with the Lessee

Lessee Illegality Event means a change which makes it (or will make it) unlawful in any jurisdiction for the Lessee to fulfil or perform any of the covenants or obligations expressed to be assumed by it under this Agreement or any other Transaction Document it is a party

Lessor Event

REDACTED *

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provided that, in each case, all the conditions precedent to the obligations of the Lessor hereunder and under the other Transaction Documents have been satisfied and the Aircraft has been tendered for delivery by the Lessor in accordance with the terms of the Transaction Documents in the Delivery Condition (and in circumstances where the Lessee has confirmed it is prepared to accept delivery of the Aircraft hereunder)

Lessor Guarantor REDACTED*

Lessor Guarantee REDACTED*

Lessor Illegality Event means a change which makes it (or will make it) unlawful in any jurisdiction for the Lessor to give effect to any of its obligations expressed to be assumed by it under this Agreement or any other Transaction Document it is a party, save where a Lessee Illegality Event has occurred and is continuing

Lessor Lien means any Security Interest over or in respect of the Aircraft or any Transaction Document:

- (a) created by the Lessor or the Owner or through the Lessor or the Owner, including in connection with the financing of the Aircraft;
- (b) created by or through any Financier;
- (c) resulting from acts of or claims against the Lessor or the Owner or any Indemnitee not arising as a result of the operation of the Aircraft or the transactions contemplated by or permitted under this Agreement (other than as a consequence of the occurrence of an Event of Default) or to any act or omission of the Lessee;
- (d) created as part of a Security Transfer; or
- (e) resulting from a Lessor Tax

Lessor's Cabin Reconfiguration Contribution has the meaning given to such term in Clause 14.19(a) (*Cabin Reconfiguration*)

Lessor Tax means Taxes:

- (a) imposed as a direct result of activities of such Tax Indemnitee in the jurisdiction imposing the liability unrelated to such Tax Indemnitee's dealings with the Lessee or to the transactions contemplated by this Agreement or the operation or return of the Aircraft by the Lessee;

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- (b) imposed on the net income, profits or gains of such Tax Indemnitee by any Government Entity in their respective state of tax residence, other than:
 - (i) Taxes payable by such Tax Indemnitee as a result of such Tax Indemnitee being required to include in its gross income any amount attributable to any improvement, alternation, substitution or addition to the Aircraft;
 - (ii) Taxes which are imposed solely by reason of the presence, registration, use or operation of the Aircraft in any jurisdiction;
 - (iii) Taxes which are imposed by reason of or consequent upon any Default or any breach by the Lessee of, or any failure by the Lessee to perform any of its obligations under, or any misrepresentation made by the Lessee in, this Agreement; or
 - (iv) Taxes which result solely from the situs of organisation, any place of business or any activity of the Lessee or any other person having use, possession or custody of the Aircraft, the Airframe, any Engine or any Part in the jurisdiction imposing the Tax;
- (c) imposed solely as a result of an event occurring after the Expiry Date which is not related to such Tax Indemnitee's dealings with the Lessee or the transactions contemplated by this Agreement or the operation or return of the Aircraft by the Lessee;
- (d) which such Tax Indemnitee has and which would have arisen even if the Transaction Documents had not been entered into;
- (e) which are caused by a breach or default by the Lessor of any of its express obligations under a Transaction Document which does not result from, or is contributed by, any act or omission of any person other than the Lessor, other than in the case of a breach or default by the Lessor of Clause 8.1(*Quiet enjoyment*) which does not result from any act or omission of any person (including, without limitation, the Lessee or the Permitted Sublessee) other than the Lessor or any person claiming by or through the Lessor;
- (f) which are caused by such Tax Indemnitee's fraud, wilful misconduct or Gross Negligence;
- (g) which are caused by any express representation or warranty given by such Tax Indemnitee in any Transaction Document not being true and correct at the date when, or when deemed to have been, given or made which does not result from any act or omission of any person other than such Tax Indemnitee;

- (h) which are expressly agreed to be borne by such Tax Indemnitee pursuant to the terms of this Agreement or any other Transaction Document;
- (i) which arise solely as a result of any act or event or occurrence which occurs before Delivery;
- (j) which arise as a result of any financing arrangement with respect to the Aircraft including any amounts payable under or in connection with the Financing Documents;
- (k) imposed on or payable by a Tax Indemnitee that would not have been imposed or payable but for the existence of any head lease arrangements put in place voluntarily by a Tax Indemnitee and not following the request of the Lessee or a restructuring of this Agreement undertaken with the agreement of the Lessee;
- (l) which arise as a result of any sale, assignment, transfer or other disposition by a Tax Indemnitee of the Aircraft or any interest therein unless such sale, assignment, transfer or other disposition occurs in connection with, or arises following, a Total Loss, or relates to the replacement of any Engine or Part as contemplated by this Agreement; or
- (m) which constitute penalties, additions to Tax, fines or interest on Taxes which would not have arisen but for the reasonably avoidable delay or failure by a Tax Indemnitee in the filing of any tax returns, statements or other documentation with any relevant Tax authority:
 - (i) where such Tax Indemnitee was aware that such filing was required or legally possible; or
 - (ii) following any reasonable written request by the Lessee to make such a filing, (any such request containing sufficient detail to enable such Tax Indemnitee to comply with the terms thereof), except to the extent that:
 - (A) such delay or failure has been requested by the Lessee or caused by any delay or failure by the Lessee to provide any information or documents which such Tax Indemnitee may reasonably request;
 - (B) such delay or failure is caused by any circumstances outside such Tax Indemnitee's reasonable control; or
 - (C) such Tax Indemnitee in its sole discretion (acting in good faith) determines that the relevant filing would prejudice the tax position or business affairs of such Tax Indemnitee or would be illegal or contrary to any directive or policy of any governmental or taxation authority

Lessor Transfer has the meaning given to such term in Clause 25.3

Life Limited Parts or **LLPs** means those Parts, defined by the Manufacturer or by EASA, the FAA or the Aviation Authority through Airworthiness Directives, requiring retirement and subsequent replacement on a mandatory basis prior to, or upon the expiration of, the Manufacturer's certified life, such life being expressed in terms of Cycles, Flight Hours, landings and calendar time

Loss means any cost, expense (including the fees of professional advisers and out-of-pocket expense), financial liability, damage or monetary loss of any kind but excluding Taxes

Loss Payee means the Lessor or, if the Lessor so notifies the Lessee in writing, the Security Trustee

Maintenance Programme means the maintenance programme of the Lessee or any Permitted Sublessee which for the Aircraft shall be generally based on the MPD and which for any Engine not installed on the Aircraft shall be in accordance with the Engine Maintenance Programme. The Maintenance Programme shall be approved the Aviation Authority

Mandatory Equipment Change means an Equipment Change that is required by, or performed to comply with, an AD, Aviation Authority or EASA regulations or a Service Bulletin required to be performed to comply with an AD or Aviation Authority regulations including any Equipment Change required pursuant to Clause 14.12

Manufacturer means:

- (a) in the case of the Airframe, the Airframe Manufacturer;
- (b) in the case of the Engines, the Engine Manufacturer; and
- (c) in the case of a Part, the original equipment manufacturer of such Part

Manufacturer Warranties means both of the Airframe Warranties and the Engine Warranties

Material Default means any event which, with the giving of notice, lapse of time, determination of materiality or fulfilment of any other applicable condition, may constitute an Event of Default under Clauses 20.1(b) (*Non-payment by the Lessee*), 20.1(c) (*Failure to Insure*), 20.1(j) (*Insolvency*) or 20.1(l) (*Insolvency Proceedings*)

MPD or Maintenance Planning Document means the latest version of the maintenance planning document issued by the Manufacturer setting out the maintenance tasks for the Aircraft and the thresholds and/or intervals at which such tasks should be completed.

Non OEM Part means a replacement Part which has not been either (a) manufactured by the Manufacturer or the Engine Manufacturer, as appropriate or (b) approved and warranted in writing by the Manufacturer or the Engine Manufacturer, as appropriate.

Notice and Acknowledgement means a notice and acknowledgement entered into, or to be entered into as the context may require, between any of the Lessor, the Owner and the Security Trustee and the Lessee substantially in such form as may be reasonably required by the Lessor or the Security Trustee

OEM means the original equipment manufacturer

OEM Part means a part that has been manufactured by the same Manufacturer of the Part it replaces

Original Financial Statements means the Lessee's consolidated audited financial statements for its financial year ended 31 December 2020

Other Agreement **REDACTED ***

Other A321 Agreement **REDACTED ***

Other A321 Aircraft **REDACTED ***

Other B787 Agreement **REDACTED ***

Other B787 Aircraft **REDACTED ***

Owner means the Lessor or such other person as the Lessor may notify to the Lessee as the owner of the Aircraft from time to time

Part means each component, furnishing or part (other than a complete Engine or Engine Module) supplied with the Aircraft on the Delivery Date, in each case until replaced in accordance with this Agreement and includes any such replacement, and all technical data (including historical, operational and maintenance records related thereto)

Party means a party to this Agreement

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Passenger Convenience Item means seating and/or seating configuration, IFE, broadband (Wifi), and/or audio entertainment systems, galley provisions (i.e. carts, coffee makers, water boilers, chillers, etc.), lavatory provisions and any other item, component, system or part which is installed on the Aircraft solely for the convenience of the passenger

PBH Commencement Date means the Delivery Date

PBH Expiry Date **REDACTED ***

PBH Extension Period means, if the Lessee exercises its right to extend the PBH Period pursuant to, and in accordance with the terms of, Clause 6.2, the period for which the PBH Period is so extended

PBH Invoice has the meaning set forth in Clause 6.1

PBH Period means the period commencing on (and including) the PBH Commencement Date and ending on (and including), as applicable, (i) the PBH Expiry Date as may be extended pursuant to, and in accordance with the terms of, Clause 6.2 or (ii) the end of the PBH Extension Period

PBH Rent **REDACTED ***

PBH Rent Payment Date has the meaning set forth in Clause 6.1

PBH Rent Period means, during the PBH Period:

- (a) in respect of the first PBH Rent Period, the period commencing on (and including) the PBH Commencement Date and ending on the last day of that calendar month; and
- (b) each subsequent PBH Rent Period shall commence on the first day of the calendar month immediately following the previous PBH Rent Period and shall be of one calendar month's duration, provided that the last PBH Rent Period shall end on (and include) as applicable, (i) the PBH Expiry Date as may be extended pursuant to, and in accordance with the terms of, Clause 6.2 or (ii) the end of the PBH Extension Period

Permitted Security Interest means:

- (a) any lien for Taxes not assessed or, if assessed, not yet due and payable, or which are being contested in good faith by appropriate proceedings;

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- (b) any lien of a repairer, carrier, hangar keeper, mechanic, material-man, carrier, employee or other similar lien arising in the ordinary course of business by operation of law in respect of obligations which are not overdue or are being contested in good faith by appropriate proceedings;
- (c) but, in each case of (a) and (b) above, only if:
 - (i) adequate reserves have been provided by the Lessee for the payment of the Taxes or obligations; and
 - (ii) such proceedings, or the continued existence of the lien, do not, in the reasonable opinion of the Lessor, give rise to any likelihood of the sale, forfeiture or other loss of the Aircraft or any interest in the Aircraft or of criminal liability on any Indemnitee;
- (d) any Lessor Lien; and
- (e) any Security Interest arising from any of the Financing Documents and the Transaction Documents

Permitted Sublease has the meaning given to such term in Clause 10.4 (*Permitted Subleasing*)

Permitted Sublessee means, at any time:

- (a) any Leasing Affiliate; or
- (b) any other solvent air carrier or air operator which is duly certified and holding a current and valid air operator's certificate allowing it to operate the Aircraft consented to in writing by the Lessor, acting reasonably,

to whom the Aircraft may be sub-leased, wet-leased or chartered or made the subject of any interchange agreement at such time by the Lessee in accordance with Clause 10.4 (*Permitted Subleasing*)

Prime Rate means, on any date that the same is to be determined the \$ "prime rate" as published in the Wall Street Journal on such date

Prohibited Jurisdiction means any jurisdiction which, at any relevant time, is subject to an embargo, sanction, export restriction or prohibition order (or any similar order or directive) of:

- (a) the United Nations Security Council;
- (b) the European Union; or
- (c) the United States of America;

and, in each case, which is applicable to the Lessee, the Lessor or any Financier or the ownership, leasing, financing or operation of the Aircraft

Prohibited Person means any person with whom transactions are prohibited or restricted under the US sanctions administered by OFAC any other US Government sanction, export or procurement laws or any other sanctions or other such restrictions on business dealings imposed by the European Union including a person designated on any list of restricted entities, persons or organizations published by the US Government, the United Nations or the European Union or any Member State thereof, including but not limited to:

- (a) the OFAC Specially Designated Nationals and Blocked Persons List, the BIS Denied Persons List, Entity List or Unverified List or the DDTC Debarred Parties List;
- (b) the HM Treasury Consolidated List of Financial Sanctions Targets in the UK;
- (c) the European Union Consolidated list of persons, groups and entities subject to EU financial sanctions; and
- (d) the Compendium of United Nations Security Council Sanctions Lists

Qualifying Event means any of the following:

- (a) the Airframe 12-Year Check;
- (b) the replacement of one or more Engine Life Limited Parts;
- (c) the APU Power Section Refurbishment; or
- (d) the Landing Gear Overhaul

Qualifying Event Interval has the meaning set forth in Schedule 6 (*End of Lease Maintenance Payment Adjustments*)

RAB means the Brazilian Aeronautical Registry, or any Government Entity that is the successor thereto

Redelivery means the redelivery of the Aircraft to the Lessor in compliance with the terms of this Agreement

Redelivery Acceptance Certificate means the acceptance certificate to be entered into between the Lessee and the Lessor substantially in the form of Schedule 13 (*Form of Redelivery Acceptance Certificate*)

Redelivery Condition means the condition in which the Aircraft must be on Redelivery, as described in Part B of Schedule 9 (*Redelivery*)

Redelivery Date means the date on which the Lessor accepts the Aircraft for Redelivery

Redelivery Location means the location of the C Check at Redelivery or such other location as the Lessor and the Lessee may agree

Redelivery Procedure means the inspection and other procedures to verify that the Aircraft is in the Redelivery Condition, as described in Part A of Schedule 9 (*Redelivery*)

Removed Engine means an Engine which has been removed from the Airframe and is to be replaced by a Replacement Engine in accordance with Clauses 11.6, 11.7 and 11.8 (*Permanent replacement of Engines and Parts*)

Rent means, collectively, the PBH Rent and the Fixed Rent

Replacement Engine REDACTED *

Replacement Part REDACTED *

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REDACTED *

Requisitioning Period means any period from the date when the Aircraft is requisitioned for use to the earlier of (i) the Redelivery of the Aircraft to the Lessee and (ii) payment of the Agreed Value by the Lessee

Scheduled Delivery Date has the meaning given to such term in Schedule 4 (*Delivery Procedure*)

Scheduled Expiry Date **REDACTED ***

Security Interest means any mortgage, charge, assignment, pledge, conditional sale or encumbrance of any kind, lien, including tax liens, mechanics liens and any liens that attach by operation of law, declaration of trust or any other arrangement which has the effect of giving another person any security claim or interest

Security Transfer has the meaning given to such term in Clause 25.4

Security Trustee means the person or persons appointed as security agent, security trustee, collateral agent or similar representative for any of the Financiers and any other person identified as a **Security Trustee** for the purposes of this Agreement, as notified by the Lessor to the Lessee from time to time

Service Bulletins means publications from any relevant Manufacturer recommending or requiring that the Aircraft be inspected or modified

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Servicer means any lease manager which is reputable and experienced in commercial aircraft leasing and which is not nor any Affiliate or Subsidiary of such lease manager is an airline or charter company in competition with the Lessee or any Leasing Affiliate, as may be notified by the Lessor to the Lessee in writing as the Lessor's lease manager from time to time

Spare Engine means the spare engine in a technical condition consistent with Lessee's other spare engines provided by the Engine Manufacturer to the Lessee from time to time

State of Registration means Chile or Brazil or (i) the state of registration of the Lessee or any Permitted Sublessee or (ii) such other country or state of registration of the Aircraft in which the Aircraft is permitted to be registered in accordance with Clause 10.4 (*Permitted subleasing*)

STC has the meaning given to such term in Clause 14.17 (*Modifications*)

Subsidiary means:

- (a) in relation to any reference to accounts, any company whose accounts are consolidated with the accounts of the Lessee in accordance with accounting principles generally accepted under accounting standards of Chile; or
- (b) for any other purpose, an entity from time to time:
 - (i) of which another has direct or indirect control or owns directly or indirectly more than fifty percent (50%) of the voting share capital; or
 - (ii) which is a direct or indirect subsidiary of another under the laws of the jurisdiction of its incorporation

Subordination Agreement means any subordination agreement entered into between the Permitted Sublessee, the Lessee and the Lessor in relation to a Permitted Sublease in form and substance acceptable to the Lessor

Taxes means all present and future taxes, levies, imposts, duties or charges of any nature whatsoever, and wheresoever imposed, including value added tax or any similar tax and any franchise, transfer, sales, use, business, occupation, excise, personal property, real property, stamp, gross income, personal property, fuel, leasing, occupational, turnover, excess profits, excise, gross receipts, franchise, registration, licence, corporation, capital gains, export, import, customs income, levies, imposts, withholdings or other taxes or duties of any nature whatsoever (or any other amount corresponding to any of the foregoing) now or hereafter imposed, levied, collected, withheld or assessed by any national or regional taxing or fiscal authority or agency or other Government Entity, together with any penalties, additions to tax, fines or interest thereon, and **Tax** and **Taxation** shall be construed accordingly

Tax Indemnitee means the Lessor, the Owner (if different from the Lessor) and the Beneficiary, individually and collectively, as the context may require

Technical Acceptance Certificate means the technical acceptance certificate to be entered into between the Lessee and the Lessor prior to the Delivery Ferry Flight substantially in the form of Schedule 11 (*Form of Technical Acceptance Certificate*)

Third Party means a person or entity that is not (a) a direct or indirect Affiliate of the Lessee or (b) a person or entity that owns more than a 5% equity stake in the Lessee (or any Affiliate of Lessee) on the date hereof

Total Care Agreement means a total care agreement, or an amendment thereto, as the case may be, covering the Engines, entered into between the Lessee and the Engine Manufacturer

Total Loss means

- (a) the actual, constructive, compromised, arranged or total loss of the Aircraft agreed by insurers;
- (b) if the Aircraft is destroyed, damaged beyond economic repair or becomes permanently unfit for normal use for any reason (including any damage to the Aircraft or it being requisitioned for use where the insurers agree a total loss settlement);
- (c) if the Aircraft is requisitioned for title, confiscated, seized, detained, forfeited, compulsorily purchased;
- (d) if the Aircraft is requisitioned for hire for more than one hundred and twenty (120) days; or
- (e) if the Aircraft is hi-jacked, stolen or disappears for ninety (90) days or longer

Total Loss Payment Date means with respect to a Total Loss the earlier of:

- (a) the first Business Day which falls on or after the date falling sixty (60) days after the Total Loss happened; and
- (b) the date the Insurance proceeds are received by the person entitled to such proceeds under this Agreement for that Total Loss

Transaction Documents means this Agreement, the Lessor Guarantee, the Aviation Authority Letter, the IDERA, the Engine Warranties Agreement, the Airframe Warranties Agreement, the Notice and Acknowledgement, the Final Acceptance Certificate, the Technical Acceptance Certificate, the Deregistration Power of Attorney, the Assignment of Insurances, any Subordination Agreement and any other document which is entered into by the Lessee in connection with any of those agreements, as each of the same may be amended from time to time

Transfer has the meaning given to such term in Clause 25.2

Twelve-Year Check or 12-Year Check means the heavy airframe structural and zonal inspection of the Aircraft (and resulting repairs) including a C Check, all MPD tasks having an interval of twelve years, and performed concurrently therewith such additional Flight Hour or Cycle controlled MPD structural and zonal inspections

Voluntary Equipment Change means an Equipment Change other than a Mandatory Equipment Change

Part B
Interpretation

The following rules of interpretation apply throughout the Agreement.

- 1 Unless otherwise stated, a reference to:
 - (a) any Applicable Law includes any change or addition to it or replacement of it;
 - (b) **month** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:
 - (i) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
 - (ii) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month;
 - (c) this Agreement or any other agreement or document includes any changes, replacements or substitutions;
 - (d) **indebtedness** includes any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (e) a **person** may, depending on the context, include an individual, any form of corporate or business association or any state or form of governmental or official body, whether having a distinct legal identity or not;
 - (f) the Lessor, the Lessee or any other person includes their respective successors, transferees and assignees; and
 - (g) **includes, including, include** or similar terms shall not be construed as limiting and shall mean “including, without limitation”.
 - 2 The Convention and the Protocol shall be read and interpreted together as a single instrument as required by Article 6(1) of the Convention.
 - 3 References to a provision of the Cape Town Convention will, unless it is specifically stated to be a reference to a provision of the Convention or, as the case may be, the Protocol, be a reference, whether stated or not, to the relevant provision of the Consolidated Text, and reference to any provision of the Consolidated Text shall include a reference to the provision(s) of the Convention and/or the Protocol from which such provision is/are derived.
 - 4 The Clause headings and sub-headings are used in this Agreement only to make it easier to read. They are not intended to affect its meaning.
 - 5 Certain technical terms used but not defined have the meaning given in Annex six and eight of the Convention of International Civil Aviation in force from time to time.
 - 6 Any reference to this Agreement includes its Schedules.
-

Schedule 2

Aircraft Particulars

Manufacturer:	The Boeing Company
Model:	787-9
MSN:	38459
Registration:	As specified in the Technical Acceptance Certificate
Engine Model:	Rolls-Royce model Trent 1000-J
Engine Serial Numbers:	As specified in the Technical Acceptance Certificate
Engine Thrust:	74,100 lbs
APU Model:	Hamilton Sundstrand
APU Serial Number:	As specified in the Technical Acceptance Certificate
Landing Gear Serial Number:	As specified in the Technical Acceptance Certificate
MTOW:	252,650 kg
Interior seating layout:	As specified in the Technical Acceptance Certificate
Loose equipment:	As specified in the Technical Acceptance Certificate
L.O.P.A.:	As specified in the Technical Acceptance Certificate

REDACTED *

Conditions Precedent and Conditions Subsequent

Part A

REDACTED *

REDACTED *

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REDACTED *

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Part C
Lessee Conditions Subsequent

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Schedule 4
Delivery Procedure
REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

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REDACTED *

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Schedule 5
Aircraft Documents

A. Certificates

A001 Certificate of Airworthiness

A002 Current Certificate of Registration

A003 C of A for Export

A004 Noise Limitation Certificate (AFM page)

A005 Radio Station License

A006 Aircraft deregistration

A007 Burn Certificates - Cabin Interiors - as follows:

Certification of compliance with the fire blocking requirements as outlined in FAR / JAR Part 25 including:

- Seat cushions*
- Back rest cushions*
- Dress covers*
- Carpets and Curtains
- Flight Attendant Seats
- Cockpit Observer's Seats
- Galley Floor Covering
- Interior Surfaces (if refurbished)

* Including "in combination" burn certification

B. Aircraft Maintenance Status Summaries

B001 Certified current Time in Service (Flight Hours and Cycles) and maintenance status

B002 Certified status of Airframe and Appliance Airworthiness Directives including method of compliance

B003 Certified status of Service Bulletins Incorporated

B004 Certified status of all non SB and Major Modifications/STC's including acceptable State of Manufacture Certification

B005 Certified status of SSI

B006 Certified status of CPCP (if applicable)

B007 Certified status inventory of Hard Time Components (Fitted listing)

- B008 Certified inventory of OC/CM Components (Fitted listing)
- B009 Certified status of Check/Inspection History and Current Status of Checks
- B010 List of Deferred Maintenance Items (if applicable)
- B011 List of Out of Phase Checks, Special Requirements, Time Limited Repairs (if any)
- B012 **Aircraft Accident and Incident Statement
- B013 Structural repairs and damage Status (including Dent and Buckle Chart)
- B014 Certification Maintenance Requirements (CMR) item status
- B015 Aircraft Flight Time Report / Aircraft Log Book

C. Aircraft Maintenance Records

- C001 Technical Logs
- C002 A Checks: Last complete cycle of A Checks (or equivalent)
- C003 C Checks: Last Complete cycle of C Checks (or equivalent)
- C004 All Major Checks
- C005 CPCP Tasks including DFP and finding reports
- C006 Dirty Finger Print Certification (DFP) - AD's - DFP must reference AD and/or Applicable SB
- C007 Dirty Finger Print Certification - SB's
- C008 Dirty Finger Print Certification - STC Documentation and All other modifications
- C009 Dirty Finger Print Certification All Structural repairs/structural damage
- C010 Details of State of Manufacture approval basis - All non SRM Structural repairs
- C011 Certification Maintenance Requirement (CMR) Dirty Finger Prints
- C012 Last Weighing Report including Schedule
- C013 Last Balancing of All Control Surfaces (if applicable)
- C014 Last Demonstration Flight Report
- C015 Certified ETOPS compliance report (if applicable)
- C016 Certified last done/ next due MPD task listing
- C017 NDT documentation such as x-ray and eddy current, etc.

D. Configuration Status

- D001 Approved and certified LOPA
- D002 Galley Drawings and Galley OHM
- D003 Emergency Equipment Drawing/Listing

D004 Loose Equipment Inventory

D005 Inventory Listing of Avionic Units installed

E. Aircraft Historical Records

E001 C of A (Export) from State of Manufacture

E002 Manufacturer's AD Report

E003 Manufacturer's Inspection Report, Initial Equipment list / Aircraft Readiness Log (or equivalent)

E004 Manufacturer's repair/alteration report

E005 Manufacturer's SB Report

E006 Aircraft Historical / Miscellaneous Log (or equivalent)

E007 Last Flight Data Recorder Read Out and Corrections

F. Engine Records

F001 Certified Statement on Status of Each Engine

F002 Certified Status of Engine Airworthiness Directives including Method of Compliance

F003 Manufacturer's Modifications and SB Status

F004 In house Modifications (if applicable)

F005 Certified LLP Listing and status

F006 Manufacturer Delivery Document

F007 Complete copies of all historical Engine/Module Shop Visit Reports including complete dirty finger print work packages

F008 LLP Status and Full and unbroken Traceability to birth

F009 Condition Monitoring Report

F010 Engine Log Book/Master Records of Installation/Removals

F011 Last Borescope Report, including video if available

F012 Test Cell Run Report

F013 Last On Wing Ground Run

F014 **Engine Accident & Incident Statement

F015 Approved ETOPS compliance report (if applicable)

F016 Type of Engine Oil Used

F017 Statement of Exceedences and corrective actions per the maintenance manual during Term

F018 Power Rating Operation Statement (Cycles of operation e.g., B1, B2, C1, etc.)

F019 Engine NDT documentation such as x-ray, eddy current, etc.

G. APU

G001 Certified Statement on Status of APU

G002 Certified Status of APU Airworthiness Directives including Method of Compliance

G003 Manufacturer's Modifications and SB Status

G004 APU Log Book/Master Record of Installation/Removals

G005 Complete copies of all APU Shop Visit Reports & Reason for Removal

G006 Statement of APU Hours to Aircraft Flying Hours (ratio)

G007 LLP Status and Full and unbroken Traceability to birth (if applicable)

G008 Last On Wing/Health Check Data sheets (if applicable)

G009 Last Test Cell Run

G010 Approved ETOPS compliance report (if applicable)

G011 Type of APU Oil Used

H. Component Records

H001 *Approved Release to Service Certification for Hard Time Components

H002 *Approved Release to Service Certification for OC/CM Components

I. Landing Gears

I001 *Approved Release to Service Certification for major assemblies on each Landing Gear from last Overhaul

I002 Approved LLP Listings for each Landing Gear such that total life of each LLP can be appropriately demonstrated

I003 Last Overhaul Mini Pack

J. Manuals

All Manufacturer's Manuals identified below shall be provided where not digitally accessible at MyBoeingfleet.com:

J001 Wiring Diagram Manual

J002 Illustrated Parts Catalog

J003 Maintenance Manual

J004 Aircraft Schematics manual J005 Wire List and Hook up Charts

K. Miscellaneous

K001 Maintenance Programme Specifications (Lessee's)

K002 Reference Material for Interpretation of Status Summaries, or cross reference for Part Numbers

* Items H001, H002 and I001 to be covered by EASA Form 1 or FAA Form 8130 3 with EASA dual release and all other documentation in the possession of the Lessee, relating to the Airframe, Engines or any Parts to the extent provided by the Lessee at time of the Aircraft arrival at the Actual Location and entry into the prolonged storage program

** At Redelivery, the non incident statements shall only cover the operation of the Aircraft and/or components by the Lessee during the Lease Period or, if applicable, a shorter period in the case of a replaced component.

Schedule 6

End of Lease Maintenance Payment Adjustments

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Schedule 7 Reporting and Notices

Part A
Form of Technical Report



OWNER REPORT

Details of Arguments

DATE FROM	<input type="text"/>	DATE TO	<input type="text"/>
FLEET	<input type="text"/>	DATA AS OF	<input type="text"/>
REGISTRATION CODE	<input type="text"/>	PERIOD FH	<input type="text"/>
MSN	<input type="text"/>	PERIOD FC	<input type="text"/>
AIRCRAFT OWNER	<input type="text"/>	TOTAL FH SINCE NEW	<input type="text"/>
AIRCRAFT OPERATOR	<input type="text"/>	TOTAL FC SINCE NEW	<input type="text"/>

Details

AIRFRAME STATUS													
CHECK NAME	INTERVAL (CALENDAR TIME)	INTERVAL (FH)	INTERVAL (FC)	NEXT CHECK BARCODE	NEXT CHECK LOCATION	WP BARCODE	WP DUE	SCHED START	LAST CHECK BARCODE	DATE LAST CHECK	LAST CHECK LOCATION	FH AT LAST CHECK	FC AT LAST CHECK

ENGINES (Originally Received)												
PART NUMBER	SERIAL NUMBER	PERIOD FH	PERIOD FC	TOTAL FH SINCE NEW	TOTAL FC SINCE NEW	DATE LAST SHOP VISIT	FC SINCE LVF	FH SINCE LVF	FLEET	CURRENT LOCATION	REMOVAL DATE	INSTALLATION DATE

ENGINES (Revised at Flight)									
PART NUMBER	SERIAL NUMBER	POSITION	PERIOD FH	PERIOD FC	TOTAL FH SINCE NEW	TOTAL FC SINCE NEW	OWNER	FLEET	CURRENT LOCATION

APU (Originally Received)										
PART NUMBER	SERIAL NUMBER	PERIOD FH	PERIOD FC	CURRENT TSN	CURRENT CON	DATE LAST REPAIR	FH SINCE LAST	FC SINCE LAST	FLEET	CURRENT LOCATION

LANDING GEAR (Originally Received)												
POSITION	PART NUMBER	SERIAL NUMBER	CURRENT TSN	CURRENT CON	DATE LAST OVERHAUL	HOURS SINCE OVERHAUL	CYCLES SINCE OVERHAUL	FLEET	CURRENT LOCATION	REMAINING TIME	REMAINING CYCLES	

Part B

Notices

Lessee

Lessee: LATAM Airlines Group S.A.
Address: Avenida Américo Vespucio N° 901
Edificio Corporativo LATAM 1-A
Renca, Santiago
Chile
Email: audy.schenkl@latam.com
with a copy to:
Natalia.nobrega@latam.com
Attention: SVP Fleet & Engines Contracts

Lessor

Lessor: UMB Bank, N.A., not in its individual capacity but solely as owner trustee
Address: 6440 S. Millrock Drive, Suite 400
Salt Lake City, UT 84121
United States of America
Email: corptrustutah@umb.com
Attention: Corporate Trust Department

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Schedule 8
Insurance Requirements
REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Schedule 9
Part A – Redelivery Procedure

1 Final Inspection

(a) **REDACTED***

* Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Part B
Redelivery Condition

1 The Aircraft will:

(a) **REDACTED***

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Schedule 10
Subleasing Requirements

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

REDACTED *

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redaction Dated February 2, 2021.

Schedule 11
Form of Technical Acceptance Certificate

This Technical Acceptance Certificate relates to the operating lease agreement (the **Agreement**) dated [] 2021 and made between [] (the **Lessor**), and LATAM Airlines Group S.A. (the **Lessee**) in respect of one (1) Boeing 787-9 aircraft with manufacturer's serial number [], registration mark [] and having two (2) Rolls-Royce model Trent 1000-J engines with serial numbers [•] and [•] installed thereon (as more particularly described in the Agreement as the Aircraft).

PART A

1 Aircraft Information

Model	Boeing 787-9
Manufacturer's Serial Number	[]
Date of Manufacture	
MTOW	[]
MLW	[]
MZFW	[]
Current registration mark	[]
Airframe time since new ("TSN")	[]
Airframe Cycles since new ("CSN")	[]
Total Flight Hours Since Last Airframe 12-Year Check	
Total Cycles Since Last Airframe 12- Year Check	
Date of last Airframe 12-Year Check	
Total Flight Hours Since Last Airframe C Check	
Total Cycles Since Last Airframe C Check	
Date of last Airframe C Check	

2 Engine Information

	Position 1		Position 2	
Model				
Manufacturer's Serial Number				
Max. Take-off Thrust Rating				
Engine TSN				
Engine CSN				
Total Flight Hours since last Engine Performance Restoration Shop Visit				
Total Cycles since last Engine Performance Restoration Shop Visit				
Date of last Engine Performance Restoration Shop Visit				
Thrust Reverser Serial Number	LH OTBD	LH INBD	RH INBD	RH OTBD

3 APU Information

APU Manufacturer	
Model	
Part Number	
Manufacturer's Serial Number	
APU TSN	
APU CSN	
Total APU Hours since last APU Power Section Refurbishment	
Total APU Cycles since last APU Power Section Refurbishment	
Date of last APU Power Section Refurbishment	

4 Landing Gear Information

	Nose Landing ; Gear	LH Main Landing Gear	RH Main Landing Gear
Part Number			
Manufacturer's Serial Number			
Landing Gear TSN			
Landing Gear CSN			
Total Flight Hours since last Landing Gear Overhaul			
Total Cycles since last Landing Gear Overhaul			
Date of last Landing Gear Overhaul			

5 Aircraft Documents

As described in Annex 1 to this Technical Acceptance Certificate.

6 Loose Equipment

As described in Annex 2 to this Technical Acceptance Certificate.

7 L.O.P.A.

As described in Annex 3 to this Technical Acceptance Certificate.

8 Fuel on Board: _____ kgs.

PART B

Unless otherwise defined in this Technical Acceptance Certificate, capitalised words and expressions used in this certificate shall have the same meanings as given to them in the Agreement.

- 1 The Lessee acknowledges and confirms that on the [[*] day of [[*]] 2021 at Victorville, California, the Lessee has completed its inspection of the Aircraft and the Aircraft Documents (as per the Aircraft Documents signed by the Lessee and the Lessor and detailed in Annex 1 to this Technical Acceptance Certificate).
- 2 The Lessee confirms that it is satisfied that the Aircraft and the Aircraft Documents meet all of the requirements necessary for the Lessee to technically accept the Aircraft and the Aircraft Documents under the Agreement.
- 3 This Technical Acceptance Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
- 4 This Technical Acceptance Certificate shall be governed by, and construed in accordance with, the laws of England.

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

LATAM AIRLINES GROUP S.A., as Lessee

We hereby acknowledge and accept the above

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

[], as Lessor

Annex 1
Aircraft Documents

Annex 2
Loose Equipment

Schedule 12
Form of Final Acceptance Certificate

This Final Acceptance Certificate relates to the operating lease agreement (the **Agreement**) dated [] 2021 and made between [] (the **Lessor**), and LATAM Airlines Group S.A. (the **Lessee**) in respect of one (1) Boeing 787-9 aircraft with manufacturer's serial number [], registration mark [] and having two (2) Rolls-Royce model Trent 1000-J engines with serial numbers [•] and [•] installed thereon (as more particularly described in the Agreement as the Aircraft).

PART A

1 Aircraft Information

Model	Boeing 787-9
Manufacturer's Serial Number	[]
Date of Manufacture	
MTOW	[]
MLW	[]
MZFW	[]
Current registration mark	[]
Airframe time since new ("TSN")	[]
Airframe Cycles since new ("CSN")	[]
Total Flight Hours Since Last Airframe 12-Year Check	
Total Cycles Since Last Airframe 12- Year Check	
Date of last Airframe 12-Year Check	
Total Flight Hours Since Last Airframe C Check	
Total Cycles Since Last Airframe C Check	
Date of last Airframe C Check	

2 Engine Information

	Position 1		Position 2	
Model				
Manufacturer's Serial Number				
Max. Take-off Thrust Rating				
Engine TSN				
Engine CSN				
Total Flight Hours since last Engine Performance Restoration Shop Visit				
Total Cycles since last Engine Performance Restoration Shop Visit				
Date of last Engine Performance Restoration Shop Visit				
Thrust Reverser Serial Number	LH OTBD	LH INBD	RH INBD	RH OTBD

3 APU Information

APU Manufacturer	
Model	
Part Number	
Manufacturer's Serial Number	
APU TSN	
APU CSN	
Total APU Hours since last APU Power Section Refurbishment	
Total APU Cycles since last APU Power Section Refurbishment	
Date of last APU Power Section Refurbishment	

4 Landing Gear Information

	Nose Landing Gear	LH Main Landing Gear	RH Main Landing Gear
Part Number			
Manufacturer's Serial Number			
Landing Gear TSN			
Landing Gear CSN			
Total Flight Hours since last Landing Gear Overhaul			
Total Cycles since last Landing Gear Overhaul			
Date of last Landing Gear Overhaul			

5 Aircraft Documents

As described in Annex 1 to this Final Acceptance Certificate.

6 Loose Equipment

As described in Annex 2 to this Final Acceptance Certificate.

7 L.O.P.A.

As described in Annex 3 to this Final Acceptance Certificate.

8 Fuel on Board: _____kgs.

PART B

Unless otherwise defined in this Final Acceptance Certificate, capitalised words and expressions used in this certificate shall have the same meanings as given to them in the Agreement.

- 1 The Lessee acknowledges and confirms that the Aircraft has been delivered to the Lessee together with its Aircraft Documents (as per the Aircraft Documents signed by the Lessee and the Lessor and detailed in Annex 1 to this Final Acceptance Certificate) on the [[•] day of [[•]] 2021. Delivery took place on that date at [[•] (*state Delivery Location*)], at [•] hours.
- 2 The Lessee confirms that it has had the opportunity to inspect the Aircraft and that it is satisfied that the Aircraft meets all of the requirements necessary for it to accept Delivery of it and that the Lessor has fully performed all of its obligations under the Agreement with respect to that Delivery. The Lessee acknowledges that the Aircraft has been delivered to us “as-is where-is”.
- 3 The Lessee acknowledges and agrees that execution and delivery of this Final Acceptance Certificate is conclusive proof that the Lessee has examined and investigated the Aircraft, that the Aircraft and the Aircraft Documents are satisfactory to the Lessee and that the Lessee has irrevocably and unconditionally accepted the Aircraft for lease under the Agreement without any reservations or exceptions whatsoever.
- 4 The Lessee confirms to the Lessor that, as at the time indicated above, being the Delivery Date the Aircraft is accepted for all purposes of the Agreement.
- 5 This Final Acceptance Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
- 6 This Final Acceptance Certificate shall be governed by, and construed in accordance with, the laws of England.

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

LATAM AIRLINES GROUP S.A., as Lessee

We hereby acknowledge and accept the above

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

[], as Lessor

Annex 1
Aircraft Documents

Annex 2
Loose Equipment

Annex 3

L.O.P.A.

Schedule 13
Form of Redelivery Acceptance Certificate

This Redelivery Acceptance Certificate relates to the operating lease agreement (the **Agreement**) dated [] 2021 and made between [] (the **Lessor**), and LATAM Airlines Group S.A. (the **Lessee**) in respect of one (1) Boeing 787-9 aircraft with manufacturer's serial number [], registration mark [] and having two (2) Rolls-Royce model Trent 1000-J engines with serial numbers [•] and [•] installed thereon (as more particularly described in the Agreement as the Aircraft).

PART A

1 Aircraft Information

Model	Boeing 787-9
Manufacturer's Serial Number	[]
Date of Manufacture	
MTOW	[]
MLW	[]
MZFW	[]
Current registration mark	[]
Airframe time since new ("TSN")	[]
Airframe Cycles since new ("CSN")	[]
Total Flight Hours Since Last Airframe 12-Year Check	
Total Cycles Since Last Airframe 12- Year Check	
Date of last Airframe 12-Year Check	
Total Flight Hours Since Last Airframe C Check	
Total Cycles Since Last Airframe C Check	
Date of last Airframe C Check	

2 Engine Information

	Position 1		Position 2	
Model				
Manufacturer's Serial Number				
Max. Take-off Thrust Rating				
Engine TSN				
Engine CSN				
Total Flight Hours since last Engine Performance Restoration Shop Visit				
Total Cycles since last Engine Performance Restoration Shop Visit				
Date of last Engine Performance Restoration Shop Visit				
Thrust Reverser Serial Number	LH OTBD	LH INBD	RH INBD	RH OTBD

3 APU Information

APU Manufacturer	
Model	
Part Number	
Manufacturer's Serial Number	
APU TSN	
APU CSN	
Total APU Hours since last APU Power Section Refurbishment	
Total APU Cycles since last APU Power Section Refurbishment	
Date of last APU Power Section Refurbishment	

4 Landing Gear Information

	Nose Landing Gear	LH Main Landing Gear	RH Main Landing Gear
Part Number			
Manufacturer's Serial Number			
Landing Gear TSN			
Landing Gear CSN			
Total Flight Hours since last Landing Gear Overhaul			
Total Cycles since last Landing Gear Overhaul			
Date of last Landing Gear Overhaul			

5 Aircraft Documents

As described in Annex 1 to this Redelivery Acceptance Certificate.

6 Loose Equipment

As described in Annex 2 to this Redelivery Acceptance Certificate.

7 L.O.P.A.

As described in Annex 3 to this Redelivery Acceptance Certificate.

8 Fuel on Board: ___ kgs.

PART B

Unless otherwise defined in this Redelivery Acceptance Certificate, capitalised words and expressions used in this certificate shall have the same meanings as given to them in the Agreement.

- 1 The Lessor acknowledges and confirms that the Lessor has completed its redelivery inspection of the Aircraft and the Aircraft Documents (as per the Aircraft Documents signed by the Lessee and the Lessor and detailed in Annex 1 to this Redelivery Acceptance Certificate) and that the Lessor is satisfied with the condition of the Aircraft and the Aircraft Documents and that the Aircraft has been redelivered to the Lessor together with its Aircraft Documents on the [[•] day of [[•]] 20[•]. Redelivery took place on that date at [[•] (*state Redelivery Location*)], at [•] hours.
- 2 This Redelivery Acceptance Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
- 3 This Redelivery Acceptance Certificate shall be governed by, and construed in accordance with, the laws of England.

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

[], as Lessor

We hereby acknowledge and accept the above

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

LATAM AIRLINES GROUP S.A., as Lessee

Annex 1
Aircraft Documents

Annex 2

Loose Equipment

Annex 3

L.O.P.A.

Schedule 14
Form of Condition Confirmation Certificate

This Condition Confirmation Certificate relates to the operating lease agreement (the **Agreement**) dated [] 2021 and made between [] (the **Lessor**), and LATAM Airlines Group S.A. (the **Lessee**) in respect of one (1) Boeing 787-9 aircraft with manufacturer's serial number [], registration mark [].

Pursuant to the Agreement, the Lessor and the Lessee hereby acknowledge and agree that as of this ___ day of _____, the Engine identified below is in the condition specified below.

1 Engine Information

Model		
Manufacturer's Serial Number		
Max. Take-off Thrust Rating		
Engine TSN		
Engine CSN		
Total Flight Hours since last Engine Performance Restoration Shop Visit		
Total Cycles since last Engine Performance Restoration Shop Visit		
Date of last Engine Performance Restoration Shop Visit		
Thrust Reverser Serial Number	LH OTBD	LH INBD
LLP Status	See Attachment 1	

2 This Condition Confirmation Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

3 This Condition Confirmation Certificate shall be governed by, and construed in accordance with, the laws of England.

Signed:

Name (capitals):

Title:

duly authorised for and on behalf of

[], as Lessor

We hereby acknowledge and accept the above

Signed:

Name (capitals):

Title:


duly authorised for and on behalf of

LATAM AIRLINES GROUP S.A., as Lessee

Annex 1
Engine LLP Disc Sheet

SIGNATURE PAGE - LEASE AGREEMENT - MSN 38459

SIGNED by)
duly authorised for and)
on behalf of)
UMB BANK, N.A., not in its individual)
capacity but solely in its capacity as owner)
trustee of the MSN 38459 Trust)


Marilee Sobieski
Vice President

SIGNED by)
duly authorised for and)
on behalf of)
LATAM AIRLINES GROUP S.A.)

SIGNATURE PAGE - LEASE AGREEMENT - MSN 38459

SIGNED by)
duly authorised for and)
on behalf of)
UMB BANK, N.A., not in its individual)
capacity but solely in its capacity as owner)
trustee of the MSN 38459 Trust)

SIGNED by)
duly authorised for and)
on behalf of)
LATAM AIRLINES GROUP S.A.)



ELVIRA VIAL
Authorized Signatory

EXHIBIT B

MSN 6698

Dated as of March 5, 2021

WILMINGTON TRUST COMPANY,
not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust,
as Lessor

and

LATAM AIRLINES GROUP S.A.,
as Lessee

LEASE AGREEMENT (MSN 6698)

One (1) Airbus A321-200 Aircraft with manufacturer's serial
number 6698, its associated Engines
and FAA Registration mark **REDACTED***

This Lease Agreement has been executed in multiple counterparts. To the extent, if any, that this Lease Agreement constitutes chattel paper (as defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in Lessor's right, title and interest in and to this Lease Agreement may be perfected through the delivery or possession of any counterpart of this Lease Agreement other than the original executed counterpart designated as the chattel paper original on the signature pages thereof

* All text marked "**REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

#4829-9504-8670

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SCHEDULES

Schedule 1	Conditions Precedent
Schedule 2	Representations and Warranties
Schedule 3	Certain Economic Terms
Schedule 4	– Delivery Procedure
Schedule 5	– Redelivery Maintenance Adjustment
Schedule 6	– Aircraft Documents
Schedule 7	– Redelivery Procedure and Return Conditions

EXHIBITS

Exhibit I	– Form of Lease Supplement (MSN 6698)
Exhibit II	– Form of Technical Acceptance Certificate
Exhibit III	– Form of Final Acceptance Certificate
Exhibit IV	– Form of Redelivery Technical Acceptance Certificate
Exhibit V	– Form of Final Certificate of Redelivery
Exhibit VI	Form of Monthly Utilization Report
Exhibit VII	Form of PBH Report

ANNEX

Annex A	– Definitions
Annex B	– List of Permitted Sublessees

THIS LEASE AGREEMENT (MSN 6698) dated as of March 5, 2021 (this "Lease") is between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust, as lessor (the "Lessor"), and LATAM AIRLINES GROUP S.A., a company organized under the laws of the Republic of Chile, as lessee (the "Lessee").

W I T N E S S E T H:

WHEREAS, pursuant to the terms and conditions of this Lease, the Lessor has agreed to lease the Aircraft to the Lessee.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. **Definitions and Construction.** Unless the context otherwise requires, capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in Annex A hereto for all purposes of this Lease and this Lease shall be interpreted in accordance with the rules of construction set forth in Part II of Annex A hereto.

Section 2. **Agreement to Lease.**

(a) **Conditions Precedent.** The obligation of:

(i) Lessor to deliver and lease the Aircraft to Lessee under this Lease is subject to the conditions precedent specified in paragraphs 1 and 2 of Schedule 1 (*Conditions Precedent*); and

(ii) Lessee to accept delivery of the Aircraft under this Lease is subject to the conditions precedent specified in paragraph 3 of Schedule 1 (*Conditions Precedent*).

(b) **Waiver.**

(i) The conditions precedent specified in paragraphs 1 and 2 of Schedule 1 (*Conditions Precedent*) are for the sole benefit of Lessor and may be waived or deferred in whole or in part and with or without conditions by Lessor.

(ii) The conditions precedent specified in paragraph 3 of Schedule 1 (*Conditions Precedent*) are for the sole benefit of Lessee and may be waived or deferred in whole or in part and with or without conditions by Lessee.

(c) **Representations and Warranties.**

(i) As of the Delivery Date, Lessee represents and warrants to Lessor the representations and warranties set out in paragraph 1 of Schedule 2 (*Representations and Warranties*).

(ii) As of the Delivery Date, Lessor represents and warrants to Lessee the representations and warranties set out in paragraph 2 of Schedule 2 (*Representations and Warranties*).

(d) **Delivery.** Lessor and Lessee will follow Delivery Procedure set out in Schedule 4 (*Delivery Procedure*).

(e) **Acceptance.** After completion of the Delivery Procedure per Schedule 4 (*Delivery Procedure*), if the Aircraft meets the requirements as detailed in the Delivery Procedure, Lessee shall accept the Aircraft on lease and shall effect acceptance of the Aircraft by execution and delivery to Lessor in the Actual Location of the Technical Acceptance Certificate per Exhibit II and upon completion of the Delivery Ferry Flight shall complete on the Delivery Date at the Delivery Location the Final Acceptance Certificate per Exhibit III. Lessee's acceptance shall be absolute, unconditional and irrevocable

Section 3. **Term and Rent.**

(a) **Term.** The Lessee hereby agrees to lease from the Lessor the Aircraft for the Term as specified in Schedule 3 (*Certain Economic Terms*).

(b) **Rent.** Lessee shall pay to the account of Lessor Rent as specified in Schedule 3 (*Certain Economic Terms*).

(c) **Manner of Payment.** All Rent and other sums payable hereunder shall be paid on the date payment is due in Dollars and in immediately available funds (or such other funds as are from time to time customary for the settlement of international banking transactions in Dollars or other relevant currency in New York City or other relevant jurisdiction of such other currency). All payments of Rent to the Lessor and all other amounts payable hereunder by the Lessee to the Lessor shall be paid to the account of the Lessor or as the Lessor may specify from time to time in writing not less than twenty (20) Business Days prior to the date on which the relevant amount is payable.

(d) **No Security Deposit or Maintenance Reserves.** No security deposit or maintenance reserves will be required under this Lease. A Redelivery Maintenance Adjustment shall be made in respect of the Aircraft at the end of the Term. Such Redelivery Maintenance Adjustment shall be calculated and paid in accordance with Schedule 5 (*Redelivery Maintenance Adjustment*) of this Lease.

(e) **Absolute Obligation.** The obligation of the Lessee to pay Rent hereunder shall be absolute and unconditional as more fully set forth in Section 11.

(f) **Tax Withholding.** Lessee will not make any deduction for Taxes from any Rent or other payments to be made under this Lease, except as required by Applicable Law. If Lessee is required by Applicable Law to make a deduction for Taxes then it must notify Lessor and:

- (i) pay Lessor a net amount on the relevant payment date equal to the amount that Lessor would have received if no Taxes were required to be withheld;
- (ii) withhold and pay the Tax according to Applicable Law; and

(iii) provide a receipt from the relevant Government Body to Lessor (or other evidence of withholding and payment of the Tax reasonably acceptable to Lessor).

If Lessee pays an additional amount to Lessor pursuant to this Section 3(f) and Lessee is not responsible for the applicable Tax pursuant to Section 13, Lessor shall repay to Lessee within thirty (30) days after receipt of Lessee's written request therefor (which shall include a description of the Tax that is excluded pursuant to Section 13 and the calculation of the additional amount to be repaid), such amount to the extent attributable to any Tax that is not Lessee's responsibility under Section 13.

Section 4. Treatment of Manufacturer's Warranties. None of the provisions of this Section 4 or any other provision of this Lease shall be deemed to amend, modify or otherwise affect the representations, warranties or other obligations (express or implied) of the Manufacturer or the Engine Manufacturer or any subcontractor or supplier of the Manufacturer or the Engine Manufacturer with respect to the Aircraft, the Airframe, any Engine or any Part, forming a part of or installed on or attached to the Aircraft, the Airframe or any Engine or to release the Manufacturer or the Engine Manufacturer or any such subcontractor or supplier from any such representation, warranty or obligation. So long as no Event of Default shall have occurred and be continuing, the Lessee shall have the benefit of and shall be entitled to enforce (as it shall deem appropriate), either in its own name or in the name of the Lessor (at the cost of the Lessee and in respect of which enforcement the Lessee hereby agrees to indemnify the Lessor) for the use and benefit of the Lessee during the Term by way of revocable license (**provided that** the Lessor shall not revoke such license until an Event of Default occurs and shall reinstate such license in the event such Event of Default is cured), any and all dealer's, manufacturer's or subcontractor's credits, guarantees, indemnities, warranties or other benefits, if any, available to the Lessor in respect of the Aircraft, the Airframe, any Engine or any Part; **provided, that** the Lessee shall not be entitled to modify, amend or otherwise alter any of the foregoing without the prior written consent of the Lessor except in circumstances where such modification, amendment or alteration could not reasonably be expected to have a Material Adverse Effect in relation to the Lessor, and the Lessor agrees at the Lessee's expense to do, execute and deliver such further acts, deeds, matters or things as may be reasonably requested by the Lessee to enable the Lessee to obtain customary warranty service furnished for the Aircraft, any Engine or any Part by such dealer, manufacturer or subcontractor or any supplier as aforesaid or to exercise any other rights in relation to any of the foregoing benefits, and any moneys recovered from such enforcement shall be promptly paid to, and retained by, the Lessee; **provided further, that** if a Default or Event of Default shall have occurred and be continuing, any such moneys payable to the Lessee shall instead be paid to the Lessor as security for, and applied to, the obligations of the Lessee under this Lease in such order as the Lessor shall elect and, at such time as no Default or Event of Default shall be continuing, to the extent not so applied, promptly paid to the Lessee.

Section 5. Return of Aircraft.

(a) **Return of Aircraft; Condition Upon Return.** On the Lease Expiry Date, Lessee shall (unless an Event of Loss has occurred) redeliver the Aircraft and Aircraft Documents (which shall include each of the documents referred to in Schedule 6 (*Aircraft Documents*) and which shall be updated and maintained by Lessee up to the date of Redelivery) to Lessor at Lessee's expense at the Redelivery Location in accordance with the procedures, and in compliance with the conditions set forth, in Schedule 7 (*Redelivery Procedure and Return Conditions*), provided that if any discrepancy was noted at Delivery in the Technical Acceptance Certificate in relation to the records, Lessee shall not redeliver that specific document. At the time of such redelivery the Aircraft shall be free and clear of all security interests (other than Lessor Liens) and will have a valid Export Certificate of Airworthiness with no exceptions issued by the relevant Aviation Authority allowing registration with the FAA.

(b) **Redelivery Location and Acknowledgement.** Redelivery Technical Acceptance will occur at an MRO in Chile, Brazil or elsewhere in North, Central or South America (“**Redelivery Location**”) as advised by Lessee to Lessor no later than ninety (90) days prior to redelivery (or if some other location, to be mutually agreed by Lessee and Lessor) for the redelivery check. After the Redelivery Technical Acceptance Certificate per Exhibit IV is signed (the “**Redelivery Date**”). Lessee shall confirm that the Aircraft is free and clear of all security interests (other than Lessor Liens) and will have a valid Export Certificate of Airworthiness with no exceptions issued by the relevant Aviation Authority allowing registration with the FAA. Lessee, upon Lessor’s request and cost, will ferry the Aircraft to another location designated by Lessor and agreed with Lessee (“**Final Redelivery Location**”). Final Redelivery Location shall be confirmed by Lessor to Lessee no later than sixty (60) days prior to Redelivery Date. Upon arrival at such Final Redelivery Location and without further inspection or requirements, Lessor shall execute a Final Redelivery Acceptance Certificate per Exhibit V as set forth in this Lease (the “**Redelivery**”) and Lessee shall promptly commence the process of filing the requisite deregistration paperwork with the relevant Aviation Authority. For the avoidance of doubt, Lessee is responsible for all customs and duty imposed by the Government Body with jurisdiction over the country of departure and Lessor is responsible for any customs and charges imposed by the Government Body with jurisdiction over the country of the Final Redelivery Location in connection with Redelivery, including ground handling and parking at the Final Redelivery Location.

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

(d) **Export Documents.** Upon execution of the Final Redelivery Acceptance Certificate, Lessee shall provide to Lessor all documents necessary to export the Aircraft from the Habitual Base (including, without limitation, a valid and subsisting export license and Export Certificate of Airworthiness with no exceptions for the Aircraft, and any approvals required from the Brazilian Commission for Coordination of Civil Air Transport or its Chilean equivalent (or other such equivalent where the Aircraft is operated by a Permitted Sublessee) and required in relation to the deregistration of the Aircraft with the Aviation Authority.

(e) **All of the Foregoing.** The Lessor and the Lessee agree that all of the foregoing provisions of this Section 5 are commercially reasonable.

Section 6. Liens.

(a) The Lessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Aircraft, the Airframe, any Engine or any Part, title thereto or any interest therein or in or to this Lease or any of its rights hereunder or thereunder, other than Permitted Liens. The Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or satisfy (by bonding or otherwise) any Lien that is not a Permitted Lien if the same shall arise at any time.

(b) The Lessee will not (otherwise than as expressly required, permitted or otherwise contemplated by this Lease) do anything or take any action or knowingly omit to take any action which has or could reasonably be expected to have the effect of prejudicing the first priority nature of the Existing Lien.

Section 7. Registration, Maintenance, Operation, Possession, Subleasing and Assignment.

(a) **Registration.** The Lessee shall, at its sole cost and expense, cause at all times the Aircraft to be duly certified as to airworthiness in accordance with the Applicable Laws of Chile or Brazil, and to be duly registered with the applicable Aviation Authority in the name of LATAM Airlines Group S.A. or its Permitted Sublessee, as applicable, as operator and the Lessor, as owner of the Aircraft and noting the Lien of the Local Mortgage in favor of the Loan Trustee, to the fullest extent permitted by Applicable Law, and, subject to the Lessee's rights under Section 7(b), shall at all times maintain or procure the maintenance of such registration. Unless otherwise provided in this Lease, the Lessee shall not, at any time during the Term, take any action, or fail to take any action, which action or failure might cause such airworthiness and registration to cease to be in full force and effect or to be revoked, withdrawn or suspended. Without limiting the generality of the foregoing, the Lessee at all times during the Term shall ensure, at the Lessee's sole cost and expense, that prior to the expiration thereof, the Certificate of Airworthiness and Certificate of Registration for the Aircraft is renewed or maintained by the Aviation Authority. Without limiting the generality of Section 11, the Lessor shall take, and shall cooperate with the Lessee to take, at the Lessee's sole cost and expense all actions necessary to permit and maintain such registration and to permit the Lessee to receive copies of all correspondence and communications to and from the Aviation Authority. Except as expressly permitted by this Lease, the Lessee shall not, during the Term, take any action which may cause deregistration of the Aircraft with the Aviation Authority, or the Local Mortgage registered with the Aviation Authority.

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(b) Re-registration.

(i) At any time after the Aircraft has been registered under the Applicable Laws of Chile or Brazil pursuant to the provisions of Section 7(a), the Lessee or any Permitted Sublessee may, at its option and at its sole cost and expense, in connection with a sublease permitted under Section 7(g) hereof (or following the termination of a sublease) cause the Aircraft to be duly re-registered in the name of the Lessor or the Owner, or, if required by Applicable Laws, in the name of the Lessee or a Permitted Sublessee (as applicable, expressly as operator, lessee or charterer) and noting the interest of the Lessor, the Owner or any Financier, and satisfaction of any conditions imposed thereby and **provided further, that**, (a) under the Applicable Laws of the jurisdiction in which the Aircraft is to be registered, there shall exist no rights in favor of any Permitted Sublessee or any other Person under the laws of the jurisdiction of the re-registration that would, upon bankruptcy or other default by such Permitted Sublessee, prevent the deregistration, re-export and return of the Aircraft to the Lessor in accordance with and as permitted by the terms of Section 5 upon the exercise by the Lessor of its remedies under Section 15, other than such rights as are no more disadvantageous to the Lessor, the Owner or any Financier than the rights in favor of the Lessee or any Permitted Sublessee or any third party if such bankruptcy or other default occurred while the Aircraft was registered under the law of Chile, Brazil or in the jurisdiction where the Aircraft is operated by a Permitted Sublessee, as applicable, (b) the Lessor or Owner, as applicable, shall be recognized as the owner of the Aircraft, (c) if the proposed jurisdiction of re-registration is other than Chile or Brazil, there shall be no disability under the Applicable Laws of the jurisdiction of re-registration at the date of re-registration to the practical exercise of the rights and remedies provided for in this Lease to which the Lessee or the relevant Permitted Sublessee is at the time of re-registration a party in respect of the Aircraft and the practical realization by the Lessor, the Owner and any Financier of the benefits of this Lease will be available under such Applicable Laws, (d) all filings, recordations, registrations and other actions necessary under the Applicable Laws of the jurisdiction in which the Aircraft is to be registered, in order to establish, protect and perfect the Lessor's or Owner's, as applicable, title to the Aircraft and its rights under this Lease shall have been made, (e) under the Applicable Laws of the jurisdiction in which the Aircraft is to be registered, the rights of the Lessor, the Owner and any Financier under this Lease shall be enforceable in the jurisdiction of re-registration, (f) in the opinion of the Lessor (acting reasonably), the standards in respect of airworthiness and maintenance applied in the state where the Aircraft is to be re-registered are no less stringent than those applied by the Aviation Authority of Chile or Brazil; (g) such re-registration shall not result in any Tax for which the Lessee is not required to indemnify or does not otherwise agree to indemnify at such time, (h) neither the Lessor, the Owner, nor any Financier shall be required to qualify to do business in such jurisdiction as a result of such re-registration, (i) no Liens (other than Permitted Liens) shall arise as a result of such re-registration and (j) the insurance required by Section 10 shall be in full force and effect subsequent to such re-registration. All reasonable costs, expenses and fees of the Lessor, the Owner and any Financier and all other charges in connection with any such re-registration shall be paid by the Lessee.

(ii) Throughout the Term, Lessee will, at the Lessor's cost, (i) cooperate with the Lessor to file the Financiers' security interests created from time to time in the Aircraft on each relevant register of the Aviation Authority and, if applicable, the relevant register of the aviation authority of the Habitual Base and (ii) make any changes to any registration or filing that may be necessary or advisable to take account of any change in the ownership of the Aircraft and cooperate with the Lessor filing in relation to the interests of any Financier in the Aircraft, save where such change in registration or filing is required as a result of a change of law in the State of Registration or as a result of any subleasing or interchange of the Aircraft, in which case such change shall be made at the Lessee's cost as provided for in Section 7(b)(i) above.

(c) Cape Town Convention.

(i) If the state in which the Lessee and/or a Permitted Sublessee is situated, the location of the Lessee's or any Permitted Sublessee's principal place of business or registered office, or the State of Registration has, or at any time brings into force, any legislative or other provisions giving effect to the Cape Town Convention and/or the Protocol, the Lessee (a) shall consent to the registration of any international interests or prospective international interests with the International Registry with respect to the Aircraft and/or any Engine and constituted by this Lease and (b) shall (and shall procure that any Permitted Sublessee shall) from time to time, do or cause to be done (and consents to the Lessor, the Owner or any Financier doing or causing to be done) any and all acts and things capable of being done by the Lessee or any Permitted Sublessee which may be required (in the determination of the Lessor (acting reasonably)) to ensure that the Owner, the Lessor and any Financier has the full benefit of the Cape Town Convention and/or the Protocol in connection with the Aircraft and any Engine, including:

(A) any matters connected with registering, perfecting and/or preserving any international interest(s) vested in the name of the Owner, the Lessor or any Financier with respect to the Aircraft and/or any Engine and constituted by this Lease and any interests arising out of any Permitted Sublease, including any applicable certified designee letter and, if required and to the extent available, obtaining any authorising entry point codes from the State of Registration necessary to effectuate the foregoing;

(B) constituting any international interest(s) to be vested in the Security Trustee, the Owner or the Lessor with respect to the Aircraft and/or any Engine in connection with this Lease and any interests arising out of any Permitted Sublease, including any applicable certified designee letter;

(C) entry into agreements (subordination or otherwise) to protect the priority of any international interest(s) referred to in the foregoing paragraph;

(D) agreeing to consenting to and acknowledging any assignment the Lessor enters, or has entered, into with a Financier in connection with this Lease;

(E) excluding in writing the application of any provisions of the Cape Town Convention and/or Protocol that the Lessor may deem desirable in connection with the foregoing;

(F) granting the right to discharge in respect of an international interest to the Lessor or, at the Lessor's direction, to a Financier;

(G) executing or procuring that the Permitted Sublessee executes an IDERA in favor of the Lessor, or if required by the Lessor, the Security Trustee, and submitting the same to the Aviation Authority for recordation and providing the recorded IDERA to the Lessor, or if required by the Lessor, the Owner or the Security Trustee;

(H) not registering, or consenting to the registration of, any conflicting interests (whether or not taking priority over the Owner's, the Lessor's or any Financier's international interests) at the International Registry without the Lessor's and the Security Trustee's prior written consent (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent); and

(I) not executing or submitting or permitting a Permitted Sublessee to execute or submit an IDERA for recordation in favor of any creditor other than the Lessor or the Security Trustee without the Lessor's and the Security Trustee's prior written consent (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent).

(ii) The Lessee shall not permit any person to register a prospective international interest, international interest or national interest at the International Registry without the prior written consent of the Lessor and the Security Trustee (it being understood that the Lessor shall be responsible for liaising with the Security Trustee in relation to any requested consent) except for any such interests created where:

(A) the Lessee is the debtor and one of the Lessor, the Owner or the Security Trustee is the creditor; or

(B) the Lessor is the debtor and one of the Owner or the Security Trustee is the creditor; or

(C) the Owner is the debtor and one of the Lessor, the Owner or the Security Trustee is the creditor.

(iii) The Lessee will promptly notify the Lessor on becoming aware of the registration of any non-consensual right or interest at the International Registry against the Airframe or any Engine and take all steps necessary to procure the discharge and de-registration of such interest.

(iv) In this Section 7(c):

(A) the following expressions shall have the respective meanings given to them in Article 1 of the Cape Town Convention:

- (1) airframe;
- (2) creditor;
- (3) debtor;
- (4) international interest;
- (5) International Registry;
- (6) national interests;
- (7) non-consensual right or interest;
- (8) prospective international interest; and
- (9) State of registry; and

(B) “state in which the Lessee is situated” shall be construed in accordance with Article 4 of the Cape Town Convention.

(d) **Maintenance.** The Lessee shall at all times during the Term, at the Lessee’s cost and expense:

(i) keep the Aircraft airworthy in all respects and in good repair and condition as at the Delivery Date (ordinary wear and tear excepted) and in compliance with all requirements of the Aviation Authority, except:

(A) where the Aircraft is undergoing maintenance, modification or repair required or permitted by this Lease; or

(B) there is an unscheduled event such as foreign object damage to the Aircraft, or any other incident affecting the operation or maintenance of the Aircraft, which temporarily results in the Aircraft becoming unserviceable or not airworthy;

(ii) not make any material changes to the maintenance program for Airbus A321-200 model aircraft and for engines of the same models as the Engines (and Replacement Engines) approved by the Aviation Authority (collectively, the “**Approved Maintenance Programme**”) or the schedule of the Approved Maintenance Programme without the prior written consent of Lessor (such consent not to be unreasonably withheld or delayed), except as may be approved or required by the Aviation Authority or required by any Applicable Laws;

(iii) upon request, provide Lessor with a copy of all substantial changes to the Approved Maintenance Programme and, upon Lessor's request up to once per year, provide to Lessor a copy of the Approved Maintenance Programme. For the avoidance of doubt, the Approved Maintenance Programme will be in English, provided that the introduction of the document and other specific tasks requested by the Aviation Authority may be in a language other than English;

(iv) maintain the Aircraft in accordance with the Approved Maintenance Programme which shall be in accordance with the maintenance program as specified in the Manufacturer's Maintenance Planning Document, as approved by the Aviation Authority and perform (at the respective intervals provided in the Approved Maintenance Programme) all Major Checks in accordance with the EASA and Aviation Authority requirements;

(v) operate the Aircraft in accordance with the Aviation Authority requirements and comply with any other rules and regulations of the Aviation Authority which are applicable to A321 passenger category aircraft;

(vi) maintain and service the Aircraft in at least the same manner and with at least the same care as is the case with respect to the same model of aircraft owned, leased or otherwise operated by Lessee (taken as a whole) and as if Lessee were to retain and continue operating the Aircraft in its fleet after the Lease Expiry Date, including, without limitation, maintenance scheduling, modification status and technical condition, and all maintenance to the Airframe, any Engine or any Part required to maintain all warranties, performance guarantees or service life policies in full force and effect;

(vii) comply with all mandatory orders, mandatory Service Bulletins issued by the Manufacturer and the Engine Manufacturer, all other Service Bulletins applicable to the Aircraft which Lessee adopts during the Lease Term for any aircraft of the same model in Lessee's fleet, all Airworthiness Directives and all airworthiness directives issued by the Aviation Authority EASA and the FAA applicable to the Aircraft, any Engine or Part having a compliance date during the Term and, subject to and in accordance with the provisions of Paragraph 1.1(e) of Schedule 7, Part B, within ninety (90) days after the Lease Expiry Date;

(viii) maintain in good standing a current certificate of airworthiness (in the appropriate category for the nature of the operations of the Aircraft) for the Aircraft issued by the Aviation Authority, except where the Aviation Authority has withdrawn the same in respect of all A321 family aircraft and Lessee has grounded the Aircraft during such period, and will from time to time provide to Lessor a copy of such certificate of airworthiness within ten (10) days of Lessor's request;

(ix) ensure no Non-OEM approved DER repairs will be installed on the Engines or Airframe during the Term or at Redelivery; and

(x) ensure no Non-OEM PMA parts will be installed on the Engines and Landing Gear during the Term or at Redelivery.

(e) **AD Cost Sharing.** Commencing on January 1, 2023 and subject to no Default or Event of Default having occurred that is continuing, if the Lessee complies on a terminating action basis with an Airworthiness Directive at any time during the Term then if the total cost to the Lessee of complying with such Airworthiness Directive exceeds **REDACTED*** (which shall be escalated at 3.5% *per annum* commencing on January 1, 2024) (the "**AD Threshold**"), then within thirty (30) days of receipt of a satisfactory detailed invoice specifying the direct invoiced costs (such as parts, labor, materials and taxes) incurred by the Lessee in incorporating such Airworthiness Directive, the Lessor will promptly pay to the Lessee an amount calculated in accordance with the following formula:

$$X = [(Z-Y) * (C-REDACTED)*Z$$

Where:

"X" = the amount to be reimbursed to the Lessee;

"Z" = the number of months from January 1, 2023 to the end of the Term;

"Y" = the number of months between (i) the earlier of the date of completion of the incorporation of the Airworthiness Directive, and (ii) the scheduled Lease Expiry Date. Where the date specified in (b) above is after the scheduled Lease Expiry Date, "Y" shall equal 0; and

"C" = the actual out-of-pocket cost of completing such modification at an Approved Maintenance Facility's normal commercial labor charge rates plus reasonable cost of materials, subtracting any subsidy, warranty payment or other benefit provided to the Lessee and excluding any loss of expenses incurred because of the inability to operate the Aircraft.

Any amounts otherwise payable to the Lessee pursuant to this Section 7(e) but for the occurrence of a Default or Event of Default shall be held by the Lessor as security for the obligations of the Lessee hereunder and may, for the avoidance of doubt, be used by Lessor to set-off any amounts owed by Lessee to Lessor pursuant to Section 15(c) of the Lease. When such Default or Event of Default no longer exists, such amounts (less any of the aforementioned deductions in connection with Section 15(c) of the Lease) shall be paid to Lessee in accordance with the terms hereof.

* All text marked "**REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(f) **Operation.** Subject to Section 7(g), the Lessee agrees that the Aircraft will not be maintained, used, insured or operated (including by any Permitted Sublessee) (i) in violation of the Certificate of Airworthiness or any license or registration relating to the Aircraft of, or with, any Government Body having jurisdiction over the Lessee, any Permitted Sublessee or the Aircraft, (ii) for any primary purpose other than the commercial transportation of passengers or cargo, **provided that** any cargo carried on the main passenger deck is carried with the approval of the Aviation Authority, (iii) in violation of the Approved Maintenance Programme or any warranty requirements pursuant to any other agreement setting forth any other material warranties with respect to the Aircraft, the Airframe, the Engines or any Part, (iv) for any purpose or in any manner for which it is not designed or reasonably suited or outside the tolerances and limitations for which the Aircraft, the Airframe or the Engines were designed, (v) otherwise than in accordance with the Approved Maintenance Programme, Applicable Law and applicable material warranties, (vi) at any time while the Insurances or Reinsurances required by Section 10 hereof are not in full force and effect, (vii) for any purpose or otherwise in a manner inconsistent with the terms of, or not fully covered by, the Insurances and Reinsurances required by Section 10 hereof, (viii) in any place excluded from coverage by, or not fully covered by, the Insurances and Reinsurances required by Section 10 hereof (or outside any geographical limit imposed by the Insurances or Reinsurances required by Section 10 hereof, including without limitation, in or through any recognized or threatened area of hostilities unless fully covered by war risk and allied perils Insurance in amounts and scope required by this Lease; **provided that** the Lessee may so operate or permit such operation of the Aircraft if the Aircraft is under requisition by, or contract with, a Government Body in Chile or Brazil, so long as such Government Body shall have furnished an indemnity or assumed liability for the risks and in the amounts required by Section 10 (in a manner reasonably acceptable to the Lessor in form, scope and substance) and so long as no Event of Loss has occurred, (ix) for commercial or training operations during the period from twenty (20) days in advance of the scheduled Redelivery Date up to and including the scheduled Redelivery Date and (x) in violation of any Applicable Law of or by any Government Body having jurisdiction over the Lessee, any Permitted Sublessee or the Aircraft or any mandatory requirement of the Manufacturer, Engine Manufacturer or supplier, except for unintentional minor or nonrecurring violations which are cured promptly and which (A) do not involve any loss or reduction of coverage under any of the Insurances or Reinsurances required by the terms of Section 10, (B) do not involve any material risk of the sale, forfeiture or loss of or damage to the Aircraft or any interest therein, (C) do not involve any material risk of the Lessor being subject to civil penalties, (D) do not involve any risk of criminal penalties being imposed against or upon the Lessee or the Lessor, which in the case of the Lessee shall be a material risk, and (E) do not subject, or involve any material risk of subjection to, the Lessor or the Lessee to any fine or penalty or enforcement action which, in the case of the Lessee, would materially adversely affect the business or operations of the Lessee or the rights of the Lessee or the Lessor hereunder; **provided that** the Lessee may in good faith diligently contest the validity or application of any such Applicable Law in any reasonable manner which does not materially adversely affect the Lessor or have any material risk of the sale or forfeiture of the Aircraft, or adversely affecting the rights of the Lessor hereunder or the obligations of the Lessee hereunder. If any Applicable Law requires alteration of the Aircraft, the Lessee will conform thereto or obtain conformance therewith at no cost or expense to the Lessor and will maintain the Aircraft in proper operating condition under such Applicable Law; **provided that** the Lessee may in good faith diligently contest the validity or application of any such Applicable Law in any reasonable manner which does not materially adversely affect the Lessor or have any material risk of the sale or forfeiture of the Aircraft, or adversely affecting the rights of the Lessor or the obligations of the Lessee hereunder.

Further, the Lessee agrees that it (i) shall duly and punctually pay and discharge all debts, costs, Losses, liabilities, premiums, calls, contributions, penalties, landing fees, overflight and navigation charges, dues, tolls, charges, fines, recoveries or other expenses which during the Term have given or may reasonably be expected to give rise to any Lien (other than a Permitted Lien) over, or arrest of, the Aircraft; **provided that** the Lessee may in good faith diligently contest the validity or application of any of the foregoing in any reasonable manner which does not materially adversely affect the Lessor or have any reasonable risk of the sale or forfeiture of the Aircraft, or adversely affecting the rights of the Lessor or the obligations of the Lessee hereunder or any risk of any criminal liability being imposed, and upon reasonable request by the Lessor, shall confirm to the Lessor's reasonable satisfaction that such action has been taken; (ii) shall not, unless required or permitted by this Lease, make any alteration in or modification or addition to the Airframe, any Engines or any Part, remove any Engine or any Part, or install on or attach to the Airframe, any Engine or any Part anything not being part of the Aircraft on the Delivery Date; (iii) shall not cause or permit to be done regarding the Airframe, any Engine or any Part anything the effect of which may be reasonably expected to result in the Airframe, any Engine or any Part being requisitioned for title or arrested or otherwise to jeopardize the title, rights and interests of the Lessor in and to the Airframe, any Engine or any Part, the Insurances or any collateral relating hereto or thereto.

(g) **Possession and Subleasing.** The Lessee shall not, without the prior written consent of the Lessor, sublease (whether directly, or under a Dry Lease, Wet Lease or Charter), or otherwise in any manner deliver, transfer or relinquish possession of the Airframe, any Engine or any Part to any Person or firm or install any Engine, or permit any Engine to be installed, on an airframe other than the Airframe (it being agreed, for the avoidance of doubt, that charter operations of the Aircraft operated by the Lessee and which are not for the provision of a charter by another air carrier shall not be restricted by the terms of this Section 7(g)); **provided, however, that** the Lessee may, without the prior written consent of the Lessor:

(i) deliver or permit the delivery of (including by any Permitted Sublessee) possession of the Airframe, any Engine or any Part to the manufacturer thereof for testing or other similar purposes or to an Approved Maintenance Facility for service, repair, maintenance or overhaul work on the Airframe, any Engine or any Part or any part thereof; or (by the Lessee alone) for alterations or modifications in or additions to the Airframe, any Engine or any Part to the extent required or permitted by the terms of Section 8(d); in any event (in respect of the Lessee and, as the case may be, a Permitted Sublessee) only in compliance with Section 7(g);

(ii) install or permit the installation of an Engine for any reason on another airframe owned by the Lessee or any Permitted Sublessee free and clear of all Liens, except (A) Permitted Liens, (B) those Liens that apply only to the engines (other than the Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe, and (C) mortgage liens or other security interests, but only if such mortgage liens or other security interests expressly and effectively provide that such Engine shall not become subject to the Lien of such mortgage or security interest, notwithstanding the installation thereof on the airframe;

(iii) install or permit the installation of an Engine for any reason on an airframe leased to the Lessee or any Permitted Sublessee, purchased by the Lessee or any Permitted Sublessee or subject to a conditional sale or other security agreement; **provided, however, that** in any such case (A) such Engine is removed from the airframe prior to the expiration of the Term, (B) such Engine shall remain the property of the Lessor and (C) the terms of any lease, security agreement, mortgage, or other agreement covering such airframe do not entitle the relevant lessor, owner, seller or the holder of any security interest under such lease, security agreement, mortgage, or other agreement, nor their successors or assigns to acquire, as against the Lessor, any right, title or interest in an Engine as a result of such Engine being installed on such airframe;

(iv) to the extent permitted by, and in accordance with, Section 8(c), subject, or permit any Permitted Sublessee to subject, any Parts owned by the Lessor and removed from the Airframe or any Engine to any pooling or other similar arrangement referred to in Section 8(c);

(v) (x) sublease (whether by Dry Lease, or any other agreement, however described or defined, providing for the transfer of possession of the Aircraft, the Airframe or any Engine) or deliver possession of the Aircraft, the Airframe or any Engine to any Permitted Sublessee; or (y) subject the Aircraft or Airframe to an interchange agreement with a Leasing Affiliate (or any other Person to whom the Lessor may from time to time (in its sole discretion) consent to being a counterparty to an interchange agreement) (an “**Interchange Counterparty**”), so long as such Interchange Counterparty remains a Leasing Affiliate and in any such case under subclause (x) relating to a Permitted Sublessee which is not a Leasing Affiliate, for a term or terms (including any renewal or extension) not extending beyond (or capable of being extended beyond) the date falling one month prior to the expiry of the Term; **provided, that, in the case of each of subclause (x) and (y):**

(1) any sublease or interchange agreement permitted pursuant to the terms hereof shall be made expressly subject and subordinate to all the terms of this Lease and the rights of the Lessor to avoid such sublease or interchange agreement and to repossess the Aircraft, Airframe or any Engine in connection with the exercise of any remedies upon the occurrence of any Event of Default,

(2) (i) any sublease or interchange agreement with a Leasing Affiliate permitted pursuant to the terms hereof shall be made expressly terminable at any time upon not more than thirty (30) days’ prior written notice from the Lessee to the applicable Leasing Affiliate or Interchange Counterparty, and such Leasing Affiliate or Interchange Counterparty shall acknowledge and agree that such termination right is commercially reasonable, and (ii) following such termination the Lessee may repossess the Aircraft, Airframe or any Engine in accordance with the terms thereof,

(3) each of the Lessor and the Lessee shall remain fully and primarily liable under this Lease for the performance and observance of all of the terms hereunder to the same extent as if such sublease, interchange agreement or transfer had not occurred,

(4) the Aircraft shall remain primarily based in Chile, Brazil or the jurisdiction of organization of such Permitted Sublessee or Interchange Counterparty,

(5) prior to the commencement of any such sublease or interchange agreement, the Lessee shall provide to the Lessor one or more insurance certificates and broker’s undertakings from the Lessee’s (or the relevant Permitted Sublessee’s or Interchange Counterparty’s, as applicable) insurance brokers or an authorized representative of the Lessee’s (or the relevant Permitted Sublessee’s or Interchange Counterparty’s, as applicable) insurers reflecting that the insurance required to be maintained pursuant to Section 10 will be in full force and effect during such sublease or interchange agreement,

(6) all terms and conditions of this Lease shall remain in full force and effect following execution and delivery of such sublease or interchange agreement,

(7) such sublease or interchange agreement shall (1) provide that the Aircraft, Airframe or Engine be maintained in accordance with a maintenance program at least equivalent to the Approved Maintenance Programme, (2) be governed by the laws of England or the State of New York, U.S.A. or any other jurisdiction reasonably acceptable to the Lessor,

(8) prior to such sublease or interchange agreement taking effect if permitted by Applicable Law, and if applicable, the Lessee shall register on the International Registry on, or promptly after the relevant Permitted Sublease becoming effective, the International Interest (and the assignment of such International Interest to the Lessor) in respect of such Permitted Sublease with the Permitted Sublessee as the debtor and the Lessee as the creditor for the applicable Aircraft or Engine, with any election as to the party with the right of discharge being granted in favor of the Lessor,

(9) prior to such sublease or interchange agreement taking effect, the Lessee shall deliver to the Lessor, in form and content reasonably acceptable to the Lessor, a Subordination Agreement duly executed by the applicable Permitted Sublessee or Interchange Counterparty recognizing all rights, title and interest of such Permitted Sublessee or Interchange Counterparty under such sublease or interchange agreement are subject and subordinate in all respects to all rights, title and interest of the Lessor under this Lease, such acknowledgement to be in a form and substance reasonably acceptable to the Lessor,

(10) prior to such sublease or interchange agreement taking effect, the Lessee shall deliver to the Lessor, in form and content reasonably acceptable to the Lessor a Deregistration Power of Attorney from the proposed Permitted Sublessee and, if the new State of Registration or the jurisdiction of incorporation of the Permitted Sublessee is a Contracting State for the purposes of the Cape Town Convention or the Permitted Sublessee is situated in a Contracting State for the purposes of Article 4 of the Cape Town Convention, an IDERA,

(11) prior to such sublease or interchange agreement taking effect, the Lessee shall cause to be delivered to the Lessor a written opinion of counsel reasonably acceptable to the Lessor in the country in which the Permitted Sublessee or each Interchange Counterparty is organized and where the Aircraft will be based, in each case in form and substance and from counsel reasonably satisfactory to the Lessor and including, without limitation, confirmation that:

(A) all steps necessary to protect the rights, title and interests of the Lessee and the Lessor have been taken or will be taken in a manner reasonably satisfactory to the Lessor, including, without limitation, the filing and recording of the sublease or interchange agreement and such other documents as may be reasonably required in order to perfect all of the Liens in the country or countries in which the applicable Permitted Sublessee or Interchange Counterparty is organized and where the Aircraft will be based,

(B) other than with respect to the chapter 11 proceeding under Title 11 of the United States Code (the “**Bankruptcy Code**”), 11 U.S.C. §101 et. seq., filed by the Lessee and certain of its affiliates on 26 May 2020, July 7, 2020 and July 9, 2020 (as applicable, the “**Petition Date**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) or the related parallel and ancillary proceedings (the “**Chapter 11 Cases**”), no bankruptcy, Insolvency, moratorium, suspension of payments, reorganization or other like proceeding, initiated by or affecting the Lessee or such Permitted Sublessee or any Interchange Counterparty will affect the rights of the Lessee, the Lessor or any person claiming through the Lessor to repossess the Aircraft as a result thereof, upon termination of such sublease or interchange agreement (as a result of any Event of Default or otherwise) or the Lease, and

(C) if the new State of Registration or the jurisdiction of incorporation of the proposed Permitted Sublessee is a Contracting State for the purposes of the Cape Town Convention or the Permitted Sublessee is situated in a Contracting State for the purposes of Article 4 of the Cape Town Convention, addresses the effectiveness of any filings made under Section 7(g)(v)(10), the perfection and the absence of security interests other than Lessor Liens and Permitted Liens recorded at the International Registry in respect of the Aircraft,

(12) the Lessee shall, subject to the receipt of reasonable and proper documentation, promptly reimburse the Lessor for any reasonable out-of-pocket costs, charges and expenses (including reasonable attorneys’ fees, disbursements and expenses) incurred by any of them in determining the compliance with this Lease or otherwise in connection with any such sublease or interchange agreement,

(13) no such sublease or interchange agreement shall require the registration of the Aircraft or any Engine, or the making of any filing, to be made in any jurisdiction other than the Government of Registry (except in accordance with Section 7(b)),

(14) the proposed subleasing or interchange arrangement will not render this Lease invalid, illegal or unenforceable,

(15) the rights granted to the Lessee in this Section 7(g)(v) to sublease or submit to an interchange arrangement the Aircraft to a Permitted Sublessee or Interchange Counterparty shall not grant to such Permitted Sublessee or Interchange Counterparty any right to further sublease or otherwise transfer possession of the Aircraft to any Person; **provided, that**, any Permitted Sublessee or Interchange Counterparty that is a Leasing Affiliate, may subject the Aircraft to a sub-sublease or interchange agreement customary in the airline industry and entered into by such Leasing Affiliate and another Leasing Affiliate or Lessee in the ordinary course of their respective businesses, in each case so long as (A) such Leasing Affiliate or Leasing Affiliates, as the case may be, remains a Leasing Affiliate, (B) the rights, title and interests of the Lessor will not be derogated in any manner as result thereof, (C) a written record of the location of the Aircraft will be kept and made available to the Lessor at any time on request, (D) no transfer of the registration of the Aircraft shall be effected in connection therewith (except in accordance with Section 7(b)), (E) no such sublease or interchange agreement contemplates or requires the transfer of title to the Aircraft or any Engine, (F) if the Lessor's title to the Aircraft or any Engine shall be divested under any such sublease or interchange agreement, such divestiture shall be deemed to be an Event of Loss with respect thereto, and the Lessee shall comply with Sections 9(a) and 9(b) in respect thereof, (G) the term of any such sublease or interchange agreement (including all renewals) shall not extend beyond the Term, and (H) the Lessee, at its sole cost and expense, shall procure that such Leasing Affiliate that is a part of the new sublease or interchange arrangement shall meet all the requirements of this Section 7(g)(v),

(16) at the time that the Lessee enters into such sublease or interchange agreement, such Permitted Sublessee or Interchange Counterparty shall not be subject to any bankruptcy, Insolvency, moratorium, suspension of payments, reorganization or other like proceeding provided that this provision shall not apply to the Chapter 11 Cases,

(17) such sublease or interchange agreement shall include provisions for the maintenance, operation, possession and inspection of the Aircraft that are the same in all material respects as the applicable provisions in this Lease,

(18) any sublease or interchange agreement permitted pursuant to the terms hereof shall not grant such Permitted Sublessee or Interchange Counterparty a purchase option or any other right to acquire title to, or which obliges such Permitted Sublessee or Interchange Counterparty to purchase or otherwise acquire title to, the Aircraft, unless, solely in the case of a sublease or interchange agreement with a Leasing Affiliate, if required by applicable law; and

(19) no Default under Section 14(b) of the Lease or Event of Default shall have occurred at the time of entry into such sublease or interchange agreement;

(vi) transfer possession of the Airframe or any Engine to Chile, Brazil, or to any Government Body, instrumentality or agency thereof pursuant to a sublease or interchange agreement, a copy of which shall be furnished to the Lessor prior to the effectiveness thereof; **provided, that** the term of such sublease or interchange agreement (including any option of the Permitted Sublessee or Interchange Counterparty to renew or extend) or the term of possession under such contracts or other instrument shall not continue beyond (or be capable of being continued beyond) the expiry of the Term and shall provide that such sublease or interchange agreement is expressly subject and subordinate to all the terms of this Lease and shall provide for fair compensation in an amount of (or freely convertible into) Dollars sufficient to enable the Lessee to make payments as and when due and payable from time to time hereunder;

(vii) transfer possession of any Engine to any Person for the purpose of shipment in the ordinary course of business) not otherwise permitted by the terms of this Lease;

(viii) install an Engine on an airframe owned by the Lessee, leased to the Lessee or purchased by the Lessee subject to a conditional sale or other security agreement under circumstances where neither subparagraph (ii) nor subparagraph (iii) of this Section 7(g) is applicable, **provided, that** such installation shall be deemed an Event of Loss with respect to such Engine and the Lessee shall comply with Section 9(b) in respect thereof, the Lessor not intending hereby to waive any right or interest it may have to or in such Engine under Applicable Law until compliance by the Lessee with such Section 9(b); and

(ix) Wet Lease or Charter the Aircraft pursuant to a Wet Lease or a Charter to any airline or Person which is not (i) insolvent or otherwise unable to pay its debts as they come due or (ii) located in a country subject to UN or EU sanctions; provided always that such arrangement is expressly subordinated to the Lease and the rights of the Lessor;

provided, in each case, that the rights of any transferee who receives possession by reason of a transfer permitted by this Section 7(g) (other than the transfer of title to an Engine which is deemed an Event of Loss in relation to the affected Engine) SHALL BE SUBJECT AND SUBORDINATE TO, AND ANY TRANSFER, SUBLEASE, WET LEASE, INTERCHANGE OR CHARTER PERMITTED BY THIS SECTION 7(g) SHALL BE MADE EXPRESSLY SUBJECT AND SUBORDINATE TO, ALL THE TERMS OF THIS LEASE, including, without limitation, the Lessor's rights to repossession pursuant to Section 15 hereof (or otherwise) and to terminate and avoid this Lease, any sublease, wet lease, interchange or charter upon such repossession and to require the Lessee or other transferee to forthwith deliver the Airframe or any Engine subject to this Lease or other transfer upon repossession, and the Lessee shall remain primarily liable hereunder for the performance of all of the terms of this Lease to the same extent as if such sublease, wet lease, interchange or charter had not occurred and that any such sublease, wet lease, interchange or charter shall include appropriate provisions for the maintenance and insurance of the Aircraft, Airframe or Engines, as applicable, transferred thereby at least as beneficial to the Lessor as the provisions hereof, and each sublease shall contain provisions comparable to those set forth in Sections 9 and 10 and the Lessor shall be provided with certificates by each sublessee and confirmations in accordance with the terms hereof as it shall request. The Lessee shall take appropriate measures to ensure that each such transferee is aware of, and does not cause any breach of, any obligation of the Lessee hereunder.

The Lessee shall have the right, without the consent of the Lessor, to amend or modify the terms of any Permitted Sublease or interchange agreement permitted pursuant to Section 7(g) (v) hereof, to the extent that the effectiveness of such amendment or modification would not cause the Lessee to be in violation of this Section 7(g) or otherwise under any applicable provision of this Lease.

No pooling agreement or other relinquishment of possession of the Airframe, any Engine or any Part shall affect in any way the registration of the Aircraft except as permitted by and provided for in Section 7(a) or discharge or diminish any of the Lessee's obligations hereunder or constitute a waiver of the Lessor's rights or remedies.

The Lessor agrees, for the benefit of the Lessee (and any Permitted Sublessee) and for the benefit of any mortgagee or other holder of a security interest in any engine (other than an Engine) owned by or leased to the Lessee (or any Permitted Sublessee), any lessor of any engine (other than an Engine) leased to the Lessee (or any Permitted Sublessee) and any conditional vendor of any engine (other than an Engine) purchased or leased by the Lessee (or any Permitted Sublessee) subject to a conditional sale agreement or any other security agreement, that no interest shall be created hereunder in any engine (other than an Engine) so owned, leased or purchased and that neither the Lessor nor its successors or assigns will acquire or claim, as against the Lessee (or any Permitted Sublessee) or any such mortgagee, lessor or conditional vendor or other holder of a security interest or any successor or assignee of any thereof, any right, title or interest in such engine as the result of such engine being installed on the Airframe; **provided, however, that** such agreement of the Lessor shall not be for the benefit of any lessor or secured party in respect of any airframe (other than the Airframe) leased to the Lessee (or any Permitted Sublessee) or purchased by the Lessee (or any Permitted Sublessee) subject to a conditional sale or other security agreement or for the benefit of any mortgagee of or any other holder of a security interest in the airframe (other than the Airframe) owned by the Lessee (or any Permitted Sublessee), unless such lessor, conditional vendor, other secured party or mortgagee has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement or mortgage) that neither it nor its successors or assigns will acquire, as against the Lessor any right, title or interest in an Engine as a result of such Engine being installed on such airframe.

(h) **Special Operation and Possession Covenants.** In addition to the foregoing requirements, the Lessee covenants and agrees as follows:

(i) **Restricted Use of Aircraft.** The Lessee shall not, without the prior written consent of the Lessor, cause or give permission (whether directly, under a Dry Lease, Wet Lease or Charter, or under requisition by any Government Body) for the Aircraft, any Engine or any Part to be:

- (1) flown, operated or otherwise used for any military purpose;
- (2) operated or used for any purpose for which it is not designed or reasonably suited in accordance with the Approved Maintenance Programme, Applicable Law and applicable material warranties or for any primary purpose other than the commercial transport of passengers and cargo;
- (3) operated or used at any time for any illegal purpose or in an illegal manner or in carrying illegal goods or goods prohibited by the terms of the Insurances or by the laws of the country from which the goods are carried; or
- (4) operated or used in a manner not fully covered by the Insurances.

(ii) **Waiver of Defenses to Repossession.** Neither the Lessee, nor anyone claiming through or under it, shall set up, claim or seek to take advantage of any Applicable Law now or hereafter in force in any jurisdiction in which the Aircraft or any portion thereof may be situated in order to prevent, hinder or delay any effort in accordance with this Lease on the part of the Lessor to regain possession of the Aircraft or re-export the Aircraft or any portion thereof from any jurisdiction in which the Aircraft or any portion thereof may be situated upon the occurrence of an Event of Default and while the same shall be continuing, and the Lessee, for itself and all who may at any time claim through or under it, hereby waives, to the full extent that it may be lawful so to do, the benefit of all such Applicable Laws (including, without limitation, any rights it may have, if any, to avail itself of the protection provided by the Convention of 1933 on the Unification of Certain Rules Relating to the Precautionary Arrest of Aircraft, or any other similar law, treaty or convention applicable to the Lessee or the Aircraft) which would limit the ability of the Lessor to repossess or otherwise recover all or the Aircraft, any Engine or any Part upon the occurrence and during the continuance of an Event of Default. Notwithstanding anything else herein, the parties acknowledge that the Bankruptcy Code affords certain rights to the Lessee as a debtor and debtor-in-possession, including the automatic stay, and that the Lessor may be required to seek relief from the Bankruptcy Court prior to taking any action for repossession or recovery of the Aircraft, any Engine or any Part.

(iii) **Statement of Account of Landing Fees or Navigation Charges.** In the event that a Government Body of any country in which the Aircraft, the Lessee or any Permitted Sublessee operates shall adopt or has adopted legislation which permits the detention or seizure of aircraft for unpaid landing fees or navigation charges without formal legal proceedings, the Lessee shall promptly following demand, deliver to the Lessor a letter, in form and substance reasonably acceptable to the Lessor, addressed to the airport or air navigation authority of such country authorizing such authority to release to the Lessor from time to time a statement of account of all such fees and charges then due in respect of all aircraft owned by or leased to the Lessee or such Permitted Sublessee, as the case may be. Any time during which an Event of Default has occurred and is continuing, immediately upon request by the Lessor, the Lessee shall submit a report to the Lessor listing all landing fees and navigation charges which are claimed to be owed in respect of the Aircraft by any Government Body of any country.

(iv) **No Operation by the Lessor.** The Lessee shall in no event and at no time represent Lessor as carrying goods or passengers on the Aircraft or as being in any way connected or associated with any operation or carriage which may be undertaken by the Lessee or any Permitted Sublessee or as having any operational interest in the Aircraft.

(v) **Seizure of the Aircraft.** The Lessee shall not do, and shall use its best efforts to prevent, any act which could reasonably be expected to result in the Aircraft, the Airframe or any Engine being arrested, confiscated, seized, taken in execution, attached, impounded, forfeited, detained in exercise or purported exercise of any registered or possessory Lien or other claim or otherwise taken from the possession of the Lessee or any Permitted Sublessee, and if any such arrest, confiscation, seizure, execution, taking, attachment, impoundment, forfeiture, detention or other loss of possession occurs, the Lessee shall give the Lessor immediate notice thereof and shall forthwith procure the prompt release of the Aircraft, the Airframe or such Engine.

(vi) **Notice of Suspension.** The Lessee shall give the Lessor immediate written notice of any action being taken by the management of the Lessee relating to any general suspension of payment proceeding under any Applicable Law.

(vii) **Notice of War Risk Insurance Claim.** The Lessee shall give the Lessor immediate written notice of the occurrence of any loss, damage or casualty affecting the Aircraft, the Airframe, any Engine or any Part which is likely to result in a claim being made under the war risk insurance required to be maintained under Section 10 and shall take immediate action to increase any fleet limitation (including automatic reinstatement) applicable to such war risk coverage to the level (including automatic reinstatement) that existed immediately prior to such event of loss, damage or casualty.

(i) **Permitted Sublessee's Performance and Rights.** Any obligation imposed on the Lessee in this Lease shall require only that the Lessee perform or cause to be performed such obligation, even if stated herein as a direct obligation of the Lessee, and the full or partial performance of any such obligation by any permitted assignee, Permitted Sublessee or permitted transferee under a Permitted Sublease, pooling or transfer agreement then in effect shall be deemed to have been caused by the Lessee and shall *pro tanto* constitute performance by the Lessee and discharge such obligation by the Lessee to the extent performed; **provided, however, that** where performance consists of an agreement or undertaking for further action or performance or in the case of only partial performance, the Lessee shall remain liable for discharge of its obligations until such further action or performance is completed. Except as otherwise expressly provided herein, any right granted to the Lessee in this Lease shall grant the Lessee the right to exercise such right or permit such right to be exercised by any such permitted assignee, Permitted Sublessee or permitted transferee. The inclusion of specific references to obligations or rights of any such assignee, Permitted Sublessee or transferee in certain provisions of this Lease shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any assignee, Permitted Sublessee or transferee has not been made in this Lease.

(j) **Inspection.**

(i) **REDACTED***

Lessor and/or its duly authorized representatives may (at its own cost, subject to Section 7(j)(3) below) at any time visit, inspect and survey the Aircraft and the Aircraft Documents provided that, unless an Event of Default shall have occurred and be continuing or unless necessary to verify the rectification of deficiencies shown to require repair on a previous inspection, Lessor shall not carry out such an inspection more frequently than once a year during the Term (except as provided in Section 7(j)(vi) below) and provided further that all such inspections shall be conducted during periods of scheduled maintenance, shall be conducted so as not to cause unreasonable interference with or delay to Lessee's normal operation, maintenance and use of the Aircraft, and shall be a visual walk-around inspection (which may include going on board the Aircraft and opening any panels, bays or other access points normally opened during line maintenance such as cowling, the electronic equipment access door and the auxiliary power unit door). Upon request by Lessor, Lessee shall notify Lessor of the then next scheduled maintenance. All inspections shall take place at such location where the Aircraft is available.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(ii) Lessor will have no duty or liability to make, or arising out of any such visit, repeat visit, inspection, or survey.

REDACTED*

(iv) If following any such visit, repeat visit, inspection or survey, repairs are shown to be required, all such repairs shall be made at Lessee's expense and shall be affected as soon as practicable.

(v) Any inspection of the Aircraft Documents shall occur during Lessee's normal business hours and shall be conducted so as to not cause unreasonable interference with or delay to Lessee's normal operation or employees.

(vi) Notwithstanding Section 7(j)(i) above, Lessee will co-operate with the reasonable requests of the Lessor in connection with its efforts to lease, sell or finance the Aircraft including, subject to reasonable prior written notification, permitting the Financiers, potential lessees or purchasers to inspect the Aircraft and the Aircraft Documents during normal business hours **provided that** the same shall not interfere with the Lessee's use, operation or maintenance of the Aircraft or require the Lessee to incur out-of-pocket expenses for which it is not reimbursed by the Lessor).

(k) Information

(i) The Lessee shall at its own cost and expense promptly provide the Lessor with such information (to the extent required by this Lease or maintained by the Lessee or any Permitted Sublessee in accordance with its standard fleet procedures) regarding the registration, location, operation, use, insurance, maintenance and condition of the Aircraft, any Engine, the APU and Landing Gear, as the Lessor may from time to time reasonably require. Such request shall not be made more frequently than once in any six (6) month period unless an Event of Default has occurred.

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(ii) During the Term, the Lessee will deliver to the Lessor:

(A) or cause to be delivered to Lessor promptly after the same are available (and in any event within one hundred and twenty (120) days) after the end of each of Lessee's financial years ending after the date hereof, a copy of Lessee's financial statements for such financial year, which (i) shall be audited and prepared in accordance with IFRS by an independent, reputable firm of certified public accountants, (ii) shall fairly and accurately present the financial position of Lessee as at the date as of which they were prepared and the results of the operations of Lessee for the period to which they relate and (iii) shall, in accordance with such accounting principles and practices, disclose all significant liabilities, actual or contingent, of Lessee; **provided that** Lessee will not be required to provide any such information which is publicly available through the following website: www.latamairlinesgroup.net.

(B) or cause to be delivered to Lessor promptly after the same are available (and in any event within sixty (60) days) after the end of each of Lessee's financial quarters ending after the date hereof, a copy of Lessee's financial statements for such financial quarter, which (i) shall be prepared in accordance with IFRS by an independent, reputable firm of certified public accountants, (ii) shall fairly and accurately present the financial position of Lessee as at the date as of which they were prepared and the results of the operations of Lessee for the period to which they relate and (iii) shall, in accordance with such accounting principles and practices, disclose all significant liabilities, actual or contingent, of Lessee; **provided that** Lessee will not be required to provide any such information which is publicly available through the following website: www.latamairlinesgroup.net;

(C) copies of every report, notice or like document issued by the Lessee to its creditors generally, at the time that it is so issued, excluding, for the avoidance of doubt, any report issued solely to the official committee of unsecured creditors in connection with the Chapter 11 Cases; **provided that**, Lessee will not be required to provide any such information which is publicly available through the following website: www.latamairlinesgroup.net; and

(D) with reasonable promptness, such other financial, operational and other information and data with respect to the Lessee as the Lessor may from time to time reasonably request to the extent such information and data is relevant to the performance of the Lessee's obligations under this Lease and any Other Agreement and in any event subject to any confidentiality restrictions on the Lessee in respect thereof.

The Lessee's obligations pursuant to this Section 7(k)(ii) shall be deemed satisfied should the Lessee publish the equivalent of the information required to be provided by the Lessee pursuant to Section 7(k)(ii), on its investor relations website (currently at www.latamairlines.group.net) or such other websites as the Lessee may notify to the Lessor from time to time, provided access to such websites is free of charge and generally available.

(iii) For each calendar month (part or whole) during the Term, Lessee shall notify Lessor in writing by no later than the tenth (10th) Business Day of the month with a report substantially in the form of Exhibit VI (*Form of Monthly Utilization Report*) to the Lease detailing the usage of the Aircraft, each Engine, APU and each Landing Gear specified in the form ("**Monthly Utilization Report**") during the immediately preceding calendar month.

(iv) For each calendar month (part or whole) during the PBH Period (each, a “**PBH Month**”), Lessee shall notify Lessor in writing by no later than the tenth (10th) Business Day of the month following such PBH Month with a report substantially in the form of Exhibit VII (*Form of PBH Report*) to the Lease detailing the usage of the Aircraft and each Engine (“**PBH Report**”) during the immediately preceding PBH Month. No later than twentieth (20) Business Day of the month in which the PBH Report is issued, the Lessor shall deliver to the Lessee an invoice setting forth the PBH Rent, as applicable, in respect of the previous calendar month. The Lessee shall pay such invoice within ten (10) Business Days after the receipt of the same. To the extent there exists any discrepancy between the Monthly Utilization Report and PBH Report with respect to the usage of the Airframe or any Engine, the terms of the PBH Report shall be controlling.

(v) Throughout the Term, the Lessee shall:

(A) notify the Lessor as soon as practicable of any loss, theft, damage or destruction to the Aircraft, any Engine or any Part if the **REDACTED***

(B) notify the Lessor of any Default promptly after the Lessee becomes aware of it; and

(C) provide the Lessor, on request, evidence that all Taxes, fees, levies and charges incurred and payable by the Lessee in connection with this Lease and in connection with the Aircraft and its operation, including, without limitation, those invoiced by airports and air traffic control authorities have been paid in full. Such request shall not be made more frequently than once in any twelve (12) month period unless an Event of Default has occurred and is continuing, where such limitation shall not apply.

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(l) **Substitution of Engines.** So long as no Default or Event of Default shall have occurred and be continuing, the Lessee may at any time upon thirty (30) days' prior written notice to the Lessor, duly convey or cause to be conveyed to the Lessor as a substitute for an Engine title to a Replacement Engine having a value, remaining useful life and utility at least equal to, and be in as good operating condition and state of maintenance as, the Engine to be replaced thereby, assuming such Engine was of the value and utility and in the condition and repair as required by the terms hereof; **provided that**, all engines installed on any Airframe shall be of the same manufacturer and the same or improved model to the Engines, free and clear of all Liens (other than Permitted Liens). Prior to or at the time of any such conveyance, the Lessee, at its own expense, will (i) furnish or cause to be furnished to the Lessor a bill of sale in favor of the Lessor (with full warranty of title), in form and substance reasonably satisfactory to the Lessor with respect to such Replacement Engine, (ii) cause a Lease Supplement, in form and substance reasonably satisfactory to the Lessor subjecting such Replacement Engine to this Lease to be duly executed by the Lessee and, to the extent necessary, recorded pursuant to the Applicable Laws of the Government of Registry and pursuant to the Cape Town Convention, (iii) furnish the Lessor with such evidence of compliance with the insurance provisions of Section 10 with respect to such Replacement Engine as any of them may reasonably request and such other certifications and opinions of counsel as the Lessor may reasonably request, (iv) furnish the Lessor with a certificate reasonably satisfactory to the Lessor certifying as to the value, utility and operating condition and state of maintenance of such engine, (v) cause amendments to the Local Mortgage, in form and substance reasonably satisfactory to the Lessor subjecting such Replacement Engine to the Local Mortgage to be duly executed by the Lessor and, to the extent necessary, recorded pursuant to the Applicable Laws of the Government of Registry and the Cape Town Convention, (vi) furnish a legal opinion of counsel reasonably acceptable to the Lessor regarding the perfection of the Existing Lien and the Lien of the Local Mortgage with respect to such Replacement Engine, in form and substance reasonably satisfactory to the Lessor and (vii) affix a nameplate on such Replacement Engine in accordance with Section 8(e). Upon full compliance by the Lessee with the terms of this Section 7(l), the Lessor will transfer or cause to be transferred, at the Lessee's sole cost and expense, to or upon the order of the Lessee on an "as-is, where-is" basis without recourse or warranty (except the absence of the Lessor Liens attributable to it) all of the Lessor's right, title and interest, if any, in and to each replaced Engine with respect to which such substitution occurred by an appropriate instrument, signed by the Lessor, releasing such Engine from any manufacturer's or repairer's warranties relating thereto and will take such other action as may be necessary to effect such transfer. For all purposes hereof, each such Replacement Engine shall, after such conveyance, be deemed part of the property leased hereunder, shall be deemed an "Engine" as defined herein and shall be deemed part of the same Aircraft as was the Engine replaced thereby. No substitution with respect to an Engine under the circumstances contemplated by the terms of this Section 7(l) shall result in any reduction of Rent.

REDACTED*

(m) **[Intentionally Omitted].**

(n) **Assignment, Novation or Transfer by Lessee.** Lessee shall (subject to this Section 7(n)) have the right, at its own expense (and shall cover all of the reasonable and documented costs and expenses of Lessor, including any costs and expenses required to ensure the perfection of the Lessor's interest in the State of Registration) upon thirty (30) days' prior written notice to Lessor, transfer and/or assign, novate, or otherwise dispose of, all or any part of its right, title and interest in and to this Lease and any other document in connection therewith to a Leasing Affiliate and Lessee's right to transfer, assign, and/or novate is conditioned upon:

(i) no Default or Event of Default has occurred and is continuing under this Lease and entering into the novation, assignment or transfer agreement will not cause a Default or Event of Default;

(ii) delivery to Lessor of a legal opinion from Lessee's in-house legal counsel confirming that Lessor's interests are protected in the State of Registration;

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(iii) as of the date of the transfer, the novation, assignment or transfer would not cause an increase in or additional payment obligations or reduced receipts of Lessor or any owner or lender thereto, including any withholding taxes that are not indemnified against by Lessee under this Lease, except to the extent Lessee has agreed, or agrees at such time, to indemnify Lessor or such Lender for such amounts;

(iv) the transfer will not violate any Applicable Laws (including in jurisdiction of the Lessor); and

(v) Lessee or another subsidiary or affiliate of Lessee (acceptable to Lessor acting reasonably), shall provide Lessor a guarantee of new lessee's obligations under this Lease as novated, assigned or transferred.

(o) Assignment, Novation or Transfer by Lessor.

(i) Lessor shall be entitled to assign, novate or transfer its rights and obligations under this Lease (which for purposes hereof shall include any transfer of the beneficial interest in Lessor, as to which the terms of this Section 7(o) shall be applicable) at any time during the Term without requiring consent of the Lessee and at no cost or expense to the Lessee, provided that such assignment, novation or transfer meets the below conditions:

REDACTED*

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(p) **Successors and Assigns.** The terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except as otherwise provided in this Section, neither party hereto shall, without the prior written consent of the other and assign any of its rights or obligations hereunder.

(q) **Aircraft Documents.**

(i) Lessee shall procure that accurate, complete, and current records where applicable during operation as detailed in Schedule 6 (*Aircraft Documents*) (which records shall form part of the Aircraft Documents):

(1) are kept in such manner as the Aviation Authority may from time to time require and Lessee shall ensure that they comply with the recommendations of the Manufacturer in respect of the Airframe and the Engines and the manufacturer of any Part;

(2) maintain all structural checks and compliance with the corrosion protection and control program and evidence back to birth traceability of all Life Limited Parts;

(ii) Lessee shall maintain in English (with an appropriate revision service and manuals per Schedule 6 part A) and in accordance with EASA requirements all Aircraft Documents, logs, and other materials required by Applicable Laws and best practice of major international air transport operators in respect of the Aircraft; provided that any expired or superseded documents may be in such language as is available;

(iii) Lessee shall retain such Aircraft Documents and other materials at Lessee's principal place of business or an agreed storage location under the Lessee's control, and not permit any other person to have possession of or control over the same without Lessor's prior written consent; and

(iv) Lessee shall subscribe to the Manufacturer's on-line electronic information database and maintain on that facility an updated record of the aircraft service bulletin and other configuration embodiment status and to the extent permissible as a result of future developments by the Manufacturer, Airworthiness Directives, structural repairs and Manufacturer's Maintenance Planning Data compliance status and make available to Lessor Lessee's access to the relevant parts of such on-line system.

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Section 8. Replacement; Temporary Installation; Pooling; Alterations, Modifications and Additions; Etc.

(a) **Replacement of Parts.** The Lessee at its own cost and expense, will promptly replace or cause to be replaced all Parts that may from time to time be incorporated or installed in or attached to the Airframe or any Engine and that may from time to time be defective and not economically repairable, become time-expired or due for replacement or worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever. In addition, the Lessee (or any Permitted Sublessee) may, at its own cost and expense, remove in the ordinary course of maintenance, service, repair, overhaul or testing, any Part, whether or not time-expired, due for replacement, worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; **provided, however, that** the Lessee will, at its own cost and expense, replace (or cause to be replaced) such Part as promptly as practicable. Each Replacement Part shall be free and clear of all Liens (except Permitted Liens) and shall be in at least as good operating condition as, and shall have value, utility, modification status and performance characteristics at least equal to, or, if applicable, comparable to, the Part replaced assuming such replaced Part was in the condition and repair required to be maintained by the terms hereof. Each Part at any time removed from the Airframe or each Part removed from any Engine shall remain the property of the Lessor, no matter where located, until such time as such Part shall be replaced by a Part that has been incorporated or installed in or attached to the Airframe or, as the case may be, the Engine from which such Part was removed and that meets the requirements for a Replacement Part specified above and shall be subject to the Lien of the Local Mortgage. Immediately upon any Replacement Part becoming incorporated or installed in or attached to the Airframe or, as the case may be, an Engine as above provided and title thereto being vested in the Lessor free and clear of all Liens (except Permitted Liens), without further act (i) title to the replaced Part shall thereupon vest in the Lessee free and clear of all rights of the Lessor and shall no longer be deemed a Part hereunder and (ii) such Replacement Part shall become subject to this Lease and be deemed part of the Airframe or, as the case may be, such Engine for all purposes hereof to the same extent as the Part originally incorporated or installed in or attached to the Airframe or, as the case may be, such Engine.

(b) **Temporary Installation of Parts.** So long as the Lessor shall not have commenced exercising any of their rights pursuant to Section 15, the Lessee (or any Permitted Sublessee) may install or permit the installation of any Part on the Airframe or any Engine by way of substitution, replacement, renewal or mandatory modification notwithstanding that such installation is not in accordance with Section 8(a) if (A) there shall not have been available to the Lessee, or, as the case may be, the relevant Permitted Sublessee at the time and in the place that other part was required to be installed on the Airframe or, as the case may be, such Engine a substitute or replacement part complying with the requirements of Section 8(a), and (B) it would have resulted in a disruption of the operation of the Aircraft or the business of the Lessee or a Permitted Sublessee as an airline to have grounded the Aircraft to have permitted such Part to continue to be unserviceable or unrepaired until such time as a part complying with the requirements of Section 8(a) became available for installation on the Airframe or such Engine, and (C) as soon as practicable, but in any event (subject to the availability of any relevant part from the manufacturer) within ninety (90) days, the Lessee shall cause any part not complying with the requirements of Section 8(a) to be removed and replaced or substituted by a part complying with the requirements of Section 8(a).

(c) **Pooling of Parts.** Any Part removed from the Airframe or any Engine may be subjected by the Lessee or any Permitted Sublessee to a normal pooling arrangement on terms customary in the international airline industry entered into in the ordinary course of the Lessee's business with other air carriers; **provided, that** the title to any Engine removed from the Aircraft shall remain vested in the Lessor at all times and such movement of engines shall not prejudice the rights of Lessor in the originally-installed engines or lead any third party to believe that the Engine is the property of any person other than the Lessor; **provided, that** the part replacing such removed Part shall be incorporated or installed in or attached to the Airframe or any Engine in accordance with Section 8(a) as promptly as possible (but in any event not later than the next scheduled heavy maintenance check) after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to the Airframe or such Engine in accordance with Section 8(a) may be owned by another air carrier subject to such a normal pooling arrangement; **provided, that** the Lessee (or the Permitted Sublessee), at its own cost and expense, as soon as practicable and in any event not later than the next scheduled heavy maintenance check; either (i) causes title to such replacement part to vest in the Lessor in accordance with Section 8(a) by the Lessee acquiring title thereto for the benefit of the Lessor free and clear of all Liens (other than Permitted Liens) and subjecting the same to the Local Mortgage or (ii) replaces such replacement Part by incorporating or installing in or attaching to the Airframe or such Engine a further replacement part owned by the Lessee (or the Permitted Sublessee) free and clear of all Liens (other than Permitted Liens) and by causing title to such further replacement Part to vest in the Lessor in accordance with Section 8(a) and subjecting the same to the Local Mortgage.

(d) **Alterations, Modifications and Additions.** The Lessee, at its own cost and expense, will promptly make (or cause to be made) such alterations and modifications in and additions to the Airframe or any Engine as may be required from time to time to comply with the directives, service bulletins and modifications published (and of a mandatory nature) by the Manufacturer, the Engine Manufacturer, the EASA or the Aviation Authority, **provided that** the Lessee may in good faith diligently contest the validity or application of any such Airworthiness Directive, Service Bulletin or modification in any reasonable manner which does not materially adversely affect the Lessor or have any material risk of adversely affecting the Aircraft, the rights of the Lessor hereunder or the obligations of the Lessee hereunder. In addition, the Lessee (or any Permitted Sublessee), at its own cost and expense, may from time to time make such alterations and modifications in and additions to the Airframe or any Engine as the Lessee (or any Permitted Sublessee), including for the avoidance of doubt such alterations and modifications pursuant to Section 12(f) hereof, may deem desirable in the proper conduct of its business, including installation of additional buyer furnished equipment or removal of Parts that the Lessee (or any Permitted Sublessee) determines to be obsolete or no longer suitable or appropriate for use on the Airframe or any Engine; **provided, however, that** no such alteration, modification or addition shall materially diminish the value, utility, remaining useful life, performance or operational characteristics of the Airframe or any Engine, or impair the condition or airworthiness thereof, below the value, utility, remaining useful life, performance or operational characteristics, condition or airworthiness thereof immediately prior to such alteration, modification or addition (assuming the Airframe or such Engine were then of the value, utility, remaining useful life, performance or operational characteristics, condition or airworthiness required to be maintained by the terms of this Lease); **provided, further, that** the Lessee shall consult with the Lessor prior to undertaking any material alteration or modification to the Aircraft. Title to all Parts incorporated or installed in or attached or added to the Aircraft as the result of such alteration, modification or addition, shall immediately vest in the Lessor free and clear of all Liens (except Permitted Liens) and become subject to this Lease and the Local Mortgage, without the necessity for any further act of transfer, document or notice. Notwithstanding Section 8(a) and the foregoing provisions of this Section 8(d) and **provided that** no Event of Default shall have occurred and is continuing, the Lessor and Lessee agree that the Lessee (or any Permitted Sublessee) may (and, in connection with the return of the Aircraft, Lessor may request Lessee to), at any time during the Term, remove or suffer to be removed any Part (including buyer furnished equipment) that (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to the Airframe or such Engine at the time of Delivery thereof hereunder or any Part in replacement of or substitution for any such Part, (ii) is not required to be incorporated or installed in or attached or added to the Airframe or such Engine pursuant to the terms of Section 7 or this Section 8 or in order to maintain insurance required by Section 10 or (iii) can be removed from the Airframe or any Engine without causing damage to the Airframe or such Engine or diminishing or impairing in any material respect the value, utility, remaining useful life, performance or operational characteristics, condition or airworthiness that the Airframe or such Engine would have had at such time had such removal not occurred (assuming the Airframe or such Engine were then of the value, utility, remaining useful life, performance or operational characteristics, condition or airworthiness required to be maintained by the terms of this Lease). Upon the removal by the Lessee (or any Permitted Sublessee) of any Part as provided in and permitted by this Section 8(d), title thereto shall, without further act, vest in the Lessee (or any Permitted Sublessee), and such Part shall no longer be deemed part of the Airframe or any Engine from which it was removed. Notwithstanding the foregoing, any Part not removed by the Lessee (or any Permitted Sublessee) as above provided prior to the return of the Airframe or any Engine to the Lessor hereunder shall become the property of the Lessor at the time of such return and become subject to the Local Mortgage. Lessor will bear no liability whatsoever for the cost of alterations, modifications and additions whether in the event of grounding or suspensions of certification, or for any other cause.

(e) **Nameplate and Other Markings.** The Lessee shall affix and keep at all times, and ensure that the same shall not be painted over, a fireproof metal nameplate having dimensions of not less than five inches by four inches, in the cockpit of the Airframe adjacent to the airworthiness certificate therein and in a prominent position on each Engine bearing the inscription "THIS [AIRFRAME/ENGINE] IS OWNED BY WILMINGTON TRUST COMPANY, NOT IN ITS INDIVIDUAL CAPACITY BUT SOLELY IN ITS CAPACITY AS TRUSTEE OF THE MSN 6698 TRUST, AND LEASED TO LATAM AIRLINES GROUP S.A." or such other inscription as the Lessor from time to time may reasonably request (such nameplate to be affixed within sixty (60) days after the Delivery Date). Except as provided above, the Lessee shall not allow the name or other indication of any other Person to be placed on the Airframe or any Engine, if such name or other indication could be interpreted as a claim of ownership or other interest therein; **provided, that** the Aircraft or any Engine may be marked with the customary name, colors or insignia of the Lessee (or any Permitted Sublessee) or any manufacturer(s) of the Airframes, Engines and Parts.

(f) **Inflight Connectivity Systems.**

(i) Lessee is permitted to install an inflight connectivity system ("**Connectivity Modification**"), at Lessee's sole cost and expense, subject to the following terms and conditions:

(ii) the Connectivity Modification shall be completed, in its entirety, in accordance with the available Supplemental Type Certificates ("**STC**") from Gogo and Lessee shall provide the preliminary workscope and technical document for installation of the Connectivity Modification to Lessor for its records, on or before completion of such Connectivity Modification. For the avoidance of doubt, Lessee is permitted to include changes to the preliminary workscope if they are required, and these changes shall be included in the final technical documents the Lessee will provide to Lessor;

(iii) following completion of the Connectivity Modification, the Lessee shall provide, to the Lessor (a) the final technical documents created or used in connection with the completion of the Connectivity Modification, (b) the STC for removal of the Connectivity Modification; (c) approvals for the installation and removal STC from the FAA and, when available, from EASA for the applicable aircraft type; and (d) a right to use letter provided by the STC owner to the Lessor;

(iv) the Lessor shall have the option, by giving written notice thereof to the Lessee not later than one hundred and twenty (120) days before the expiration of the Term, to have the Lessee remove the Connectivity Modification. If Lessor does not exercise this option, Lessee may decide to remove such Connectivity Modification by giving Lessor one hundred (100) days' notice before the expiration of the Term. Any removal of the Connectivity Modification (at either Lessor's or Lessee's option) shall be (i) completed per the STC for removal; (ii) at Lessee's sole cost and risk; and (iii) shall result in the Aircraft being returned to the configuration prior to installation of the Connectivity Modification, in accordance with the STC removal system instructions; and

(v) any reduced inspection interval associated with the installation, removal and operation of the system is acceptable to Lessor, provided any such repeat inspection interval in hours, cycles or days (as applicable) is no less than the C-check interval per the latest revision of the Manufacturer's Maintenance Planning Document at the expiration of the Term.

(g) **Cabin Modification.** Lessee is permitted to perform a cabin retrofit to 18 PY and 206 Y with Spaceflex ("**Cabin Retrofit**"), and Lessor hereby approves the change of slide raft to wide slide as may be necessary; **provided that** Lessee obtains the required EASA and local approval to make such changes and the completed installation package after installation of such Cabin Retrofit. At Redelivery, Lessee shall provide additional FAA approval for the Cabin Retrofit, if still installed at that time.

(h) **APU Contribution.**

REDACTED*

(i) **No Third-Party Beneficiaries.** It is expressly agreed that the Lessee's obligations with respect to maintenance under Sections 7 and 8 are solely for the benefit of the Lessor and that the Lessee shall have no liability to any other Person with respect thereto and the Lessee's obligations under Sections 7 and 8 in shall terminate upon termination of this Lease in accordance with the terms hereof.

(j) **No Authorization to Contract for the Lessor.** Nothing contained in this Lease shall constitute any consent or request by the Lessor express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Aircraft, any Engine or any Part thereof, nor as giving the Lessee any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property, in such fashion as would permit the making of any claim against the Lessor in respect thereof or any claim that any Lien (other than Permitted Liens) based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the interests of the Lessor or any other Person in the Aircraft, Engines or Parts thereof.

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(k) **No Rights of Retention.** The Lessee hereby waives any and all rights of retention which it may have or which at any time hereafter may be conferred upon it, by virtue of law or otherwise, related to any replacement of Parts, alterations, modifications or additions that the Lessee may make to the Airframe or any Engine. The Lessee hereby expressly releases the Lessor from any and all obligations, whether present or future, to indemnify or reimburse the Lessee for any of the aforementioned replacements, alterations, modifications, improvements or additions.

Section 9. Loss, Destruction, Requisition; Etc.

(a) **Event of Loss with Respect to the Aircraft.** Upon the occurrence of an Event of Loss with respect to the Aircraft, the Airframe or the Airframe and one or more Engines or engines then installed thereon, the Lessee shall promptly (and in any event within five (5) Business Days in the case of an event described in paragraphs (i) and (ii) of the definition of Event of Loss and within fifteen (15) days in any other case) give the Lessor written notice of such Event of Loss (or cause such notice to be given), which notice shall specify the actions the Lessee is taking (or causing to be taken) with respect to such Event of Loss. It is expressly agreed that if any Base Rent Payment Date occurs on or after such Event of Loss, the Lessee shall pay to the Lessor on such date the amount equal to the Base Rent which would have become due and payable on such date in accordance with the terms hereof had no Event of Loss so occurred. Following such an Event of Loss, the Term shall end on the earlier of (i) the date the Lessee or Lessor receives the Insurance Proceeds with respect to such Event of Loss and (ii) ninety (90) days after the occurrence of such Event of Loss, on which date the Lessee shall pay to the Lessor an amount equal to the Agreed Value (as defined in Schedule 3 (*Certain Economic Terms*) hereto) as of such date of termination and all accrued but unpaid PBH Rent and/or Base Rent to such date of termination. Upon full compliance by the Lessee with the terms of this paragraph (a) the Lessor will (subject to insurer's salvage rights, if any) transfer to, or upon the order of, the Lessee on an "as-is, where-is" basis without recourse or warranty, all of the Lessor's right, title and interest, if any, in and to the Aircraft by an appropriate instrument, and any manufacturer's or repairer's warranties relating thereto and will take such other action, at Lessee's cost, as may be necessary to effect such transfer.

(b) **Event of Loss with Respect to an Engine.** Upon the occurrence of an Event of Loss with respect to an Engine under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, the Lessee shall give the Lessor prompt written notice thereof (and in any event within fifteen (15) days after such occurrence) and shall, promptly and in any event within sixty (60) days after the occurrence of such Event of Loss, duly convey or cause to be conveyed to the Lessor and duly subject to the Local Mortgage, as replacement for the Engine with respect to which such Event of Loss occurred, title to a Replacement Engine (**provided that** all engines installed on the Airframe shall be of the same manufacturer and the same or improved model), free and clear of all Liens (other than Permitted Liens) and having a value at least equal to, and utility and remaining useful life at least equal to, or, if applicable comparable to and being in as good operating condition and state of maintenance as, the Engine with respect to which such Event of Loss occurred, assuming such Engine was of the value, utility and remaining useful life and in the condition and repair as required by the terms hereof immediately prior to the occurrence of such Event of Loss. Prior to or at the time of any such conveyance, the Lessee, at its own expense, will (i) furnish or cause to be furnished to the Lessor a bill of sale (with full warranty of title) duly conveying to Lessor all right, title and interest in and to such Replacement Engine, in form and substance reasonably satisfactory to the Lessor with respect to such Replacement Engine, (ii) cause a supplement hereto, in form and substance reasonably satisfactory to the Lessor, subjecting such Replacement Engine to this Lease to be duly executed by the Lessee and, to the extent necessary, recorded pursuant to the Applicable Laws of the Government of Registry, (iii) furnish the Lessor with such evidence of compliance with the insurance provisions of Section 10 with respect to such Replacement Engine as any of them may reasonably request and such other certifications and opinions of counsel as the Lessor may reasonably request, (iv) furnish the Lessor with a certificate of the aircraft engineer (who may be an employee of the Lessee), at Lessee's expense, reasonably satisfactory to the Lessor certifying as to the value, utility, remaining useful life and operating condition and state of maintenance of such Replacement Engine, (v) cause amendments to the Local Mortgage, in form and substance reasonably satisfactory to the Lessor subjecting such Replacement Engine to the Local Mortgage to be duly executed by the Lessor and, to the extent necessary, recorded pursuant to the Applicable Laws of the Government of Registry, (vi) furnish a legal opinion of counsel reasonably acceptable to the Lessor regarding the perfection of the Existing Lien and the Lien of the Local Mortgage with respect to such Replacement Engine and also to the effect that such fully warranty (as to title) bill of sale referred to in subclause (i) above constitutes an effective instrument for the conveyance of title to the Replacement Engine and, to the extent requested by the Lessor, an opinion of aviation law counsel addressed to the Lessor with respect to any registrations made under the Cape Town Convention, each in form and substance reasonably acceptable to the Security Trustee, (vii) affix a nameplate on such Replacement Engine in accordance with Section 8(e), and (viii) cause an Engine Warranty Agreement, in form and substance reasonably satisfactory to the Lessor in respect of such Replacement Engine to be duly executed by the Lessor. Upon full compliance by the Lessee with the terms of this Section 9(b) the Lessor will (so long as no Event of Default or any Default relating to payments or Insolvency of the Lessee shall have occurred and be continuing and subject to insurer's salvage rights, if any) transfer, or cause to be transferred, to or upon the order of, the Lessee on an "as-is, where-is" basis without recourse or warranty, all of the Lessor's right, title and interest, if any, in and to each replaced Engine with respect to which such Event of Loss occurred by an appropriate instrument, signed by the Lessor, releasing such Engine from any manufacturer's or repairer's warranties relating thereto and will take such other action as may be necessary to effect such transfer. For all purposes hereof, each such Replacement Engine shall, after such conveyance, be deemed part of the property leased hereunder and shall be deemed an "Engine" as defined herein. No Event of Loss with respect to an Engine under the circumstances contemplated by the terms of this Section 9(b) shall result in any reduction of Rent.

(c) **Application of Payments from Governmental Authorities or Others.** Any payments (other than Insurance Proceeds from policies carried (or caused to be carried) by the Lessee the application of which is provided for in Section 10 and other than proceeds of insurance policies carried by the Lessor) received at any time by the Lessor or the Lessee from any Government Body or other Person with respect to an Event of Loss of the Aircraft or any Engine shall be paid over to the Lessor.

(d) **Requisition for Use of the Airframe.** In the event of the requisition for use or hire by a Government Body not constituting an Event of Loss of the Airframe or the Airframe and the Engines or engines installed on the Airframe, the Lessee shall promptly notify the Lessor of such requisition, and all of the Lessee's obligations under this Lease shall continue to the extent such obligations are not restricted or curtailed by such requisition and to the same extent as if such requisition had not occurred (but the Lessee's obligations to pay Rent and its obligations under Section 10 shall not be reduced or excused by such requisition). All payments received by the Lessor or the Lessee for the use of the Airframe and Engines or engines at any time shall be paid over to and retained by the Lessee; **provided that**, if an Event of Default has occurred and is continuing, in such event such payments shall be paid over to the Lessor and applied to the obligations of the Lessee hereunder. The Lessee shall as soon as practicable after the end of any requisition for use or hire, and whether that requisition shall end during or after the expiry or termination of the Term, cause the Aircraft to be put into the condition required by this Lease.

(e) **Requisition for Use of an Engine Not Installed on the Airframe.** If an Engine not then installed on the Airframe is requisitioned for use or hire by a Government Body, the Lessee shall replace such Engine or cause it to be replaced by complying with the terms of Section 9(b) hereof to the same extent as if an Event of Loss had occurred with respect to such Engine, and (upon compliance by the Lessee as aforesaid) any payments received by the Lessor or the Lessee with respect to such requisition shall, subject to Section 9(f), be paid over to and retained by the Lessee; **provided that**, if an Event of Default or any Default relating to payments or Insolvency of the Lessee has occurred and is continuing, in such event such payments shall be paid over to the Lessor.

(f) **Payments to the Lessee.** Any amount referred to in this Section 9 which is payable or creditable to the Lessee shall not be paid or credited to the Lessee or, if it has been previously paid to the Lessee, shall not be retained by the Lessee, if at the time of such payment or credit a Default or an Event of Default shall have occurred and be continuing, but shall be paid to and held by the Lessor as security for the obligations of the Lessee under this Lease and at such time as there shall not be continuing any Default or Event of Default such amount, if then remaining, shall be paid to the Lessee.

Section 10. Insurance.

(a) The Lessee shall, at its own expense, effect and maintain in full force (or cause to be effected and maintained in full force) during the Term insurances in respect of the Aircraft in form and substance satisfactory to the Lessor in accordance with this Section 10 (such insurances including any Reinsurances under Section 10(h) the "**Insurances**"). Unless otherwise stated in this Section 10, the Insurances shall be effected through such brokers and with such insurers with insurance companies of recognized responsibility and standing in the international aviation insurance industry through internationally recognized aviation insurance brokers which insurance companies and insurance brokers shall be reasonably acceptable to the Lessor, and subject to such deductibles and subject to such exclusions, as may (in each case) be approved by the Lessor (such approval not to be unreasonably withheld or delayed).

(b) **Aviation Third Party Legal Liability Insurance.** On or before the Delivery Date, throughout the Term and for a period of (i) two (2) years or (ii) until the next major aircraft check (whichever is earlier) following the later of (x) the final Base Rent Payment Date and (y) the date the Aircraft is returned to the Lessor, the Lessee will carry or cause to be carried at its own expense, airline liability insurance in respect of the Aircraft, including war and allied perils, hi-jacking and other similar risks that are excluded from the standard liability coverage to the extent that such insurance is (A) maintained by the Lessee with respect to other aircraft owned or leased, and operated by the Lessee or (B) customarily obtained by air carriers with comparable route structures flying similar aircraft or (C) generally required by financiers and lessors of similar aircraft being operated by air carriers with comparable route structures, in amounts customary for similar aircraft in the Lessee's fleet (but not less **REDACTED***, per aircraft and subject to customary sub-limits for non-aviation coverage) and on terms substantially similar to insurance carried by the Lessee on similar aircraft in its fleet and of the type usually carried by corporations engaged in the same or a similar business, similarly situated with the Lessee, and owning and operating similar aircraft and engines, and which covers risks of a kind customarily insured against by such corporations which shall include general third party legal liability (including war and allied perils), passenger liability, products liability, and property damage liability (including cargo, baggage and mail liability). Any liability insurance carried in accordance with this paragraph (b) and any policies taken out in substitution or replacement for any of such policies (i) shall be endorsed to name the Lessor and the Lessee (collectively the "**Contract Parties**") and the Lessor Parent, WTC, any lease servicer and any financing party and each of their respective successors, assigns, officers, directors, affiliates, shareholders, members, agents, employees and servants as additional insureds (together with the Contract Parties, the "**Additional Insureds**"), (ii) shall provide that in respect of the interests of the Lessor or any other Additional Insured in such policies the insurance shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of the Lessee or any other Person which results in a breach of any term, condition or warranty of such policies (**provided that** the Additional Insured so protected has not directly caused, contributed to or knowingly condoned the said act or omission), (iii) shall provide that (x) there shall be no recourse against the Lessor or any other Additional Insured for the payment of premiums under such policies and that the insurers shall waive any right of subrogation against the Additional Insureds and (y) the insurers shall not exercise any right of subrogation against any other Person without the consent of the Lessor (such consent not to be unreasonably withheld or delayed), (iv) shall provide that, if such insurance is canceled for any reason whatsoever, or if any material change is made in such insurance that adversely affects the interest of the Lessor or any other Additional Insured, such cancellation or change shall not be effective as to the Lessor or any other Additional Insured for thirty (30) days (seven (7) days, or such other period as is then customarily obtainable in the industry, in the case of any war risk and allied perils coverage) after the giving of written notice from such insurers to the Lessee's appointed broker, (v) with respect to any aviation liability war risk coverages, shall conform to AVN52E or similar provisions or, if the Aircraft is registered in Brazil, such coverage will be provided by the Government of Brazil as described below, (vi) shall be primary without right of contribution from any other insurance that is carried by any other Person to the extent that such other insurance provides it with contingent or excess liability insurance with respect to its interest as such in the Aircraft, (vii) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured, (viii) shall waive any right of the insurers to any setoff, counterclaim or other deduction, whether by attachment or otherwise, in respect of any liability of the Lessee, the Lessor or any other Additional Insured to the extent of any moneys due from such parties (except in respect of outstanding premium in respect of the Aircraft), (ix) shall provide cover denominated in Dollars and (x) shall provide for worldwide coverage and it is noted and agreed that the insurers may give notice effective on the expiry of seven (7) days (subject to exceptions uniformly provided in war risk and related perils policies then available on commercially reasonable terms) from midnight G.M.T. on the day on which such notice is issued to review the geographical limit. The Lessee hereby covenants to cause its appointed insurance broker and the appointed reinsurance broker to give immediate notice of such cancellation or change by e-mail to the Lessor and request such broker or brokers also to give such notice to each of the Additional Insured identified to the Lessee by the Lessor. If the Aircraft is registered in Brazil, the War and Allied Perils legal liability insurance (AVN52E) and all other Aviation War Risk Liability amounts can be provided by the Government of Brazil pursuant to Brazilian Law N^o. 10.744 dated October 9, 2003.

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(c) **Aircraft Hull Insurance.** On or prior to the Delivery Date and throughout the Term (and, in the case of the termination of this Lease pursuant to Section 15 hereof and except to the extent otherwise provide in Section 10(a) or Section 10(b), at all times following such termination until the sale or disposition of the Aircraft) the Lessee shall maintain or cause to be maintained in full force and effect, at its own expense and on terms substantially similar to insurance carried by the Lessee on similar aircraft in its fleet, all-risk aircraft hull insurance covering the Aircraft, while flying and on the ground, including coverage of the Engines and Parts while temporarily removed from or not installed on the Aircraft and not replaced with similar components (with flight, taxiing and ingestion coverages), against loss or damage, of the type (but not necessarily the amount) usually insured against by corporations engaged in the same or a similar business, similarly situated with the Lessee, and owning or operating similar aircraft and engines on an agreed-value basis in an amount not less than the Agreed Value (with respect to the initial insurance coverage to be effective on such date) or the applicable Base Rent Payment Date immediately preceding the commencement of any year or other period in respect of which the relevant policy is to be in force whether by renewal or otherwise from time to time, and all-risk insurance with respect to each Engine and Part while removed from the Aircraft, and, as to each Engine or Part not installed on the Airframe, not less than the fair market value of such Engine or Part, at the commencement of such year or other period.

The Lessee shall maintain in full force and effect war-risk and related perils hull insurance (including the risks of hijacking and confiscation by any government) in respect of the Aircraft on an agreed value basis in conformity with LSW555D throughout each policy year, for not less than the amounts set forth in the preceding paragraph covering the perils that are (A) insured by the Lessee with respect to other aircraft owned or leased, and operated by the Lessee and (B) customarily insured by air carriers with comparable route structures flying similar aircraft to insure and (C) generally required to be insured by financiers and lessors of similar aircraft being operated by air carriers with comparable route structures.

All policies and subsequent policies taken out in accordance with this Section 10(c) will be issued by insurance companies of recognized standing in the international aviation insurance industry through internationally recognized aviation insurance brokers, which insurance companies, insurance brokers and the policy terms shall be reasonably acceptable to the Lessor. In addition, all such policies and subsequent policies:

(i) shall be on an agreed value basis without the insurer's right to replace;

(ii) shall name the Lessor (or, if requested by Lessor, any security trustee) as sole contract party and sole loss payee (or an equivalent designation under AVN67B) in respect of hull claims that become payable on the basis of a total loss and provide that payment in respect of any total loss claim shall be made to or to the order of the Lessor (or the equivalent under AVN67B) and in respect of all other hull claims the loss will be settled with such party(ies) as may be necessary to repair the Airframe or any Engine;

(iii) shall provide that in respect of the interests of each Additional Insured in such policies the insurance shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of the Lessee or any other Person which results in a breach of any term, condition or warranty of such policies (**provided that** such Additional Insured has not directly caused, contributed to or knowingly condoned the said act or omission);

(iv) shall provide that there shall be no recourse against the Lessor or any Additional Insured for the payment of premiums under such policies (but reserve the right to pay the same should any of them elect to do so);

(v) shall provide that, if such insurance is canceled for any reason whatsoever, or if any material change is made in such insurance which adversely affects the interests of any Additional Insured, such cancellation or change shall not be effective as to Additional Insureds for thirty (30) days (or seven (7) days, or such other period as is then customarily obtainable in the industry, in the case of any war risk and allied perils coverage) after the giving of written notice from such insurers to the Contract Parties;

(vi) provide cover denominated in Dollars; and

(vii) shall be on terms customarily found in the international aviation insurance market.

The hull policy for the Aircraft:

(A) shall waive any right of the insurers to any setoff, counterclaim or other deduction, whether by attachment or otherwise, in respect of any liability of the Additional Insureds or any other Person to the extent of any moneys due from such parties (except in respect of outstanding premium in respect of the Aircraft);

(B) if separate hull "all risks" and "war risks" insurances are arranged, each shall contain a 50/50 claims funding clause acceptable to the Lessor and in accordance with market practice in the event of a dispute as to which policy in respect of the hull insurances set forth in this Section 10(c) shall pay in the event of a loss,

(C) shall provide for worldwide coverage and it is noted and agreed that the insurers may give notice effective on the expiry of seven (7) days (subject to exceptions uniformly provided in war risk policies then available on commercially reasonable terms) from midnight G.M.T. on the day on which such notice is issued to review the geographical limit, and

(D) shall have deductibles (not applicable in the case of

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in respect of "spares risks" and (y) the lowest deductible which is then customary in the international aviation insurance market in respect of Airbus A321-200 aircraft, and in any event such deductible shall not be greater than those which other international airlines of comparable standing (in the reasonable judgment of the Lessor's independent insurance advisor) to the Lessee operating comparable aircraft are able to obtain in such market. "Fleet Aggregate" deductibles and sub-limits of liability which are not approved in writing by the Lessor shall not be applicable in respect of the insurances required hereunder.

(E) shall provide that in respect of the Engines, the minimum permitted agreed value amount of the "**Hull War and Allied Perils**" shall increase to include the value of any engine attached to the Airframe which is not an Engine.

Notwithstanding any provision in this Section 10(c), any amount referred to in this Section 10(c) which is payable to the Lessee shall not be paid to the Lessee or, if it has been previously paid directly to the Lessee shall not be retained by the Lessee if at the time of such payment a Default or an Event of Default shall have occurred and be continuing, but shall be paid to and held by the Lessor as security for the obligations of the Lessee under this Lease and, during the continuance of such Default or Event of Default, shall be applied to the satisfaction of the then due and payable obligations of the Lessee under this Lease, and, at such time as there shall not be continuing any such Default or Event of Default, the remainder of such amount shall be paid to the Lessee.

(d) **Default.** If the Lessee shall default in effecting or maintaining any insurance or provision thereof required hereunder or if any insurance shall for any reason become void the Lessee shall provide immediate written notice of such to the Lessor and provide the Lessor with full details of any steps the Lessee is taking, or proposes to take, in order to remedy such non-compliance, and the Lessor or any other Contract Party may (but without any obligation to do so and without prejudice to the Lessor's other rights and remedies hereunder) procure and maintain new insurance satisfactory to it or pay the premia or other amounts due or otherwise effect and keep up insurance at the sole cost of the Lessee, and the Lessee will forthwith and immediately upon demand repay to any such Person all premiums and other moneys from time to time paid by such Person in respect of such insurance, together with interest thereon at the Past Due Rate for the period from and including the date of such payment by such party to but excluding the date on which the same is paid in full by the Lessee. At any time while such default shall be continuing, the Lessee shall immediately ground the Aircraft and shall keep or procure that the Aircraft be kept grounded until such time as the Insurances shall again be in full force and effect and the Lessor shall be entitled to require the Aircraft to remain at any airport or proceed to and remain at any airport designated by the Lessor.

(e) **Certificates.** On or before the Delivery Date and promptly after the issuance or modification or renewal thereof (but in any event prior to the expiration of any insurance then to be renewed) in form substantially similar to those given prior to or on the Delivery Date, the Lessee, at its own cost and expense, will furnish to the Lessor (i) a certificate of its insurance and reinsurance broker addressed to the Lessor (or as notified to the Lessee by the Lessor) describing in reasonable detail the Insurances and Reinsurances then carried and maintained on the Aircraft via e-mail, (A) containing an endorsement of the Insurances and Reinsurances required hereunder, (B) certifying the date and time of commencement and expiry of each insurance policy, and (C) specifying the deductible amounts and levels of co-insurance, if any, for each type of loss and (ii) a letter of undertaking from the Lessee's insurance and reinsurance brokers with regard to the Insurances and Reinsurances required hereunder, which letters shall include the undertaking described in the penultimate sentence of Section 10(b).

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(f) **Notice of Variations.** If any adverse material variation is made to the terms of any of the Insurances or Reinsurances, the Lessee shall forthwith give notice to the Lessor of such variation and shall provide such further details in relation thereto as any of them may reasonably require.

(g) **Premiums.** The Lessee shall pay or cause to be paid the premiums and other charges (or installments thereof) as required by the terms of such policies. In the case of renewals of such policies, the Lessee shall cause to be produced to the Lessor and the Lessor evidence of such renewal as soon as practicable and in any event within seven (7) days after the date of renewal and shall give each of them notice of such intended renewal no later than the day before such date and the Lessee shall pay the renewal and other premiums (and installments thereof) as required by the terms of such policies.

(h) **Reinsurance.** Notwithstanding Section 10(a), the Lessee shall procure that in respect of the Insurances maintained by the Lessee in accordance with the provisions in this Section 10 which are not placed directly into the Lloyd's of London or other internationally recognized aviation insurance markets such Insurances shall be reinsured in Lloyd's of London or other internationally recognized aviation insurance markets with reinsurers of international standing and repute who normally participate in aircraft insurance programs, the insurers shall maintain reinsurance in all respects reasonably satisfactory to the Lessor covering identical subject matter, terms and risk for an amount equal to not less than 75% of the coverage amount (or such higher percentage as Lessee shall from time to time generally have agreed in leasing or financing agreements relating to other aircraft of the same or comparable model within Lessee's fleet) on terms reasonably acceptable to the Lessor (the "**Reinsurances**"). Any Reinsurances shall contain a "cut-through" clause in the form generally used from time to time in the London reinsurance market providing that, in the event of any claim arising under the Reinsurances, the reinsurers thereunder shall, in lieu of payment to the original insurer or its successors in interest and assigns, pay to or to the order of the Contract Parties as loss payees that portion of any loss due for which the reinsurers thereunder would but for this cut-through clause be liable to pay the original insurer or its successors in interest and assigns, it being understood and agreed (and Lessee agreeing to obtain the agreement of its original insurers for the benefit of the Additional Insureds and the reinsurers) that any such payment by the reinsurers thereunder shall fully discharge and release the original insurers from any and all further liability in connection therewith.

(i) **Location.** Except as otherwise expressly permitted herein, the Lessee shall not at any time do or suffer to be done to the Aircraft, any Engine or any Part thereof or the premises on which the same may be located, or bring or keep, or permit to be brought or kept, anything therein or thereon or operate the Aircraft, any Engine or any Part thereof or take the same to or keep the same in, or permit the same to be taken to or kept in, a place where or whereby any insurance required hereunder may be rendered void or voidable or no longer in force or coverage thereunder shall be limited, without first arranging at its own expense such additional Insurance coverage as shall be necessary to avoid such result, such additional insurance to be in form and substance satisfactory to the Lessor. The Lessee will pay or cause to be paid all additional insurance premiums required on account of the additional risk caused by the use to which the Aircraft is put as aforesaid.

(j) Certain Undertakings in Respect of the Insurances.

(i) The Lessee shall:

(A) not make or permit to be made any modification to the Insurances required hereunder which is materially adverse to the interest of any Contract Party, including any Additional Insured;

(B) not do, or omit to do, or permit to be done, or left undone anything whereby any required Insurance would or might reasonably be expected to be rendered, in whole or in part, invalid or unenforceable and, without prejudice to the foregoing, not use or keep or permit the Aircraft or any Part thereof, to be used or kept for any purpose, in any manner or in any place not covered by required Insurances and Reinsurances (except as otherwise expressly permitted herein); and

(C) not discriminate against the Aircraft relative to other aircraft of the same or comparable model within the Lessee's fleet as to the coverage of the Insurances and Reinsurances required under this Section 10.

(ii) The Lessee shall, as soon as practicable, following receipt of any notice of cancellation of the war risks and related perils insurance due to armed hostilities in the area where the Aircraft may then be located or scheduled to operate, remove the Aircraft or cause the Aircraft to be removed to Chile, Brazil or the United States (or such other location at which the Aircraft shall remain covered by war risks and related perils insurance) and shall cause the Aircraft to remain in such location until such Insurance is reinstated and compliance herewith shall cure any Event of Default under Section 14(c); **provided, however, that** the Lessee need not comply with the provisions of this subclause (ii) if to do so would cause the Lessee to breach any other obligation contained herein.

(iii) The Lessee shall be responsible for any applicable deductibles or costs of any Insurances.

(k) **Reimbursement.** The Lessee shall promptly reimburse the Lessor on demand for the amount of any premiums or premium installments which such party may pay pursuant to this Section 10 together with interest thereon, for the period from and including the date of such payment by such party to but excluding the date on which the same is paid in full by the Lessee at the Past Due Rate.

(l) **Change in Industry Practice.** In the event that there is a material change in the generally accepted industry-wide practice with regard to the insurance of aircraft (whether relating to all or any of the types of Insurances required to be effected under the foregoing provisions of this Section 10) such that the Insurances required pursuant to the provisions of this Section 10 are insufficient to protect the interests of the Lessor or any of the other Additional Insureds hereunder in accordance with such generally accepted industry practice, the insurance requirements set forth in this Section 10 shall be varied at the request of the Lessor so as to include such additional or varied requirements as may be reasonably necessary to ensure that the Insurances and Reinsurances as so varied shall provide comparable protection to that of the generally accepted industry-wide practice.

(m) **Compliance with Legal Requirements.** In addition to the foregoing provisions of this Section 10, throughout the Term the Lessee shall comply with all legal requirements as to the insurance of the Aircraft or Engines which may from time to time be imposed by the Applicable Laws of the jurisdiction in which the Aircraft is registered or of any jurisdiction to or from or over which the Aircraft or Engine shall be flown or in which the same shall be located or which the Lessee may be subject.

(n) **Additional Insurance.** The Lessee shall have the right to carry insurance in excess of the amounts required hereunder and additional and separate insurance for its own benefit at its own expense; **provided that**, no such insurance shall prejudice the effectiveness in any way (whether or not material) of any Insurances required to be maintained pursuant to this Section 10 or the recovery of any proceeds thereunder, or shall impair in any way (whether or not material) the rights of the Lessor or any other Additional Insured under this Lease. Proceeds of such insurance shall be payable directly to the Lessee.

(o) **Additional Terms of Insurance.** The Lessee agrees to ensure that the insurance policies in respect of all Insurances referred to in Section 10(b) and (c) above shall at all times be underwritten in full and in the case of liability insurance under Section 10(b) contain a statement that such Insurances are primary without right of contribution from any other liability insurance which is carried by the Lessor.

(p) **Self Insurance.** Except for the deductibles permitted by Section 10(b) hereof, standard market deductibles in relation to third-party liability insurance solely with respect to baggage or cargo or any self-insurance permitted or required pursuant to Section 10(k) hereof, the Lessee shall not be permitted (and shall not permit any Permitted Sublessee) to self-insure against any of the risks required to be covered by the insurance described in this Section 10.

(q) **AVN67B.** Notwithstanding the provisions of this Lease, for so long as Airline Finance/Lease Contract Endorsement AVN67B is in effect and it remains the general aviation insurance market practice to insure equipment financed or leased on the basis of such endorsement, the Lessee may maintain insurances in respect of the Aircraft for the purposes of this Lease which incorporate the terms and conditions of AVN67B. To the extent any provision of AVN67B conflicts or is otherwise inconsistent with the requirements of this Lease, then such AVN67B endorsement will be deemed to satisfy the relevant requirements of this Lease. An insurance certificate in the form of AVN67B will be deemed to satisfy the requirements of this Lease.

Section 11. Absolute Obligations. This Lease is a net lease, and, except as may otherwise be expressly provided herein, it is intended that the Lessee shall pay or cause to be paid all costs, charges, fees, assessments, expenses, withholdings and Taxes of every character whether foreseen or unforeseen, ordinary or extraordinary, incurred in connection with or arising out of the import, use, operation, maintenance, repair, modification, alteration, replacement, leasing, subleasing and sale of the Aircraft and any other amounts hereunder during the Term. The Lessee's obligation to pay all Rent and to perform all other obligations hereunder is absolute and unconditional and, except as may otherwise be expressly provided herein, shall not be affected or reduced by any circumstances or for any reason, including (i) any setoff, counterclaim, recoupment, defense or other right which the Lessee may have against the Owner, the Lessor, any Financier, the Manufacturer, the Engine Manufacturer or any Person providing services with respect to the Aircraft, or any other Person, for any reason whatsoever (whether in connection with the transactions contemplated hereby or otherwise), including any breach by the Lessor of its warranties contained herein; (ii) any defect in the title, airworthiness, eligibility of registration under any Applicable Law, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, the Aircraft or any portion thereof (subject to the provisions of Section 9 hereof), any interruption or cessation in the use of or possession thereof by or availability to the Lessee for any reason whatsoever, whether arising out of or related to an act or omission of the Owner, the Lessor, any Financier, the Manufacturer, the Engine Manufacturer or any other Person; (iii) any Lien with respect to the Aircraft or any portion thereof; (iv) the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease; (v) any Taxes; (vi) any change, waiver, extension, indulgence or liability or other act or omission in respect of any liability or obligation of the Owner, Lessor or any Financier; (vii) any bankruptcy, Insolvency, reorganization, composition, adjustment, dissolution, Liquidation Proceeding or other like proceeding relating to the Lessee, the Owner, the Lessor or any Financier or any disaffirmance, rejection or other action taken with respect to this Lease by the Owner, the Lessor, Financier or any other Person, or by any court, in any such proceeding; (viii) the Lessee at any time having immunity from suit, prejudgment attachment, attachment in aid of execution or execution on the grounds of sovereignty or otherwise, which immunity, if any, the Lessee hereby expressly waives; (ix) any restrictions applicable to the Lessee on the transfer or conversion of currency; or (x) any other circumstances or happening of any nature whatsoever, whether or not similar to any of the foregoing; it being the express intention of the Lessor and the Lessee that all Rent payable hereunder shall be payable in all events, unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

This Lease shall not, except as expressly set forth herein, be cancelable by the Lessee and, except as expressly set forth elsewhere in this Lease, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, abate, cancel, quit, reduce, defer, suspend or surrender this Lease or the Aircraft or any obligation imposed upon the Lessee hereunder (including, without limitation, payment of Rent), except in accordance with the terms hereof and thereof.

If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of Applicable Law, except as specifically provided herein, the Lessee, if and to the extent that the Lessee retains the use and possession of the Aircraft, nonetheless agrees to pay to the Lessor an amount equal to the Agreed Value.

Nothing contained in this Lease shall be construed as a waiver of the Lessee's right to seek any claim against the Lessor in a separate proceeding.

Section 12. **General Indemnities.**

(a) **General Indemnities.** Subject to the exclusions set out in Section 12(b) below, the Lessee shall immediately upon demand, defend, indemnify and hold harmless each of the Indemnitees against any and all Losses (which an Indemnitee may suffer or incur, whether directly or indirectly (and regardless of when the same are suffered or incurred) as a result of or in connection with:

(i) the ownership (but only to the extent relating to or attributable to or arising as a result of the possession, use, operation or maintenance of the Aircraft by the Lessee or any Permitted Sublessee), service, maintenance, repair, overhaul, delivery, possession, transfer of title or possession, import, export, storage, modification, leasing, inspection, refurbishment, transportation, storing, testing, design, sub leasing, positioning, interchange, replacement, condition, environmental damage, use, operation, registration or redelivery of the Aircraft, any Engine, any Part and/or which otherwise relate to the Aircraft whether or not such Losses may be attributable to any defect in the Aircraft, any Engine or any Part or to its design, testing or use or otherwise, and regardless of when the same arises or whether it arises out of or is attributable to any act or omission, negligent or otherwise, of any Indemnitee;

(ii) any act or omission which invalidates or which renders voidable any of the Insurances;

(iii) preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of the Aircraft, or in securing its release; or

(iv) any design, article or material in the Aircraft, any Engine or any Part or its operation or use constituting an infringement of patent, copyright, trademark, design or other proprietary right.

(b) **Indemnity Exclusions.** The Lessee will not be required to indemnify any Indemnitee under Section 12(b) to the extent the Loss for which the indemnity claim is made:

(i) is caused by such Indemnitee's fraud, wilful misconduct or Gross Negligence;

(ii) is caused by a breach or default by Lessor of its express obligations under this Lease which does not result from any act or omission of any person other than such Indemnitee;

(iii) is caused by any express representation or warranty given by the Lessor or other Indemnitee under this Lease or in connection with the transactions contemplated hereby not being true and correct at the date when, or when deemed to have been, given or made which does not result from any act or omission of any person other than the Lessor or such Indemnitee;

(iv) arises solely as a result of an event or occurrence occurring after the Lease Expiry Date and redelivery of the Aircraft to the Lessor in accordance with this Lease and is not attributable to any act, omission, event or circumstance occurring prior to such redelivery;

(v) is attributable to any event which occurs prior to Delivery;

(vi) is covered pursuant to another indemnity provision of this Lease and payment to the Lessor or Indemnitees under such other indemnity has actually been received by it;

(vii) is an ordinary and usual overhead expense of such Indemnitee (but excluding any such Losses which are suffered or incurred as a result of the occurrence of an Event of Default or when an Event of Default is continuing);

(viii) is in respect of any decline in the residual value of the Aircraft at the end of the Term, without prejudice to the Lessee's obligations under this Lease (including without limitation, Section 11 of this Lease);

(ix) arises solely as a result of events or circumstances occurring during any period during which the Lessee does not have possession of the Aircraft as a result of a breach by the Lessor of its obligations pursuant to Section 17 of this Lease;

(x) arises as a result of any voluntary sale, assignment, transfer or other disposition by such Indemnitee of the Aircraft or any interest therein unless such sale, assignment, transfer or other disposition occurs following and as a result of an Event of Default which is continuing or relates to the replacement of any Engine or Part as contemplated by this Lease;

(xi) is expressly agreed to be borne by the Lessor pursuant to the terms of this Lease; or

(xii) arises as a result of any Lessor Lien or is a Tax.

(c) Withholdings.

(i) The Lessee will not deduct any amount from any of its payments under this Lease, for or on account of any Taxes, unless the Lessee is obliged to do so under any Applicable Law.

(ii) If the Lessee legally has to make a deduction as described in Section 12(c)(i) above, the Lessee must:

(A) deduct the minimum amount necessary to comply with its legal obligations;

(B) pay the Tax to the relevant authority in accordance with all Applicable Law;

(C) pay to the Lessor an additional amount so that the Lessor receives a net amount on the relevant payment date, that is equal to the amount that it would have received if the deduction had not been made; and

(D) obtain a receipt or, if not legally possible, provide other evidence for the payment of such Tax from the relevant authority and give it to the Lessor.

(d) **Payment of Taxes.** Subject to the provisions of Section 13 of this Lease, the Lessee shall promptly pay all Taxes imposed on the Lessee by any Government Body with respect to the Aircraft, including without limitation with respect to the ownership, delivery, leasing, sub-leasing, possession, use, operation, importation, exportation, redelivery, sale or other disposition of the Aircraft.

Section 13. **Tax Indemnity**

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Section 16. **Further Assurances.** The Lessee and the Lessor shall from time to time, at the cost and expense of the Lessee, do and perform such other and further acts and duly execute and deliver such further documents and assurances as may be required by Applicable Laws or as reasonably requested by the one party to establish, maintain and protect the respective rights and remedies of the other party and to carry out and effect the intent and purpose of this Lease including, if requested by the Lessor and at the expense of the Lessee, the execution and delivery of supplements hereto, in recordable form, subjecting to this Lease, any replacement or substitute engine and the recording or filing of counterparts hereto or thereto, in accordance with Applicable Laws as the Lessor may from time to time reasonably deem necessary after prior consultation with the Lessee. The Lessee shall be solely responsible for obtaining all required consents and approvals of, giving all required notices to, performing all required registrations and filings for recordation with, and taking all other necessary actions in Chile, Brazil, the Government of Registry or the United States, including any governmental or political agency, subdivision or instrumentality thereof. Without limiting the foregoing, the Lessee shall cause this Lease, and any and all additional instruments which shall be executed pursuant to the terms hereof, to be kept, filed, deposited or recorded, at all times, in such places in Chile, Brazil, the Government of Registry, the jurisdiction where Liens are perfected against the Lessor (if different), and such other jurisdictions in which the Aircraft is based as the Lessor may reasonably request in order to perfect and preserve the rights of the Lessor hereunder, and furnish to the Lessor an opinion or opinions of counsel or other evidence satisfactory to the Lessor of each such filing, deposit or recordation and, without limitation of any of the foregoing, at the request of the Lessor, promptly correct any defect, error or omission which may at any time hereafter be discovered in the contents of this Lease or in the execution, acknowledgment or delivery hereof and, at the request and cost of the Lessee, the Lessor shall promptly correct any defect, error or omission which may at any time be discovered in the contents of this Lease or in the execution, acknowledgment or delivery hereof. Without limiting any of the foregoing, the Lessee will cooperate fully with the Lessor for obtaining the deregistration of the Aircraft and any required export licenses, when requested by the Lessor upon any return of the Aircraft required hereunder.

Section 17. **Quiet Enjoyment.** Notwithstanding anything contained herein to the contrary, the Lessor agrees and covenants that, unless an Event of Default shall have occurred and be continuing, neither Lessor nor any person claiming lawfully by or through Lessor will interfere with Lessee's (or any Permitted Sublessee's) quiet use, enjoyment and possession of the Aircraft during the applicable Term. The exercise by Lessor of its respective rights under this Lease will not constitute such an interference.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Section 18. **Notices.** All notices, consents and other communications hereunder shall be provided to the following addresses:

if to the Lessor to:

Wilmington Trust Company, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust
1100 North Market Street
Wilmington, Delaware, 19890-1605
Attention: Corporate Trust Administration
Telephone: 302-636-6000
Facsimile: 302-636-4141

Copy to:

SkyWorks Leasing (Ireland)
The Merrion Buildings
18-20 Merrion Street
Dublin 2
Ireland
Attention: Contracts Administration
E-Mail: contracts@skyworks.aero

with a copy to:

SkyWorks Holdings, LLC
283 Greenwich Avenue; 4th Floor
Greenwich, CT 06830
United States of America
Attn: Jeff Craine - jcraine@skyworks.aero
Anders Hebrand - ahebrand@skyworks.aero

if to the Lessee, to:

LATAM Airlines Group S.A.
Avenida Américo Vespucio, 901
Edificio Corporativo LATAM 1-A
Renca
Santiago
Chile

Attention: SVP Fleet & Engines Contracts
Email: operating.lease@latam.com

Section 19. **Miscellaneous.**

(a) **Governing Law.** THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, UNITED STATES OF AMERICA.

(b) **Jurisdiction and Service of Process.** Any suit, action or proceeding against any of the parties hereto with respect to this Lease or any judgment entered by any court in respect thereof during the pendency of the Chapter 11 Cases must be brought in the Bankruptcy Court and each party hereto submits to the exclusive jurisdiction of such court for the purposes of any such suit, action or proceedings. Otherwise, such any suit, action or proceeding may be brought in the Supreme Court of the State of New York, County of New York or the United States District Court for the Southern District of New York, and each party hereto submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action or proceeding. The Lessee hereby agrees that service of all writs, process and summonses in any such suit, action or proceeding brought in such courts may be made upon the Process Agent, and the Lessee hereby irrevocably appoints the Process Agent as its true and lawful attorney-in-fact in its name, place and stead (as well as that of its respective successors and assigns) to accept such service of any and all such writs, process and summonses, and agrees that the failure of the Process Agent to give any notice of any such service of process to it shall not impair or affect the validity of such service or of any judgment based thereon. Each of the Lessee and the Lessor further agrees (to the extent permitted by Applicable Laws) that a final judgment against it in any such action or proceeding may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law, a certified or true copy of which final judgment shall be conclusive evidence of the fact and of the amount of any indebtedness or liability of the Lessee or the Lessor, as the case may be, therein described. The Lessee agrees that (x) the sole responsibilities of the Process Agent shall be (i) to receive such process, (ii) to send a copy of any such process so received to the Lessee, as applicable by airmail, or overnight courier at its address set forth in Section 18, or at the last address filed in writing by it with the Process Agent and (iii) to give prompt facsimile notice of receipt thereof to the Lessee, at such address and (y) the Process Agent shall have no responsibility for the receipt or nonreceipt by the Lessee of such process. The Lessee hereby agrees to pay to the Process Agent such compensation as shall be agreed upon from time to time by it and the Process Agent for the Process Agents' services hereunder. The Lessee hereby agrees that its submission to jurisdiction and its designation of the Process Agent is made for the express benefit of the Lessor and its respective successors, subrogees and assigns. The Lessee agrees that it will at all times continuously maintain a process agent to receive service of process in the City, County and State of New York on behalf of itself and its properties with respect to this Lease and shall give each party hereto written notice prior to any change of address for such agent, and in the event that, for any reason, the process agent named pursuant to this Section 19(b) shall no longer serve as process agent to receive service of process on the Lessee's behalf, the Lessee shall promptly appoint a successor Process Agent. The Lessee hereby irrevocably further consents to the service of process in any suit, action or proceeding in said courts by the mailing thereof by any party hereto by registered or certified mail, postage prepaid, to it at its address specified in Section 18 hereto. Nothing in this Section 19(b) shall affect the right of any party hereto to serve legal process in any other manner permitted by law or affect the right of such party or its successors, subrogees or assigns to bring any action or proceeding against the Lessee or the Lessor or any of their respective property in the courts of other jurisdictions. Each party hereto hereby irrevocably waives any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Lease brought in any of the aforesaid courts in New York and hereby further irrevocably waives any claim that any such suit, action or proceeding has been brought in an inconvenient forum.

(c) **Waiver of Jury Trial.** EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES AS AGAINST THE OTHER PARTIES HERETO KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION BASED HEREON OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS LEASE AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OR OMISSIONS OF ANY PARTY HERETO RELATING TO THIS LEASE.

(d) **Severability.** Any provision of this Lease that is prohibited or unenforceable in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and shall not invalidate or render unenforceable the other provisions hereof in any jurisdiction. To the extent permitted by Applicable Laws, the parties hereto waive any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(e) **Immunity.** Each party hereto acknowledges and agrees that the activities contemplated by the provisions of this Lease are commercial in nature rather than governmental or public and therefore acknowledges and agrees that it is not entitled to any right of immunity on the grounds of sovereignty or otherwise with respect to such activities or in any legal action or proceeding arising out of or relating to this Lease. Each such party in respect of itself and its properties and revenues, expressly and irrevocably waives any such right of immunity (including, but not limited to, any immunity from suit, from the jurisdiction of any court, from service of process, from set-off, from any execution, or attachment in aid of execution prior to judgment or otherwise or from any other legal process) or claim thereto which may now or hereafter exist (whether or not claimed) and irrevocably agrees not to assert any such right or claim in any such action or proceeding that may at any time be commenced, whether in the United States of America or otherwise.

(f) **Cape Town Immunity.** Each party hereto hereby waives any immunity from suit, from the jurisdiction of any court or from any legal or judicial process or remedy and, without limiting the generality of the foregoing, each party hereto hereby waives in accordance with Article XXII of the Cape Town Aircraft Protocol any sovereign immunity from jurisdiction of the courts specified in Section 19(b) or relating to the enforcement of rights and interests relating to the Aircraft, the Airframe and/or any Engine. This Section 19(f) shall only be effective if the Cape Town Convention comes into force in the State of Registration.

(g) **Counterparts.** This Lease may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall, subject to the legend on the cover of this instrument, be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 20. **Lessor's Right to Perform for the Lessee.** If the Lessee fails to make any payment of Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, the Lessor (so long as it is wholly-owned by the Lessee or an Affiliate thereof) may (but shall be under no obligation to) itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the proper expenses of the Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, shall be deemed Rent, payable by the Lessee upon demand together with interest thereon at the Past Due Rate.

Section 21. **English Language Prevails.** For the avoidance of doubt, the Lessor and the Lessee agree any translation of this Lease shall not apply in construing this Lease and that the English version of this Lease shall govern for all purposes.

Section 22. **Complete Agreement.** This Lease contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior written or oral communications or agreements with respect thereto.

Section 23. **No Merger of Title.** There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, in whole or in part, (i) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate, (ii) the fee estate in the Aircraft, or (iii) a beneficial interest in the Lessor.

Section 24. **Variation.** This Lease shall not be varied otherwise than by an instrument in writing executed by or on behalf of the Lessor and the Lessee.

Section 25. **Illegality**

(a) If a Lessor Illegality Event or a Lessee Illegality Event occurs then, subject always to this Section 25(a), the Lessor may by notice in writing to the Lessee terminate the leasing of the Aircraft under this Lease, such termination to take effect on the earlier of (x) the latest date on which the Lessor or the Lessee, as the case may be, may continue such leasing and perform their respective obligations hereunder without being in breach of Applicable Law and (y) the date on which the Lessor determines (acting reasonably) that it must give notice in writing to the Lessee to terminate the leasing of the Aircraft under this Lease to ensure that its rights under this Lease and in and to the Aircraft are not adversely affected as a result of the occurrence of the relevant Lessor Illegality Event or Lessee Illegality Event, as the case may be (the "**Effective Date**"), and:

(i) **in case of a Lessee Illegality Event:** the Lessee shall as soon as reasonably practicable and in any event within ten (10) Business Days of the Effective Date (or such longer period as the Lessor may agree) redeliver the Aircraft to the Lessor in accordance with Section 5 (*Return of the Aircraft*), and the Lessee shall pay to the Lessor amounts equal to those specified in Section 15(c) (*Payments*). The provisions of Section 15(d) (*Sale or re-lease of the Aircraft*) and Section 15(e) (*Deregistration*) shall apply in respect of any such termination; or

(ii) **in case of a Lessor Illegality Event:** the Lessee shall as soon as reasonably practicable and in any event within ten (10) Business Days of the Effective Date (or such longer period as the Lessor may agree) redeliver the Aircraft to the Lessor in accordance with Section 5 (*Return of the Aircraft*) but with the redelivery conditions set out in subclause (c) below (*Return Condition applicable to Lessor Illegality*) applying instead of those return conditions set out in Schedule 7 (*Redelivery Procedure and Return Conditions*). The provisions of Section 15(e) (*Deregistration*) shall apply in respect of any such termination.

(b) The Lessor and the Lessee shall consult in good faith for a period commencing on the date that the parties became aware of the unlawfulness and ending on the earlier of (i) sixty (60) days thereafter and (ii) the Effective Date, as to any steps which may be taken to restructure the transaction to avoid such unlawfulness and to enter into substitute arrangements which are valid, legal and enforceable and which have the same commercial effect as this Lease.

(c) Return Condition applicable to Lessor Illegality

(i) In circumstances where the Lessee is obliged to redeliver the Aircraft pursuant to Section 25(a) following the occurrence of a Lessor Illegality Event, the Lessee shall not be obliged to return the Aircraft in accordance with the return conditions set out in Schedule 7 (*Redelivery Procedure and Return Conditions*) and shall only be obliged to return the Aircraft in accordance with the following conditions which shall apply instead of those set out in Schedule 7 (*Redelivery Procedure and Return Conditions*):

(A) the Aircraft shall be returned with a current Certificate of Airworthiness with no exceptions and, if applicable, the Lessee will assist the Lessor in obtaining an Export Certificate of Airworthiness issued by the Aviation Authority to the next country of registry (such country to be designated in writing by the Lessor to the Lessee in sufficient time to enable the Lessee to arrange for the issue of the same by the Aviation Authority);

(B) the Airframe shall have its next sequential "A" check or C Check completed (whichever is more limiting);

(C) the Lessee will facilitate other reconfiguration work requested by the Lessor at the Lessor's cost. Any such reconfiguration work will not involve any major modifications or alterations to the Aircraft. The Lessee shall not pay Rent while the Aircraft undergoes any additional work requested by the Lessor and the Lessee shall undertake such work if the Lessee is satisfied that it will not delay the process of redelivering the Aircraft to the Lessor. The Lessee agrees to notify the Lessor if the work requested by the Lessor will affect the timing of the redelivery of the Aircraft and provide the Lessor with a reasonable explanation as to why this is the case;

- (1) the Engines will be returned in serviceable condition with no abnormal deterioration in the performance of any Engine;
- (2) the APU will be serviceable;
- (3) each Engine and the APU shall pass a magnetic chip detection inspection in accordance with the Manufacturer's Aircraft Maintenance Manual;

(4) all Parts, taken as a group shall have an average total Flight Hours and Cycles since new no more than 115% of the total Flight Hours and Cycles since new accumulated on the Airframe or applicable Engine;

(5) there shall be no temporary, time-limited or interim repairs on the Aircraft unless the Manufacturer specifically recommends such repair;

(6) the Lessee shall pay the amounts specified in Schedule 5 (*Redelivery Maintenance Payment Adjustments*) in respect of the period up to the date on which the Aircraft is redelivered to the Lessor pursuant to this Section 25(c)(i) and the Lessor shall promptly refund to the Lessee an amount equal to the balance of the Security Deposit (to the extent received by the Lessor);

(7) all Aircraft systems software shall be up-to-date as of the date on which the Lessee redelivers the Aircraft in accordance with this Section 25(c)(i); and

(8) wheels, tires and brakes shall be serviceable.

(d) Provided the Lessee has complied with its obligations under Section 25(c)(i) above, following the Aircraft being redelivered by the Lessee to the Lessor in accordance with the conditions specified above, the Lessor will deliver to the Lessee written acknowledgement confirming that the Lessee has redelivered the Aircraft to the Lessor in accordance with Section 25(c)(i) above.

Section 26. Early Termination

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

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* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed by their respective duly authorized representatives as of the date first above written.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely
in its capacity as trustee of the MSN 6797 trust

By: /s/ Lynette Hilgar
Name: Lynette Hilgar
Title: Officer

-Signature Page-

LATAM AIRLINES GROUP S.A.

By: /s/ Andrés Del Valle

Name: Andrés Del Valle

Title: Authorised Signatory

By: /s/ Sebastián Acuto

Name: Sebastián Acuto

Title: Authorised Signatory

-Signature Page-

SCHEDULE 1
CONDITIONS PRECEDENT

1. Lessor's Conditions Precedent

Lessor's obligation to lease the Aircraft to Lessee under this Lease is subject to the receipt of the following by Lessor before the Scheduled Delivery Date (unless otherwise specified) in form and substance satisfactory to Lessor:

(A) Constitutional Documents

A copy of the constitutional documents of Lessee.

(B) Resolutions

A certified true copy of all necessary corporate authorisations of Lessee authorizing Lessee's entry into this Lease.

(C) Certificate

A certificate of a duly authorised officer of Lessee:

- (1) setting out a specimen of each signature of an officer of Lessee referred to in paragraph 1(B) of this Schedule 1; and
- (2) certifying that the Lessee's air operator's certificate and each copy of a document specified in paragraphs 1(A) and 1(B) of this Schedule 1 are correct, complete and in full force and effect;

(D) Operative Documents

A copy of this Lease and Deregistration Power of Attorney, duly executed.

(E) Legal Opinions

Chilean or Brazilian, as applicable, local law legal opinions of Lessor's counsel covering customary matters including the capacity and due execution by the Lessee of the Lease (which, for the avoidance of doubt, is at Lessor's cost).

(F) Representations and Warranties

The representations and warranties of Lessee (pursuant to Schedule 2 hereto) are correct and would be correct if repeated on Delivery.

(G) Licenses

Copy of Lessee's current air operator's certificate.

(H) **Insurances**

Certificates of insurance evidencing the compliance by Lessee of the requirements of Section 10 together with a broker's letter of undertaking.

(I) **Financial Statements**

The latest audited consolidated financial statements of Lessee.

(J) **Cape Town Registration**

(1) Evidence that the Lessee has been registered as a "transacting user entity" with the International Registry.

(2) Lessor shall be satisfied that Lessee has given its consent to registration of Cape Town filings, at Lessor's cost, in respect of this Lease and the Aircraft, which shall include, for the avoidance of doubt, any Cape Town filings necessary to perfect the interests of the Lessor and to perfect the Existing Lien.

(K) **Approved Maintenance Programme**

A copy of the Aircraft's Approved Maintenance Programme in English, provided that the introduction of the document and other specific tasks requested by the Aviation Authority may be in a language other than English.

2. **Other Conditions Precedent**

The obligation of Lessor to deliver and lease the Aircraft under this Lease is also subject to the following additional conditions precedent:

(A) **No Event of Loss**

The Aircraft has not suffered an Event of Loss (or any event which, with the lapse of time would constitute an Event of Loss) nor any unrepaired damage, the cost of which to repair exceeds Damage Notification Threshold.

(B) **Approval Order**

The Bankruptcy Court shall have entered an order approving this Lease in form and substance reasonably satisfactory to Lessor and Lessee (the "**Approval Order**"), and such Approval Order shall not have been stayed, modified, or vacated on appeal.

(C) **Local Mortgage**

A copy of the fully executed Local Mortgage.

3. **Lessee's Conditions Precedent**

Lessee's obligation to accept Delivery of the Aircraft under this Lease is subject to the receipt of the following by Lessee from Lessor before the Scheduled Delivery Date (unless otherwise specified) in form and substance satisfactory to Lessee:

(A) **Constitutional Documents**

A copy of the constitutional documents of Lessor.

(B) **Resolutions**

A certified true copy of all necessary corporate authorisations and powers of attorney of Lessor approving the terms of the Lease, resolving that it enter into the Lease and authorising a specified individual or individuals to execute the Lease and to accept delivery of the Aircraft on its behalf.

(C) **Certificate**

A certificate of a duly authorised officer of Lessor setting out a specimen of each signature of an officer of Lessor referred to in paragraph 3(B) of this Schedule 1.

(D) **Operative Documents**

A copy of this Lease, duly executed and, if necessary, notarised and apostilled by all parties other than the Lessee.

(E) **Acceptance by Process Agent**

A letter from the Process Agent appointed by Lessee pursuant to Section 19(b) accepting its appointment.

(F) **Approval Order**

The Bankruptcy Court shall have entered an order approving this Lease, in form and substance reasonably satisfactory to Lessor and Lessee (the "**Approval Order**"), and such Approval Order shall not have been stayed, modified, or vacated on appeal.

(G) **Quiet Enjoyment Undertaking**

A quiet enjoyment undertaking from Lessor.

(H) **Delivery Conditions**

- (1) An Export Certificate of Airworthiness.
- (2) A Ferry Flight permit.
- (3) All conditions set forth in Schedule 4 (*Delivery Procedure*) shall be satisfied.

(I) **Engine Manufacturer Warranties**

The Lessee shall have received such assignments and consents, if any, as may be necessary for it to obtain the benefits of the warranties from the Manufacture and the Engine Manufacture as contemplated by Section 4 of the Lease.

4. **Conditions Subsequent**

(A) **Certificate of Registration**

As soon as the documents are issued by the Aviation Authority, and in any event no later than sixty (60) Business Days after the Delivery Date, a copy of the Certificate of Registration of the Aircraft, specifying Lessor as owner of the Aircraft and the Lessee and/or Permitted Sublessee as operator of the Aircraft, as applicable.

(B) **Registration of the Lease with the Aviation Authority**

(i) Within sixty (60) Business Days after the Delivery Date, a certificate issued by the Aviation Authority evidencing registration of the Lease and/or Permitted Sublease, as applicable.

(ii) Within sixty (60) Business Days after the Delivery Date, a copy of Lessee's current air operator's certificate.

SCHEDULE 2

REPRESENTATIONS AND WARRANTIES

1. Lessee's Representations and Warranties

Lessee represents and warrants to Lessor as follows:

(A) Status

The Lessee is a company duly incorporated and validly existing under the laws of the State of its organization, has the corporate power to own its assets and carry on its business as it is being conducted and is the holder of all necessary air transportation licences required in connection therewith and with the use and operation of the Aircraft.

(B) Power and Authority

The Lessee has the power to enter into and perform and has taken all necessary corporate action to authorise the entry into, performance and delivery of, this Lease.

(C) Execution and Delivery

The Lessee has duly executed and delivered this Lease.

(D) Legal validity

This Lease constitutes a legal, valid and binding agreement, enforceable against the Lessee in accordance with its terms.

(E) Non conflict

The entry into and performance by Lessee of, the Lease do not and will not:

1. conflict with any Applicable Laws binding on it;
2. conflict with the constitutional documents of it; or
3. conflict with or result in default under any document which is binding upon it or any of its assets, or result in the creation of any security interest over any of its assets, other than Permitted Liens.

(F) Authorization

All authorizations, consents, licenses and registrations required by, and all notifications to be given by, Lessee in connection with the entry into, performance, validity and enforceability of the Lease and the transactions contemplated by the Lease have been (or will on or before Delivery have been) obtained, effected or given (as appropriate) and are (or will on their being obtained or effected be) in full force and effect.

(G) **Financial Statements**

The audited, consolidated financial statements of the Lessee most recently delivered to Lessor:

1. have been prepared in accordance with GAAP; and
2. fairly present the consolidated financial condition of the Lessee as at the date to which they were drawn up.

(H) **Sanctions, Anti-Money Laundering and Prohibited Countries**

- (i) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Lessee or any of its directors, with respect to UN or EU sanctions is pending.
- (ii) Neither the Lessee is nor is any director:
 - (a) the target or subject of any UN or EU sanctions; or
 - (b) located, organized or resident in a country or territory that is, or whose government is, the target or subject of UN or EU sanctions.

(I) **Pari Passu**

The obligations of Lessee under the Lease rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of Lessee (as may be applicable), with the exception of such obligations as are mandatorily preferred by law and not by virtue of any contract.

(J) **Choice of Law**

The choice by Lessee of New York law to govern this Lease as set out in Section 19(a) and the submission by Lessee to the non-exclusive jurisdiction of the English courts as set out in Section 19(b) are valid and binding.

(K) **No Default**

No Event of Default has occurred and is continuing or might reasonably be expected to result from the entry into or performance of any of the Lease by Lessee provided that the Chapter 11 Cases or any of the Lessee's acts or omissions prior to the Petition Date shall not be considered an Event of Default pursuant to this subsection.

(L) **Registration**

It is not necessary or advisable under the laws of the State of Registration or the Habitual Base in order to ensure the validity, effectiveness and enforceability of the Lease or to establish, perfect or protect the rights and interests of Lessor in the Aircraft or any Engine or Part that this Lease be filed, registered or recorded or that any other action be taken, other than making the filing and registration of the Lease with the Aviation Authority or with any other authorities where a Leasing Affiliate or Permitted Sublessee operates when such Leasing Affiliate or Permitted Sublessee is operating the Aircraft.

(M) **Insurances**

On the Delivery Date, the Insurances will not be subject to any security interest.

(N) **No litigation**

Other than what has been publicly disclosed or disclosed to the Lessor, there is no litigation, arbitration or administrative proceedings are pending or to Lessee's knowledge, threatened against Lessee that, if adversely determined, would have a material adverse effect upon its financial condition or business or its ability to perform its obligations under the Lease.

(O) **Air Traffic Control**

Except as subject to the Chapter 11 Cases and any acts or omissions prior to the Petition Date, the Lessee is not in default in the payment of any sums due by Lessee to any ATC in respect of the Aircraft.

(P) **No Broker or Representative Agent**

Lessee has not engaged the services of a broker or similar representative agent for the purposes of this transaction.

2. **Lessor's Representations and Warranties**

Lessor represents and warrants to Lessee as follows:

(A) **Status**

The Lessor is a trust.

(B) **Power and Authority**

The Lessor has the power to enter into and perform and has taken all necessary corporate action to authorise the entry into, performance and delivery of, the Lease and the transactions contemplated by the Lease.

(C) **Execution and Delivery**

The Lessor has duly executed and delivered this Lease, and on or before Delivery shall have duly executed and delivered the Lease.

(D) **Legal validity**

The Lease constitutes its legal, valid and binding agreement, enforceable against it in accordance with its terms except insofar as enforceability may be limited by (i) applicable bankruptcy and similar laws affecting creditors' rights generally or (ii) general principles of equity.

(E) **Non conflict**

The entry into and performance by Lessor of, and the transactions contemplated by, the Lease do not and will not:

1. conflict with any Applicable Laws binding on it;
2. conflict with the constitutional documents of it; or
3. conflict with or result in default under any document which is binding upon it or any of its assets.

(F) **Authorization**

All authorizations, consents and registrations required by, and all notifications to be given by, Lessor in connection with the entry into, performance, validity and enforceability of, the Lease and the transactions contemplated by the Lease have been (or will on or before Delivery have been) obtained, effected or given (as appropriate) and are (or will on their being obtained or effected be) in full force and effect.

(G) **No Litigation**

No litigation, arbitration or administrative proceedings are pending or, to Lessor's knowledge, threatened against Lessor that, if adversely determined, would have a material adverse effect upon its financial condition or business or its ability to perform its obligations under the Lease.

(H) **Tax Residency**

Lessor is tax resident in the Cayman Islands.

(I) **No Broker or Representative Agent**

Lessor has not engaged the services of a broker or similar representative agent for the purposes of this transaction other than SkyWorks Leasing (Ireland) Limited as Servicer.

(J) **Sanctions, Anti-Money Laundering and Prohibited Countries**

- (i) No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Lessor or any of its directors, with respect to UN or EU sanctions is pending.
- (ii) Neither the Lessor is nor is any director:
 - (a) the target or subject of any UN or EU sanctions; or
 - (b) located, organised or resident in a country or territory that is, or whose government is, the target or subject of UN or EU sanctions.

REDACTED*

The PBH Rent will be allocated as follows:

REDACTED*

PBH Period Extension REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

SCHEDULE 4
DELIVERY PROCEDURE

1. Delivery Dates

<u>Airframe</u>	<u>Engines</u>	<u>MSN</u>	<u>Scheduled Delivery Date (expressed in days after the Approval Order is obtained)</u>	<u>Date of Manufacture</u>
A321-211	CFM 56-5B3/3	REDACTED*	REDACTED*	REDACTED*

Lessor and Lessee shall work together, in good faith, to meet the above (the “**Scheduled Delivery Date**”) for the Aircraft. For avoidance of doubt, Lessee shall be responsible for providing the necessary on-site staffing to ensure timely completion of the Aircraft and records inspection to enable this delivery timing. The condition of the Records shall be noted in Attachment 3 of the Technical Acceptance Certificate and Attachment 3 of the Final Acceptance Certificate.

The actual Delivery Date shall be the date of delivery, on or about the Scheduled Delivery Date, of the Aircraft from the Lessor to Lessee (the “**Delivery Date**”). Notwithstanding, the Lessor and Lessee will each use their commercially reasonable endeavors to deliver and accept the Aircraft as early as possible; provided that, until the Approval Order has been obtained, the Lessor shall not be obligated to deliver such Aircraft.

2. Delivery Condition

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

5. Indemnity

Lessee is responsible for and shall indemnify and hold harmless the indemnitees from and against all Losses arising from death or injury to any observer representative or any employee of Lessee in connection with any demonstration flight or inspection of the Aircraft by Lessee.

6. Technical Acceptance

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

<u>MSN</u>	<u>Delivery Location</u>
6698	REDACTED*

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

SCHEDULE 5

REDELIVERY MAINTENANCE ADJUSTMENT

At the end of the Term, there shall be a calculation of maintenance adjustment in respect of the relevant Qualifying Events for each of: (i) Airframe 6-Year Check, (ii) Airframe 12-Year Check, (iii) Engine Performance Restoration, (iv) Engine Life Limited Parts, (v) APU Power Section Refurbishment and (vi) Landing Gear Overhaul (the "**Redelivery Maintenance Adjustment**").

REDACTED*

Redelivery Maintenance Adjustment Calculation

REDACTED*

(b) The cost of each Qualifying Event shall then be divided by the following (each, a "**Qualifying Event Interval**") to produce the reserve amount;

* All text marked "***REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

- (i) in respect of the Airframe 6 Year Check, 72 months (the “**Airframe 6 Year Reserve Amount**”).
 - (ii) in respect of the Airframe 12 Year Check, 144 months (the “**Airframe 12 Year Reserve Amount**”).
 - (iii) in respect of each engine performance restoration shop visit, the mean time between engine performance restoration shop visits as experienced by the Lessees fleet during the preceding 8 years (the “**Engine Performance Restoration Reserve Amount**”). Lessee shall provide Lessor any reasonable documentation requested to support such calculation.
 - (iv) in respect of the Landing Gear, 120 Months (the “**Landing Gear Reserve Amount**”).
 - (v) in respect of the APU the mean time between APU power section refurbishment as experienced by the Lessees fleet during the preceding 8 years (the “**APU Reserve Amount**”). Lessee shall provide Lessor any reasonable documentation requested to support such calculation.
- (c) The Redelivery Maintenance Adjustment shall then be calculated;
- (i) in respect of the Airframe 6 Year Check, the product of (1) Airframe 6 Year Reserve Amount multiplied by (2) the difference between (i) the number of calendar months since the last airframe 6 Year Check (or (if none) since new) as of the date of the Technical Acceptance Certificate and (ii) the number of calendar months since the last airframe 6 Year Check (or (if none) since new) as of the date of the Redelivery Technical Acceptance Certificate.
 - (ii) in respect of the Airframe 12 Year Check, the product of (1) Airframe 12 Year Reserve Amount multiplied by (2) the difference between (i) the number of calendar months since the last airframe 12 Year Check (or (if none) since new) as of the date of the Technical Acceptance Certificate and (ii) the number of calendar months since the last airframe 12 Year Check (or (if none) since new) as of the date of the Redelivery Technical Acceptance Certificate.
 - (iii) in respect of each Engine Performance Restoration shop visit, the product of (1) Engine Performance Restoration Reserve Amount multiplied by (2) the difference between (i) the number of engine Flight Hours since the last full performance restoration (or (if none) since new) as of the date of the Technical Acceptance Certificate and (ii) the number of engine Flight Hours since the last full performance restoration (or (if none) since new) as of the date of the Redelivery Technical Acceptance Certificate.
 - (iv) in respect of each Engine Life Limited Part, an amount equal to the product of

- (1) the latest manufacturer's catalogue price (at the end of the Term) for each such Engine Life Limited Part; divided by
- (2) 100% of the approved life limit (in cycles) of each such part; multiplied by
- (3) the difference between:
 - (i) the number of cycles remaining on such Engine Life Limited Part as of the date of the Redelivery Technical Acceptance Certificate; and
 - (ii) the number of cycles remaining on such Engine Life Limited Part as of the date of the Delivery Technical Acceptance Certificate.

For avoidance of doubt, this shall be calculated as: [(1)/(2)]*(3).

- (v) in respect of the Landing Gear, the product of (1) Landing Gear Reserve Amount multiplied by (2) the difference between (i) the number of calendar months since the last Landing Gear Overhaul (or (if none) since new) as of the date of the Technical Acceptance Certificate and (ii) the number of calendar months since the last Landing Gear Overhaul (or (if none) since new) as of the date of the Redelivery Technical Acceptance Certificate.
 - (vi) in respect of the APU, the product of (1) APU Reserve Amount multiplied by (2) the difference between (i) the number of APU hours since the last Basic Shop Visit of the APU (or (if none) since new) as of the date of the Technical Acceptance Certificate and (ii) the number of APU hours since the last Basic Shop Visit of the APU (or (if none) since new) as of the date of the Redelivery Technical Acceptance Certificate.
- (d) Once the above calculation is complete if the sum of the above amounts is negative, then Lessee shall pay the positive Dollar equivalent of such sum to Lessor promptly, but in no event more than five (5) Business Days after the last day of the Term. If the sum of the above amounts is positive, then Lessor shall pay the Dollar equivalent of such sum to Lessee promptly, but in no event more than five (5) Business Days after the date of the Redelivery Technical Acceptance Certificate.

SCHEDULE 6
AIRCRAFT DOCUMENTS

Part A Manuals

Basic: The below document shall be provided where not digitally accessible on the Airbus World website

Airplane Flight Manual

Flight crew operating Manual

Trim Sheet

Quick Reference Handbook

Weight and Balance Manual

Performance Engineer's Programs

Performance Programs Manual

Aircraft Maintenance Manual

Wiring Diagram Manual

Power Plant Build-up Manual

Engine Brochures

APU Logbook (with manufacturer delivery documents)

Illustrated Parts Catalogue

Illustrated Parts catalogue (Airframe) Additional Cross Reference Table.

Structural Repair Manual

Nacelle Structural Repair Manual

Engine Maintenance Manual

Illustrated Parts catalogue(power-plant)

Master Minimum Equipment List

Maintenance Planning Document

Component Maintenance Manuals (Vendor and Manufacturer)

Engineering and Tooling Drawings
Maintenance Facility Planning
Support Equipment Summary
Tool and Equipment bulletins
Tools and equipment Drawings
Tools and equipment index
Illustrated tools and Equipment Manual
Technical Publications Combined Index
Trouble shooting Manual
Component Documentation Status
Component Evolution List
Cable Fabrication Manual
Standards Manual
Parts usage
Scheduled (drawing Nomenclature)
Process and Materials Specification
Installation and Assembly Drawings
Airplane Characteristics for Airport Planning
ATA breakdown index
CADETS (technical Publications Training)
Aircraft Recovery Manual
Crash Crew Chart
Cargo Loading system Manual
List of applicable publications
List of radioactive and hazardous elements

Livestock transportation Manual
Service Bulletins
Service information letters
Supplier Product Support Agreements
Transportability Manual
Vendor Information Manual
Vendor Information Manual for Ground Support Equipment
Maintenance Review Board.
Non-Destructive Testing Manual
Power Plant Build up Manual
Aircraft Schematics Manual
Aircraft Wiring Lists
Aircraft Wiring Manual
Component Location Manual
Consumable Material List
Duct Repair Manual
Electrical Load Analysis including any applicable changes
Electrical Standards Practices Manual
Electrical Standards Practices Booklet
Fuel Pipe Repair Manual
Maintenance Planning Task Cards

Part B Technical Records

The Technical Records and Manuals shall be detailed as below

All documents shall be presented in a good, legible condition and, if applicable, sorted and/or bound together in a manner appropriate to the document type, loose page documents shall be grouped together in a secure manner and in the correct numerical or chronological order. Distinct groups, packages or boxes of documents shall be numbered and labelled according to their content and a master index of all packages or boxes shall be provided.

Lessee and Lessor shall be permitted to provide all physical records in bulk where digital indexed documents are presented in a format that supersedes the requirements as detailed above;

1. CERTIFICATES

- A. Certificate of Airworthiness (current).
- B. Aircraft Registration Certificate (current).
- C. Original Export Certificate of Airworthiness from State of Manufacture.
- D. Current Export Certificate of Airworthiness from State of Registration.
- E. Export Certificate of Airworthiness for fitted engines if not original to the Aircraft
- F. Radio Station License (current).
- G. Noise certificate (current).
- H. Registration cancellation notice (if issued by State of Registration).
- I. RVSM, B-RNAV, P-RNAV, ATC transponder, Altimeter, and pitot static check certification as applicable and as required by the FAR part 43 and 91.
- J. Certificate of most recent Release to Service.
- K. Certificate of Sanitary Construction (Galley) if applicable.
- L. All Supplemental Type Certificates (STC) and associated data applied to the Aircraft.

2. AIRCRAFT STATUS SUMMARIES

All status summary document shall be signed and dated on final page by the Lessee's quality manager and all other pages initialed.

- (a) Aircraft record of flight times and cycles (listing accumulated hours and cycles on specific dates) and Check/Inspection History and Current Status
- (b) Airworthiness Directive Applicability and Compliance status reports (Airframe, Engines and Appliances) Format/content as follows:
 - (i) Airworthiness Directives listed in a chronological order.
 - (ii) All Airworthiness Directives applicable to the Aircraft, Engine, APU or Aircraft Appliance type listed as follows:

- A. AD number
 - B. AD effective date
 - C. Title
 - D. Applicability status
 - E. Accomplishment status
 - F. Date or hours /cycles at last accomplishment
 - G. Date or hours /cycles of next action due (if applicable)
 - H. Original signed /certified "dirty fingerprint" records
- (c) Manufacturer's Airworthiness Directive Compliance Status at time of Manufacture.
- (d) Manufacturer Service Bulletin Compliance Report for the Aircraft, Engine, APU and the Aircraft Appliances. Format/content as follows:
- A. SB number
 - B. SB effective date
 - C. Title
 - D. Applicability status
 - E. Accomplishment status
 - F. Date or hours /cycles at last accomplishment action
 - G. Date or hours /cycles of next action due (if applicable).
 - H. Original signed /certified "dirty fingerprint" records
- (e) Corrosion Prevention and Control Programme Task Status (showing last accomplishment and next due for each task) if applicable listing the Corrosion Prevention and Control Programme Tasks in a numerical order.
- (f) Ageing Aircraft Inspection and Modification Programme tasks status (showing task number, termination status as applicable, last accomplishment and next due for each item if open) if applicable. Manner of presentation as follows:
- (g) List of Operator implemented Modifications Incorporated (Engineering Orders applied to Airframe, Engines and Appliances). Format/content as follows:

- (i) Operator Modifications listed in numerical order.
 - (ii) Cross reference document between Operators modification number and original engineering source /vendor document provided.
 - (iii) Aviation Authority FAA/EASA/State of Manufacture type certificate data approval for modification provided, as applicable.
- (h) Structural Repair File with a detailed structural Map showing exact location of all external repairs and damages indicating their status in accordance with the Manufacturer's structural repair manual showing general size and location of each external repair and basis for approval). Format/content as follows:
- (i) Records of accomplishment or compliance of each indexed repair provided as follows:
 - (A) Original signed /certified "dirty fingerprint" records
 - (B) Presented in binder (or binders)
 - (C) Numbered and sorted by index number
 - (ii) Records for Major Repairs or repairs that do not conform to the Manufacturer's Structural Repair Manual accompanied by the appropriate Engineering Approval document issued by the State of Manufacture (Airbus RDAS or equivalent).
- (i) List of Major Alterations and Supplemental Type Certificate's Incorporated (STC's) (with reference to approved documentation used to accomplish) and all associated data.
- (j) List and Status of Airframe Life Limited Parts (if any) with full back to birth traceability support documents. Format/content as follows:
- (i) Each Life Limited Part fitted to the Airframe listed by part number and unique serial number.
 - (ii) Detailed full back to birth traceability file supplied for each individual Life Limited Part detailing on /off transaction history.
 - (iii) Original Airworthiness tag document issued when the Life Limited Parts was new (such as the manufacturer's tag, certificate of conformity or readiness log document as appropriate) provided.
 - (iv) Full back to birth traceability file for each Life Limited Part provided, to include the Airworthiness approval tag (EASA form 1 or FAA form 8 I 30- 3 or equivalent) pertaining to each subsequent (if any) on/off transaction up to and including installation on the subject airframe.

- (v) Supplied tags and any other appropriate certified document or job-card indicating hours /cycles or calendar time at each on/off demonstrating unbroken trace of the Hours /cycles or calendar time from birth up to current time.
- (k) List and Status of Landing Gear Life Limited Parts for each Landing Gear with full back to birth traceability support documents Format/content as follows:
- (i) Each Life Limited Part fitted to Landing Gear listed by part number and unique serial number.
 - (ii) Detailed full back to birth traceability tile supplied for each individual Life Limited Part detailing on /off transaction history.
 - (iii) Original Airworthiness tag document issued when the Life Limited Parts was new (such as the manufacturer's tag, certificate of conformity or readiness log document as appropriate) provided.
 - (iv) Full back to birth traceability file for each Life Limited Part provided, to include the Airworthiness approval tag (EASA form 1 or FAA form 8130- 3 or equivalent) pertaining to each subsequent (if any) on/off transaction up to and including installation on the subject airframe.
 - (v) Supplied tags and any other appropriate certified document or job-card indicating hours /cycles or calendar time at each on/off demonstrating unbroken trace of the Hours /cycles or calendar time from birth up to current time.
- (l) List and Status of Engine Life Limited Parts with full back to birth traceability support documents. Format/content as follows:
- (i) Each Life Limited Parts fitted to the engine identified by part number and unique serial number.
 - (ii) Detailed full back to birth traceability file supplied for each individual Life Limited Part detailing on /off transaction history.
 - (iii) Original Airworthiness tag document issued when the Life Limited Parts was new (such as the manufacturer's tag, certificate of conformity or readiness log document as appropriate) provided.
 - (iv) Full back to birth traceability file for each Life Limited Part provided, to include the Airworthiness approval tag (EASA form 1 or FAA form 8130- 3 or equivalent) pertaining to each subsequent (if any) on/off transaction up to and including installation on the subject airframe.
 - (v) Supplied tags and any other appropriate certified document or job-card indicating hours /cycles or calendar time at each on/off demonstrating unbroken trace of the Hours /cycles or calendar time from birth up to current time.

- (m) List and Status of Auxiliary Power Unit (APU) Life Limited Parts (if any) with full back to birth traceability support documents Format/content as follows:
 - (i) Life Limited Part fitted to the APU identified by part number and unique serial number.
 - (ii) Detailed full back to birth traceability file supplied for each individual Life Limited Part detailing on /off transaction history.
 - (iii) Original Airworthiness tag document issued when the Life Limited Parts was new (such as the manufacturer's tag, certificate of conformity or readiness log document as appropriate) provided.
 - (iv) Full back to birth traceability file for each Life Limited Part provided, to include the Airworthiness approval tag (EASA form 1 or FAA form 8130- 3 or equivalent) pertaining to each subsequent (if any) on/off transaction up to and including installation on the subject airframe.
 - (v) Supplied tags and any other appropriate certified document or job-card indicating hours /cycles or calendar time at each on/off demonstrating unbroken trace of the Hours /cycles or calendar time from birth up to current time.
- (n) List and Current Status of Time-Controlled Components Format/content as follows:
 - (i) Time-Controlled Components fitted to the Aircraft listed by part number and unique serial number.
 - (ii) Airworthiness approval tag (EASA form 1 or FAA form 8130-3 or equivalent) provided for Time-Controlled Components.
- (o) Inventory of Installed Serialized On-Condition/Condition Monitored Components. Format/content as follows:
 - (i) Serialized Components fitted to the Aircraft listed by part number and unique serial number.
 - (ii) Airworthiness approval tag (EASA form 1 or FAA form 8130-3 or equivalent) provided for Serialized Components.
- (p) List of Deferred Maintenance Items (if no Deferred Maintenance Items are "open" at transfer, a signed statement to that effect is required.)

List and Status of any Out-of-Phase Checks, Special Inspection Requirements, Time Limited Repairs, etc. (If none exist or if requirements are incorporated into aircraft status reports, then a signed statement to that effect is required.)

- (q) Supplemental Structural Inspection (SSID) Status (if applicable) showing last accomplishment and next due for each task. Format/content as follows:
 - (i) listing the Supplemental Structural Inspections in a numerical or chronological order as applicable.
- (r) Ageing Aircraft Inspection and Modification Programme Status (showing termination status as applicable, last accomplishment and next due for each item if open) if applicable and listing Ageing Aircraft Inspection and Modification Programme Tasks in a numerical order.

3. AIRCRAFT MAINTENANCE RECORDS

- (a) Aircraft Flight and Maintenance Log Sheets (minimum of operation back to previous highest level Airframe Structural Check)
- (b) Airframe inspection, maintenance, modification, and repair documents with maintenance and/or inspection signatures (as required) and description of work done.
- (c) All “A”, and all systems “C” Check and Airframe 6- and 12-Year Structural Checks (or equivalents in the event that a check is performed in phases, all phases necessary to constitute a complete block check are required. In the event that check content varies by multiples of the check, all multiples necessary to constitute a complete cycle are required.)
- (d) Airworthiness Directive, Service Bulletin and Modification compliance documents including engineering orders, drawings, shop cards, etc., as necessary to establish method of compliance, quality control acceptance, and approval authority.
- (e) Corrosion Prevention and Control Programme compliance documents and inspection findings as applicable including records of accomplishment or compliance provided (the original signed /certified “dirty fingerprint” work cards).
- (f) Documentation for Operator Modifications such as engineering orders, drawings, FAA Form 8110-3 or the EASA equivalent, Supplemental Type Certificates, Master Change Notice, FAA or EASA type certificate conformity approval from manufacturer (as applicable) or approved design organization etc., as necessary to define work done, certification basis, and approval authority.
- (g) Supporting Documentation for Operator Modifications such as engineering orders, drawings, FAA F o r m 8110-3 or the EASA equivalent, Supplemental Type Certificates, Master Change Notice, FAA or EASA type certificate conformity approval from manufacturer (as applicable) or approved design organization etc., as necessary to define work done, certification basis, and approval authority.

- (h) Aircraft weight and balance records (including weight change ledger, most recent weighing report and individual flight control weight and balance data)
- (i) Test Flight Reports
- (j) X-Ray Inspection findings (pictures/film) as applicable

4. **AIRCRAFT HISTORY RECORDS**

- (a) Service Difficulty Reports, Lessee Fleet Reliability reports and equivalent
- (b) Accident and Incident Reports and an Accident Incident Clearance Statement or if none, then a signed “no Incident/Accident” statement from operator’s Quality Control Manager.
- (c) Aircraft Logbook(s) and Aviation Authority Operation and Modification Log if applicable

5. **ENGINE RECORDS (FOR EACH ENGINE)**

Each status summary signed and dated on the final page by the Lessee’s quality manager and all content pages initialed.

- (a) Certified statement as to following:
 - (i) time and cycles since new
 - (ii) time and cycles since overhaul/performance restoration on each engine module
 - (iii) flying hours and cycles in lessee’s operation
- (b) Engine Master Record (record of installation and removal and accumulated flight time and cycles for Engine and each module installed at Redelivery Date)
- (c) List of Operator Modifications Incorporated if any including supporting documentation with Manufacturer approval
- (d) List of all Major Repairs and Alterations if any
- (e) Checks and I inspection Status
- (f) Accessory Status sheet with certified TSO for each rotatable item installed
- (g) Last overhaul tags (or copies) for each of the accessory rotatables

- (h) Engine Build Specifications
- (i) Repair, overhaul and inspection documents such as EASA Form 1 or, FAA 8130- 3 and FAA Form 337 (or equivalent) for each shop visit (minimum acceptable is shop visit history through last Engine Performance Restoration shop visit and if different, last overhaul of each module
- (j) List of current Line Replaceable Units (LRU)/QEC Items missing from engine (if applicable for a spare Engine redelivery or off-wing Engine)
- (k) Engine Condition Monitoring Report for the three (3) months prior to redelivery
- (l) Last three (3) months of aircraft flight/technical logs to which engine was fitted
- (m) Reason for last engine removal, engine change paperwork and date of engine removal
- (n) Most recent certified engine borescope (Digital)
- (o) Most recent fuel, oil sampling, magnetic chip detector and vibration survey results
- (p) Most recent on-wing ground maximum performance run specifying engine OATL (outside air temperature limit) at rated thrust
- (q) Last certified Test Cell Run specifying engine OATL
- (r) Engine Oil used statement
- (s) Any incidents during operation since last performance restoration shop visit with action taken i.e., IFSD/FOD/oil loss etc.

6. **APU RECORDS**

- (a) Certified statement as to following:
 - (i) hours and cycles since new
 - (ii) hours and cycles since overhaul
 - (iii) hours and cycles since hot section inspection
 - (iv) lessee's method for APU time accrual i.e., 1:1 with aircraft hours and cycles
- (b) APU Master Record (record of installation and removal and accumulated time and cycles)
- (c) List of Operator Modifications Incorporated, if any including supporting documentation with Manufacturer approval.

- (d) Accessory Status Sheet with certified time since overhaul for each rotatable item installed
- (e) Last overhaul tags (or copies) for each of the accessory rotatables
- (f) Certified and Updated APU Logbook from new (with manufacturer delivery documents)
- (g) Repair, overhaul, and inspection documents such as FAA Forms 337 (or equivalent, minimum acceptable is shop visits through last APU Performance Restoration /Hot section inspection/overhaul)
- (h) Documents demonstrating installation and full traceability back to birth (to new) for each Life Limited Part.
- (i) List of Line Replaceable Units (LRU)/QEC Rotatable items missing from APU (if any for any spare APU redelivery)
- (j) Last three (3) months of aircraft flight/technical logs to which APU was fitted
- (k) Reason for last APU removal, removal paperwork and date of APU removal
- (l) Most recent certified APU borescope report if applicable (Digital)
- (m) Most recent APU on-wing health check datasheets
- (n) Last certified test cell run

7. **MISCELLANEOUS TECHNICAL DOCUMENTS**

- (a) Maintenance Programme Specifications including a cross-reference to Manufacturer's maintenance planning document
- (b) Reference material necessary for interpretation of status summaries, i.e., Operator part numbers Cross Reference to Manufacturer's part numbers
- (c) interior configuration drawings as follows.
 - (i) L.O.P.A.
 - (ii) Emergency Equipment Locations
 - (iii) Galley Drawings
 - (iv) Cargo Loading System layout
- (d) Aircraft Readiness Log (or parts configuration Status document)
- (e) Loose Equipment Inventory

- (f) Seat, cushion, and fabric cover Material Burn Test documents for FAA 25.853 or the EASA equivalent
- (g) Flight Data Recorder - Print / Copy of Last Read-Out with all exceedances (if any) identified and parameter accuracy confirmed.

8. AIRCRAFT STATUS SUMMARIES

- (a) Airworthiness Directive Applicability and Compliance status at time of Manufacture.
- (b) Manufacturer Service Bulletin Compliance Report for the Aircraft, Engine, APU and the Aircraft Appliances.
- (c) Loose Equipment Inventory.
- (d) Seat, cushion, and fabric cover Material Burn Test documents for JAR 25 (BFE).

SCHEDULE 7

REDELIVERY PROCEDURE AND RETURN CONDITIONS

Part A Redelivery Procedure

1. Final Inspection

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Part B Return Conditions - REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

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REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

EXHIBIT I

FORM OF LEASE SUPPLEMENT NO. 1

. THIS LEASE SUPPLEMENT HAS BEEN EXECUTED IN SEVERAL COUNTERPARTS. TO THE EXTENT, IF ANY, THAT THIS LEASE SUPPLEMENT CONSTITUTES TANGIBLE CHATTEL PAPER (AS SUCH TERM IS DEFINED IN THE UNIFORM COMMERCIAL CODE OR SIMILAR LEGISLATION AS IN EFFECT IN ANY APPLICABLE JURISDICTION), NO SECURITY INTEREST IN THIS LEASE SUPPLEMENT MAY BE PERFECTED THROUGH THE TRANSFER OR POSSESSION OF ANY COUNTERPART HEREOF OTHER THAN THE ORIGINAL COUNTERPART. THE COUNTERPART TO BE DEEMED THE ORIGINAL COUNTERPART SHALL BE THE COUNTERPART THAT CONTAINS THE RECEIPT THEREFOR EXECUTED BY THE LESSOR.

LEASE SUPPLEMENT NO. 1

THIS LEASE SUPPLEMENT No. 1 dated _____, 2021 (this "**Lease Supplement**") is between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust, as lessor (the "**Lessor**"), and LATAM AIRLINES GROUP S.A., a company organized under the laws of the Republic of Chile, as lessee (the "**Lessee**").

WITNESSETH:

WHEREAS, the Lessor and the Lessee have heretofore entered into that certain Lease Agreement (MSN 6698) dated as of _____, 2021 relating to one (1) Airbus model A321-200 Aircraft (herein called the "**Lease**"; capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Lease); and

WHEREAS, the Lease provides for the execution and delivery of a Lease Supplement, for the purpose of leasing the Aircraft under the Lease.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, the relevance and adequacy of which are hereby acknowledged, the Lessor and the Lessee hereby agree as follows:

1. On the Delivery Date, the Lessor will deliver and lease to the Lessee under the Lease, and the Lessee will accept and lease from the Lessor under the Lease, the following described aircraft (the "**Aircraft**"), which as of the Delivery Date will consist of the following components:
 - (i) one (1) Airbus model A321-200 airframe bearing manufacturer's serial number 6698 and [] registration mark [];
 - (ii) two (2) CFM56-5B3/3 engines bearing manufacturer's serial numbers [] and [], respectively;

(iii) all the Parts from time to time installed on the Airframe; and

(iv) the Aircraft Documents .

2. The parties confirm that the Delivery Date for the Aircraft is _____.
3. The parties confirm that the term for the Aircraft shall commence on the Delivery Date and end on _____, 20 ____, subject to extension to [] if the PBH Option is exercised.
4. All of the terms and provisions of the Lease are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.
5. The Lessee confirms that the nameplates and other markings required under Section 8(e) of the Lease have been affixed or will be affixed within ten (10) days of the Delivery Date on the Aircraft.
6. This Lease Supplement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
7. This Lease Supplement shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the Lessor and the Lessee have caused this Lease Supplement to be duly executed by their respective representatives hereunto duly authorized, as of the date and year first above written.

WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust

By: _____
Name:
Title:

LATAM AIRLINES GROUP S.A.

By: _____
Name:
Title:

EXHIBIT II

FORM OF TECHNICAL ACCEPTANCE CERTIFICATE

To: [__]

Date: _____, 2021

Reference is made to Lease Agreement (MSN 6698) dated as of _____, 2021 (as supplemented by the Lease Supplement No. 1 dated _____, 2021, the "Lease") between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust (the "Lessor") and LATAM Airlines Group S.A. (the "Lessee") relating to one Airbus A321-200 aircraft with manufacturer's serial number 6698 (as more fully described herein, the "Aircraft") and [__] Registration Mark [].

Terms used in this Certificate bear the meanings given to such terms in the Lease.

1. The Lessee confirms that as at _____ hours ([] time) on _____, 2021 being the Delivery Date at [] the Lessor hereby delivers and leases to the Lessee under the Lease, and the Lessee hereby accepts and leases from the Lessor under the Lease, the Aircraft, which as of the date hereof consists of the following components:

- i. one (1) Airbus model A321-200 airframe bearing manufacturer's serial number 6698 and [__] registration mark [__];
- ii. two (2) CFM56-5B3/3 engines bearing manufacturer's serial numbers [__] and [__], respectively;
- iii. all the Parts from time to time installed on the Airframe; and
- iv. the Aircraft Documents; and
- v. the following Aircraft details:

(a) **Airframe**

Aircraft Model: Airbus A321-200

Manufacturer's Serial Number: 6698

Date of Manufacture

Certified Weights: Max Take-off: _____
Max Zero Fuel: _____
Max Landing: _____
Max Taxi: _____
Operating Empty: _____

Airframe Maintenance Status:

Total Flight Hours: _____
Total Cycles: _____

Total Flight Hours Since Last Airframe 6 Year Check: _____
Total Cycles Since Last Airframe 6 Year Check: _____
Date Last Airframe 6 Year Check Accomplished: _____

Total Flight Hours Since Last Airframe 12 Year Check: _____

Total Cycles Since Last Airframe 12 Year Check: _____
Date Last Airframe 12 Year Check Accomplished: _____

Total Flight Hours Since Last C-Check: _____
Total Cycles Since Last C-Check: _____
Date Last C-Check Accomplished: _____

(b) **Engines (Installed)**

Engine Type: [CFM]

Manufacturer's Serial Numbers: _____ and

Maximum Takeoff Thrust Rating: _____ lbs.

Engines Maintenance Status:

Position 1

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

Position 2

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

(c) **APU (Installed)**

APU Manufacturer & _____
Model: _____
Manufacturer's Serial _____
Number: _____
APU Maintenance Status: _____

Total APU Hours: _____
Total APU Cycles: _____
Total APU Hours Since Last APU Power Section Refurbishment: _____
Total APU Cycles Since Last APU Power Section Refurbishment: _____
Date of Last APU Power Section Refurbishment: _____

(d) **Landing Gear (Installed)**

Manufacturer's Serial Numbers: Left Main: _____
Right Main: _____
Nose: _____

Landing Gear Maintenance Status:

Left Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Right Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Nose

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

(e) **Interior Configuration**

Seating _____
Lavatories _____
Galley _____
Passenger Service Units _____
PSIU _____

(f) **Aircraft Documents**

As described in Attachment 1 to this Redelivery Acceptance Certificate.

(g) **Fuel On Board:** _____ kgs.

2. The Lessee acknowledges and agrees that (A) the Aircraft is of a size, design, capacity and manufacture selected by and acceptable to the Lessee and (B) the Lessee is satisfied that the Aircraft is suitable for its purposes.
3. This Technical Acceptance Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
4. This Technical Acceptance Certificate shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

For and on behalf of

LATAM AIRLINES GROUP S.A.

By: _____

Name:

Title:

EXHIBIT III

FORM OF FINAL ACCEPTANCE CERTIFICATE

To: [____]

Date: _____, 2021

Reference is made to Lease Agreement (MSN 6698) dated as of _____, 2021 (as supplemented by the Lease Supplement No. 1 dated _____, 2021, the "Lease") between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust (the "Lessor") and LATAM Airlines Group S.A. (the "Lessee") relating to one Airbus A321-200 aircraft with manufacturer's serial number 6698 (as more fully described herein, the "Aircraft") and [____] Registration Mark [____].

Terms used in this Certificate bear the meanings given to such terms in the Lease.

1. The Lessee confirms that as at _____ hours ([] time) on _____, 2021 being the Delivery Date at [____] the Lessor hereby delivers and leases to the Lessee under the Lease, and the Lessee hereby accepts and leases from the Lessor under the Lease, the Aircraft, which as of the date hereof consists of the following components:

- i. one (1) Airbus model A321-200 airframe bearing manufacturer's serial number 6698 and [____] registration mark [____];
- ii. two (2) CFM56-5B3/3 engines bearing manufacturer's serial numbers [____] and [____], respectively;
- iii. all the Parts from time to time installed on the Airframe; and
- iv. the Aircraft Documents; and
- v. the following Aircraft details:
 - (a) **Airframe**

Aircraft Model:

Airbus A321-200

Date of Manufacture**Manufacturer's Serial Number:**

6698

Certified Weights:

Max Take-off: _____

Max Zero Fuel: _____

Max Landing: _____

Max Taxi: _____

Operating Empty: _____

Airframe Maintenance Status:

Total Flight Hours: _____
Total Cycles: _____

Total Flight Hours Since Last Airframe 6 Year Check: _____
Total Cycles Since Last Airframe 6 Year Check: _____
Date Last Airframe 6 Year Check Accomplished: _____

Total Flight Hours Since Last Airframe 12 Year Check: _____
Total Cycles Since Last Airframe 12 Year Check: _____
Date Last Airframe 12 Year Check Accomplished: _____

Total Flight Hours Since Last C-Check: _____
Total Cycles Since Last C-Check: _____
Date Last C-Check Accomplished: _____

(b) **Engines (Installed)**

Engine Type: _____ [CFM]

Manufacturer's Serial Numbers: _____
and _____

Maximum Takeoff Thrust Rating: _____lbs.

Engines Maintenance Status:

Position 1

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

Position 2

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

(c) **APU (Installed)**

APU Manufacturer & Model: _____
Manufacturer's Serial Number: _____
APU Maintenance Status: _____

Total APU Hours: _____
Total APU Cycles: _____
Total APU Hours Since Last APU Power Section Refurbishment: _____
Total APU Cycles Since Last APU Power Section Refurbishment: _____
Date of Last APU Power Section Refurbishment: _____

(d) **Landing Gear (Installed)**

Manufacturer's Serial Numbers: Left Main: _____
Right Main: _____
Nose: _____

Landing Gear Maintenance Status:

Left Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Right Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Nose

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

(e) **Interior Configuration**

Seating _____
Lavatories _____
Galley _____
Passenger Service Units _____
PSIU _____

(f) **Aircraft Documents**

As described in Attachment 1 to this Redelivery Acceptance Certificate.

(g) **Fuel On Board:** _____ kgs.

2. The Lessee acknowledges and agrees that (A) the Aircraft is of a size, design, capacity and manufacture selected by and acceptable to the Lessee and (B) the Lessee is satisfied that the Aircraft is suitable for its purposes.

3. This Acceptance Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
4. This Acceptance Certificate shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

For and on behalf of

LATAM AIRLINES GROUP S.A.

By: _____
Name:
Title:

EXHIBIT IV

FORM OF REDELIVERY TECHNICAL ACCEPTANCE CERTIFICATE

To: [____]

Date: _____, 2021

Reference is made to Lease Agreement (MSN 6698) dated as of _____, 2021 (as supplemented by the Lease Supplement No. 1 dated _____, 2021, the "Lease") between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust (the "Lessor") and LATAM Airlines Group S.A. (the "Lessee") relating to one Airbus A321-200 aircraft with manufacturer's serial number 6698 (as more fully described herein, the "Aircraft") and [____] Registration Mark [____].

Terms used in this Certificate bear the meanings given to such terms in the Lease.

1. The Lessor confirms that as at _____ hours ([____] time) on _____, 2021 being the Delivery Date at [____] the Lessee hereby redelivers to the Lessor under the Lease, and the Lessor hereby accepts from the Lessee under the Lease, the Aircraft, which as of the date hereof consists of the following components:

- i. one (1) Airbus model A321-200 airframe bearing manufacturer's serial number 6698 and [____] registration mark [____];
- ii. two (2) CFM56-5B3/3 engines bearing manufacturer's serial numbers [____] and [____], respectively;
- iii. all the Parts from time to time installed on the Airframe;
- iv. the Aircraft Documents; and
- v. the following Aircraft details:

(a) **Airframe**

Aircraft Model:

Airbus A321-200

Date of Manufacture

Manufacturer's Serial Number:

6698

Certified Weights:

Max Take-off: _____

Max Zero Fuel: _____

Max Landing: _____

Max Taxi: _____

Operating Empty: _____

Airframe Maintenance Status:

Total Flight Hours: _____
Total Cycles: _____

Total Flight Hours Since Last Airframe 6 Year Check: _____
Total Cycles Since Last Airframe 6 Year Check: _____
Date Last Airframe 6 Year Check Accomplished: _____

Total Flight Hours Since Last Airframe 12 Year Check: _____
Total Cycles Since Last Airframe 12 Year Check: _____
Date Last Airframe 12 Year Check Accomplished: _____

Total Flight Hours Since Last C-Check: _____
Total Cycles Since Last C-Check: _____
Date Last C-Check Accomplished: _____

(b) **Engines (Installed)**

Engine Type:

[CFM]

Manufacturer's Serial Numbers:

and

Maximum Takeoff Thrust Rating:

_____lbs.

Engines Maintenance Status:

Position 1

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

Position 2

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

(c) **APU (Installed)**

APU Manufacturer & Model: _____
Manufacturer's Serial Number: _____
APU Maintenance Status: _____

Total APU Hours: _____
Total APU Cycles: _____
Total APU Hours Since Last APU Power Section Refurbishment: _____
Total APU Cycles Since Last APU Power Section Refurbishment: _____
Date of Last APU Power Section Refurbishment: _____

(d) **Landing Gear (Installed)**

Manufacturer's Serial Numbers: Left Main: _____
Right Main: _____
Nose: _____

Landing Gear Maintenance Status:

Left Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Right Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Nose

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

(e) **Interior Configuration**

Seating _____
Lavatories _____
Galley _____
Passenger Service Units _____
PSIU _____

(f) **Aircraft Documents**

As described in Attachment 1 to this Redelivery Acceptance Certificate.

(g) **Fuel On Board:** _____ kgs.

2. The Aircraft and Aircraft Documents are hereby accepted by the Lessor for redelivery under the Lease subject to [(i)] the provisions of the Lease [, and (ii) the correction by the Lessee (or procurement by the Lessee at the Lessee's cost) within days following the date hereof of the discrepancies specified in Attachment 2 hereto].

3. Subject to the following paragraph, the Lease is hereby terminated without prejudice to the Lessee's continuing obligations and the Lessor's continuing rights under the Lease.
4. Lessee represents and warrants that during the Term all maintenance and repairs to the Aircraft and each Part were performed in accordance with the requirements of the Lease. The Lessee further confirms that all of its obligations, whether accruing prior to the date hereof or which survive the termination or expiration of the Lease by their terms and accrue after the date hereof, will remain in full force and effect until all such obligations have been satisfied in full.
5. This Redelivery Technical Acceptance Certificate may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
6. This Redelivery Technical Acceptance Certificate shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Redelivery Acceptance Certificate to be duly executed by their authorized representatives on the date first above written.

LATAM AIRLINES GROUP S.A.
Lessee

WILMINGTON TRUST COMPANY,
not in its individual capacity but solely in its
capacity as trustee of the MSN 6698 trust
Lessor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment 1 – Aircraft Documents
[List of Aircraft Documents to be inserted]

EXHIBIT V

FORM OF FINAL CERTIFICATE OF REDELIVERY

To: [____]

Date: _____, 2021

Reference is made to Lease Agreement (MSN 6698) dated as of _____, 2021 (as supplemented by the Lease Supplement No. 1 dated _____, 2021, the "Lease") between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust (the "Lessor") and LATAM Airlines Group S.A. (the "Lessee") relating to one Airbus A321-200 aircraft with manufacturer's serial number 6698 (as more fully described herein, the "Aircraft") and [____] Registration Mark [____].

To: [____]

Date: _____, 2021

Reference is made to Lease Agreement (MSN 6698) dated as of _____, 2021 (as supplemented by the Lease Supplement No. 1 dated _____, 2021, the "Lease") between WILMINGTON TRUST COMPANY, not in its individual capacity but solely in its capacity as trustee of the MSN 6698 trust (the "Lessor") and LATAM Airlines Group S.A. (the "Lessee") relating to one Airbus A321-200 aircraft with manufacturer's serial number 6698 (as more fully described herein, the "Aircraft") and [____] Registration Mark [____].

Terms used in this Certificate bear the meanings given to such terms in the Lease.

1. The Lessor confirms that as at _____ hours ([____] time) on _____, 2021 being the Delivery Date at [____] the Lessee hereby redelivers to the Lessor under the Lease, and the Lessor hereby accepts from the Lessee under the Lease, the Aircraft, which as of the date hereof consists of the following components:
 - i. one (1) Airbus model A321-200 airframe bearing manufacturer's serial number 6698 and [____] registration mark [____];
 - ii. two (2) CFM56-5B3/3 engines bearing manufacturer's serial numbers [____] and [____], respectively;
 - iii. all the Parts from time to time installed on the Airframe;
 - iv. the Aircraft Documents; and
 - v. the following Aircraft details:
 - (a) **Airframe**

Aircraft Model:

Airbus A321-200

Manufacturer's Serial Number:

6698

Date of Manufacture

Certified Weights:

Max Take-off: _____
Max Zero Fuel: _____
Max Landing: _____
Max Taxi: _____
Operating Empty: _____

Airframe Maintenance Status:

Total Flight Hours: _____
Total Cycles: _____

Total Flight Hours Since Last Airframe 6 Year Check: _____
Total Cycles Since Last Airframe 6 Year Check: _____
Date Last Airframe 6 Year Check Accomplished: _____

Total Flight Hours Since Last Airframe 12 Year Check: _____
Total Cycles Since Last Airframe 12 Year Check: _____
Date Last Airframe 12 Year Check Accomplished: _____

Total Flight Hours Since Last C-Check: _____
Total Cycles Since Last C-Check: _____
Date Last C-Check Accomplished: _____

(b) **Engines (Installed)**

Engine Type:

[CFM]

Manufacturer's Serial Numbers:

and

Maximum Takeoff Thrust Rating:

_____ lbs.

Engines Maintenance Status:

Engines Maintenance Status:

Position 1

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

Position 2

ESN: _____
Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Engine Performance Restoration: _____
Total Cycles Since Last Engine Performance Restoration: _____
Date of Last Engine Performance Restoration: _____

(c) **APU (Installed)**

APU Manufacturer & Model: _____
Manufacturer's Serial Number: _____
APU Maintenance Status: _____

Total APU Hours: _____
Total APU Cycles: _____
Total APU Hours Since Last APU Power Section Refurbishment: _____
Total APU Cycles Since Last APU Power Section Refurbishment: _____
Date of Last APU Power Section Refurbishment: _____

(d) **Landing Gear (Installed)**

Manufacturer's Serial Numbers: Left Main: _____
Right Main: _____
Nose: _____

Landing Gear Maintenance Status:

Left Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Right Main

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

Nose

Total Flight Hours: _____
Total Cycles: _____
Total Flight Hours Since Last Landing Gear Overhaul: _____
Total Cycles Since Last Landing Gear Overhaul: _____
Date of Last Landing Gear Overhaul: _____

(e) **Interior Configuration**

Seating _____
Lavatories _____
Galleys _____
Passenger Service Units _____
PSIU _____

(f) **Aircraft Documents**

As described in Attachment 1 to this Redelivery Acceptance Certificate.

(g) **Fuel On Board:** _____ kgs.

2. Subject to the following paragraph, the Lease is hereby terminated without prejudice to the Lessee's continuing obligations and the Lessor's continuing rights under the Lease.
3. Lessee represents and warrants that during the Term all maintenance and repairs to the Aircraft and each Part were performed in accordance with the requirements of the Lease. The Lessee further confirms that all of its obligations, whether accruing prior to the date hereof or which survive the termination or expiration of the Lease by their terms and accrue after the date hereof, will remain in full force and effect until all such obligations have been satisfied in full.
4. This Final Certificate of Redelivery may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.
5. This Final Certificate of Redelivery shall be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

IN WITNESS WHEREOF, the Lessor and the Lessee have each caused this Redelivery Acceptance Certificate to be duly executed by their authorized representatives on the date first above written.

LATAM AIRLINES GROUP S.A.
Lessee

WILMINGTON TRUST COMPANY,
not in its individual capacity but solely in its
capacity as trustee of the MSN 6698 trusts
Lessor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment 1 – Aircraft Documents
[List of Aircraft Documents to be inserted]

EXHIBIT VI
FORM OF MONTHLY UTILIZATION REPORT



OWNER REPORT

Details of Arguments

DATE FROM		DATE TO	
FLEET		DATA AS OF	
REGISTRATION CODE		PERIOD FH	
MSN		PERIOD FC	
AIRCRAFT OWNER		TOTAL FH SINCE NEW	
AIRCRAFT OPERATOR		TOTAL FC SINCE NEW	

Details

AIRFRAME STATUS													
CHECK NAME	INTERVAL (CALENDAR TIME)	INTERVAL (FH)	INTERVAL (FC)	NEXT CHECK BARCODE	NEXT CHECK LOCATION	WP BARCODE	WP DUE	SCHED START	LAST CHECK BARCODE	DATE LAST CHECK	LAST CHECK LOCATION	FH AT LAST CHECK	FC AT LAST CHECK

ENGINES (Originally Received)												
PART NUMBER	SERIAL NUMBER	PERIOD FH	PERIOD FC	TOTAL FH SINCE NEW	TOTAL FC SINCE NEW	DATE LAST SHOP VISIT	FC SINCE LSV	FH SINCE LSV	FLEET	CURRENT LOCATION	REMOVAL DATE	INSTALLATION DATE

ENGINES (Installed at Period)									
PART NUMBER	SERIAL NUMBER	POSITION	PERIOD FH	PERIOD FC	TOTAL FH SINCE NEW	TOTAL FC SINCE NEW	OWNER	FLEET	CURRENT LOCATION

APU (Originally Received)										
PART NUMBER	SERIAL NUMBER	PERIOD FH	PERIOD FC	CURRENT TSN	CURRENT CSN	DATE LAST REPAIR	FH SINCE LAST	FC SINCE LAST	FLEET	CURRENT LOCATION

LANDING GEAR (Originally Received)											
POSITION	PART NUMBER	SERIAL NUMBER	CURRENT TSN	CURRENT CSN	DATE LAST OVERHAUL	HOURS SINCE OVERHAUL	CYCLES SINCE OVERHAUL	FLEET	CURRENT LOCATION	REMAINING TIME	REMAINING CYCLES

EXHIBIT VII
FORM OF PBH REPORT

Registry	Type	MSN	Engine 1	Engine 2	Lessor	Manager	Rate Airframe	Rate Airframe 1	Rate Airframe 2
FH Airframe	FH Engine 1	FH Engine	Total						

DEFINITIONS

“Actual Location” means Victorville, California, United States of America.

“Additional Insureds” has the meaning set forth in Section 10(b) of the Lease.

“Affiliate” of any Person means (i) any other Person directly or indirectly controlling, directly or indirectly controlled by, or under direct or indirect common control with, such Person; or if such Person is a partnership, any general partner of such Person or a Person controlling such general partner and/or (ii) any other Person who would, under IFRS, be consolidated or required to be consolidated for accounting purposes with such Person. For purposes of this definition, “control” (including “controlled by” and “under common control with”) shall mean the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether through the ownership of voting securities or by contract or otherwise.

“Agent” means the person or persons appointed as agent of the Financiers pursuant to the Financing Documents and any other person identified as an “Agent” for the purposes of this Lease, as may be notified by the Lessor to the Lessee from time to time.

“Agreed Value” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“Aircraft” means one (1) Airbus model A321-200 aircraft comprising the Airframe together with the two (2) CFM56-5B3/3 Engines described in the Certificate of Acceptance (or any Replacement Engine that may from time to time be substituted for any of such Engines pursuant to Section 7(l) or 9(b) of the Lease), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or installed on any other airframe or on any other aircraft.

“Aircraft Documents” means, with respect to the Aircraft or any Engine, all logs, logbooks, manuals and data, and inspection, modification and overhaul records (including all job cards), other records required to be maintained under applicable rules and regulations of the Aviation Authority and if any of the same are not in the English language, certified English translations thereof and each of the documents referred to in Schedule 6 (*Aircraft Documents*), provided that any expired or superseded documents may be in such language as is available.

“Airframe” means (a) the Airbus model A321-200 airframe further described in the Certificate of Acceptance (except the Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines) and (b) and any and all Parts, whether or not the same shall be incorporated or installed in or attached to the Airframe so long as title thereto shall remain vested in the Owner in accordance with the terms of Section 8(a) of the Lease, together with the Aircraft Documents therefor.

“Airframe 6-Year Check” means the airframe 6 year check which shall include the completion of the 6 year structural tasks, system and zonal tasks and all lesser due tasks and checks in accordance with the then current revision of the Manufacturer’s Maintenance Planning Document.

“Airframe 6 Year Reserve Amount”

REDACTED*

“Airframe 12-Year Check” means the airframe 12 year check which shall include the completion of the 12 year structural tasks, system and zonal tasks and all lesser due tasks and checks in accordance with the then current revision of the Manufacturer’s Maintenance Planning Document.

“Airframe 12 Year Reserve Amount”

REDACTED*

“Airworthiness Directive” or “AD” means any requirement for the inspection, repair or modification of the Aircraft, any Engine or any Part as issued by the Aviation Authority, FAA or EASA.

“Applicable Laws” means, with respect to any Person or property (including the Aircraft), all applicable laws, treaties, conventions, ordinances, judgments, decrees, injunctions, writs, rules, regulations, orders, interpretations, licenses, permits and orders of any Government Body in any relevant jurisdiction, in each case applicable to such Person or property (including the Aircraft).

“Approval Order” has the meaning set forth in Schedule 1 (*Conditions Precedent*) of the Lease.

“Approved Maintenance Facility” means a maintenance facility approved by EASA pursuant to EASA Part 145 regulations and the Aviation Authority or such other maintenance facility as Lessor may approve in its sole discretion, for the accomplishment of the maintenance, testing, inspection, repair, overhaul or modification that is intended to be accomplished with respect to the Airframe, any Engine, any Landing Gear, the APU or any Part, as the case may be.

“Approved Maintenance Programme” has the meaning set forth in Section 7(d)(i) of the Lease.

“APU” means (i) the auxiliary power unit listed on Annex 1 to the Certificate of Acceptance at Delivery, (ii) any and all Parts, so long as such Parts are incorporated in, installed on or attached to such auxiliary power unit or so long as title to such Parts is vested in Lessor in accordance with the terms this Lease after removal from such auxiliary power unit, and (iii) all substitutions, replacements or renewals from time to time made in or to such auxiliary power unit or to any of the Parts referred to in part (ii) above, in each case made in accordance with this Lease and title to which has passed to Lessor in accordance with Section 8(h) of the Lease..

“APU Power Section Refurbishment” means an off-fuselage heavy repair shop visit in respect of the APU at which a prescribed package of inspection, checks, repair and replacement of Parts on the principal assemblies or modules is accomplished in accordance with the then current APU manufacturer’s shop manual and the recommendations in the then current manufacturer’s workscope planning guidance documents. Such package of work shall, as a minimum, be sufficient to achieve a full operating interval until the next anticipated APU Power Section Refurbishment shop visit in line with industry achievements for APU’s of the same type as such APU.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“APU Reserve Amount”

REDACTED*

“Aviation Authority” means (i) the Dirección General de Aeronáutica Civil of Chile and any successor organization and each other Government Body or other Person who shall from time to time be vested with the control and supervision of, or have jurisdiction over, the registration, airworthiness and operation of aircraft or other matters relating to civil aviation in Chile, (ii) the National Civil Aviation Agency - Brazil and any successor organization and each other Government Body or other Person who shall from time to time be vested with the control and supervision of, or have jurisdiction over, the registration, airworthiness and operation of aircraft or other matters relating to civil aviation in Brazil or (iii) if the Aircraft is subleased to, or operated by, a Permitted Sublessee and is re-registered in accordance with Section 7(b) of the Lease, such Government Body or other Person who shall from time to time be vested with the control and supervision of, or have jurisdiction over, the registration, airworthiness and operation of aircraft or other matters relating to civil aviation in the applicable Permitted Jurisdiction.

“Bankruptcy Code” has the meaning set forth in Section 7(g)(v)(11)(B).

“Bankruptcy Court” has the meaning set forth in Section 7(g)(v)(11)(B).

“Bankruptcy Law” means any domestic or foreign bankruptcy, insolvency, receivership or similar law.

“Base Rent” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“Base Rent Payment Date” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“Brazil” means the Federal Republic of Brazil.

“Break Costs” means any Loss, premium or penalty which the Lessor, the Owner or any Affiliate of the Lessor, the Owner or the Servicer has to pay in connection with unwinding (or maintaining or continuing to make payments under) any swap, hedge, cap, forward interest agreement or other financial instrument entered into in relation to the Rent payments expected to be received under this Lease.

“Business Day” means any day other than a Saturday, Sunday or day on which commercial banks are required or authorized to close in New York, New York, Santiago, Chile, or, if different from the foregoing, the city in which the Lessor maintains its corporate trust office or receives and disburses funds.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“Cape Town Convention” means the Convention on International Interests in Mobile Equipment and the Protocol thereto on Matters Specific to Aircraft Equipment signed at Cape Town, South Africa on 16 November 2001. References to any Articles of the Cape Town Convention refer to the English language version of the Consolidated Text of the Cape Town Convention and the Aircraft Protocol attached to Resolution No. 1 of the Final Act of the Diplomatic Conference to adopt the Cape Town Convention and Aircraft Protocol.

“Certificate of Airworthiness” means with respect to the Aircraft, the certificate of airworthiness issued by the Aviation Authority.

“Certificate of Registration” means, with respect to the Aircraft, the certificate of aircraft registration issued by the Aviation Authority.

“Chapter 11 Cases” has the meaning set forth in Section 7(g)(iv)(10)(B).

“Charter” means any contractual agreement (other than a contractual agreement with respect to a regularly scheduled flight of the Lessee) entered into by the Lessee with any Person other than an air carrier for the use (but not operation) of the Aircraft or any Part thereof.

“Chile” means the Republic of Chile.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Connectivity Modification” has the meaning set forth in Section 8(f)(ii).

“Default” means an Event of Default or an event or a condition that, with the giving of notice or lapse of time or both, would become an Event of Default.

“Default Rate”

REDACTED*

“Delivery” means the delivery of the Aircraft to Lessee in accordance with the terms of this Lease.

“Delivery Date” has the meaning set forth in Schedule 4 (*Delivery Procedure*) of the Lease.

“Delivery Ferry Flight” has the meaning set forth in Schedule 4 (*Delivery Procedure*) of the Lease.

“Deregistration Power of Attorney” means a duly executed irrevocable deregistration power of attorney from the Lessee and, if applicable, any Permitted Sublessee, in favor of the Lessor, in form and substance reasonably satisfactory to the Lessor.

“Dollars” “US Dollars”, “U.S.\$”, “US\$” and “\$”, mean immediately available and freely transferable lawful currency of the United States of America.

“Dry Lease” means any lease of the Aircraft (other than a Wet Lease).

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“Engine” means (a) each of the two CFM International, Inc. engines (generic manufacturer and model CFM56-5B3/3) listed by manufacturer’s serial number and further described in each Acceptance Certificate, whether or not from time to time installed on the Airframe or installed on any other airframe or on any other aircraft, and (b) any Replacement Engine; in each case whether or not such engine or Replacement Engine at any time is installed on the Aircraft or is installed on any other aircraft or airframe, so long as title thereto shall remain vested in the Lessor in accordance with the terms of Section 7(g) of the Lease, together with the Aircraft Documents therefor; together in each case with any and all related Parts, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts.

“Engine Life Limited Parts” means such parts with an ultimate life limit as detailed in Chapter 5 airworthiness limitations section of the relevant manufacturers engine shop manual.

“Engine Manufacturer” means CFM International, Inc.

“Engine Performance Restoration” means

REDACTED*

“Engine Performance Restoration Reserve Amount” has the meaning set forth in Schedule 5 (*Redelivery Maintenance Adjustment*) of the Lease.

“Event of Default” means any of the “Events of Default” as defined in Section 14 of this Lease.

“Event of Loss” means, with respect to the Aircraft, the Airframe or any Engine, any of the following events:

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

An Event of Loss shall be deemed to have occurred:

- (a) in the case of an actual total loss, at 12:00 midnight (New York time) on the actual date the Aircraft was lost or, if such date is not known, 12:00 midnight (New York time) on the day on which the Aircraft was last heard from;
- (b) in the case of any of the events described in paragraph (i) of the definition of Event of Loss above (other than an actual total loss), upon the date of occurrence of such destruction, damage or rendering unfit;
- (c) in the case of any of the events described in paragraph (ii) of the definition of Event of Loss above (other than an actual total loss), the date and time at which either a total loss is subsequently admitted by the insurers or a competent court or arbitration tribunal issues a judgment to the effect that a total loss has occurred;
- (d) in the case of any of the events referred to in paragraph (iii) of the definition of Event of Loss above, upon the occurrence thereof; and
- (e) in the case of any of the events referred to in paragraphs (iv), (v) and (vi) of the definition of Event of Loss above, upon the expiration of the period of time specified therein.

“Excluded Tax” means Taxes in relation to the Lessor or the Owner to the extent such Taxes are:

- (a) imposed as a direct result of activities of the Lessor or the Owner in the jurisdiction imposing the liability unrelated to:
 - (i) the Lessor’s or the Owner’s dealings with the Lessee;
 - (ii) to the transactions contemplated by this Lease;
 - (iii) any Permitted Sublease or interchange agreement with an Interchange Counterparty; and
 - (iv) the operation of the Aircraft by the Lessee or any Permitted Sublessee; or
- (b) imposed on the net income, profits or gains of the Lessor or the Owner by any Government Body in their respective state of incorporation and/or the jurisdiction in which they are resident for tax purposes, other than:
 - (i) Taxes payable by the Lessor or the Owner as a direct result of the Lessor or the Owner being required to include in its taxable income any amount attributable to any improvement, alteration, substitution or addition to the Aircraft, except to the extent that any taxable profit realized by the Lessor or, as the case may be, the Owner is directly attributable to any improvement, alteration, substitution or addition to the Aircraft effected by the Lessee pursuant to any provision of this Lease;

- (ii) Taxes which are imposed on the Lessor or the Owner by reason of the presence, location, maintenance, registration, use or operation of the Aircraft, any Engine, the Airframe or any Part in such jurisdiction;
- (iii) Taxes which are imposed on the Lessor or the Owner by reason of or consequent upon any Default or any breach by the Lessee of, or any failure by the Lessee to perform any of its obligations under, or any misrepresentation made by the Lessee in, this Lease; or
- (c) Taxes which are imposed on the net income, profits or gains of the Lessor or the Owner by any Government Body in any jurisdiction other than in their respective state of incorporation and/or the jurisdiction in which they are resident for tax purposes, subject to the qualifications set out in sub-paragraphs (b)(i), (ii) and (iii) above and subject to the additional qualification that this paragraph (c) shall not include any such Taxes to the extent they are imposed:
 - (i) as a result of the presence in the jurisdiction imposing the Tax of the Lessee or any Permitted Sublessee; or
 - (ii) as a result of the payment by the Lessee from the jurisdiction imposing the Tax of any amount due under this Lease;
- (d) imposed solely as a result of an event occurring after the Lease Expiry Date which is not related to the Lessor's dealings with the Lessee or the transactions contemplated by this Lease or the operation of the Aircraft by the Lessee;
- (e) imposed with respect to any period commencing or event occurring before Delivery;
- (f) caused by the Lessor's or the Owner's fraud, wilful misconduct or Gross Negligence;
- (g) a Tax liability which would have arisen even if the Lease had not been entered into and such Tax liability is unrelated to the transactions contemplated by the Lease;
- (h) caused by a breach or default by the Lessor or the Owner of its express obligations under this Lease which does not result from any act or omission of any person other than the Lessor or the Owner;
- (i) caused by a breach by the Lessor or the Owner of any express representation or warranty made under this Lease which does not result from any act or omission of any person other than the Lessor or the Owner; or
- (j) Taxes which arise as a result of a reasonably avoidable delay or failure by the Lessor or the Owner in filing any necessary tax returns required by law, in paying the relevant Taxes required by law or, in completing any necessary tax returns required by law it is obliged by law to file (provided the Lessor or the Owner, as the case may be, was aware of such obligation to file a tax return or make a payment of tax), unless such delay, failure or error is caused by the breach or failure of the Lessee to provide any information that is required for these purposes or that the Lessor may reasonably request; or

- (k) Taxes which arise solely as a result of events or circumstances occurring during any period during which the Lessee does not have possession of the Aircraft as a result of a breach by the Lessor of its obligations pursuant to Section 17 or any breach by the Lessor of its quiet enjoyment covenant; or
- (l) Taxes which arise as a result of the acquisition of the Aircraft (or Delivery), any voluntary sale, assignment, transfer or other disposition by the Lessor or the Owner of the Aircraft or any interest therein unless such sale, assignment, transfer or other disposition occurs in connection with, or arises following a Default; or
- (m) Taxes which arise with respect to any period or event occurring after Redelivery in accordance with the conditions set out in this Lease (except to the extent any such Tax is attributable to such Redelivery) and is unrelated to any event occurring prior to such Redelivery and unrelated to the Lessor's dealings with the Lessee pursuant to this Lease or the transactions contemplated by the this Lease; or
- (n) Taxes which arise as a result of any financing arrangement entered into by the Lessor or the Owner with respect to the Aircraft; or
- (o) incurred by the Owner (if the Owner is not the Lessor) except to the extent that such Tax is a tax imposed on the Owner in circumstances in which, but for the existence of the Owner and any head lease, the Lessor would have incurred that liability and the Lessee would have been obliged to indemnify the Lessor against that liability.

"Existing Lien" means any Lien created by that certain Indenture and Security Agreement (MSN 6698), dated as of July 29, 2015, between the Owner and the Loan Trustee, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms (the "Indenture"), including supplementation by an Indenture Supplement pursuant to the Indenture.

"Expenses" means any and all liabilities, obligations, losses, damages, settlements, penalties, claims, actions, suits, reasonable costs, reasonable expenses and disbursements (including, without limitation, reasonable fees and disbursements of legal counsel, accountants, appraisers, inspectors or other professionals, and costs of investigation).

"Export Certificate of Airworthiness" means with respect to the Aircraft, the certificate of airworthiness issued by the Aviation Authority.

"FAA" means the Federal Aviation Administration of the United States of America and any successor Government Body or other Person who shall from time to time be vested with the control and supervision of, or have jurisdiction over, the registration, airworthiness and operation of aircraft or other matters relating to civil aviation in the United States of America.

"FATCA" means (a) Sections 1471 through 1474 of the Code, or a successor version, and any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code, (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to any intergovernmental agreement (and related legislation or official administrative guidance) between the United States and any other jurisdiction, which (in any such case) facilitates the implementation of paragraph (a), or (c) any agreements pursuant to the implementation of paragraphs (a) or (b) with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any jurisdiction.

“Final Acceptance Certificate” means the acceptance certificate to be entered into between the Lessee and the Lessor after the Delivery Ferry Flight on the Delivery Date substantially in the form of Exhibit III to the Lease.

“Financier” means any person or persons through which the Lessor or the Owner may from time to time finance or refinance its interest in the Aircraft and/or for whose benefit security over, or rights relating to, the Aircraft and/or this Lease may be granted (including by way of a declaration of trust) by the Lessor or the Owner or at its request, and includes the Security Trustee and the Agent as well as any underwriter, placement agent or syndication agent, any export credit agency and any other person identified as a “Financier” for the purposes of this Lease, as may be notified by the Lessor to the Lessee from time to time.

“Financing Documents” means each present and/or future document which is from time to time related to any financing of the Aircraft (including for such purpose each mortgage and any other security document providing for a security interest in the Aircraft or this Lease, or leasing arrangements whether or not constituting a financing and any documents ancillary thereto).

“Government” means the government of any of Canada, Cayman Islands, Chile, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

“Government Body” means (whether having a distinct legal personality or not) any nation or government, any state or other political subdivision thereof or local jurisdiction therein, any agency, authority, instrumentality, board commission, department, division, organ, regulatory body, court, central bank or other entity, however constituted, exercising executive, legislative, judicial, taxing, regulatory, supervisory or administrative functions of or pertaining to government, any securities exchange and any self regulatory organization.

“Government of Registry” means Chile, Brazil or jurisdiction in which the Aircraft is registered as permitted under Section 7(b) of the Lease and any agency or instrumentality thereof.

“Gross Negligence” means any intentional action or decision of a person which is taken or made by such person with reckless disregard for the consequences of such action or decision.

“Habitual Base” means:

- (a) Brazil or Chile; or
- (b) in the context of a Permitted Sublease, such airport in the State of Registration at which the Aircraft is habitually based.

“IFRS” shall mean the International Financial Reporting Standards.

“IDERA” means an irrevocable deregistration and export request authorization suitable for filing with the relevant Aviation Authority, substantially in the form referred to in the Cape Town Convention or otherwise in form and substance reasonably satisfactory to the Lessor.

“Indemnitee”

REDACTED*

“Insolvency” or “Liquidation Proceeding” means (i) a voluntary proceeding under any Bankruptcy Law with respect to the Owner or the Lessee; (ii) a voluntary or involuntary appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Owner or the Lessee or for a substantial part of the property of the assets of the Owner or the Lessee; (iii) any voluntary or involuntary winding up or liquidation of the Owner or the Lessee; or (iv) a general assignment for the benefit of creditors of the Owner or the Lessee.

“Insurance Proceeds” means any and all proceeds realized from the Insurances (other than third party liability insurances).

“Insurances” has the meaning given to such term in Section 10(a) of this Lease.

“Interchange Counterparty” has the meaning set forth in Section 7(g)(v) of the Lease.

“Landing Gear” means the landing gear assemblies (nose, left main and right main) of the Aircraft (excluding brakes and wheels) and any landing gear assembly substituted therefor in accordance with this Lease and title to which has passed to Lessor in accordance with this Lease.

“Landing Gear Overhaul” means the off-the-wing restoration of the Landing Gear to satisfy the system and structural requirements of an overhaul as per the then current revision of the Manufacturer’s Maintenance Planning Document.

“Landing Gear Reserve Amount”

REDACTED*

“LATAM” has the meaning set forth in the first paragraph hereof.

“Lease” or “Lease Agreement” means the Lease Agreement (MSN 6698) dated as of the date hereof between the Owner, as lessor, and LATAM, as lessee, substantially in the form of, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including as supplemented by the Lease Supplement.

“Lease Expiry Date” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“Lease Supplement” means the Lease Supplement substantially in the form of Exhibit I to the Lease, which shall particularly describe the Aircraft subject to the Lease.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“Leasing Affiliate” means, in each case, so long as they are an Affiliate of Lessee at the time of the relevant event:

REDACTED*

For the purposes of this definition, Lessee shall be deemed to “control” another entity if: (1) Lessee possesses, directly or indirectly, the power to direct the management or policies of such other entity either through: (i) the ownership of voting rights; (ii) control of the board (including control of its composition) of the other entity; or (iii) indirect control of (i) and (ii); or (2) such other entity would, under relevant accounting principles, be consolidated or required to be consolidated for accounting purposes with Lessee.

“Lessee” has the meaning set forth in recitals hereto.

“Lessee Bankruptcy Event” means the occurrence and continuation of an Event of Default under any of Sections 13(g), (h), (i), (j) or (k) of the Lease.

“Lessee Illegality Event” means it is or will become unlawful for the Lessor or the Lessee to give effect to any of its obligations expressed to be assumed by it in this Lease or to continue this Lease or the leasing of the Aircraft hereunder or for the Lessor to exercise any of its rights or remedies under this Lease, or an event contemplated by Section 14(q) or (r) occurs other than as a result of the act or omission of the Lessee or any Permitted Sublessee, and in each case such circumstances do not constitute a Lessor Illegality Event.

“Lessee Power of Attorney” means each power of attorney executed by the Lessee in favor of the Lessor in connection with the repossession, re-export and deregistration of the Aircraft in form and substance satisfactory to the Lessor.

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“Lessor” means the Owner as lessor under the Lease.

“Lessor Illegality Event” means it is or will become unlawful for the Lessor to give effect to any of its obligations expressed to be assumed by it in this Lease or to continue this Lease or the leasing of the Aircraft hereunder or to exercise any of its rights or remedies under this Lease, and such circumstances apply solely in the Lessor’s jurisdiction of incorporation and do not apply to, or in respect of, another jurisdiction.

“Lessor Parent” means the owner from time to time.

“Lien” means as applied to the property or assets (or the income or profits therefrom) of any Person (in each case, whether the same is consensual or nonconsensual or arises by contract, operation of law, legal process or otherwise), any lien, mortgage, hypothec, encumbrance, pledge, attachment, levy, charge, lease, encumbrance, right of seizure or detention, inscription on a public record, claim, prior claim, right of others or security interest of any kind, including any thereof arising under any conditional sale or other title retention agreement and any agreement to give any thereof in respect of any property or assets of such Person, or upon the income or profits therefrom.

“Life Limited Parts” means any Part that has a pre-determined life limit as mandated by the Manufacturer, any other relevant manufacturer, or the State of Design, which requires any such part to be discarded upon reaching such life limit.

“Loan Trustee” means Wilmington Trust Company as loan trustee pursuant to the Indenture.

“Local Mortgage” means (i) the Chilean law or Brazilian law, as applicable, aircraft mortgage dated on or about the date of the Delivery granted by the Lessor in favor of the Loan Trustee or (ii) if the Aircraft is subleased to, or operated by, a Permitted Sublessee and is registered in accordance with Section 7(b) of the Lease, an aircraft mortgage governed by the laws of the applicable jurisdiction granted by the Lessor in favor of the Loan Trustee dated on or about the date of such sublease, in each case as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Loss” or “Losses” means any cost, expense (including the reasonable fees and expenses of professional advisers provided that such fees and expenses need not be reasonable if it is in connection with any Event of Default), financial liability, damage or financial loss of any kind, whether direct or indirect, and regardless of whether they are susceptible to appeal or mitigation, in each case excluding Taxes.

“Major Checks” means in respect of the Aircraft, the Airframe 6-Year Structural Check and/or the Airframe 12-Year Structural Check.

“Manufacturer’s Maintenance Planning Document” means the latest version of the maintenance planning document relating to recommended maintenance of the Aircraft issued by Manufacturer to the extent approved by the Aviation Authority.

“Manufacturer” means Airbus S.A.S., a *société par actions simplifiée* organized and existing under the laws of the Republic of France.

“Material Adverse Effect” means, in relation to any Person, as the context may require, (a) a material adverse effect upon the business, operations or condition (financial or otherwise) of such Person or upon the ability of such Person to perform its obligations under this Lease, (b) a material adverse effect on the validity or enforceability of any of this Lease, (c) a material adverse effect on the rights or remedies of the Owner under any manufacturer’s warranty with respect to the Aircraft or any Engine or (d) any event or circumstance which adversely affects the Airframe or any Engine or such Person’s interest therein or involves any risk of the sale, seizure, detention or forfeiture of the Airframe or any Engine or any other part of the Aircraft.

“Monthly Utilization Report” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“MRO” means Manufacturers, and with maintenance and overhaul agencies, subcontractors, suppliers and vendors, that Lessee or Lessor contact during the Term in respect of the Aircraft to maintain, provide and service the Airframe, Engines and Parts in accordance with this Lease.

“Notice and Acknowledgement” means a notice and acknowledgement entered into, or to be entered into as the context may require, between any of the Lessor, the Security Trustee and the Owner and the Lessee substantially in such form as may be reasonably required by the Lessor or the Security Trustee.

“NY UCC” means UCC as in effect in the State of New York.

“Other Agreement” means each of the aircraft lease agreements between the Lessor (or an Affiliate of the Lessor) and the Lessee (or an Affiliate of the Lessee) relating to the Other Aircraft.

“Other Aircraft” **REDACTED***

“Owner” means the Lessor or such other person as the Lessor may notify to the Lessee as the owner of the Aircraft from time to time.

“Parts” means with respect to the Airframe or any Engine, all appliances, components, parts, instruments (including avionics), appurtenances, accessories, furnishings and other equipment of whatever nature (other than complete Engines, or engines), that may from time to time be incorporated or installed in or attached to the Airframe or any Engine or removed from the Airframe or such Engine so long as the Lessor’s interest therein shall continue.

“PBH Option” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“PBH Period” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“PBH Rent” has the meaning set forth in Schedule 3 (*Certain Economic Terms*) of the Lease.

“Permitted Lien” means (i) the rights of the Lessee and other Persons under leases and other agreements and arrangements to the extent permitted by the terms of Sections 7 and 8 of the Lease; (iii) Liens for fees or charges of any airport or air navigation authority not yet due and payable by the Owner or the Lessee or which are being contested in good faith, on reasonable grounds and by appropriate proceedings so long as such Liens do not involve any material risk of the sale, seizure, forfeiture, detention or loss of the Aircraft, any Part thereof, title thereto, or any interest therein or the use thereof (any of which a “Lien Loss”); (iv) Liens for Taxes payable by the Owner or the Lessee either not yet overdue or being contested in good faith by appropriate proceedings that do not involve any material risk of Lien Loss and that do not involve any potential for criminal liability, and in the case of such proceedings so long as adequate reserves are maintained in respect of such Taxes in accordance with applicable accounting principles; (v) materialmen’s, mechanics’, workmen’s, repairmen’s, employees’ or other like Liens on the Aircraft, the Airframe or any Engine arising in the ordinary course of business of the Lessee for amounts the payment of which is either not yet due or which are being contested in good faith by appropriate proceedings that do not involve any material likelihood of Lien Loss and in the case of such proceedings so long as adequate reserves are maintained by the Lessee in respect of such amounts in accordance with applicable accounting principles; (vi) Liens arising out of judgments or awards against the Owner or the Lessee with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith by appropriate proceedings that do not involve any material likelihood of Lien Loss and in the case of such proceedings so long as an adequate bond to stay enforcement is in effect, (vii) salvage or similar rights of insurers under insurance policies maintained pursuant to and in accordance with Section 10 of the Lease, (viii) the Existing Lien and (vix) any Lien created in favor of a Financier pursuant to Section 7(o)(ii) of the Lease.

“Permitted Sublease” means any sublease permitted by the terms of Section 7(g)(iv) of the Lease.

“Permitted Sublessee” means (x) any Leasing Affiliate or (y) any of the air carriers listed in Annex B hereto or any foreign air carrier consented to in writing by the Lessor; provided that, at the time such sublease is entered into, such sublessee shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person.

“Person” means any person, including any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, trustee, unincorporated organization or government or any agency or political subdivision thereof.

“Petition Date” has the meaning set forth in Section 7(g)(iv)(10)(B).

“Process Agent” means Law Debenture Corporate Services Inc. 801 2nd Avenue, Suite 403 New York, NY 10017.

“Protocol” means the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, concluded in Cape Town South Africa, on 16 November 2001 (utilizing the English-language version thereof).

“Qualifying Event Interval” has the meaning set forth in Schedule 5 (*Redelivery Maintenance Adjustment*) of the Lease.

“Qualifying Events” means any of the:

- (a) Airframe 6-Year Check
- (b) Airframe 12-Year Check
- (c) Engine Performance Restoration
- (d) Replacement of one or more Engine Life Limited Parts
- (e) APU Power Section Refurbishment; or
- (f) Landing Gear Overhaul.

“Redelivery Location” has the meaning set forth in Section 5(b).

“Redelivery Maintenance Adjustment” has the meaning set forth in Schedule 5 (*Redelivery Maintenance Adjustment*) of the Lease.

“Redelivery Technical Acceptance” means the technical acceptance of the Aircraft by the Lessor in a condition as described in Schedule 7 (*Redelivery Procedure and Return Conditions*) including all records per Schedule 5 (*Aircraft Documents*) without mutually agreed discrepancies per Section (c) as detailed in the Redelivery Technical Acceptance Certificate

“Redelivery Technical Acceptance Certificate” means a certificate between Lessor and Lessee in the form provided in Exhibit IV hereto.

“Reinsurances” shall mean any and all contracts or policies of reinsurance maintained by the Owner (or the Lessee) in respect of the Aircraft pursuant to Section 10 of the Lease.

“Rent” shall mean Base Rent and PBH Rent.

“Replacement Engine” means a CFM56-5B3/3 engine (or an engine of the same or another manufacturer of the same an improved model and suitable for installation and use on the Airframe with the other Engine (or any other Replacement Engine being substituted simultaneously therewith)) that shall have been made pursuant the terms thereof and Section 7(1) or 9(b) of the Lease, together with all Parts relating to such engine, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts.

“Replacement Part” means an appliance, part, accessory, furnishing, instrument, appurtenance or other item of equipment of whatever nature (other than complete Engines or engines) which shall have been leased under the Lease and subjected to the Lien of the Lease and the Local Mortgage.

“Scheduled Delivery Date” has the meaning set forth in Schedule 4 (*Delivery Procedure*) of the Lease.

“Security Trustee” means the person or persons appointed as security trustee, collateral agent or similar representative for any of the Financiers and any other person identified as a “Security Trustee” for the purposes of this Lease, as notified by the Lessor to the Lessee from time to time.

“Service Bulletin” means any document issued by the Manufacturer or the Engine Manufacturer recommending an improvement, inspection, repair or modification to the Aircraft, Airframe, any Engine or any Part.

“Servicer” means SkyWorks Leasing (Ireland) Limited.

“State of Registration” means any country in which the Aircraft is registered from time to time in accordance with Section 7(a) or Section (b).

“Tax” and “Taxes” mean all governmental fees (including, without limitation, license, filing and registration fees) and all taxes (including, without limitation, franchise, excise, stamp, value added or VAT, income, gross receipts, sales, use and property taxes), withholdings, assessments, levies, imposts, duties or charges, of any nature whatsoever, together with any related penalties, fines, additions to tax or interest thereon imposed, withheld, levied or assessed by any Government Body.

“Technical Acceptance Certificate” means the acceptance certificate to be entered into between the Lessee and the Lessor prior to the Delivery Ferry Flight substantially in the form of Exhibit II of the Lease.

“Term” has the meaning set forth in Schedule 3 (*Certain Economic Terms*), paragraph 1 of the Lease.

“UCC” or “Uniform Commercial Code” means the Uniform Commercial Code as in effect in any applicable jurisdiction.

“United States”, “U.S.” or “US” means the United States of America.

“Wet Lease” means any arrangement whereby the Owner agrees to furnish the Airframe and the Engines or engines installed thereon to an air carrier and pursuant to which the Airframe and the Engines or engines (i) shall be operated solely by cockpit crew provided by the Owner possessing all current certificates and licenses required by Applicable Laws, (ii) shall be maintained by the Lessee in accordance with the normal maintenance provisions of the Lease, (iii) shall continue to be insured by the Lessee in accordance with the terms of the Lease, and (iv) shall not be subject to any change in its state of registration.

“WTC” means Wilmington Trust Company, a Delaware trust company, in its individual capacity.

LIST OF PERMITTED SUBLESSEES

Air Canada
Air Europa, provided it is wholly-owned and controlled by IAG Group
Air France
Azul Airlines
American Airlines
All Nippon Airlines
Austrian Airlines
British Airways
Cathay Pacific
Delta Airlines
Emirates
Aer Lingus
EVA Air
Finnair
Iberia
Japan Airlines
KLM
Korean Air
Level, provided it is wholly-owned and controlled by IAG Group
Lufthansa
Qantas
Qatar Airways
SAS
Singapore Airlines Southwest Airlines
Swiss
United Airlines
Vueling, provided it is wholly-owned and controlled by IAG Group

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AIRCRAFT LEASE AGREEMENT

Dated February 1 2021

between

VERMILLION AVIATION (NINE) LIMITED

as Lessor

and

LATAM AIRLINES GROUP S.A.

as Lessee

Lease of one Airbus A320-214 Aircraft

Manufacturer's Serial No: 4860

Make and Model of Engines: CFM International, Inc. Model CFM56-5B4/3 engines

Serial Numbers of Engines: 643566 and 643614

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This AIRCRAFT LEASE AGREEMENT is made as a deed this 1 day of February 2021 BETWEEN:

- (1) VERMILLION AVIATION (NINE) LIMITED, a company duly incorporated under the laws of Ireland and having its registered office and its principal place of business located at 28-29 Sir John Rogerson's Quay, Dublin 2., Ireland (the "Lessor"); and
- (2) LATAM AIRLINES GROUP S.A., a company organized under the laws of Chile whose registered office is at Edificio Huidobro, Avenida Presidente Riesco 5711, 19th Floor, Las Condes, Santiago, Chile (the "Lessee").

IT IS AGREED as follows:

CLAUSE 1 DEFINITIONS AND INTERPRETATION.

1.1 Definitions. In this Agreement the following words and expressions have, except where the context otherwise requires, the following meanings:

"Acceptance Certificate" means the certificate substantially in the form set out in Schedule 2.

"Additional Modification Cost" REDACTED*

"Affiliate" means, in respect of any person, any person directly or indirectly controlling, controlled by, or under common control with such first person and for this purpose "control" in relation to any body corporate means the power of a person to ensure:

(a) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate: or

(b) by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate,

that the affairs of the first mentioned body corporate are conducted in accordance with the wishes of that person.

"After-Tax Basis" means, if and to the extent that any sum payable under this Agreement by way of indemnity or reimbursement to prove to be insufficient by reason of any Tax suffered thereon to provide the recipient with such sum (after taking into account such Tax), the amount of such sum (the "base amount") together with such additional amount (the "additional amount") such that the recipient of the payment receives (after taking into account any Tax paid on the base amount and the additional amount) an amount equal to the base amount.

"Agreed Maintenance Performer" means Lessee or any other reputable manufacturer, airline or maintenance organisation that is (i) experienced in maintaining aircraft and/or engines, (ii) duly certified under CFR Part 145 and/or under EASA Part 145, (iii) duly certified by the Aviation Authority and (iv) for the purposes of any Engine Performance Restoration Shop Visit, a person approved by the Engine Manufacturer.

* All text marked "*REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“**Agreed Value**” means the amount specified in Schedule 9.

“**Agreement**” means this Aircraft Lease Agreement and the Schedules and the Annex hereto as the same may be from time to time amended, modified, supplemented and/or novated in accordance with the terms hereof.

“**Aircraft**” means (a) the aircraft described in Part A of Schedule 1, including the Airframe, the Engines, the APU, the Landing Gear, and all Parts installed in or on the Airframe at Delivery; (b) all substituted and/or replacement Parts at any particular time installed in or on such aircraft and (c) any Parts installed in or on the Airframe following Delivery which have become the property of Lessor pursuant to this Agreement or a Lessee’s Document and (d) the Aircraft Documents; including, in the case of (a), (b) and (c), any Part which is for the time being detached from such aircraft but remains the property of Lessor pursuant to this Agreement.

“**Aircraft Documents**” means all of the documentation set forth or referred to in Part B of Schedule 1 and as may be supplemented on the Delivery Date in Annex 2 of Schedule 2, and all technical data, manuals supplied by the Manufacturer or any other manufacturer or supplier (including, but not limited to, any updated or revised manuals but excluding any and all component maintenance manuals), logs, records (including all historical records), computer data media and other materials and documents kept by Lessee or for the benefit of Lessee by any third party after Delivery or required to be kept with respect to the Aircraft or any part thereof whether in compliance with any Applicable Law or this Agreement or any requirement for the time being of the Aviation Authority or otherwise.

“**Airframe Utilisation Payment Rate**” means the Aircraft 6Y Utilisation Payment Rate and the Aircraft 12Y Utilisation Payment Rate, as applicable.

“**Airframe Utilisation Payments**” means the Utilisation Adjustment Payment for the Airframe.

“**Aircraft 6Y Utilisation Payment Rate**” means the amount specified in Schedule 9.

“**Aircraft 12Y Utilisation Payment Rate**” means the amount specified in Schedule 9.

“**Airframe**” means the Aircraft, excluding the Engines, the APU, the Landing Gear, and the Aircraft Documents.

“**Airframe Warranties Agreement**” means the Airframe Warranties Agreement in respect of the Airframe, dated as of the Delivery Date, and executed by way of deed poll by the Manufacturer.

“**Airworthiness Directive**” means all airworthiness directives applicable to the Aircraft issued by either EASA or both of EASA and the Aviation Authority.

“**AMM**” means the latest revision of the Manufacturer’s Aircraft Maintenance Manual.

“**Annual Adjustment Date**” means each anniversary of the Delivery Date.

“**Applicable Law**” means any law, treaty, court order, regulation, official guideline, official directive or mandatory requirement imposed by any Government Entity which takes effect in the relevant circumstances whether or not having the force of law and which is applicable to the Aircraft and its use, maintenance and operation, Lessor, Lessee, any Permitted Sublessee, any other sublessee or any person in possession thereof or the transactions contemplated by this Agreement, any Permitted Sublease and any other Lessee’s Document.

“**Approved Third Party Operator**” means:

(a) any of the carriers, in each case to the extent it is permitted to be a sublessee of the Aircraft (or, as the case may be, any Engine) from the Lessee under Applicable Law and is duly authorised by the relevant Aviation Authority, to (i) operate aircraft of the same make and model as the Aircraft for the public carriage of passengers and cargo, or cargo, for hire or reward or (ii) in the case of the separate sublease of any Engine, to operate aircraft engines of the same model and type as the Engine, which are referred to in Schedule 3 Part B **provided that** any such carrier:

(i) may be removed by the Lessor from time to time by written notice to the Lessee in the event that the Lessor, in its reasonable opinion, determines that the financial condition of such carrier has materially deteriorated to the point that there is a material risk of such carrier’s insolvency; and

(ii) the sub-leasing of the Aircraft or, as the case may be, the sub- leasing of any Engine, to such operator would not result in any breach of clause 9.8; and

(b) any other carrier permitted to be a sublessee of the Aircraft or any Engine from the Lessee under Applicable Law which is duly authorised by the relevant Aviation Authority to operate aircraft of the same make and model as the Aircraft for the public carriage of passengers and cargo, or cargo, for hire or reward or, in the case of any separate sublease of an Engine, to operate aircraft engines of the same model and type as the Engine which the Lessor may from time to time, upon request from Lessee, consent to, acting reasonably, provided that, if the only adverse effect to the Lessor is that the Lessor would be exposed to increased monetary costs as a consequence of the Aircraft or any Engine being subleased to the proposed sublessee and the Lessee agrees to fully indemnify the Lessor for such increased costs, the Lessor shall not be entitled to withhold its consent to the subleasing of the Aircraft or, as the case may be, the Engine to the proposed sublessee.

“**APU**” means (a) the auxiliary power unit specified in Part A of Schedule 1 and (b) any Replacement APU unit installed on the Aircraft in accordance with Clause 15.3, including any such auxiliary power unit which, having been removed from the Aircraft, remains the property of Lessor pursuant to this Agreement.

“**APU Cycle**” means each cycle or part thereof elapsing from the moment at which the APU commences operating until the APU is shut down, whether for aircraft operations or testing.

“**APU Hour**” means each hour or part thereof elapsing from the moment at which the APU commences operating until the time the APU is shut down, whether for aircraft operations or testing.

“**APU Restoration**” means the restoration of the power and load modules in accordance with the APU manufacturer manual inspection limits.

“**APU Utilisation Payments**” means the Utilisation Adjustment Payment for the APU.

“**APU Utilisation Payment Rate**” means the amount specified in Schedule 9.

“**Assignment of Insurances**” means the Assignment of Insurances, dated as of the Delivery Date, between Lessor and the Initial Sublessee together with all notices and acknowledgments be issued or given thereunder.

“**Assignment of Reinsurances**” means, if required in connection with any subleasing of the Aircraft pursuant to clause 9.3(d), an Assignment of Reinsurances, dated on or about the date of the proposed sublease, between Lessor and the relevant Permitted Sublessee’s insurer or insurance broker, as the case may be, together with the Notice and Acknowledgment relating thereto and entered into among each of the foregoing persons and acknowledged by the relevant Permitted Sublessee’s reinsurer or reinsurance broker, as the case may be.

“**ATAN**” means Assessoria para Assuntos de Tarifas de Navegação Aérea (ATAN), a division of the Departamento de Controle do Espaço Aéreo (DECEA) of Brazil, or its successor, any authority or Government Entity which, under the laws of the State of Registration, from time to time, has control or supervision in that state of the air navigation charges.

“**Aviation Authority**” has the meaning set forth in Schedule 9.

“**Back to Birth Traceability**” means in respect of any LLP, original, or certified copy of documentary evidence specifying the part number and the unique serial number of such LLP, and providing a detailed full operational history record acceptable to an EASA or FAA regulatory standard but in any event having the following: (i) the Original Delivery Document where Original Delivery Document means (x) for a part delivered new as a spare part, the manufacturer’s airworthiness document (FAA Form 8130-3 or EASA Form 1) showing the part number and serial number, (y) for a part delivered new installed on an assembly, the manufacturer’s assembly bill of material listing showing part number, serial number, assembly serial number and where relevant the as-delivered model and thrust rating; (ii) a certified removal/installation (“on/off”) transaction history detailing an unbroken record of the hours and cycles elapsed at each relevant thrust rating (for engine LLPs) from new up to current.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the Southern District of New York.

“**Bankruptcy Court Order**” means the bankruptcy court order in the form of Schedule 16 hereto, as reasonably modified and agreed to by the parties prior to the filing of a motion seeking approval of this Agreement with the U.S. Bankruptcy Court in connection with the Chapter 11 Cases.

“**Basic Rent**” has the meaning set forth in Schedule 9.

“**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open in London, England, Dublin, Ireland, São Paulo, Brazil, Santiago, Chile and New York City, United States of America for the transaction of business of the nature required by this Agreement.

“**CAMO**” means a continuing airworthiness management organisation.

“**Cape Town Convention**” means, collectively, the official English language texts of the Convention on International Interests in Mobile Equipment (the “**Convention**”), the Protocol to the Convention on Matters Specific to Aircraft Equipment (the “**Protocol**”) both signed in Cape Town, South Africa on 16 November 2001 and the regulations and procedures enacted by the Supervisory Authority of the International Registry thereunder.

“**C-Check**” means all zonal, systems and structural inspection checks which will be sufficient to clear the Aircraft for the C-Check Interval and in no event less than 7,500 Flight Hours, 5,000 Cycles and 24 months at Delivery and 7,500 Flight Hours, 5,000 Cycles and 24 months at redelivery, in accordance with the Maintenance Program.

“**C-Check Interval**” means the then current Manufacturer’s Maintenance Planning Document interval between C-Checks at the time of redelivery, as applicable, but in no event less than 7,500 Flight Hours, 5,000 Cycles and 24 months at Delivery, and no less than 7,500 Flight Hours, 5,000 Cycles, and 24 months at redelivery.

“**Chapter 11 Cases**” mean those certain chapter 11 proceedings under Title 11 of the United States Code, 11 U.S.C. §101 et. Seq., of the Lessee and its affiliated debtors and debtors-in-possession, filed on 26 May 2020, 7 July 2020, and 9 July 2020 in the Bankruptcy Court.

“**Compliance Date**” means the date on which Lessee has both (i) redelivered to Lessor the Aircraft, including the Aircraft Documents, in accordance with this Agreement (or in the case of a Total Loss of the Aircraft, has paid the Agreed Value in accordance with this Agreement) and (ii) paid all amounts and satisfied all obligations then due hereunder and under the Lessee’s Documents (in the case of any termination of the leasing of the Aircraft following the occurrence of a Lessee Termination Event, subject always to the provisions of clause 19.10 of this Agreement).

“**Connectivity Modification**” has the meaning set forth in Clause 10.7(c).

“**CPCP**” means the Manufacturer’s Corrosion Prevention Control Program.

“**Current Engine Thrust**” means 27,000 Lb.

“**Cycle**” means one (1) take-off and landing of the Aircraft or, in respect of any Engine or Part temporarily installed on another aircraft, of that other aircraft.

“**Damage Notification Threshold**” means the amount specified in Schedule 9.

“**Default**” means any event that, with the giving of notice and/or the passage of time, would constitute an Event of Default.

“**Default Rate**” means REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“**Delivery**” means delivery of the Aircraft by Lessor to Lessee hereunder.

“**Delivery Condition Requirements**” means the requirements for the condition of the Aircraft at Delivery as set forth in Schedule 8.

“**Delivery Date**” means the date on which Delivery occurs, such date being a date that occurs following the approval of the Bankruptcy Court Order as contemplated by Clause 3.9(b).

“**Delivery Location**” means the location specified in Schedule 9.

“**Deregistration Power of Attorney**” means a power of attorney substantially in the form set out in Schedule 7.

“**DGAC Chile**” means the Dirección General de Aeronáutica Civil de Chile, or any Government Entity that is the successor thereto.

“**DSG**” has the meaning set forth in the definition of “Expiry Date” in Schedule 9.

“**EASA**” means the European Aviation Safety Agency established by the European Parliament and the Council of the European Union under Regulation (EC) Number 1592/2002 and any successor that under the laws of the European Union shall have from time to time control or supervision of civil aviation in the European Union or have jurisdiction over the registration, airworthiness or operation of all other matters relating to the Aircraft.

“**Engine**” means (a) each of the engines of the manufacture and model and having the respective manufacturer’s serial numbers specified in Schedule 1 and all Parts installed in or on such engines at Delivery; (b) any Replacement Engine acquired by Lessor and leased to Lessee hereunder pursuant to Clause 15.2 and all Parts installed in or on such engine at the time of such acquisition and lease; and (c) all substituted and replacement Parts at any particular time installed in or on any of the said engines in accordance with this Agreement; including, in the case of (a) and (b) above, any such engine which, having been removed from the Aircraft, remains the property of Lessor pursuant to this Agreement and, in the case of (a), (b) and (c) above, any Parts which, having been removed from any such engine, remain the property of Lessor pursuant to this Agreement.

“**Engine Manufacturer**” means CFM International, Inc.

“**Engine Rate Adjustment Factor**” has the meaning set forth in Schedule 9.

“**Engine Performance Restoration Shop Visit**” REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

“**Engine Swap Aircraft**” means, for purposes of Clause 11.2(b), the Airbus A320-214 aircraft bearing manufacturer’s serial numbers 4827, 6689, 6712, 6871, and 6876, in each case, subject to an aircraft operating lease agreement between Lessor, as lessor, and Lessee, as lessee.

“**Engine Restoration Utilisation Payment Rate**” means the amount specified in Schedule 9.

“**Engine Restoration Utilisation Payments**” means, in respect of an Engine, the Utilisation Adjustment Payment payable in respect of that Engine.

“**Engine Thrust Rating**” means 33,000 Lb.

“**Engine Warranty Agreements**” means the Engine Warranty Agreements dated as of the Delivery Date in respect of each Engine, between Lessor and the Engine Manufacturer.

“**Event of Default**” means any of the events referred to in Clause 16.1.

“**Expiry Date**” means the date specified in Schedule 9.

“**FAA**” means the Federal Aviation Administration of the Department of Transportation of the United States of America and any successor that under the laws of the United States of America shall from time to time have control or supervision of civil aviation in the United States of America or have jurisdiction over the registration, airworthiness or operation of, or other matters relating to, the Aircraft.

“**Federal Aviation Regulations**” or “**FAR**” means the regulations promulgated by the FAA pursuant to Title 49, Subtitle VII of the United States Code, including, for the avoidance of doubt, Part 25, Part 91 (as applicable), Part 121 and Part 129 (as applicable).

“**Final Delivery Date**” means REDACTED*

“**Final Order**” means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for certiorari, or request for reargument or further review or rehearing has been timely filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for reargument or further review or rehearing that has been or may be filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be granted; *provided, however*, with respect to either of the foregoing, no order or judgment shall fail to be a Final Order solely because of the possibility that a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure or Bankruptcy Rule 9024 may be filed with respect to such order or judgment.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“**Financing Documents**” means all Loan Agreements, Security Documents, swaps and forward interest rate agreements entered into in connection with any Loan Agreement and all other documents from time to time executed by Lessor by way of security for, or as a guarantee of the performance by, Lessor of its obligations under any Loan Agreement (whether or not such document secures any other obligations as well) and notified in writing to Lessee.

“**Fixed Basic Rent**” means has the meaning set forth in Schedule 9.

“**Fixed Basic Rent Payment Date**” means the first day of each Fixed Basic Rent Period, provided that if a Fixed Basic Rent Period does not constitute the duration of the entire applicable month, the Fixed Basic Rent for such period shall be prorated on the basis of a 30 day month.

“**Fixed Basic Rent Period**” means each of the consecutive monthly periods throughout the period commencing on and including **REDACTED*** and ending on the Expiry Date.

“**Flight Hour**” means each hour or part thereof elapsing from the moment at which the wheels of the Aircraft (or other aircraft in the case of Parts, the APU or Engines temporarily installed on such other aircraft) leave the ground on the take-off of the Aircraft (or such other aircraft) until the wheels of the Aircraft (or such other aircraft) touch the ground on the landing of the Aircraft (or such other aircraft) following such take-off.

“**Government Entity**” **REDACTED***

“**Habitual Base**” means the jurisdiction set forth in Schedule 9.

“**I.A.T.A.**” means the International Air Transport Association.

“**ICAO**” means the International Civil Aviation Organization.

13. “**IDERA**” means an Irrevocable De-Registration and Export Authorisation in a form acceptable for filing with the Aviation Authority, substantially in the form of Schedule

“**Incident and Accident Statement**” **REDACTED***

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“**Indemnitee**” means REDACTED*

“**Initial Notice (AWA)**” means a notice signed by the Initial Entitled Party and the Initial Controlling Party (as each is defined in the Airframe Warranties Agreement) and dated as of the Delivery Date in the form of schedule 3 (*Initial Notice*) of the Airframe Warranties Agreement.

“**Initial Notice (EWA)**” means the notices signed by the Lessor and Lessee, and acknowledged by the Engine Manufacturer related to the EWA and dated as of the Delivery Date in respect of each Engine.

“**Initial Sublease**” means the sublease of the Aircraft entered into on or prior to the Delivery Date between Lessee and Initial Sublessee.

“**Initial Sublessee**” means TAM Linhas Aéreas S.A.

“**Insolvency Default**” means any Default in respect of the matters specified in Clauses 16.1(i)-16.1(n).

“**International Registry**” shall mean the electronic registry maintained pursuant to the Cape Town Convention.

“**Landing Gear**” means the nose and each main landing gear specified in Schedule 1 and any replacement landing gear installed on the Aircraft in accordance with the terms of this Agreement, title to which is vested in Lessor in accordance with this Agreement.

“**Landing Gear Utilisation Payment Rate**” means the amount specified in Schedule 9.

“**Landing Gear Utilisation Payments**” means the Utilisation Adjustment Payment in respect of the Landing Gear.

“**Landing Gear Overhaul**” means all scheduled landing gear maintenance and repair of the nose or main Landing Gears in the nature of overhaul and requiring complete disassembly.

“**Leasing Affiliate**” means any of

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

under relevant accounting principles, be consolidated for accounting purposes with Lessee.

“**Lender**” means one or more banks or financial institutions or other persons notified in writing to Lessee that may from time to time provide financing to Lessor in relation to acquisition or continuing ownership of the Aircraft and shall include any person acting as agent or security agent or trustee for one or more Lenders; provided that any requirement in this Agreement to give notices to or receive consents from the Lender shall be disregarded until such time as the Lender has been granted a Lien over the Aircraft or this Agreement and Lessee is so notified in writing.

“**Lessee’s Documents**” means this Agreement, the Acceptance Certificate, the Deregistration Power of Attorney executed by Lessee (if applicable), the IDERA executed by Lessee (if applicable), the Assignment of Insurances executed by Lessee (if applicable), the Initial Notice (AWA), each Initial Notice (EWA), each Subordination Acknowledgment, any acknowledgment of the Security Documents executed by Lessee and all notices, consents, certificates, confirmations and other documents from time to time issued or entered into by Lessee pursuant to or in connection with any thereof.

“**Lessee Illegality Event**” means an event or circumstance which makes it (or will make it) unlawful in any jurisdiction for Lessee to fulfil or perform any of the covenants or obligations expressed to be assumed by it under this Agreement or any other Operative Document to which it is a party and such event or circumstance does not constitute a Lessor Illegality.

“**Lessor Guarantee**” means a Guarantee in form and substance reasonably satisfactory to Lessee from Lessor Guarantor in respect of Lessor’s obligations under this Agreement.

“**Lessor Guarantor**” means **REDACTED***

“**Lessor Illegality Event**” means an event or circumstance which makes it (or will make it) unlawful for Lessor to give effect to any of its obligations under this Agreement or any other Operative Document to which it is a party and such event or circumstance apply solely in Lessor’s and/or Lessor Guarantor’s jurisdiction of incorporation and do not apply to, or in respect of, another jurisdiction.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“**Lessor’s Lien**” means any Lien over or in respect of the Aircraft arising as a result of **REDACTED***

“**Lien**” means any mortgage, charge, pledge, lien, right of detention, right of set-off (but excluding any right of set-off arising in favour of a banker by operation of law), any “international interest” or “national interest” (each as defined in the Cape Town Convention) or any encumbrance or security interest whatsoever, howsoever created or arising.

“**LLP**” means any Part for which a mandatory or established replacement time limit or inspection interval is specified in the type design, instructions for continued airworthiness or, in some cases, the maintenance manual.

“**LLP Utilisation Payment Rate**” means the amount specified in Schedule 9.

“**LLP Utilisation Payments**” means, in respect of the LLPs of an Engine, the Utilisation Adjustment Payment payable for such LLPs.

“**LLP Replacement Event**” means, in respect of an Engine, the performance of scheduled replacement of LLP(s) for an Engine in accordance with the Maintenance Program.

“**Loan Agreement**” means any agreement from time to time entered into between Lessor and/or any Affiliate thereof and one or more Lenders providing financing to Lessor and/or any Affiliate thereof in relation to the acquisition or continuing ownership of the Aircraft.

“**LOPA Payment**” **REDACTED***

“**Maintenance Planning Document**” means the latest revision of the Manufacturer’s recommended maintenance program for the Aircraft (including in respect of the Engines, the applicable Engine Manufacturer’s work scope planning guide, engine program and maintenance planning guide).

“**Maintenance Program**” means at any time a continuous airworthiness maintenance and inspection program of Lessee or any Permitted Sublessee (as applicable) that is authorised and approved by the Aviation Authority and based on Manufacturer or Engine Manufacturer recommendations and in compliance with EASA guidelines, encompassing scheduled maintenance (including block maintenance), condition monitored maintenance, and/or on condition maintenance of the Airframe, Engines and Parts and Lessor, upon request, has the right to receive a copy of the Maintenance Program and, upon request, the right but not the obligation to receive any and all updates, revisions and modifications to the Maintenance Program.

“**Maintenance Requirements**” has the meaning provided in Clause 10.1.

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“**Mandatory Regulatory Requirement**” means the mandatory operation requirements and modifications issued by EASA and the Aviation Authority.

“**Manufacturer**” means Airbus S.A.S., a société par actions simplifiée organised and existing under the laws of France.

“**Maximum Change Amount**” means the amount specified in Schedule 9.

“**Maximum Deductible Threshold**” means the amount specified in Schedule 9.

“**Minimum Liability Coverage Amount**” means the amount specified in Schedule 9.

“**OEM**” means an original equipment manufacturer.

“**Operative Documents**” means REDACTED*

“**Other Agreement**” mean the operating lease agreement between the Lessor (or an Affiliate of the Lessor) and the Lessee relating to the Other Aircraft.

“**Other Aircraft**” REDACTED*

“**Part**” means each part, component, appliance, accessory, instrument or other item of equipment (other than complete Engines or other engines or the APU or other auxiliary power unit) for the time being installed or incorporated in or attached to the Airframe or an Engine or which, having been removed therefrom, remains the property of Lessor pursuant to this Agreement, including, for the avoidance of doubt, all LLPs.

“**PBH Commencement Date**” means the Delivery Date.

“**PBH Expiry Date**” means REDACTED*

“**PBH Period**” means the period commencing on (and including) the PBH Commencement Date and ending on (and including) the PBH Expiry Date.

“**PBH Rent**” has the meaning set forth in Schedule 9.

“**PBH Rent Payment Date**” has the meaning set forth in Clause 6.1(a).

“**PBH Rent Period**” means, during the PBH Period:

(a) in respect of the first PBH Rent Period, the period commencing on (and including) the PBH Commencement Date and ending on the last day of that calendar month; and

(b) each subsequent PBH Rent Period shall commence on the first day of the calendar month immediately following the previous PBH Rent Period and shall be of one calendar month’s duration, provided that the last PBH Rent Period shall end on (and include) the PBH Expiry Date.

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“**Permitted Sublease**” means any aircraft lease agreement entered into between Lessee, as lessor, and a Permitted Sublessee, as lessee, concerning the Aircraft or any Engine and satisfying the requirements of Clause 9.

“**Permitted Sublessee**” has the meaning provided in Clause 9.3(d) and includes any Leasing Affiliate.

“**Permitted Lien**” REDACTED*

“**PMA Parts**” REDACTED*

“**Pre-Delivery Modifications**” has the meaning set forth in Clause 4.5.

“**Pre-Delivery Modification Contribution**” REDACTED*

“**Prime Rate**” means, on any date that the same is to be determined the US\$ “prime rate” as published in the Wall Street Journal on such date .

“**Prior Operator**” means REDACTED*

“**RAB**” means the Brazilian Aeronautical Registry, or any Government Entity that is the successor thereto.

“**Rent**” means REDACTED*

“**Replacement APU**” has the meaning set forth in Clause 15.3(c).

“**Replacement Engine**” has the meaning set forth in Clause 15.2(b).

“**Replacement Part**” has the meaning set forth in Clause 10.5(f).

“**Return Acceptance Certificate**” means the certificate substantially in the form set out in Schedule 14.

“**Return Location**” has the meaning provided in Clause 18.1.

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“**Scheduled Delivery Date**” means the date specified in Schedule 9.

“**Security Documents**” means any and all assignments by way of security or mortgage entered into by Lessor of any or all of Lessor’s right, title and interest in and to the Aircraft, this Agreement and/or the other Lessee’s Documents from time to time granted by Lessor in favor of any Lender and notified in writing to Lessee.

“**Servicer**” means REDACTED*

“**6Y Check**” means the structural inspection of the Aircraft as defined by the latest revisions of the Maintenance Planning Document which shall include but will not be limited to (i) the 6 year or equivalent Zonal, Structural and Systems Inspection Program tasks, (ii) the relevant C-Check and lower checks and (iii) any CPCP tasks falling due at that interval.

“**SRM**” means the latest revision of the Manufacturer’s Structural Repair Manual.

“**State of Incorporation**” means the jurisdiction set forth in Schedule 9.

“**State of Registration**” means the jurisdiction set forth in Schedule 9.

“**Subordination Acknowledgment**” means a subordination acknowledgment substantially in the form set forth in Schedule 15.

“**Subsidiary**” means: REDACTED*

“**Supplemental Rent**” REDACTED*

“**Tax Indemnitee**” means REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“**Taxes**” means all present and future taxes, levies, imposts, duties, withholdings wheresoever imposed, including, without limitation, value added tax, consumption tax or any other tax in respect of added value or any income (including, without limitation, gross income, minimum, alternative minimum, capital gains income, gross receipts and net receipts), franchise, transfer, sales, use, business, occupation, excise, personal property, real property, stamp, documentary or other tax imposed by a Government Entity together with any penalties, additions to tax, fines or interest with respect to any of the foregoing; and “tax” and “taxation” shall be construed accordingly.

“**Term**” means the period commencing on the Delivery Date and ending on the Termination Date.

“**Termination Date**” means the Expiry Date, or, if the Term is extended pursuant to Clause 18.4, the last day of the period for which the Term is so extended, or, if earlier, (i) the date when Lessor terminates the leasing of the Aircraft to Lessee pursuant to the terms hereof, or (ii) the date when Lessor receives the Agreed Value together with any other amounts then due and unpaid under the Lessee’s Documents following a Total Loss of the Aircraft.

“**Third Party Beneficiary**” has the meaning set forth in Clause 11.3(d).

“**Total Loss**” REDACTED*

“**Total Loss Payment Date**” means with respect to a Total Loss the earlier of:

REDACTED*

REDACTED*

“**12Y Check**” means the structural inspection of the Aircraft as defined by the latest revisions of the Maintenance Planning Document which shall include but will not be limited to (i) the 12 year or equivalent Zonal, Structural and Systems Inspection Program tasks, (ii) the relevant C-Check and lower checks, (iii) any CPCP tasks falling due at that interval and (iv) all Structural Significant Items SSI due when the 12Y Check is accomplished.

“**US\$**,” “**US Dollars**” or “**\$**” means the lawful currency of the United States of America.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

“Utilisation Adjustment Payments” means the amounts to be paid by Lessee pursuant to Clause 18.7 and Schedule 10.

1.2 Interpretation.

(a) References in this Agreement to:

(i) Clauses, Schedules or Annexes are, unless otherwise specified, references to Clauses of, and Schedules and Annexes to, this Agreement;

(ii) any statutory or other legislative provision shall be construed as including any statutory or legislative modification or re-enactment thereof, or any provision enacted in substitution therefor;

(iii) the “Aircraft” include any part of the Aircraft, and, where the context so admits, any of the Aircraft Documents, and references to any part of the Aircraft include any part of any Engine;

(iv) the word “person” or “persons” or to words importing persons include, without limitation, individuals, partnerships, limited liability companies, corporations, Government Entities and other bodies, corporate or unincorporated, whether having distinct legal personality or not;

(v) “Lessor” or “Lessee” include any assignee or transferee of Lessor or Lessee, respectively permitted in accordance with Clause 20.2 and any successors of such persons and references to a Lender includes any assignee or successor of that Lender;

(vi) any agreement shall include such agreement as it may from time to time be amended, modified, supplemented, novated or substituted;

(vii) an “agreement” also includes a concession, contract, deed, instrument, franchise, license, treaty or undertaking (in each case, whether oral or written);

(viii) the “assets” of any person shall be construed as a reference to the whole or any part of its business, undertaking, property, assets and revenues (including any right to receive revenues);

(ix) “indebtedness” includes any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent;

(x) “law” shall include common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, rule, statute, treaty, convention or other legislative measure in any jurisdiction or any present or future directive, regulation, procedure, request or requirement, or official or judicial interpretation of any of the foregoing, in each case having the force of law;

(xi) “calendar month” or “year” are references to calendar months and years under the Gregorian calendar

(xii) "month" are references to a period starting on one day in a calendar month and ending on the day prior to the day numerically corresponding day in the next calendar month (and references to "months" shall be construed accordingly) save that, where any such period would otherwise end on a non- Business Day, it shall end on the preceding Business Day, and provided that if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in such month;

(xiii) a "guarantee" also includes any other obligation (whatever called) of any person to pay, purchase, provide funds (whether by way of the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets or services, or otherwise) for the payment of, to indemnify against the consequences of default in the payment of, or otherwise to be responsible for, any indebtedness of any other person; and

(xiv) "gross negligence" means in relation to any person, an intentional or conscious act or decision of such person taken with reckless disregard for the consequences of such act or decision.

(b) Headings are for ease of reference only.

(c) Where the context so admits, words importing the singular number shall include the plural and vice versa, and words importing neuter gender shall include the masculine or feminine gender.

CLAUSE 2 REPRESENTATIONS AND WARRANTIES.

2.1 Lessee's Representations and Warranties. Lessee acknowledges that Lessor has entered into this Agreement and the other Operative Documents in full reliance on the representations and warranties by Lessee in Clauses 2.1 and 2.3; and Lessee now represents and warrants to Lessor that the following statements are on the date hereof, and on the Delivery Date will be, true and accurate:

(a) Lessee is a *sociedad anónima* duly incorporated under the laws of the State of Incorporation and is validly existing and in good standing, and has full corporate power and authority to conduct its business as presently conducted, to own or hold under lease its assets, to enter into and perform its obligations under the Lessee's Documents and to consummate the transactions contemplated hereby and thereby;

(b) all necessary authorisations, approvals, consents, licenses, permits and orders of and registrations with any Government Entity have been (or will on or before the Delivery Date) obtained and are (or will be on their being obtained) in full force and effect that are required to authorise, Lessee to sign and deliver, and perform its obligations under and the transactions contemplated by the Lessee's Documents;

(c) the Lessee's Documents constitute, or when entered into will constitute, legal, valid and binding obligations of Lessee, enforceable in accordance with their respective terms except as enforceability may be limited by bankruptcy, insolvency or other general principles of equity affecting the enforcement of creditors' rights, including the need to obtain Bankruptcy Court approval of the Documents;

(d) neither the execution and delivery of the Lessee's Documents nor the performance of any of the transactions contemplated herein by Lessee and therein will: (i) contravene or constitute a violation or breach of or a default under any existing law or agreement by which Lessee or any of its assets is bound, any agreement to which it is a party or Lessee's organisational documents; (ii) cause any limitation on Lessee or its assets or the powers of its directors or officers, whether imposed by or contained in Lessee's organisational documents or any existing law, agreement or otherwise, to be exceeded; or (iii) result in the creation or imposition of, or oblige Lessee to create, any Lien (other than a Permitted Lien) over its undertaking or any of its assets, rights or revenues;

(e) except for (i) such filings, registrations and recordings as will have been made on the Delivery Date as specified in Clause 3.1 and (ii) the matters referred to in Clause 3.7 (*Post-Closing Matters*), it is not necessary or advisable under the laws of the State of Registration, the State of Incorporation or the Habitual Base in order to ensure the validity, effectiveness or enforceability of any Lessee's Document or to protect the rights of Lessor in the Aircraft or any part thereof that any Lessee's Document or any other instrument be filed, registered or recorded or that any registration or any other action be taken and under such laws, the rights of Lessor in the Aircraft will have priority in all respects over the claims of all creditors of Lessee (other than in respect of obligations mandatorily preferred by law and statutory priorities in case of insolvency);

(f) the obligations of Lessee under the Lessee's Documents are, or upon execution thereof by Lessee will be, direct, general and unconditional obligations of Lessee and rank, or will rank, at least *pari passu* with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of Lessee save for obligations mandatorily preferred by law and not by reason of any Lien;

(g) other than the Chapter 11 Cases and events, conditions or circumstances related to the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands, no event has occurred that constitutes a material default under, any agreement by which Lessee or any of its assets is bound or affected, and that could reasonably be expected to have a material adverse effect on the financial condition of Lessee or an adverse effect on its ability to observe or perform its material obligations under the Lessee's Documents;

(h) other than the Chapter 11 Cases and events, conditions or circumstances related to the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands, no litigation, arbitration or administrative proceeding that if adversely determined (by itself or together with any other such proceedings or claims) would have a material adverse effect on Lessee's ability to perform its obligations under the Lessee's Documents or a material adverse effect upon its financial condition is presently in progress or pending or threatened against Lessee or any of its assets;

(i) the audited, (consolidated) accounts of Lessee for the fiscal year ended December 31, 2020 (or if unavailable at the time of Delivery, the latest audited quarterly accounts available) have been prepared in accordance with generally accepted accounting principles in the State of Incorporation and give a true and fair view of the results of its operations for that period and its consolidated financial condition at such year-end date and, in particular, to the extent required by generally accepted accounting principles in the State of Incorporation, accurately disclose or reserve against all the liabilities (actual or contingent) of Lessee, and, other than events, conditions or circumstances related to the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands, there has been no material adverse change in the consolidated financial condition of Lessee since such year-end date which would have a material adverse effect on the financial condition of Lessee or materially adversely affect the ability of Lessee to perform its obligations under the Lessee's Documents;

(j) all necessary returns have been delivered by Lessee to the applicable taxation authorities within applicable filing periods, Lessee is not in default in the payment of any material Taxes, no claim is being asserted with respect to Taxes that is not disclosed in the audited accounts referred to in clause (i) above that if paid, could reasonably be expected to have a material adverse effect on the financial condition of Lessee or a material adverse effect on Lessee's ability to observe or perform any of its obligations under the Lessee's Documents;

(k) Lessee, under Applicable Law, is subject to private commercial law and suit, and neither Lessee nor its properties or assets have any right of immunity from suit or execution on the grounds of sovereignty in the State of Incorporation or any other jurisdiction or on any other grounds;

(l) no Default or Event of Default has occurred and is continuing;

(m) Lessee has not granted to any person other than Lessor an "international interest," "national interest," "prospective international interest" (as such terms are defined in the Cape Town Convention) or a de-registration and export request authorisation with respect to the Airframe or any Engine; and

(n) the registered office of Lessee is at Avenida Presidente Riesco 5711, 19th Floor, Santiago, Chile and Lessee is not situated for purposes of the Cape Town Convention in any jurisdiction other than the State of Incorporation.

2.2 Lessor's Representations and Warranties. Lessor acknowledges that Lessee has entered into this Agreement and the other Lessee's Documents to which it is a party in full reliance on representations and warranties by Lessor in the following subclauses; and Lessor now represents and warrants to Lessee that the following statements are, on the date hereof, and on the Delivery Date will be, true and accurate:

(a) Lessor is duly organised and validly existing under the laws of the jurisdiction of its organisation and has full corporate power and authority to conduct its business as presently conducted, to enter into and perform its obligations under the Operative Documents to which it is a party and to consummate the transactions contemplated hereby and thereby;

(b) Lessor's organisational documents incorporate provisions that permit, and all necessary action has been taken to authorise, and all necessary authorisations of any Government Entity have been duly and unconditionally obtained and are now in full force and effect that are required to authorise, Lessor to sign and deliver, and to perform the transactions contemplated by, the Operative Documents to which Lessor is a party;

(c) the Operative Documents to which Lessor is a party constitute, or when entered into will constitute, legal, valid and binding obligations of Lessor, enforceable in accordance with their respective terms;

(d) neither the execution and delivery of the Operative Documents to which Lessor is a party nor the performance of any of the transactions contemplated herein and therein will: (i) contravene or constitute a violation or breach of or a default under any existing law or agreement by which Lessor or any of its assets is bound, any agreement to which Lessor is a party or Lessor's organisational documents; (ii) cause any limitation on Lessor, or the power of its directors and officers, whether imposed by or contained in Lessor's organisational documents or any existing law, agreement or otherwise, to be exceeded; or (iii) result in the creation or imposition of, or oblige Lessor to create, any Lessor's Lien (other than Liens of the type described in clause (c) of the definition thereof);

(e) Lessor, under Applicable Law, is subject to private commercial law and suit, and neither Lessor nor its properties or assets have any right of immunity from suit or execution on the grounds of sovereignty in its state of incorporation or any other jurisdiction or on any other grounds;

(f) the obligations of Lessor under the Operative Documents to which it is a party are, or upon execution thereof by Lessor will be, direct, general and unconditional obligations of Lessor and rank, or will rank, at least *pari passu* with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of Lessor save for obligations mandatorily preferred by law and not by reason of any Lessor's Lien;

(g) no event has occurred that constitutes a contravention of, or default under, any agreement by which Lessor or any of its assets is bound or affected, and that could reasonably be expected to have a material adverse effect on the financial condition, business, assets, operations or prospects of Lessor or an adverse effect on its ability to observe or perform its obligations under the Operative Documents to which it is a party;

(h) no litigation, arbitration or administrative proceeding that could reasonably be expected (by itself or together with any other such proceedings or claims) to have an adverse effect on Lessor's ability to observe or perform its obligations under the Operative Documents to which it is a party or a material adverse effect upon its financial condition, business, assets, operations or prospects is presently in progress or pending or threatened against Lessor or any of its assets; and

(i) the Aircraft is free and clear of all Liens (including, to Lessor's knowledge, having made due inquiry, any Liens arising by, through, or under the Prior Operator that would interfere with the quiet enjoyment of the Lessee), other than Permitted Liens.

2.3 No Prejudice. The rights of either party hereto in relation to any misrepresentation or breach of warranty by the other party shall not be prejudiced by any investigation by or on behalf of the first party into the affairs of the other party, by the performance of this Agreement and the other Operative Documents to which it is a party or by any other act or thing done or omitted by the first party that would, but for this Clause 2.3, prejudice such rights.

CLAUSE 3 CONDITIONS PRECEDENT.

3.1 Lessor's Conditions Precedent. Lessor's obligation to deliver and commence the leasing of the Aircraft under this Agreement is subject to fulfilment of each of the following conditions:

(a) Lessor shall have received the following documents, each in form and substance reasonably acceptable to Lessor, on or prior to Delivery:

(i) an opinion of in-house legal counsel to Lessee in the State of Incorporation addressed to Lessor in respect of the capacity and due execution by Lessee of the Operative Documents to which it is a party;

(ii) at the cost and expense of Lessor, an opinion of independent legal counsel to Lessor as to matters of Brazilian law addressed to Lessor;

(iii) a certificate substantially in the form of Schedule 4 signed by a duly authorised officer or director of Lessee together with the documents referred to in such certificate;

(iv) a certificate substantially in the form of Schedule 4 signed by a duly authorised officer or director of Initial Sublessee together with the documents referred to in such certificate;

(v) copies, or evidence of the issue of all consents, licenses, authorisations and approvals of any Government Entity (if any), that are required in connection with the execution, delivery and performance of this Agreement, the other Lessee's Documents, and the Initial Sublease (as applicable);

(vi) an insurance brokers' certificate of insurance evidencing to the reasonable satisfaction of Lessor that the insurances comply with Clause 14, together with a broker's letter of undertaking addressed to Lessor and the Lenders (if any);

(vii) copies of the up to date Lessee's and Initial Sublessee's air transport license (if any), air operator's certificates and all other licenses, certificates and permits required to be maintained by Lessee and Initial Sublessee for the public transport of passengers and cargo by aircraft;

(viii) a copy of the Initial Sublessee's Maintenance Program;

- (ix) a letter from the process agent appointed by Lessee accepting the appointment as contemplated by Clause 20.13(b);
 - (x) a letter from the process agent appointed by Initial Sublessee accepting the appointment as contemplated by the Initial Sublease;
 - (xi) two original copies of the IDERA issued by the Initial Sublessee;
 - (xii) the Deregistration Power of Attorney signed by the Initial
 - (xiii) a copy of a letter from Initial Sublessee to ATAN and the Superintendência de Infra-Estrutura Aeroportuária – SIE pursuant to which Initial Sublessee authorises the addressee to issue to Lessor, upon request from time to time, a statement of account of all sums due by Initial Sublessee to the authority in respect of the Aircraft; and
 - (xiv) a copy of the Initial Sublease
 - (xv) if the Aircraft is subject to the Initial Sublease as at the Delivery Date, evidence that each of Lessee and Initial Sublessee has appointed lawyers from Basch & Rameh Advogados Associados as professional user entities to effect the registrations on the International Register (as defined in the Cape Town Convention) as set forth in this Agreement;
- (b) Lessor shall have received counterparts duly executed by Lessee and each other party thereto (other than Lessor) of this Agreement, the Acceptance Certificate and the other Lessee's Documents;
- (c) If the Aircraft is subject to the Initial Sublease as at the Delivery Date, Lessor shall have received evidence that the "international interests" (as defined in the Cape Town Convention) arising out of (i) this Agreement in relation to the Airframe and (ii) the Initial Sublease in relation to the Airframe and each Engine shall have been registered by the Lessor with the International Registry and the rights to discharge all such international interests shall have been transferred to the Lessor;
- (d) Lessor shall have been able to download a copy of Lessee's consolidated audited financial statements for its financial year ended 31 December 2020 (or if unavailable at the time of Delivery, the latest audited quarterly accounts available) as published on Lessee's investor relations website (www.latamairlinesgroup.net);
- (e) Lessor shall have received all Basic Rent due on or before the Delivery Date;
- (f) each of the representations and warranties contained in Clause 2.1 and in each of the other Operative Documents to which Lessee is a party shall be true and accurate on the Delivery Date as if made on the date thereof; and

(g) no change shall have occurred after the date of this Agreement in any Applicable Law or in the interpretation thereof that, in Lessor's opinion, would make it illegal for Lessor and/or Lessee to perform any of their respective obligations under this Agreement or any of the other Lessee's Document;

(h) if the Aircraft is subject to the Initial Sublease as at the Delivery Date, Lessee shall have delivered to Lessor evidence in the form of a filing receipt (*protocolo do RAB*) that Lessee (or Initial Sublessee) has filed the Initial Sublease with the Aviation Authority, along with its certified sworn translation into Portuguese prepared by a public translator in Brazil, the Subordination Acknowledgment, and any other appropriate authorities or Government Entities and take such further actions as required by the Aviation Authority or any other appropriate authorities or Government Entities to perfect Lessor's interest in the Aircraft and the Initial Sublease in the State of Registration; and

(i) the U.S Bankruptcy Court administering Lessee's currently pending Chapter 11 Cases has entered an order approving this Agreement, and such order is a Final Order.

3.2 Waiver. The conditions precedent set forth in Clause 3.1 are for the sole benefit of Lessor and may be waived or deferred by Lessor in whole or in part and with or without conditions. If any of such conditions precedent are not satisfied on the Delivery Date, Lessee shall ensure that such conditions precedent are satisfied within ten (10) days of the Delivery Date (or such later date as may be agreed in writing between Lessee and Lessor, each acting reasonably).

3.3 Lessee's Conditions Precedent.

REDACTED*

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

3.4 Waiver. The conditions precedent set forth in Clause 3.3 are for the sole benefit of Lessee and may be waived or deferred by Lessee in whole or in part and with or without conditions. If any of such conditions precedent are not satisfied on the Delivery Date, Lessor shall ensure that such conditions precedent are satisfied within ten (10) days of the Delivery Date (or such later date as may be agreed in writing between Lessee and Lessor, each acting reasonably).

3.5 Reasonable Efforts. Each of Lessor and Lessee shall use commercially reasonable efforts to satisfy the conditions precedent described in this Clause 3 that are within its own control.

3.6 Post-Closing Matters. Lessor shall receive each of the following, in form and substance reasonably satisfactory to Lessor:

(a) Certificate of Registration (“*Matricula*”) and Certificate of Airworthiness (“*Aeronavegabilidad*”): as soon as the documents are issued by the Aviation Authority, and in any event no later than sixty (60) Business Days after the Delivery Date, a copy of (i) the Certificate of Registration of the Aircraft (*Matricula*), specifying Lessor as owner of the Aircraft and the Initial Sublessee as operator of the Aircraft, and (iii) a copy of the certificate of airworthiness issued by the Aviation Authority.

(b) Other Certificates and Licenses: within sixty (60) Business Days after the Delivery Date a copy of the Initial Sublessee’s radio station license with respect to the Aircraft.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(c) Customs Forms: within thirty (30) Business Days after the Delivery Date, a copy of the customs clearance forms, including the delivery of a Declaration of Importation (“*DT*”) and Proof of Importation (“*CT*”), and any other documents issued by the Brazilian Federal Revenue Secretariat (the “SRF”) evidencing that the Aircraft was legally admitted into Brazil under the “Temporary Admission Regime” of the SRF for the full Term. In the event that the SRF does not grant such special regime of Temporary Admission, Lessee, at its own cost and expense, will either pay the taxes due and transfer the Aircraft to a new import regime or take the necessary steps to re-export the Aircraft to the Return Location and cancel Brazilian Registration Marks of the Aircraft. In the event that the SRF grants an approval under the “Temporary Admission Regime” for a period of less than the full Term then Lessee shall be obligated to procure a renewal of such approval not less than thirty (30) days prior to its expiration.

(d) Registration of Documents with the Aviation Authority: within ten (10) Business Days after the Delivery Date evidence of the filing receipt of the acceptance certificate under the Initial Sublease executed by the Initial Sublessee and its sworn translation into Portuguese and the IDERA executed by the Initial Sublessee with the Aviation Authority and within sixty (60) Business Days after the Delivery Date a certificate (*Certidão de Inteiro Teor*) issued by the Aviation Authority evidencing registration of the Initial Sublease, the IDERA executed by the Initial Sublessee, and the acceptance certificate under the Initial Sublease executed by the Initial Sublessee with the Aviation Authority.

(e) Opinion: within five (5) Business Days of the Delivery Date, a legal opinion from Basch & Rameh Advogados Associados as to the registration of the “international interests” (as defined in the Cape Town Convention) created by this Agreement and the Initial Sublease with the International Registry (as defined in the Cape Town Convention).

3.7 Waiver: If any of such conditions subsequent are not satisfied within the time period specified in Clause 3.7, Lessee shall ensure that such condition subsequent is satisfied within ten (10) Business Days of the date for such unsatisfied condition subsequent (or such later date as may be agreed in writing between Lessee and Lessor, each acting reasonably).

3.8 Cape Town Convention.

(a) In this Agreement, the Convention and the Protocol shall be read and interpreted together as a single instrument as required by Article 6(1) of the Convention (the “Consolidated Text”). In this Clause 3.9 the following expressions have the respective meanings given to them in Article 1 of the Consolidated Text:

aircraft engines; aircraft object; airframe; assignment; associated rights; creditor; international interest; leasing agreement; prospective international interest; security agreement.

(b) Lessor and Lessee agree that:

(i) the Airframe is an airframe and, accordingly, an aircraft object to which this Agreement relates for the purposes of the Cape Town Convention and is an Airbus A320-214 aircraft with manufacturer’s serial number 4860 and the Engines are aircraft engines and, accordingly, aircraft objects for the purposes of the Cape Town Convention and are CFM International, Inc. Model CFM56-5B4/3 engines with Engine Manufacturer’s serial numbers 643566 and 643614;

(ii) the international interest of Lessor, as a creditor, in the Airframe, being the lessor under a leasing agreement of an aircraft object shall, on or prior to Delivery, be registered with the consent of Lessor and Lessee, as an international interest under the Cape Town Convention in the Airframe;

(iii) on or prior to delivery of the Aircraft by Lessee to Initial Sublessee pursuant to the Initial Sublease, (x) the international interest of Lessee as a creditor in the Airframe and each Engine (by Lessee being the lessor under a leasing agreement of aircraft objects pursuant to the Initial Sublease) shall be registered with the International Registry, and Lessee shall procure the consent of the Initial Sublessee for such registration, and (y) the rights to discharge all such international interests shall be transferred to the Lessor; and

(iv) each of the Events of Default set out in Clause 16.1 will be deemed to be events that constitute a “default” (as such term is used in the Convention).

3.9 Bankruptcy-Related Matters.

(a) Lessee shall file a motion with the U.S. Bankruptcy Court in connection with the Chapter 11 Case within five (5) Business Days of the date of this Agreement seeking approval of the Bankruptcy Court Order; and

(b) Lessee shall seek approval of the U.S. Bankruptcy Court of the Bankruptcy Court Order within forty five (45) days of the date of this Agreement, authorizing Lessee to enter into this Agreement and the Operative Documents with respect to the Aircraft and to consummate the transactions contemplated hereby and thereby, which order shall have become a Final Order.

(c) It is agreed that the obligations of Lessor and Lessee hereto to participate in the transaction contemplated hereby are subject to the approval of the U.S. Bankruptcy Court and entry of the Bankruptcy Court Order by the U.S. Bankruptcy Court.

CLAUSE 4 COMMENCEMENT.

4.1 Term of Leasing.

(a) General. Lessor will lease the Aircraft to Lessee and Lessee will take delivery of the Aircraft on lease in accordance with this Agreement for the duration of the Term. Subject to Clause 4.2, Lessor will deliver and Lessee will accept the Aircraft on the Scheduled Delivery Date at which time the leasing of the Aircraft pursuant to the terms of this Agreement shall commence. The date set forth on the Acceptance Certificate confirming the “Delivery Date” shall be the Delivery Date for all purposes under this Agreement.

(b) Termination Prior to Delivery.

(i) If Delivery does not occur on or before the Final Delivery Date for any reason other than Lessee being unwilling or unable to accept delivery of the Aircraft on the date the Aircraft is validly tendered for Delivery to Lessee pursuant to this Clause 4, then either party may by written notice to the other party terminate this Agreement and upon any such termination neither party will have any further obligation to the other party under this Agreement.

(ii) Lessor shall use its commercially reasonable efforts to deliver the Aircraft to Lessee as soon as possible following the date of this Agreement. Lessor shall not be responsible for any damages suffered by Lessee arising from any delay in the delivery of, or failure to deliver, the Aircraft to Lessee under this Agreement unless such delay or failure arises as a consequence of the gross negligence or willful misconduct of Lessor. Under no circumstances shall Lessor be liable for any consequential, exemplary, or punitive damages or any damages related to loss of revenue.

(c) Risk of Loss. Upon Delivery, the Aircraft, the Engines, the APU and every Part will be in every respect at the sole risk of Lessee, who will bear all risk of loss, theft, damage or destruction to the Aircraft, any Engine or any Part from any cause whatsoever.

4.2 Delivery. Subject to satisfaction (or waiver) of the conditions precedent set forth in Clause 3.1, Lessor will deliver the Aircraft to Lessee and, subject to the satisfaction (or waiver) of the conditions precedent set forth in Clause 3.3, and the Aircraft meeting the Delivery Condition Requirements as set out in this Agreement, Lessee will accept the Aircraft at the Delivery Location. Without prejudice to Clauses 3.1 and 4.1, Lessee will effect acceptance of the Aircraft by execution and delivery to Lessor of the Acceptance Certificate. Lessee's acceptance of the Aircraft shall be regarded for all purposes as absolute, unconditional and irrevocable.

4.3 Licenses. Lessee will be responsible for obtaining (or procuring that Initial Sublessee obtains) at its expense all licenses, permits and approvals which may be necessary to transport the Aircraft from the Delivery Location to the State of Registration and/or the Habitual Base. Lessor will furnish such data and information as Lessor may have in its possession and as may be reasonably requested by Lessee in connection with obtaining any such license, permit or approval.

4.4 Inspection. Prior to the Scheduled Delivery Date, Lessor will make the Aircraft and the Aircraft Documents available to Lessee at the Delivery Location (or at another location agreed to by Lessor and Lessee) in order for Lessee to verify that the Aircraft satisfies the Delivery Condition Requirements. Such inspection will include and be for a mutually agreed sufficient duration to permit Lessee to:

(a) inspect the Aircraft Documents;

(b) inspect the Aircraft and any uninstalled Parts;

(c) observe a demonstration flight (of approximately two (2) hours duration) based on the Manufacturer's used aircraft flight procedure, including take-off performance test and engine ground runs, per the Task 71-00-00-710-008-B Power Assurance Check to demonstrate that each Engine performance, including EGT margin, is consistent with the Engine Flight Hours and Cycles operated since the previous Engine Performance Restoration Shop Visit. If any dispute arises between Lessor and Lessee with respect to the EGT takeoff margin, the parties shall seek the determination of the Engine Manufacturer for final resolution;

(d) inspect the Engines, including a full digitally recorded borescope of combustor and low and high pressure compressor and turbine areas, as well as an engine max power assurance run per the Engine Manufacturer's criteria; and

(e) inspect the APU, including a full digitally recorded borescope inspection, and chip detector inspection, in accordance with the AMM and a line maintenance inspection or health check.

Lessor shall be responsible for all costs associated with the foregoing inspections; provided, however, that Lessor shall not be responsible for any costs associated with Lessee's personnel, including travel, meals, lodging and any costs and expenses ancillary thereto.

Lessee may accept the Aircraft subject to the correction of any defect or non-conformity with the Delivery Condition Requirements observed during the inspection or demonstration flight in which case Lessee shall notify Lessor promptly upon the discovery of any such defect or non-conformity. Lessor may correct or procure the correction, at no cost to Lessee, of the defect or non-conformity as promptly as practicable, and Lessor may postpone the Delivery Date to the date on which Lessor notifies Lessee that the defect or non-conformity has been rectified; provided, however that Lessor and Lessee agree that in the case of any defects or non-conformities not affecting the airworthiness of the Aircraft or of the ability of the Aircraft to be immediately placed into commercial service by Lessee (for which the combined cost of rectifications would not exceed REDACTED*), Lessor may deliver the Aircraft to Lessee and, at Lessor's option after consultation with Lessee, (i) pay to Lessee an amount equal to the estimated cost of rectification of such defects or non-conformities as agreed between Lessor and Lessee (including the reasonable out-of-pocket costs incurred by Lessee to correct such defects and non-conformities), (ii) procure the correction of such defects or non-conformities at Lessor's cost following Delivery at a time agreed upon with Lessee or (iii) permit the Aircraft to be redelivered to Lessor at the end of the Term with such defects or non-conformities in the same condition of deviation from the required redelivery condition as at Delivery, and in the case of (i), (ii) and (iii), Lessee shall not be entitled to rely on the failure of those defects or non-conformities to meet the Delivery Condition Requirements as the basis upon which it does not accept the valid tender of the Aircraft for Delivery pursuant to the terms hereof. Lessor or Lessee will be entitled to terminate this Agreement if Lessor notifies Lessee that Lessor does not intend to correct the defect or non-conformity. If this Agreement is not terminated and Lessor corrects or procures the correction of any such defect or non-conformity, Lessor shall make the Aircraft available for reinspection by Lessee. Upon completion of such inspection or reinspection, and provided that the Delivery Condition Requirements are then satisfied, Lessee shall effect acceptance of the Aircraft in the manner and with the effect specified in Clause 4.2.

4.5 Pre-Delivery Modifications.

REDACTED*

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

4.6 Quiet Enjoyment; Lessor's Obligations.

(a) Quiet Enjoyment. So long as no Event of Default has occurred and is continuing, neither Lessor nor any person lawfully claiming by or through it will disturb the quiet use, possession and enjoyment of the Aircraft by Lessee during the Term. Lessor will procure that the Lender (or, in the case of multiple Lenders, the agent on behalf of the Lenders) and any other assignee or transferee of Lessor pursuant to Clause 20.2 will give a direct covenant to Lessee on the same terms to those set out in this subclause (a).

(b) Lessor Obligations Following Termination Date. Within five (5) Business Days after (i) redelivery of the Aircraft to Lessor in accordance with and in the condition required by this Agreement, or (ii) payment to Lessor of the Agreed Value following a Total Loss and all other amount due hereunder, Lessor will pay to Lessee the amount of any Basic Rent received in respect of any period falling after the date of redelivery of the Aircraft or payment of the Agreed Value, as the case may be.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

CLAUSE 5 DISCLAIMERS

5.1 General Disclaimers

(a) LESSEE ACKNOWLEDGES AND AGREES THAT LESSEE ALONE HAS SELECTED THE AIRCRAFT FOR LEASING BY LESSOR TO LESSEE.

(b) LESSEE UNCONDITIONALLY AGREES THAT THE AIRCRAFT AND EACH PART THEREOF IS TO BE LEASED IN AN "AS IS, WHERE IS" CONDITION AS AT THE DELIVERY DATE AND THROUGHOUT THE TERM, AND NO TERM, CONDITION, WARRANTY, REPRESENTATION OR COVENANT OF ANY KIND HAS BEEN MADE OR IS GIVEN BY LESSOR OR ITS SERVANTS OR AGENTS IN RESPECT OF THE AIRWORTHINESS, VALUE, QUALITY, DURABILITY, CONDITION, DESIGN, OPERATION, DESCRIPTION, MERCHANTABILITY, SATISFACTORY QUALITY OR FITNESS FOR USE OR PURPOSE OF THE AIRCRAFT OR ANY PART THEREOF, AS TO THE ABSENCE OF LATENT, INHERENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, COPYRIGHT, DESIGN, OR OTHER PROPRIETARY RIGHT; AND ALL CONDITIONS, WARRANTIES AND REPRESENTATIONS (OR OBLIGATION OR LIABILITY, IN CONTRACT OR IN TORT) IN RELATION TO ANY OF THOSE MATTERS, EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE, ARE EXPRESSLY EXCLUDED.

(c) DELIVERY OF THE ACCEPTANCE CERTIFICATE BY LESSEE TO LESSOR SHALL BE CONCLUSIVE PROOF AS BETWEEN LESSOR ON THE ONE HAND AND LESSEE ON THE OTHER HAND THAT LESSEE'S TECHNICAL EXPERTS HAVE EXAMINED AND INVESTIGATED THE AIRCRAFT AND EACH PART THEREOF AND THAT THE AIRCRAFT AND EACH PART THEREOF IS AIRWORTHY AND IN GOOD WORKING ORDER AND REPAIR, WITHOUT DEFECT (WHETHER OR NOT DISCOVERABLE AT THE DELIVERY DATE), AND (EXCEPT AS OTHERWISE STATED THEREIN) IN EVERY WAY SATISFACTORY TO LESSEE.

5.2 Deficiencies and Delays. Lessee agrees that neither Lessor nor Servicer shall be liable for any liability, claim, proceeding, loss, damage, fee, cost or expense of any kind caused directly or indirectly by, or associated with, the Aircraft or any part thereof, any inadequacy of the Aircraft for any purpose or any deficiency or defect therein, the use or performance of the Aircraft, any maintenance, repairs, replacement or modification to the Aircraft, any interruption or loss of service or use of the Aircraft (except if such interruption of service is caused directly by a breach of Clause 4.5(a) by Lessor or any other party) or other than with respect to any claim of Lessee relating to a breach by Lessor of Clause 4.5(a), any loss of business or other consequential damage or any damage whatsoever relating to any of the above matters.

5.3 Repairs and Replacement. If the Aircraft or any part thereof is lost, confiscated, damaged, destroyed or otherwise rendered unfit or unavailable for use after Delivery, Lessor shall not be liable to repair the same or to supply any equipment in substitution therefor.

CLAUSE 6 RENT AND OTHER PAYMENTS

6.1 Rent.

REDACTED*

6.2 Intentionally Omitted.

6.3 Intentionally Omitted.

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

6.4 Payment Obligations Unconditional. Lessee's obligation to pay Rent in accordance with this Agreement shall be absolute and unconditional irrespective of any contingency whatsoever, including, without limitation, (i) any right of set-off, counterclaim, recoupment, defence, withholding or other right Lessee may have against Lessor or any other person, (ii) any unavailability of the Aircraft for any reason, (including, without limitation, a requisition thereof not constituting a Total Loss of the Aircraft including all Engines) or any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Aircraft, any interference with such use, operation or possession or any lack or invalidity of title or any other defect in the title, airworthiness, merchantability, fitness for any purpose, condition, design or operation of any kind or nature of the Aircraft, or the ineligibility of the Aircraft for any particular use or trade, or for registration or documentation under the laws of any relevant jurisdiction, or the Total Loss of, or any damage (not constituting a Total Loss) to, the Aircraft, (iii) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against Lessor or Lessee, (iv) any invalidity or unenforceability or lack of due authorisation of, or other defect in, this Agreement or any of the other Lessee's Documents, (v) any failure or delay on the part of any party hereto or of Lessor to duly to perform or comply with its obligations under this Agreement or any Operative Document, and (vi) any other cause that, but for this provision, would or might have the effect of terminating, discharging or in any way affecting any obligation of Lessee hereunder. Nothing in this Clause 6.3 shall be construed to limit Lessee's rights and remedies in the event of Lessor's breach of its covenant of quiet enjoyment set forth in Clause 4.5, or to take separate legal proceedings to recover damages from Lessor or to limit Lessee's rights and remedies to pursue in a court of law any claim it may have against any other person.

6.5 Currency of Payments. Except as set forth in the proviso below, all payments hereunder shall be made in US Dollars in immediately available funds on the due date for payment; provided that any amount Lessee is obligated to pay hereunder as an indemnity or reimbursement shall be paid in the currency specified by the recipient thereof.

6.6 Currency Indemnity. If, under any Applicable Law, whether as a result of judgment against Lessee or the liquidation of Lessee or for any other reason, any payment under or in connection with this Agreement is made or is recovered in a currency (the "other currency") other than the currency (the "currency of obligation") in which it is payable pursuant to this Agreement then:

(i) to the extent that the payment (when converted into the currency of obligation at the rate of exchange on the date of payment or, in the case of a liquidation, the latest date for the determination of liabilities permitted by the Applicable Law) falls short of the amount unpaid under this Agreement, Lessee shall, as a separate and independent obligation, fully indemnify Lessor and any other person entitled to such payment against the amount of the shortfall;

(ii) Lessee shall indemnify Lessor and any other person entitled to such payment as an independent obligation against any loss or liability arising out of or as a result of the conversion; and

(iii) Lessee shall pay on an After-Tax Basis to Lessor any exchange costs and Taxes payable in connection with such conversion.

For the purposes of this clause "rate of exchange" means the rate at which Lessor is able on the relevant date to purchase the currency of obligation in New York (or at its option, London) with the other currency.

6.7 Authorisations for Payments. Lessee shall obtain or procure that there are obtained all certificates, licenses, permits and other authorisations that are from time to time required for the making of the payments required by this Agreement on the date and in the amounts and currency that are stipulated herein and therein, and shall maintain the same or procure that the same are maintained in full force and effect for so long as the same shall be required.

6.8 Set-off; Withholding of Payments. At any time after the occurrence of an Event of Default and as long as the same is continuing, Lessor may set off any matured obligation owed by Lessee under this Agreement or the other Lessee's Documents against any matured obligation owed by Lessor to Lessee, regardless of the place of payment or currency. If the obligations are in different currencies, Lessor may convert either obligation at the market rate of exchange available in New York (or at its option, London) for the purpose of the set-off. If an obligation is unascertained or unliquidated, Lessor may in good faith estimate that obligation and set off in respect of the estimated amount, in which case when the obligation is ascertained or liquidated Lessor or Lessee may make a payment to the other (as appropriate) in respect of any amount by which the ascertained or liquidated amount differs from the estimated amount. Lessor will not be obliged to pay any amounts to Lessee under this Agreement so long as any sums which are then due from Lessee to Lessor under this Agreement remain unpaid or any Event of Default is continuing, and any such amounts which would otherwise be due will fall due only if and when Lessee has paid all such sums and cured to Lessor's satisfaction all such Events of Default.

6.9 Lessor's Account; Receipt of Payment. All payments by Lessee under this Agreement shall be made to such bank and/or account as Lessor may from time to time notify in writing to Lessee no less than five Business Days prior to the due date of any such payment. All payments must be received at such account on the due date therefor. If any date on which a payment would be due is not a Business Day, such payment shall be on the succeeding Business Day.

CLAUSE 7 FEES AND EXPENSES.

Each party to this Agreement shall pay its own expenses (including, without limitation, legal and other out-of-pocket expenses) incurred in connection with the negotiation, preparation and completion of this Agreement and the other Lessee's Documents except Lessee shall pay or reimburse Lessor, as applicable, for (i) all legal fees and expenses of its counsel incurred in providing the opinions required under Clause 9.1(c)(iv), and (ii) all fees, costs and expenses associated with (a) perfecting this Agreement or any other Lessee's Document in the State of Registration, the State of Incorporation and/or the Habitual Base, including, but not limited to, all filings and recordings and the provision of translations, registrations, notarisations and/or legalisations, if required, and (b) any fees incurred by Lessor with respect to any registrations on or searches of the International Registry in connection with the Delivery of the Airframe and Engines or the commencement or termination of this Agreement and any legal opinion in connection therewith and (ii) the registration of the Aircraft with the Aviation Authority.

CLAUSE 8 GENERAL UNDERTAKINGS.

8.1 Duration. Lessee shall at all times during the Term perform and comply with all of its undertakings, covenants and agreements in this Agreement and shall procure that no person (other than Lessor, Lessor Guarantor and any Lender) will act in any manner inconsistent with Lessee's obligations hereunder from the date of this Agreement. All such undertakings, covenants and agreements shall be performed at Lessee's expense except where this Agreement expressly provides otherwise.

8.2 Notice of Default; Certificate.

(a) Lessee shall notify Lessor if Lessee becomes aware of the occurrence of an Event of Default.

(b) If the Aircraft or, as the case may be, any Engine is subleased to a Permitted Sublessee, Lessee shall promptly notify Lessor if that sublease is terminated or terminates (other than as a result of the normal expiration thereof).

(c) Lessee, upon written request by Lessor, provide to Lessor a confirmation as to whether, to Lessee's knowledge, a Default or such other event or circumstance as if referred to in paragraph (a) above has then occurred or is then subsisting.

8.3 Financial and Other Information.

(a) Upon request, Lessee shall deliver or cause to be delivered to Lessor promptly after the same are available (and in any event within one hundred and twenty (120) days) after the end of each of Lessee's financial years ending after the date hereof, a copy of Lessee's financial statements for such financial year, which (i) shall be audited by independent, certified public accountants in accordance with generally accepted accounting principles and practices in the State of Incorporation consistently applied, (ii) shall fairly and accurately present the financial position of Lessee as at the date as of which they were prepared and the results of the operations of Lessee for the period to which they relate and (iii) shall, in accordance with such accounting principles and practices, disclose all significant liabilities, actual or contingent, of Lessee. Provided however that Lessee will not be required to provide any such information which is publicly available through the following website: www.latamairlinesgroup.net.

(b) Upon request and with reasonable promptness, Lessee shall provide Lessor with such other financial, operational and other information concerning Lessee as Lessor may from time to time reasonably request to the extent such information is relevant to the performance of Lessee's obligations under this Agreement, the Lessee's Documents and in any event subject to any confidentiality restrictions on Lessee in respect thereof.

8.4 Corporate Existence. Lessee will preserve its corporate existence in the State of Incorporation (other than as may be required in connection with any solvent re- organisation of Lessee's business including any solvent re-organisation of airline operations between Lessee and its Leasing Affiliates).

CLAUSE 9 OPERATIONAL UNDERTAKINGS

9.1 Registration, Title and Nameplates

(a) Registration. At its own cost and expense, Lessee shall ensure that upon Delivery and at all times during the Term, the Aircraft is registered with the Aviation Authority in the name of Lessor with its interests in the Aircraft noted in the register in accordance with Applicable Laws of the State of Registration or, in the event that such registration is not possible, in the name of Lessee or Permitted Sublessee with Lessor's interest in the Aircraft noted in the register (if possible). Lessor agrees to cooperate with Lessee, at the expense of Lessee, to the extent necessary to maintain such registration.

(b) Lessee shall co-operate with Lessor, at no expense to Lessee, to register a mortgage for the benefit of any Lender with the Aviation Authority or such other Government Entity which is the proper place for such registration. Notwithstanding the foregoing sentence, if permitted under Applicable Law Lessee is the only party with the legal standing to register such mortgage, Lessee agrees, at Lessor's costs, to make such registration.

(c) Solely in connection with the subleasing of the Aircraft, the Aircraft may be re-registered (1) with DGAC Chile, (2) the RAB, (3) the Aviation Authority of the country of any Leasing Affiliate, or (4) subject to the prior written consent of Lessor, the Aviation Authority of any country in which any other Permitted Sublessee (other than a Leasing Affiliate) is organised and the Habitual Base may be a location in that country, provided that, in each case:

(i) no Insolvency Default has occurred and is continuing, provided that for these purposes, Clauses 16.1(i)-(n) shall not apply during the pendency of the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands;

(ii) Lessee, at its expense, provides assurances reasonably satisfactory to Lessor (A) to the effect that the insurance provisions of this Agreement have been or will be complied with after giving effect to the change in registry and/or Habitual Base, (B) of the payment of all costs and expenses of Lessor and each Lender (including reasonable legal fees and expenses) reasonably incurred in connection with the change in registry and/or Habitual Base, (C) as to the continuation of this Agreement and the perfection of Lessor's right in and title to the Aircraft and the enforceability of any security interest over the Aircraft granted by Lessor to Lender as a first priority perfected Lien on the Aircraft, (D) only with respect to Clauses 9.1(c)(3) and 9.1(c)(4) above and in the case of 9.1(c)(2) if the Aircraft is deregistered and reregistered with the RAB and, in the period between such deregistration and re-registration, there has been a relevant change of law or any other event that would materially affect Lessor's ability to deregister or repossess the Aircraft in Brazil, that the country in which the Aircraft will be registered and/or based provides substantially equivalent or better protection for the rights of lessors, owners and lenders that are similarly situated to Lessor and Lenders in similar transactions under the laws of the then current State of Registration and imposes aircraft maintenance standards not, taken as a whole, less stringent than those of the then current State of Registration (in the case of clause 9.1(c)(2) by reference to the position accepted by the Lessor at the time of the Aircraft's original registration in Brazil, subject to the qualifications set forth in this subclause(c)(ii)) and (E) that such change in registry and/or Habitual Base will not result in the imposition of, or increase in the amount of, any Tax, fees or expenses for which Lessee is not required to indemnify, or is not then willing to enter into a binding agreement to indemnify each Indemnitee for;

(iii) Lessee pays all costs and expenses of Lessor and each Lender (including legal fees and expenses) and all Taxes incurred or payable in connection with the change in registry and/or Habitual Base; and

(iv) Lessee provides opinions of counsel (in form and substance reasonably satisfactory to Lessor) with respect to a Leasing Affiliate, from independent counsel in the jurisdiction of Leasing Affiliate (reasonably satisfactory to Lessor) addressed to Lessor and each Lender with respect to the matters described in (ii) above and as to such other matters concerning the laws of the new State of Registration and/or Habitual Base and as to matters of due authorization and execution by that Leasing Affiliate as Lessor may reasonably request (it being acknowledged that the due authorization and execution by Lessee of any documents to which it is party in connection with such arrangements can be the subject of a legal opinion from in-house counsel to Lessee in substantially the same form as that provided to Lessor on Delivery).

Upon the termination of any sublease permitted hereunder, (i) the Aircraft shall be registered with (w) the State of Incorporation, (x) the FAA in the United States of America; (y) the state of incorporation of the Leasing Affiliate operating the Aircraft at the relevant time, or (z) another country in which the Aircraft may be permissibly registered from time to time pursuant to the preceding provisions of Clauses 9.1(a) to 9.1(c) and (ii) the provisions of Clauses 9.1(c)(ii)(B) through 9.1(c)(ii)(D), (iii) and (iv) shall apply to such registration, and, provided further, that prior to such registration, Lessee shall procure a deregistration power of attorney in form and substance substantially similar to the Deregistration Power of Attorney and, if the Aircraft is to be registered in any jurisdiction that has enacted the Cape Town Convention, an IDERA in form acceptable to the new Aviation Authority.

(d) Lessee shall obtain (and at all times thereafter maintain in effect) with respect to the Aircraft a full certificate of airworthiness in accordance with all Applicable Laws, rules and regulations of the State of Registration and provide Lessor (if requested by Lessor) with a copy of the same, and Lessee shall comply with any special conditions attaching thereto within any time limits imposed for compliance by the Aviation Authority. Lessee shall, if requested by Lessor, produce to Lessor true copies of each certificate of airworthiness for the Aircraft, and each certificate of registration issued to the Aircraft.

(e) Preservation of Rights. Lessee shall not do or knowingly permit to be done anything that would jeopardise the rights of Lessor as owner of, or any Lender in the Aircraft and shall cause to be taken all actions necessary or reasonably requested by Lessor (at the cost of Lessor to the extent relating to a Lender) to prevent the rights of Lessor as owner of, and Lender in the Aircraft from being jeopardised. At the reasonable request of Lessor, Lessee will do all acts and things (including making any filing, registration or recording with the Aviation Authority or any other Government Entity or as required to comply with any Applicable Law) and execute, notarise, file, register and record all documents as may be required by Lessor to establish, maintain, perfect, protect and preserve the rights and interests of Lessor hereunder in the Aircraft and, to the extent permitted under Applicable Law Lessee is the only party with the legal standing, the rights and interests of any Lender under the Security Documents (at the cost and expense of Lessor). At the reasonable request of Lessor (at the cost and expense of Lessor), Lessee shall cooperate with Lessor to furnish to Lessor evidence satisfactory to Lessor of each such filing, recordation and act.

Notwithstanding the Clause 9.1(e), if permitted under Applicable Law Lessee is the only party with the legal standing to register or file such mortgage, Lessee agrees, at Lessor's costs, to make such registration.

(f) Fireproof Plates. Lessee shall affix, within ninety (90) days of the Delivery Date, a fireproof plate in accordance with the Manufacturer's guidelines or, if no such guidelines have been provided, then having dimensions of not less than 10 cm x 7 cm. Such plate shall be located in a prominent position in the entry door of the Aircraft and on each Engine stating:

“THIS [AIRCRAFT/ENGINE] IS OWNED BY VERMILLION AVIATION (NINE) LIMITED AND IS LEASED TO LATAM AIRLINES GROUP S.A., AND IS OPERATED BY LATAM AIRLINES GROUP S.A. OR ONE OF ITS PERMITTED SUBLESSEES AND MAY NOT BE OPERATED BY ANY OTHER PERSON WITHOUT THE PRIOR WRITTEN CONSENT OF VERMILLION AVIATION (NINE) LIMITED.”

(g) Lessee shall maintain and shall not cover up (or permit to be covered up) such name plates and shall replace such name plates, if requested, reflecting the name of any successor Lessor or Lender. Any change of fireproof plates requested by Lessor shall be at Lessor's cost.

(h) Except as above provided or as required by Applicable Law, Lessee will not allow the name of any person to be placed on the Airframe or on any Engine as a designation that might be interpreted as a claim of ownership or any Lien; provided that nothing herein contained shall prohibit Lessee or any Permitted Sublessee from placing its customary colours and insignia on the Airframe or any Engine.

(i) Title to Aircraft; Lessor Operation. Lessee shall not hold itself out to any third party as owner of the Aircraft or any part of it, and when any third party inquires as to the ownership of the Aircraft or any part thereof, Lessee will make clear to such third party that title to the same is held by Lessor and that the Aircraft is mortgaged to the Lender(s), if any. Lessee shall not at any time represent or hold out Lessor or any Lender as carrying goods or passengers on the Aircraft or as being in any way connected or associated with any operation of carriage (whether for hire or reward, or gratuitously) that may be undertaken by Lessee.

(j) Lessor Credit. Lessee has no authority to pledge, and shall not pledge, the credit of Lessor or any Lender for any fees, costs or expenses connected with any maintenance, overhaul, repairs, replacements, or modifications to the Aircraft or any part thereof or otherwise connected with the use or operation of the Aircraft or any part thereof.

9.2 Liens. Lessee shall not create or permit to create or exist any Lien (other than Permitted Liens) over the Aircraft or any part thereof, shall not register or permit any person claiming through Lessee to register on the International Registry any interest in the Airframe, any Engine or this Agreement, and shall not attempt or hold itself out as having any power to sell, charge, lease or otherwise dispose of or encumber the Aircraft or any Engine or any Part other than as permitted under this Agreement.

9.3 Possession of Aircraft. Lessee shall not sublease, charter, pool, interchange or otherwise part with possession of the Aircraft or any Engine or Part except as set forth in this Clause 9.3.

(a) Maintenance. Lessee may part with possession of the Aircraft or any Engine or Part for testing, service, overhaul work, maintenance, repair, alterations, modifications or additions in accordance with this Agreement.

(b) Wet Leasing. Subject to no Insolvency Default or Event of Default having occurred and be continuing, provided that, for these purposes, Clauses 16.1(i)-(n) shall not apply during the pendency of the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands, Lessee or a Permitted Sublessee (as the case may be) may lease the Aircraft on terms whereby the Aircraft shall at all times be in the possession and operational control of Lessee or a Permitted Sublessee (as the case may be) and operated by Lessee's or a Permitted Sublessee's (as the case may be) flight crew; provided always that the Aircraft shall continue to be registered in accordance with the terms of this Agreement, the term of such wet lease, charter or other agreement shall not extend beyond the lesser of (i) six (6) months (or such longer period as Lessor and Lessee may agree, each acting reasonably) or (ii) the end of the Term and the rights of the Lessee's or a Permitted Sublessee's (as the case may be) counter-party thereto are expressly subordinated to this Agreement and the rights of Lessor hereunder.

(c) Initial Sublease. Lessor and Lessee agree that Lessee has entered (or will enter) into the Initial Sublease with Initial Sublessee on or shortly after the date of this Agreement and Lessor acknowledges that as the operator of the Aircraft, Initial Sublessee will be responsible for providing such conditions precedent set forth in Clause 3.1 that are designated as for Initial Sublessee. Lessor agrees that performance by any Permitted Sublessee of any of Lessee's obligations under this Agreement shall, pro tanto, constitute performance by Lessee of such obligations.

(d) Subleasing. Subject to no Insolvency Default or Event of Default having occurred and be continuing, provided that, for these purposes, Clauses 16.1(i)-(n) shall not apply during the pendency of the Chapter 11 Cases and related parallel proceedings in Chile, Colombia, and the Cayman Islands, **REDACTED*** or an interchange agreement) without the consent of the Lessor to (i) any Leasing Affiliate or (ii) to an Approved Third Party Operator (each a "Permitted Sublessee"); provided, however, that in each case, such Permitted Sublessee is solvent at the time such sublease is entered into; provided further that, in each case:

(i) such sublease (or interchange agreement) shall be on such terms as shall ensure that the sublessee shall not, in complying with such terms, cause Lessee to be in breach of any of, or cause an Event of Default under, the provisions of this Agreement;

(ii) the term of such sublease (or interchange agreement) shall not extend or be capable of extension beyond the Termination Date;

* All text marked "**REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(iii) such sublease (or interchange agreement) shall provide that the sublessee shall not enter into, or agree to enter into, any sub-sublease (other than to a Leasing Affiliate) **REDACTED***

the Leasing Affiliate, as applicable, shall be permitted to enter into further subleasing, interchange, sublease per hours, wet lease or charter arrangements on the same terms and subject to the same conditions as required pursuant to this Clause 9.3(d);

(iv) **REDACTED***

(v) any such sublease (or interchange agreement) shall not create in the sublessee rights in and to the Aircraft or Engine greater than the rights of Lessee under this Agreement and shall state that it is subject to and subordinate to this Agreement;

(vi) Lessee shall remain primarily liable hereunder for the performance of all of the terms of this Agreement to the same extent as if there were no sublease (or interchange agreement) in existence, provided always that if any obligation which is required to be performed by Lessee pursuant to this Agreement is performed by a sublessee (or interchangee) then performance by such sublessee (or interchangee) shall for the purposes of this Agreement constitute performance by Lessee;

(vii) Lessee shall pay all costs and expenses associated with entering into any sublease (or interchange agreement) and the reasonable costs and expenses (including reasonable legal fees and expenses) of Lessor and Lender to the extent incurred in connection therewith;

(viii) Lessee shall procure that the Permitted Sublessee shall, at Lessee's cost, comply with Cape Town Convention (if applicable to the Permitted Sublessee) and shall undertake such things, including making such filings (including an IDERA, if the Aircraft is registered with an Aviation Authority in a jurisdiction where the Cape Town Convention is Applicable Law), as may be reasonably requested to protect and perfect the interest of Lessor and Lender in respect of the Airframe and each Engine, this Agreement and such sublease (or interchange agreement); and

(ix) prior to the commencement of the leasing of the Aircraft or Engine under such sublease (or interchange agreement), Lessee shall have delivered to Lessor each of the following:

(A) a copy of such sublease (or interchange agreement) and, if applicable, a copy of the acceptance certificate thereto;

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(B) a Subordination Acknowledgment confirming that such sublease (or interchange agreement) is subject to and subordinate to this Agreement and acknowledging that such sublease (or interchange agreement) will terminate on or before the Termination Date and that, on the occurrence of an Event of Default hereunder, the Lessor will be entitled to repossess the Aircraft or Engine notwithstanding that such sublessee may be current in the compliance of its obligations under the relevant sublease, and, if requested by Lessor, an acknowledgment of an assignment of such Subordination Acknowledgment in favor of a Lender. For the avoidance of doubt, there shall be no assignment of Lessee's rights under any sublease (or interchange agreement);

(C) in the case of such sublease only, the Permitted Sublessee shall provide Lessor with a letter (in a form which will be accepted by the Aviation Authority) from the Permitted Sublessee pursuant to which the Permitted Sublessee authorises Lessor, to obtain from the Aviation Authority a general statement of account in relation to charges incurred by the Permitted Sublessee in respect of all aircraft (including the Aircraft) operated by the Permitted Sublessee under a lease agreement with Lessor, and

(D) in the case of such sublease only, such other conditions precedent equivalent to the conditions precedent required to be provided by Initial Sublessee pursuant to Clause 3.1(a), and (c) such additional conditions precedent (if any) that are necessary or advisable in the opinion of Lessor's counsel.

(x) Lessee shall, at its sole cost and expense, promptly after the date on which the Aircraft or Engine is delivered to the relevant sublessee (and in any event within sixty (60) Business Days of such date unless otherwise set forth herein or unless the Lessor and Lessee agree otherwise), provide to Lessor to the extent applicable:

(A) if applicable, a copy of the Certificate of Registration with respect to the Aircraft;

(B) a copy of the Certificate of Airworthiness with respect to the Aircraft;

(C) within one hundred and eighty (180) Business Days, a copy of the Permitted Sublessee's radio station license with respect to the Aircraft;

(D) to the extent that the Lessee is able to disclose the same under Applicable Law, a copy of the evidence of importation of, and payment of all customs duties with respect to, the Aircraft or Engine into such Permitted Sublessee's State of Registration; and

(E) such other conditions subsequent that are customary for the State of Registration for the Aircraft or Engine, and are necessary or advisable by Lessor's counsel.

9.4 Information. Lessee shall:

(a) promptly furnish to Lessor all information Lessor from time to time reasonably request regarding the Aircraft, any Engine or any part thereof, its use, registration, location and condition including, without limitation, the hours available on the Aircraft and any Engine until the next scheduled check, inspection, overhaul or shop visit, as the case may be;

(b) as soon as possible, but in any event, no later than on the tenth (10th) day of each calendar month after the Delivery Date and on the Termination Date, furnish to Lessor a maintenance status report substantially in the form of Schedule 6; and

(c) Loss or Damage. Lessee shall promptly on becoming aware of the same notify Lessor of:

(i) any Total Loss with respect to the Aircraft, the Airframe or any Engine;

(ii) any loss, theft, damage or destruction to the Aircraft, any Engine or any part thereof, or any modification to the Aircraft which is not contemplated by the terms of this Agreement, or is otherwise required to be notified pursuant to this Agreement, if (A) the potential cost of repairs or replacement may exceed the Damage Notification Threshold or its equivalent in any other currency, or (B) Lessee is required to report the same to the Aviation Authority;

(iii) any loss, arrest, hijacking, confiscation, seizure, requisition, impound, taking in execution, detention or forfeiture of the Aircraft or any part thereof; and

(iv) any event, accident or incident in respect of the Aircraft that might reasonably be expected to involve Lessor or Lessee in loss or liability in excess of the Damage Notification Threshold or its equivalent in any other currency, or which is required to be reported to the Aviation Authority).

9.5 Aircraft Documents.

(a) Lessee shall keep, or procure that there are kept;

(i) the Aircraft Documents and shall keep or cause to be kept as part thereof accurate, complete and current records of all flights made by the Aircraft, of all Flight Hours and Cycles of the Airframe, each Engine (including each Module), the APU, each Landing Gear and the time or cycle limited Parts, and of all maintenance and repairs carried out on the Aircraft and each Engine (including each Module), APU and the Landing Gear;

(ii) historical records for condition monitored, hard time Parts and LLPs (including tags from the manufacturer of such Part or a repair facility which evidence that such Part is new or overhauled and establish authenticity, total time in service and time since overhaul for such Part); and

(iii) any updates or additions to any of the foregoing and renewals, revisions and replacements of any of the foregoing from time to time created or obtained in accordance with this Agreement, Applicable Law or otherwise.

Except as required by Applicable Law, the Aircraft Documents referred to in subclause (a) shall be the property of Lessor.

(b) Such Aircraft Documents referred to in subclause (a) shall be:

(i) kept and maintained in English, other than with respect to maintenance log books, which shall be translated into the English language prior to redelivery in order to comply with EASA requirements;

(ii) the latest revision and in an up-to-date status (through subscription to the relevant manufacturer's update service or otherwise) in accordance and in such manner, form and location as the Aviation Authority, EASA and any Applicable Law may from time to time require;

(iii) in conformity with the normal practices of commercial air carriers;

(iv) shall accurately disclose the location of each Engine (including each Module), APU, Landing Gear and serialised rotatable component Parts not installed on the Aircraft; and

(v) contain accurate back-to-birth records of each LLP and of each Flight Hour, Cycle or calendar controlled components.

(c) Following any repair which is carried out other than in accordance with instructions contained in the Manufacturer's repair manual, Lessee shall ensure that there is obtained and kept with the Aircraft Documents appropriate manufacturer repair scheme data and a Manufacturer's approval issued in accordance with the requirements of EASA.

(d) **REDACTED***

(e) If Lessee fails to comply with the provisions of Clause 18.2(d) as of the Termination Date, then in lieu of such compliance, at Lessor's sole discretion, Lessor may (without obligation) accept Lessee compensating Lessor (a) for overhaul costs and/or LLP replacement cost incurred in respect of the Aircraft resultant upon the maintenance of inadequate Aircraft Documents by Lessee during the Term; and (b) for all rectification costs incurred in respect of any Part resultant upon the failure by Lessee to maintain an EASA Form 1 or FAA Form 8130-3 tag in respect of each Part, APU and Engine which is installed on the Aircraft at the time the Aircraft is redelivered to Lessor.

(f) Within ninety (90) days of any request being made by Lessor, Lessee shall provide Lessor with copies of such Aircraft Documents as Lessor deems necessary in connection with any scheduled C-Check of the Aircraft.

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(g) Lessee shall permit or procure free and full access by Lessor to all relevant Aircraft Documents; provided that such access shall not be more frequent than once a year (unless an Event of Default has occurred and is continuing) and shall not interfere with Lessee's normal commercial operations of the Aircraft.

(h) Upon reasonable request from Lessor, Lessee will provide or procure that there is provided free and full access by Lessor to Aircraft data, including Aircraft and Engine health monitoring data produced by Lessee and/or Lessee's third-party provider.

(i) Lessee, at its own cost and expense, shall be responsible for subscribing to Manufacturer's on-line data services.

9.6 Lawful and Safe Operation.

(a) Compliance with Laws: Lessee shall comply and procure compliance with all laws for the time being in force in any country or jurisdiction and any carriage regulations or restrictions from time to time issued by I.A.T.A. which may then be applicable to the leasing of the Aircraft under this Agreement and the transactions contemplated hereby including, but not limited to, those concerning the use, maintenance and operation of the Aircraft or an operator thereof, and will procure that the Aircraft is not knowingly used for any illegal purpose or in any illegal manner. Lessee shall obtain and maintain in full force all certificates, licenses, permits and authorisations from time to time required for the use and operation of the Aircraft and for the making of payments required by and the performance of its obligations under this Agreement and the other Lessee's Documents.

(b) Manufacturer Recommendations: Lessee shall not use or permit the use of the Aircraft in any manner contrary to any recommendation of the Manufacturer, the Engine Manufacturer or any regulation of the Aviation Authority or for any purpose for which the Aircraft is not designed.

(c) Commercial Flights: Lessee shall ensure the Aircraft is used, subject to maintenance requirements, only in commercial passenger operations. Lessee shall not permit the Aircraft to be used for the carriage of any goods, materials, livestock or items of cargo which could reasonably be expected to cause damage to the Aircraft or which would not be adequately covered by the insurances required hereby. Lessee shall not use or permit the use of the Aircraft for purposes of training, qualifying or reconfirming the status of cockpit personnel except for the benefit of Lessee's cockpit personnel, and then only if the use of the Aircraft for such purpose is not disproportionate to the use for such purpose of other aircraft of the same type operated by Lessee (or any Leasing Affiliate).

(d) Prohibition Order: Lessee shall not cause or permit the Aircraft to proceed to, or remain at, any location which is for the time being the subject of a prohibition order (or any similar order or directive) by:

(i) any Government Entity of the State of Registration; or

(ii) the United Nations or the European Union.

(e) **Insurance:** Lessee shall not use, operate, or locate the Aircraft or suffer or permit the Aircraft to be used, operated or located during the Term in any manner not covered by the insurances required hereby or in any area excluded from coverage by such insurances or in any manner which would prejudice the interests of the Indemnitees in such insurances, the Aircraft, any Engine or any Part.

9.7 Right of Inspection.

(a) Lessor (or the authorised representative, which authorised representative may include a potential transferee under Clause 20.2(a) of this Agreement) shall have the right upon its request (at Lessor's expense, unless an Insolvency Default or an Event of Default has occurred and is continuing, in which case at Lessee's expense) to inspect, once annually during each year of the Term, or upon the reasonable request of Lessor, or during any Insolvency Default or Event of Default which has occurred and is continuing or (subject to mutual agreement between Lessor and Lessee as to the timing) in connection with a transfer of the Aircraft or assignment of rights hereunder as permitted by Clause 20.2, the Aircraft and Aircraft Documents during normal business hours and on reasonable notice to Lessee or an applicable Permitted Sublessee **provided that** the same shall not interfere with Lessee's or any Permitted Sublessee's use, business, operation or maintenance of the Aircraft or require the Lessee or any Permitted Sublessee to incur out-of-pocket expenses for which it is not reimbursed by Lessor. Lessor shall have no duty to inspect and shall not incur any liability or obligation by reason of not making any such inspection. So long as no Insolvency Default or Event of Default has occurred and is continuing provided that, for these purposes, Clauses 16.1(i)-(n) shall not apply during the pendency of the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands, any such inspection shall be limited to a visual, walk-around inspection which may include going on board the Aircraft, but may not include any opening of any panels, bays or disassembly of any components, etc. (unless such inspection is during an overhaul of the Aircraft and such panels or bays are then opened or components then disassembled in the ordinary course of such maintenance) **provided that** the same shall not interfere with Lessee's or any Permitted Sublessee's use, business, operation or maintenance of the Aircraft or require the Lessee or any Permitted Sublessee to incur out-of-pocket expenses for which it is not reimbursed by Lessor. Lessee will obtain to the extent reasonably practicable to do so, at Lessor's cost (unless during the continuance of an Insolvency Default or an Event of Default in which case at Lessee's cost) all necessary security clearance to permit Lessor or its authorised representative access to the Aircraft to permit such inspections. In the event Lessor determines during any such inspection that the condition of the Aircraft or any logs, flight manuals, maintenance records or other books and records related to the Aircraft is at a level below that required to be maintained by Lessee hereunder, Lessee shall, at the reasonable request of Lessor, correct such discrepancy and thereafter provide documentation to Lessor confirming that such correction has been accomplished.

(b) Any inspection of the Aircraft (including the Aircraft Documents) shall be solely for Lessor's or prospective operator's information and failure to notify Lessee of any discrepancies thereafter shall not imply that Lessee is in compliance with this Agreement, its maintenance provisions or Applicable Law.

9.8 Compliance with Export Controls and Sanctions Laws. REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

CLAUSE 10 MAINTENANCE AND REPAIR

10.1 General. At all times during the Term, Lessee shall, at its own cost and expense:

(a) keep the Aircraft or procure that the Aircraft is kept airworthy in all respects and in good repair and operating condition with all of its equipment, components and systems functioning in accordance with their intended use pursuant to Manufacturers approved data, subject to fair ordinary wear and tear of a kind consistent with similar aircraft operated by Lessee or Permitted Sublessee;

(b) maintain the Aircraft or procure that the Aircraft is maintained in accordance with:

(i) the Maintenance Program through the Agreed Maintenance Performer;

(ii) the Aviation Authority requirements as implemented in the State of Registration and the Habitual Base;

(iii) all inspection, repair and overhaul manual instructions; and

(iv) when Lessee or Permitted Sublessee has decided to implement on its A320 fleet, service bulletins in connection with the warranties on the Aircraft, Engines, APU and Parts published by the Manufacturer, the Engine Manufacturer or the manufacturers of equipment, installed on the Aircraft, including: Airworthiness Directives having a compliance date during the Term and the period from the end of the Term until the date falling due within three (3) months and the equivalent Flight Hours and Flight Cycles, of the Termination Date pursuant to Clause 18 and Schedule 5;

(v) the regulations and Mandatory Regulatory Requirements of the Aviation Authority which are imposed and which relate to the maintenance, condition, use or operation of the Aircraft or require any modification or alteration to the Aircraft, any Engine, the APU or Part (for the avoidance of doubt, notwithstanding the foregoing, at redelivery, the Aircraft shall meet all applicable requirements set forth in Schedule 4 which require compliance in accordance with EASA regulations); and

(vi) all applicable laws of other countries and regulations of other aviation authorities with jurisdiction over Lessee or any Permitted Sublessee (if the Aircraft is then subject to a sublease (or interchange agreement)), the Aircraft, any Engine, the APU or Part regardless of upon whom such requirements are imposed and which relate to the maintenance, condition, use or operation of the Aircraft or require any modification or alteration to the Aircraft, any Engine, the APU or Part (collectively, the “Maintenance Requirements”);

(c) perform or procure performance of (at the respective intervals provided in the Maintenance Program on a one hundred percent (100%) basis with no fleet sampling program permitted) all C-Checks, 6Y-Checks, 12Y-Checks, Engine Performance Restoration Shop Visits, LLP Replacement Events, APU Restorations and Landing Gear Overhauls;

(d) maintain or procure maintenance of a current certificate of airworthiness (in the appropriate category for the nature of the operations of the Aircraft) for the Aircraft issued by the Aviation Authority except where the Aircraft is undergoing maintenance, modification or repair required or permitted by this Agreement, and will from time to time provide to Lessor a copy on request;

(e) if required by the Aviation Authority, maintain or procure maintenance of a current certification as to maintenance issued by or on behalf of the Aviation Authority in respect of the Aircraft and will from time to time provide to Lessor a copy on request;

(f) procure promptly the replacement of any Part which has become time, cycle or calendar expired, lost, stolen, seized, confiscated, destroyed, damaged beyond repair, unserviceable or permanently rendered unfit for use, with a part complying with the conditions set out in Clause 10.4;

(g) not adversely discriminate against the Aircraft, Engines or APU in any use, maintenance, operation or modification level, including the incorporation of service bulletins, of the Aircraft as compared to other aircraft owned or operated by Lessee or a Permitted Sublessee, if applicable, and Lessee shall service, repair, maintain and overhaul the Aircraft so as to keep the Aircraft maintained in the same manner and with the same care as used by Lessee with similar aircraft owned or operated by Lessee (and for the avoidance of doubt, all maintenance, inspections modifications and overhauls shall be carried out as if the Aircraft was to remain in Lessee’s or Permitted Sublessee’s fleet notwithstanding any impending termination of the leasing of the Aircraft under this Agreement);

(h) keep the Aircraft equipped with the Engines and Parts installed at the Delivery Date or with substitutes or replacements made in accordance with this Agreement; and

(i) keep the Aircraft clean by international passenger airline standards and in good appearance.

REDACTED*

10.3 Maintenance Program. Lessee shall procure that the Maintenance Program shall, at all times, be based on the latest revision of any Manufacturer Maintenance Planning Document and, in respect of the Engines, the applicable Engine Manufacturer's work scope, planning guide, engine program and maintenance planning guide.

10.4 Specific Requirements. Without limiting the maintenance and repair obligations specified in Clause 10.1, Lessee:

(a) without the prior written consent of Lessor, shall not amend or modify, or permit to be amended or modified, the scheduled inspection program or the corrosion prevention and control program set forth in the Maintenance Program (except that Lessee may make any such amendment or modification if mandated by the Aviation Authority, the Manufacturer and/or the Engine Manufacturer;

(b) shall continue to use the Aircraft in its regular commercial passenger operations until delivery to the Return Location immediately prior to the Final Inspection;

(c) shall ensure that normal progressive maintenance will continue to be performed on the Aircraft throughout the Term, and that no unusual maintenance procedures or cessation of maintenance shall occur during the one (1) year period prior to the Expiry Date;

* All text marked "***REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(d) shall have a fuel treatment program in effect and shall conduct a microbiological fuel sampling on the Aircraft in accordance with the recommendations set forth in the Maintenance Planning Document;

(e) shall (i) notify the Manufacturer or OEM (as the case may be) upon accomplishment of each service bulletin in order for the Manufacturer or OEM (as the case may be) to update the applicable operations and maintenance manuals and (ii) include such updates in the Aircraft Documents;

(f) with the exception of non-critical cabin and interior Parts, shall procure only OEM Parts and OEM approved repairs are used in connection with the maintenance or repairs for the Aircraft, unless otherwise approved in writing by Lessor prior to such installation or repair; and

REDACTED*

10.5 Substitution of Parts.

(a) Lessee, at its own cost and expense, will promptly replace all Parts that may from time to time be incorporated or installed in or attached to the Airframe or any Engine and that may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, except as otherwise provided in Clause 10.5. In addition, Lessee may, at its own cost and expense, remove or permit the removal in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use; provided that, except as otherwise provided in Clause 10.6, at no cost or expense to Lessor, all such Parts are replaced as soon as reasonably practicable. Except as permitted by Clause 10.4(e), each part installed on the Aircraft in replacement of any Part or part shall be a Replacement Part. All replacement Parts shall be in as good operating condition as the Parts replaced assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof, shall be of the same make and model or an improved or advanced version thereof approved for installation on the Aircraft, shall have valid FAA certification (with 8130 tag) or EASA certification (EASA Form 1) or origin traceability in the event the Part has not been replaced during the Term, and shall not impair the airworthiness or diminish the overall value of the Aircraft.

(b) Except as permitted by Clause 10.4(e), Lessee shall procure that any substituted or replacement Part shall be, or upon installation become, the property of Lessor subject to this Agreement and the Security Documents and be free and clear of any Lien other than Permitted Liens.

(c) Any part installed on the Aircraft by way of replacement that is a Replacement Part will on installation, without further act, vest in Lessor subject to the terms of any relevant Financing Document free and clear of all Liens (other than Permitted Liens) as if it were attached to the Aircraft on the Delivery Date. Lessee will at its own expense and at the request of Lessor take all such steps and execute, and procure the execution of, all such instruments as are necessary to ensure that title so passes to Lessor according to all Applicable Laws.

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(d) Any Part at any time removed from the Airframe or any Engine shall remain the property of Lessor, no matter where located, until such time as such Part shall be replaced by a Replacement Part that has been incorporated or installed in or attached to such Airframe or Engine and until title to such Replacement Part shall have passed to Lessor, according to Applicable Law (whereupon title to the replaced Part shall vest in Lessee free and clear of all Lessor's Liens).

(e) Lessee shall, if no Event of Default has occurred which is continuing, be entitled to replace or permit the replacement of any Part with a part that is not a Replacement Part notwithstanding Clause 10.4(a) if:

(i) there is not available to the Lessee or Permitted Sublessee, as applicable, at the time and in the place that such replacement part is required to be installed on the Aircraft a Replacement Part;

(ii) it would result in an unreasonable disruption of the operation of the Aircraft and/or the business of the Lessee or Permitted Sublessee, as applicable, to ground the Aircraft until a Replacement Part becomes available for installation on the Aircraft;

(iii) the installation of such replacement part on the Aircraft will not contravene any other provision of this Agreement or Applicable Law;

(iv) as soon as practicable after installation of such replacement part on the Aircraft (but in any event on or before the expiration or termination of the Term), the Lessee or Permitted Sublessee (if applicable) removes such part and replaces it with a Replacement Part; and

(v) title to the Part which has been replaced, substituted or renewed shall remain with Lessor free from all Liens (other than Permitted Liens) until the Replacement Part which replaces it becomes the property of Lessor.

(f) Without Lessor's prior written consent, Lessee may not replace any LLP installed in the Aircraft or the Engine with any used LLP, unless such used LLP complies with the requirements of a Replacement Part, as set forth in subclause 10.4(g) below.

(g) A "Replacement Part" means a part, component, furnishing, appliance, module, accessory, instrument or other item of equipment:

(i) that is in the same operating condition as, and has a utility at least equal to, the replaced Part (assuming that that replaced Part was in the condition and repair in which it is required to be maintained under this Agreement);

(ii) that is of the same make and model or an equivalent or an improved or advanced version of the replaced part, component, furnishing, appliance, module, accessory, instrument or other item of equipment, as the case may be; provided that any such part must be approved by the FAA, EASA and/or the Aviation Authority as a replacement for the replaced Part;

(iii) that has a valid FAA certification (with 8130-3 tag) or EASA certification (Form 1 tag) and, only in the case of LLP components, origin traceability (Back to Birth Traceability in the case of LLPs and, to the extent required by the Maintenance Program, back to the last overhaul or bench check, as applicable, in the case of all other Parts);

(iv) has not been involved in an accident or incident; and

(v) which does not impair the airworthiness or diminish the overall value of the Aircraft.

10.6 Pooling of Parts. Lessee shall not permit any Part to become subject to pooling or interchange arrangements, or allow any Part to go out of its possession pursuant to any such arrangement, except pursuant to an arrangement whereby Lessee may subject any Part to pooling arrangements or interchange agreements entered into by Lessee, on terms that are customary in the airline industry (in each case, a Permitted Interchange Agreement"), provided always that:

(a) a record of the location of any Part will be kept and made available to Lessor at any time on request;

(b) title to the Part which has been replaced shall (if previously vested in Lessor) remain with Lessor until the Part which replaced it becomes the property of Lessor or is replaced by a Part which thereupon becomes the property of Lessor; and

(c) any part which replaces a Part pursuant to such interchange agreement shall, at a minimum, meet the requirements of a Replacement Part.

Lessee agrees that, unless otherwise agreed to in writing by Lessor, Lessee shall limit the time during which any Part which is not the property of Lessor remains on the Aircraft and will as soon as practicable replace the same with a Part which either is the property of Lessor, or will, upon fitting, become the property of Lessor.

10.7 Alterations and Modifications.

(a) Provided that no Event of Default has occurred and is continuing, Lessee shall be entitled to make or permit any modifications or additions to the Aircraft (each a "Change") provided that such modification shall not:

(i) effect or alter the character, performance, specifications, substance or configuration of the Aircraft or the Aircraft structure or electrical systems; or

(ii) diminish the marketability, value, utility, condition or airworthiness of the Aircraft; or

(iii) result in any change in the category or status of the Aircraft for purposes of any rules or regulations of the State of Registration, or of the Aviation Authority; or

(iv) be in an amount in excess of Maximum Change Amount without Lessor's prior written approval, unless expressly authorised or required by this Agreement.

For the avoidance of doubt, (x) compliance with Airworthiness Directives, Mandatory Regulatory Requirements, changes required by the Aviation Authority and OEM service bulletins shall not be construed as Changes and shall be complied with in accordance with Clause 10.1 and (y) Maximum Change Amount shall be based on the actual cost of the incorporation of such Change to the Aircraft, assuming the cost of such Change was obtained, contracted or performed on an arm's length basis with no favourable treatment or discount applied.

(b) So long as no Event of Default has occurred and is continuing, Lessee may remove or permit the removal of any Change if it can be removed from the Aircraft without diminishing or impairing the marketability, value, utility, condition or airworthiness of the Aircraft and the Parts comprising the Change are not required to be installed on or attached to the Aircraft in order to comply with any other provision of this Agreement.

(c) Title to such Change shall be vested in and remain with Lessor unless and until such Change is removed from the Aircraft in accordance with subclause (b) above. Lessee will take such actions and execute such documents as may be necessary to ensure such title has properly vested with Lessor.

(d) Inflight Connectivity System. Notwithstanding the foregoing, Lessee shall be permitted to install, at its sole cost and expense, an inflight connectivity system (the "**Connectivity Modification**") subject to the following terms and conditions:

REDACTED*

* All text marked "**REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

CLAUSE 11 ENGINES AND APU

11.1 General Principles

(a) In this Clause 11, "Removed Engine" means an Engine that is for the time being detached from the Airframe and "Removed APU" means the APU that is for the time being detached from the Airframe.

(b) Lessee shall not at any time during the Term remove or permit the removal of an Engine or the APU from the Airframe or install or permit to be installed an engine or auxiliary power unit other than an Engine or the APU on the Airframe except (i) for the purposes of any separate sublease of an Engine pursuant to clause 9.3(d) (ii) for the purpose of testing, service, overhaul work, maintenance or repair or alterations, modifications or additions permitted or required by this Agreement, or (iii) as expressly permitted by this Clause 11.

(c) If an Engine or the APU is at any time removed from the Airframe for the purpose of maintenance or repairs, Lessee shall procure that the same are completed promptly, and that, subject to the provisions of Clause 11.2, the Removed Engine and the Removed APU is re-installed on the Airframe or an airframe owned or operated by Lessee as soon as reasonably practicable after removal.

(d) If an Engine or the APU is at any time removed from the Airframe for the purpose of maintenance or repairs, Lessee shall procure only OEM approved Parts and OEM approved repairs are used in connection with such installation, maintenance or repairs and are only performed by an OEM authorised maintenance performer, unless otherwise approved in writing by Lessor prior to such installation or repair.

* All text marked "*REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(e) If an Engine or the APU is at any time removed from the Airframe for any reason whatsoever, title to the Removed Engine and the Removed APU shall remain vested in Lessor at all times and the Removed Engine or the Removed APU, as the case may be, shall remain subject to this Agreement and the Security Documents, and Lessee shall not take any steps or permit any steps to be taken that could be reasonably expected to jeopardise the interests of Lessor and any Lender therein or that could be reasonably expected to lead any third party to believe that the Removed Engine or the Removed APU is the property of any person other than Lessor

(f) If an Engine is at any time removed from the Airframe for the replacement of LLPs, Lessee shall procure that only LLPs which are new or have a cyclic life remaining that is greater than the cyclic life on the LLP being replaced are installed in the Engine.

(g) If an Engine or the APU is at any time removed from the Airframe as a result of its becoming unserviceable, then without delay, Lessee shall place or procure the placement of such Engine or the APU with an Agreed Maintenance Performer for repair, maintenance and/or refurbishment pursuant to the Maintenance Program; and

(h) Except as set forth in subclause 11.2(a)(ii) below, Lessee shall not operate or permit the operation of the Engine in excess of the Engine Thrust Rating without Lessor prior written consent, such consent not to be unreasonably withheld, which shall include an increase in the Engine Restoration Utilisation Payment Rate to be paid in accordance with Clause 18.7 and Schedule 10 using such increased rate.

11.2 Removal of Engines or APU.

(a) Lessee shall be entitled, so long as no Event of Default has occurred and is continuing, to remove or permit the removal of an Engine or the APU from the Airframe and to install on the Airframe an engine other than an Engine or an auxiliary power unit other than the APU, as the case may be; provided that:

(i) such engine or auxiliary power unit is leased to or is owned by Lessee or Permitted Sublessee, as applicable;

(ii) subject always to the right of the Lessee to sublease any Removed Engine pursuant to clause 9.3(d), the Removed Engine or the Removed APU is, during the period of substitution, either being safely housed and sheltered or repaired or maintained in accordance with this Agreement, or is installed on another aircraft operated by Lessee or Lessee's Affiliate, as applicable (and the provisions of Clause 11.1(e) concerning preservation of title shall apply to the Removed Engine or the Removed APU, as the case may be). For the avoidance of doubt, Lessee shall be permitted to operate any Engine on any A320CEO family aircraft operated by or owned by Lessee or any Leasing Affiliate during the Term at an engine thrust rating that differs from the Current Engine Thrust (which shall not exceed the Engine Thrust Rating) without Lessor's prior written consent, provided that there shall be an applicable adjustment to the Engine Restoration Utilisation Payments to be paid by Lessee in accordance with Clause 18.7 and Schedule 10;

(iii) each lease or other agreement pursuant to which Lessee or Permitted Sublessee, as applicable, from time to time operates or finances any aircraft on which any Removed Engine or Removed APU is installed contains provisions that are consistent with the maintenance at all times of the interests of Lessor and any Lender in the Removed Engine and the Removed APU while such Removed Engine or Removed APU is installed on such aircraft, and that in particular do not state or require that any Removed Engine or Removed APU that is installed on such aircraft shall become the property of the lessor or owner of, or person having a lien on, such aircraft; and

(iv) subject always to the provisions of Clause 9.3(d)(iv) in the case of any Removed Engine which is subleased pursuant to a Permitted Sublease, as soon as reasonably practicable and in any event on or before expiration or termination of the Term such engine or auxiliary power unit is removed from the Airframe and the Removed Engine or Removed APU, as the case may be, is reinstalled on the Airframe.

Provided that Lessee maintains or causes to be maintained separate insurance in accordance with Clause 14 in respect of the Removed Engine or Removed APU at all times while it is removed from the Airframe (and, if required by Lessor, Lessee shall furnish or cause to be furnished to Lessor waivers or acknowledgments by the insurers of the aircraft on which the Removed Engine or Removed APU is installed) and the installation of an engine or auxiliary power unit on the Airframe does not have an adverse effect on the insurance for the Aircraft.

(b) Engine Swapping. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, at the end of the Term, Lessee may redeliver the Aircraft with one or both engines from any other Engine Swap Aircraft (each a "Swap Engine" and together, the "Swap Engines") in lieu of one or both of the Engines, in which case there shall be a permanent exchange of such engines, provided that:

(i) Lessee shall be responsible for any Taxes imposed by any jurisdiction as a result of the title transfer (if any is required) for a Swap Engine;

(ii) Lessee shall provide irrevocable written notice to Lessor by no later than twelve (12) months prior to the Expiry Date (provided that, such notice may be revocable after good faith discussion between Lessor and Lessee, each acting reasonably), setting forth which Engines or Swap Engines shall be returned with the Aircraft;

(iii) any Swap Engine shall meet the return conditions specified in Clause 18 hereof; and

(iv) Lessee may permanently exchange one or both Engines with any Swap Engine only if the Aircraft and the applicable Engine Swap Aircraft are owned and leased by Lessor or one of Lessor's Affiliates to Lessee. If the Aircraft and any other Engine Swap Aircraft are sold to the same buyer (each a "Sold Aircraft" and together, the "Sold Aircraft"), then the provisions of this Clause 11.2(b) shall continue to apply to the Sold Aircraft, such that any of the engines belonging to one Sold Aircraft may be permanently exchanged with any other engine belonging to the other Sold Aircraft at redelivery of the Aircraft.

11.3 Claims against Removed Engine and Removed APU.

(a) Lessee shall notify Lessor in the monthly status reports whenever any Removed Engine or Removed APU is removed from the Airframe or installed on another aircraft operated by Lessee, and from time to time, on request, shall procure that any person to whom possession of the Removed Engine or Removed APU is given and any lessor of, or person having a Lien on, an aircraft on which the Removed Engine or Removed APU is installed acknowledges in writing for the benefit of Lessor and any Lenders, that it will respect the interests of Lessor and any Lender(s) in the Removed Engine or Removed APU, as the case may be, and that neither it nor its successors or assigns will acquire, as against Lessor or any Lender, any right, title or interest in a Removed Engine or Removed APU as a result of such Removed Engine or Removed APU being installed on their airframe for so long as it remains owned by Lessor; provided that such acknowledgment may take the form of an acknowledgment contained within the lease or financing document in respect of the airframe on which the Removed Engine or the Removed APU is installed, so long as such acknowledgment is expressly stated to be for the benefit of third party lessors and lenders in the same position as Lessor and such Lender.

(b) If such acknowledgment is unenforceable by Lessor or Lender or despite the apparent enforceability of such acknowledgment, another lessor or lender fails to remove a Removed Engine or Removed APU from their airframe either upon the request for removal by Lessee or prior to such lessor's or lender's departure with that airframe from the Habitual Base (such refusal or departure constituting a "confiscation") and Lessor or Lender thereby loses its right, title or interest in or to any Removed Engine or Removed APU, then Lessee shall use its best efforts to recover the Removed Engine or Removed APU, as follows:

(i) If a Removed Engine or a Removed APU has been installed on an airframe operated by Lessee that has been or is in the process of being returned to or repossessed by that airframe's owner or lender, as the case may be, but has not yet been removed from the Habitual Base, Lessee will take all such efforts to take possession of such Removed Engine or Removed APU prior to the removal of that airframe, have such Engine or APU uninstalled from such airframe and reinstalled on the Aircraft or on another airframe owned or leased by Lessee as soon as reasonably practicable but in any case not to exceed one hundred eighty (180) days from such Removed Engine or Removed APU's removal from the departing airframe; or

(ii) If a Removed Engine or a Removed APU has been installed on an airframe operated by Lessee that has already been returned to or repossessed by that airframe's owner or lender, as the case may be, and such airframe has been removed from the Habitual Base, Lessee will take all such efforts to take possession of such Removed Engine or Removed APU from its location in what other jurisdiction it may then be located and return such Removed Engine or Removed APU (within forty five (45) days of such Removed Engine's or Removed APU's confiscation) so that it may be reinstalled on the Aircraft or, if no Event of Default is then continuing, on another airframe owned or leased by Lessee as soon as reasonably practicable but in any case not to exceed one hundred eighty (180) days from the date of recovery of such Engine or APU.

(c) If Lessee is unable to retake possession of the Removed Engine within the time permitted by subclause (b)(ii) above, then the same shall be treated as a Total Loss per Clause 15 of this Agreement except that (i) Lessee shall post a bond or provide a letter of credit or other security reasonably acceptable to Lessor in an amount equal to one hundred ten percent (110%) of the desktop appraised value of such Removed Engine, and (ii) upon Lessee providing a Replacement Engine as required under Clause 15.2 or recovering possession of such Removed Engine (and restoring it to the condition required by this Agreement if it is not then in such condition), Lessor will return such bond, letter of credit or other security to Lessee. The replacement of a Removed APU that is not returned to the control of Lessee within the time permitted under Clause 11.3(b)(ii) will be handled pursuant to the terms of Clause 15.3 provided that such Removed APU will be replaced no later than sixty (60) days after such confiscation.

(d) For the benefit of each lessor of an airframe, auxiliary power unit or engine leased to Lessee and each holder of a security interest in an airframe, auxiliary power unit or engine owned by Lessee under a security agreement (each such holder, a "Third Party Beneficiary"), Lessor shall not acquire or claim, as against such lessor or security interest holder, any right, title or interest in any engine or auxiliary power unit (other than an Engine or the APU) covered by any such lease or security agreement as a consequence of such engine or auxiliary power unit being attached to the Airframe.

CLAUSE 12 INTENTIONALLY OMITTED.

CLAUSE 13 MANUFACTURER'S WARRANTIES.

13.1 Assignment of Warranties. Provided no Event of Default has occurred and is continuing hereunder, Lessor agrees to assign or otherwise make available to Lessee (or at the direction of Lessee, the Permitted Sublessee) at the expense of Lessee such rights as Lessor may have under any warranty, express or implied, with respect to the Aircraft made by the Manufacturer, any subcontractor or supplier thereof, or any other seller thereof or the Engine Manufacturer, any manufacturer of any Part, or any person undertaking maintenance, repairs or modifications in respect of the Aircraft, to the extent that the same may be assigned or otherwise made available to Lessee or Permitted Sublessee, as applicable, and without warranty by Lessor as to the enforceability of any of the rights so assigned. To the extent that the same may not be assigned or otherwise made available to Lessee or Permitted Sublessee, as applicable, Lessor agrees, provided that no Event of Default has occurred and is continuing, and at Lessee's request and expense, to enforce such rights as Lessor may have with respect thereto for the benefit of Lessee or Permitted Sublessee, as applicable. During the continuation of any Event of Default and upon any termination of the leasing of the Aircraft hereunder, all such rights shall immediately revert to Lessor including all claims thereunder whether or not perfected and Lessee shall assign to Lessor rights Lessee may have under any other transferable and unexpired warranty, express or implied relating to the Aircraft or any Engine or Part.

13.2 Proceeds of Warranty Claims. Any cash payments to Lessee in respect of warranty claims under any of the warranties which are made available by Lessor to Lessee pursuant to the terms of Clause 13.1, which are not or will not be applied to the repair or remedy of defects in the Aircraft and which are not in respect of compensation for loss of use of the Aircraft, an Engine or Part during the Term due to a defect covered by such warranty, shall be for Lessor's account and shall to the extent received by Lessee be promptly paid by Lessee to Lessor.

CLAUSE 14 INSURANCES.

14.1 Obligation to Insure. From the Delivery Date until expiration or earlier termination of the Term and redelivery of the Aircraft to Lessor, Lessee shall, at its own expense, effect and maintain or cause to be effected and maintained in full force and effect insurances on and with respect to the Aircraft that comply with the provisions of this Clause 14. Lessee agrees that insurances shall be maintained through underwriters and brokers who normally participate in aviation insurances of recognised standing in the leading primary international insurance markets; and (ii) in an amount and on terms and conditions at least similar to the ones maintained on aircraft of a similar type to the Aircraft in the Lessee's fleet and which are customary in international lease transactions involving commercial passenger aircraft of a similar type to the Aircraft.

14.2 Insurance with Respect to the Aircraft. Lessee shall obtain and maintain, or cause to be obtained and maintained with respect to the Aircraft the following insurances:

(a) "Hull All-Risks" of loss or damage while flying and on the ground with respect to the Aircraft on an "agreed value" basis for the Agreed Value;

(b) "All-Risks" (including "War and Allied Risk" except when on the ground or in transit other than by air) property insurance on all Engines and Parts when not installed on the Aircraft on an "agreed value" basis for their full replacement value and including engine test and running risks; and

(c) "Hull War and Allied Perils" based on the coverage afforded by LSW 555D or market equivalent available from the leading international insurance markets, or from government indemnity policies as per and as wide as LSW 555D, including confiscation and requisition by the State of Registration on an "agreed value" basis for the Agreed Value.

14.3 Terms Specific to Hull Insurance. The insurances required under Clause 14.3 shall be provided on an agreed value basis and the policies shall comply with the conditions of AVN 67B and:

(a) include Lessor and each Lender as additional insureds for its rights and interests;

(b) include a loss payable clause that provides that all insurance proceeds in respect of a Total Loss shall be payable in accordance with the terms and conditions of AVN 67B to Lessor or at the direction of Lessor, any Lender or its assignee and that all other insurance proceeds shall be paid in accordance with the terms of this Agreement and the Security Documents to such parties as may be necessary to repair the Aircraft;

(c) include a loss payable clause that provides that all insurance proceeds shall be payable in accordance with the terms and conditions of AVN 67B to Lessor or its assignee and that all other insurance proceeds shall be paid in accordance with the terms of this Agreement and the Security Documents to such parties as may be necessary to repair the Aircraft;

(d) be subject to such exclusions and deductibles as Lessor may reasonably approve, provided that in no event shall the deductible under the Hull All- Risks and the Hull War-Risks insurance exceed the Maximum Deductible Threshold; and

(e) provide that all insurance proceeds shall be payable in US Dollars.

In the event separate insurances are arranged to cover the "Hull All-Risks" insurance and the "Hull War-Risks" and related insurances, the underwriters subscribing to such insurance agree that in the event of any dispute as to whether a claim is covered by the "Hull All-Risks" or "Hull War-Risks" policies, such claim be settled on a 50/50 claim funding basis in accordance with AVS103 (or similar).

14.4 Liability Insurance with Respect to the Aircraft.

(a) Lessee shall obtain and maintain a policy or policies of Aircraft Third Party, Bodily Injury/Property Damage, Passenger, Baggage, Cargo and Mail and Airline General Third Party (including Products) Legal Liability insurance for a combined single limit of not less than the Minimum Liability Coverage Amount or the equivalent thereof in any other currency approved by Lessor, for any one accident, such policy or policies to cover war risks and allied perils, under AVN52E endorsement. The insurance referred to in this paragraph (a) may, to the extent the Aircraft is leased to TAM Linhas Aéreas S.A. pursuant to a Permitted Sublease, be provided by the government of Brazil in a manner and in form and substance reasonably satisfactory to the Lessor.

(b) The policies evidencing the insurance required under Clause 14.5(a) shall comply at a minimum with the conditions of AVN 67B, and:

(i) include each Indemnitee as additional insureds (each, an "Additional Insured") for their respective rights and interests;

(ii) provide that all the provisions thereof, except the limits of liability, shall operate to give each Additional Insured the same protection as if there were a separate policy covering each named insured; and

(iii) be primary and without right of contribution from any other insurance that may be available to any other Additional Insured.

14.5 Provisions Relating to all Insurance. The policies evidencing the insurances with respect to the Aircraft required under this Clause 14 shall comply at a minimum with the conditions of AVN 67B and:

(a) provide that the insurance shall not be invalidated, so far as concerns any Additional Insured, by any action or inaction or omission (including misrepresentation and nondisclosure) of any person or party that results in a breach of any term, condition or warranty of such policy; provided that the Additional Insured so protected has not caused, contributed to or knowingly condoned the action, inaction or omission, as the case may be;

(b) specifically reference this Agreement;

(c) provide for worldwide coverage (subject only to such exceptions as are customary in insurance coverages carried by major international air carriers operating aircraft of the same type as the Aircraft);

(d) provide that upon payment of any loss or claim to or on behalf of any Additional Insured, the respective insurer shall to the extent and in respect of such payment be thereupon subrogated to all legal and equitable rights of the Additional Insured indemnified hereby (but not against any other Additional Insured); provided that such insurer shall not exercise such rights without the consent of the indemnified Additional Insured, such consent not to be unreasonably withheld. At the expense of such insurer, such Additional Insured shall do all things reasonably necessary to assist the insurer to exercise said rights;

(e) provide that none of Lessor nor any Lender shall be liable for any premiums in respect thereof and that the insurers shall waive any right of set-off or counterclaim against Lessor or any Lender except in respect of unpaid premiums in respect of the Aircraft;

(f) provide that the insurers shall promptly notify Lessor in the event of cancellation of, or any material adverse change in, the insurances or any act or omission or any event that might invalidate or render unenforceable the insurances or in the event that any premium or instalment of premium shall not have been paid when due and that the insurances shall continue unaltered for the benefit of each Indemnitee for at least thirty (30) days from receipt of written notice of such cancellation, change, event or non-payment of premium or instalment thereof shall have been received by Lessor or the relevant broker except in the case of War Risks for which seven (7) days' notice (or such period as may be customarily available in respect of War Risks or Allied Perils) will be given; and

(g) provide coverage with respect to losses and claims in connection with any change of year, date or time to the fullest extent as customary in the worldwide aviation insurance market, including date recognition limited coverage clauses AVN 2001A and AVN 2002A.

14.6 Insurance Covenants. Lessee shall:

(a) ensure or procure that all legal requirements relating to the insurance of the Aircraft which may from time to time be imposed by the laws of the State of Registration or any country to, from or over which the Aircraft may be flown are complied with and in particular those requirements compliance with which is necessary to ensure that:

(i) the Aircraft is not in danger of detention or forfeiture;

(ii) the insurances remain valid and in full force and effect; and

(iii) the interests of the Indemnitees in the insurances and the Aircraft are not prejudiced;

(b) not permit the Aircraft to be used for any purpose or in any manner inconsistent with or not fully covered by the insurances or outside any geographical limit imposed by the insurances;

(c) comply with the terms and conditions of each policy of the insurances and not do, consent, agree or permit to occur any act or omission which:

(i) invalidates or may invalidate the insurances; or

(ii) renders or may render void or voidable the whole or any part of any of the insurances; or

(iii) brings any particular liability within the scope of an exclusion or exception to the insurances;

(d) commence renewal procedures at least thirty (30) days prior to expiry of any of the insurances and provide to Lessor:

(i) if requested by Lessor, a written status report of renewal negotiations fourteen (14) days prior to each such expiry date;

(ii) on or prior to each renewal date (subject to such Insurance Broker customarily providing such at that time) confirmation from the relevant Insurance Broker that the insurance coverage required to be effected in accordance with this Agreement has been renewed prior to the expiry of the current policy;

(iii) a certificate of insurance (and where applicable a certificate of reinsurance), and, where reasonably requested by Lessor, a broker's (and where applicable a reinsurance broker's) letter of undertaking detailing the coverage and confirming the insurers' (and any reinsurers') agreement to the specified insurance requirements of this Agreement as soon as it is available and in any event no later than five (5) Business Days after the expiration of the current insurance period;

(e) on request, provide to Lessor copies of the certificates of insurance and reinsurance evidencing the insurances;

(f) on request, provide to Lessor evidence that the insurance premiums have been paid;

(g) not make any material modification or alteration to the insurances which is adverse to the interests of any of the Indemnitees;

(h) be responsible for any deductible under the insurances;

(i) provide any other insurance and reinsurance related information or assistance in respect of the insurances that Lessor may reasonably require; and

(j) in the event that such insurances required under Clause 14.2 are subject to any aggregate limit, from time to time purchase additional coverage such that the balance of coverage available under any such aggregate limit shall at all times be equal to at least the greater of (i) the insured aggregate at the inception of the current policy and (ii) the minimum requirements of this Agreement.

14.7 Information.

(a) On or before the Delivery Date as soon as it is available and in any event no later than five (5) days after each renewal of the then-current insurance programme, Lessee shall provide Lessor with certificates of insurance and a broker's letter of undertaking that (i) evidence to the satisfaction of Lessor that the insurances are and will continue in full force after the Delivery Date or the renewal date (as the case may be) for such period as shall then be stipulated and (ii) contain such other certifications and undertakings as are customarily provided to lessors by insurance brokers acting for major international air carriers.

14.8 Additional Insurance; No Lien.

(a) Lessee shall not, without the prior written consent of Lessor, maintain insurances with respect to the Aircraft or any Engine, other than as required under this Agreement; provided that Lessee may self-insure the risks covered by the hull insurance maintained in compliance with this Clause 14 by way of deductible, but in no event in an amount greater than the Maximum Deductible Threshold.

(b) Lessor may, having regard to insurances coverage from time to time carried by major commercial air carriers operating aircraft of the same type as the Aircraft and to practices current from time to time in the aviation insurance market and to the requirements of lessors of aircraft, from time to time require Lessee at no cost to Lessor, to effect such other insurances, or such variations to the terms of the existing insurances, as Lessor may by notice to Lessee reasonably require in order fully to protect the interests of the Indemnitees.

(c) If at any time Lessor reasonably determines that the insurances effected or procured by Lessee hereunder do not provide Lessor or the Lender(s) a satisfactory breach of warranty endorsement (in the case of Hull All-Risks and Hull War-Risks policies) and a satisfactory breach of warranty endorsement and cross liability and/or severability of interests clause (in the case of liability policies), then Lessee shall, at the request of Lessor and at its own expense, effect and maintain, a policy in respect of the interests of Lessor and the Lender(s), in such form as Lessor reasonably consider(s) appropriate.

(d) Lessee shall not create or permit to exist any Lien over the insurances required by this Agreement, or its interest therein, save as constituted by this Agreement and the Operative Documents.

14.9 Failure to Insure. If at any time Lessee fails to maintain in full force and effect insurances in compliance with any provision of this Clause 14, Lessor shall be entitled but not bound (without prejudice to any other rights that it may have or acquire under this Agreement by reason of such failure):

(a) to pay the premiums due or effect and maintain insurances satisfactory to it or otherwise remedy Lessee's failure in such manner (including to effect and maintain an "owner's interest" policy) as it considers appropriate and any sums so expended by it will become immediately due and payable by Lessee to Lessor, together with interest thereon from the date of expenditure by it up to the date of reimbursement by Lessee; and

(b) at any time while such failure is continuing, require the Aircraft to remain at any airport or to proceed to and remain at any airport designated by it until the failure is remedied to its satisfaction.

14.10 Settlement of Claims.

(a) Lessee shall not settle or permit settlement of any claim arising under any of the hull and spare insurances in respect of any loss or damage in excess of the Damage Notification Threshold or make any payment in connection therewith without the prior written consent of Lessor (such consent not to be unreasonably withheld or delayed), and will not settle or permit settlement of any claims under such insurances without such consent if an Event of Default has occurred and is continuing. The proceeds of hull insurances in respect of a Total Loss shall be paid to Lessor or its assignee in an amount equal to the Agreed Value. The proceeds of hull and spare insurances in respect of any loss other than a Total Loss shall be paid (i) to Lessee if such loss is less than the Damage Notification Threshold, or (ii) to such parties as may be necessary to repair the Aircraft (or to Lessee in reimbursement for paying for such repairs) if such loss is equal to or greater than the Damage Notification Threshold provided that if an Event of Default has occurred and is continuing, all such proceeds which would otherwise be paid to Lessee shall be paid to Lessor or its assignee.

(b) Upon completion of the repairs of any loss on which the insurers have paid insurance proceeds to Lessee, Lessee shall deliver to Lessor an officer's certificate certifying that such repairs to the Aircraft have been completed in accordance with the Manufacturer's recommended procedures.

14.11 Assignment. If Lessor transfers the Aircraft or assigns its rights hereunder as permitted by Clause 20.2 of this Agreement, Lessee will, upon request, procure that the transferee or assignee (including any Lender) shall be named as a 'Contract Party' to any of the insurances referred to in this Clause 14 so as to enjoy the same rights and protection as Lessor may have from time to time under such insurances.

14.12 Post Termination.

(a) Lessee shall effect and maintain (at no cost to Lessor) insurance in an amount not less than the Minimum Liability Coverage in the annual aggregate after the Termination Date with respect to its liability under the indemnities in Clause 19 for such period as Lessor may reasonably require, but in any event for not more than the earlier of two (2) years or the completion of the next 6Y-Check which provides for each Indemnitee to be named as an additional insured. Lessee's obligation in this Clause 14.13(a) shall not be affected by Lessee ceasing to be the "Lessee" of the Aircraft and/or any of the Indemnitees ceasing to have any interest in respect of the Aircraft.

(b) In addition, if Lessor transfers the Aircraft or such rights and thereafter ceases to be Lessor of the Aircraft (a "Transferor"), Lessee shall, at the request of such Transferor and at Lessee's expense, effect and maintain for the benefit of such Transferor the liability insurances otherwise required under this Agreement for such period (not exceeding the lesser of the time until the next 6Y-Check or two (2) years and not, in any event, to exceed the end of the coverage period provided for in Clause 14.13(a)) as the Transferor may request and shall ensure that the Transferor shall be named as an additional insured thereunder.

14.13 Reinsurance. Any reinsurance will be maintained with reinsurers of recognised standing who normally participate in aviation insurances and brokers in the London or New York or such other leading international insurance markets approved by Lessor. Any reinsurance in respect of the Insurances under Clause 14 of this Agreement must:

(a) be on the same terms as the original insurance;

(b) be for not less than (i) ninety eight percent (98%) or (ii) for so long as the Aircraft is registered in Brazil, eighty-four point forty-five percent (84.45%) or any other higher reinsurance percentage then permitted under Applicable Law of Brazil, and shall be effected in the insurance markets in Lloyd's of London, or other internationally recognised aviation insurance markets with reinsurers of international standing and repute who normally participate in aircraft insurance programs acceptable to Lessor;

(c) provide that notwithstanding the bankruptcy, insolvency, liquidation, or similar proceedings affecting the reinsured party, the reinsurers will be liable to make payment under the relevant policy of reinsurance as if the reinsured party had (immediately before such proceedings) discharged its obligations in full under the original insurance policy;

(d) be with insurers of recognised responsibility with limits in line with those of standard airline practice; and

(e) contain a "cut through" clause in the following terms or otherwise satisfactory to Lessor:

"The reinsurers hereby agree that in the event of any claim arising under the reinsurances in respect of a Total Loss or other claim where, as provided by the Lease, such claim is to be paid to the person named as sole loss payee under the primary insurances, the reinsurers shall in lieu of payment to the reinsured, its successors in interest and assigns, pay to the person named as sole loss payee under the primary insurances effected by the Insured that portion of any loss due for which the reinsurers would otherwise be liable to pay the reassured (subject to proof of loss), it being understood and agreed that any such payment by the reinsurers shall (to the extent of such payment) fully discharge and release the reinsurers from any and all further liability in connection therewith. Any payment due under this clause shall not contravene any law, statute or decree of [insert country of primary insurer]."

CLAUSE 15 LOSS, DAMAGE AND REQUISITION.

15.1 Total Loss of Aircraft or Airframe.

(a) If a Total Loss of the Airframe or the Aircraft occurs prior to Delivery, this Agreement will immediately terminate and except as expressly stated in this Agreement neither party will have any further obligation or liability under this Agreement other than pursuant to Clause 19.8.

(b) If a Total Loss of the Airframe or the Aircraft occurs after Delivery, Lessee will pay the Agreed Value to Lessor on or prior to the earlier of (i) ninety (90) days after such Total Loss Payment Date and (ii) the date of receipt of insurance proceeds in respect of such Total Loss.

(c) Subject to the rights of any insurers and reinsurers or other person, upon irrevocable payment in full to Lessor of the Agreed Value and all other amounts which may be or become payable to Lessor under this Agreement, Lessor will procure at Lessee's expense that there is transferred to Lessee without recourse or warranty (except as to freedom from Lessor's Liens) all of Lessor's right, title and interest in and to the Aircraft, on an "as-is where-is" basis, and will procure such bills of sale and other documents and instruments as Lessee may reasonably request to evidence (on the public record or otherwise) such transfer.

15.2 Total Loss of Engine(s).

(a) Upon a Total Loss of any Engine not installed on the Aircraft, or a Total Loss of an Engine installed on the Airframe not involving a Total Loss of the Airframe (in either case, a "destroyed Engine"), Lessee shall promptly, after becoming aware of the same, give written notice thereof to Lessor and Lessee shall replace the destroyed Engine as soon as reasonably possible and in any event within the earlier of (i) ninety (90) days after the Total Loss and (ii) the date of receipt of insurance proceeds in respect of such Total Loss by procuring that Lessor acquires (at no expense to Lessor) title to a Replacement Engine that shall be subject to this Agreement and any Security Documents executed by Lessor and free of all Liens other than Permitted Liens. Contemporaneously with the transfer of such Replacement Engine to Lessor, Lessor shall pay to Lessee or its designee the net amount of any insurance proceeds received by Lessor in respect of the destroyed Engine under the insurances required to be maintained in respect of such destroyed Engine by Lessee under this Agreement. Such Replacement Engine shall, upon acquisition by Lessor, be an Engine as defined herein.

(b) The parties hereto agree to take such action as either of them may reasonably request in order that any such Replacement Engine shall be or immediately become the property of Lessor and become subject to this Agreement and any Security Documents executed by Lessor, and leased hereunder on the same terms as the destroyed Engine. Upon compliance with the foregoing, the leasing of the destroyed Engine shall cease and Lessor will, subject to the rights of any insurers and reinsurers or other third party, procure at Lessee's request and expense that there is transferred to Lessee without recourse or warranty (except as to freedom from Lessor's Liens) all of Lessor's rights, title and interest in and to the destroyed Engine, on an "as-is where-is" basis, and will procure such bills of sale and other documents and instruments as Lessee may reasonably request to evidence (on the public record or otherwise) such transfer, free and clear of all rights of Lessor and Lessor's Liens.

(c) A "Replacement Engine" means a CFM56-5B4/3 engine (or an engine of an improved model suitable for installation and use on the Airframe) (i) in the same operating condition as, and having a value, utility and remaining useful life at least equal to, the replaced Engine (assuming that the replaced Engine was in the condition and repair in which it is required to be maintained under this Agreement); and (ii) that has no fewer Flight Hours or Cycles than the replaced Engine remaining to the next expected life restoring shop visit and to the next removal for replacement of life- limited parts, and the LLPs in the Replacement Engine shall have on average Cycles of life remaining not fewer than those in the replaced Engine.

15.3 Total Loss of APU.

(a) Upon a Total Loss of an APU not installed on the Aircraft, or a Total Loss of an APU installed on the Airframe not involving a Total Loss of the Airframe (in either case, a “destroyed APU”), Lessee shall promptly, after becoming aware of the same, give written notice thereof to Lessor and Lessee shall replace the destroyed APU as soon as reasonably possible and in any event within the earlier of (i) ninety (90) days after the Total Loss and (ii) the date of receipt of insurance proceeds in respect of such Total Loss by procuring that Lessor acquires (at no expense to Lessor) title to a Replacement APU that shall be subject to this Agreement and any Security Documents executed by Lessor and free of all Liens other than Permitted Liens. Contemporaneously with the transfer of such Replacement APU to Lessor, Lessor shall pay to Lessee the net amount of any insurance proceeds received by Lessor in respect of the destroyed APU under the insurances required to be maintained in respect of such destroyed APU by Lessee under this Agreement. Such Replacement APU shall, upon acquisition by Lessor, be the APU as defined herein.

(b) The parties hereto agree to take such action as either of them may reasonably request in order that any such Replacement APU shall be or immediately become the property of Lessor and become subject to this Agreement and any Security Documents executed by Lessor, and leased hereunder on the same terms as the destroyed APU. Lessee’s obligation to pay Rent shall continue in full force and effect and shall not be affected by such replacement. Upon compliance with the foregoing, the leasing of the destroyed APU shall cease and Lessor will, subject to the rights of any insurers and reinsurers or other third party, procure at Lessee’s request and expense that there is transferred to Lessee without recourse or warranty (except as to good title and freedom from Lessor’s Liens) all of Lessor’s rights, title and interest in and to the destroyed APU, on an “as-is where-is” basis, and will procure such bills of sale and other documents and instruments as Lessee may reasonably request to evidence (on the public record or otherwise) such transfer, free and clear of all rights of Lessor and Lessor’s Liens. If the destroyed APU or any part thereof is salvaged and returned to service, Lessee shall indemnify Lessor under Clause 19 against any future use of such destroyed APU to the same extent as if it were the APU and will include Lessor as an additional insured on its insurance policy with respect to the destroyed APU for so long as the destroyed APU is operated by Lessee.

(c) A “Replacement APU” means an auxiliary power unit in accordance with this Agreement (or an auxiliary power unit of an improved model suitable for installation and use on the Airframe) (i) in the same operating condition as, and having a value, utility and remaining useful life at least equal to, the replaced APU (assuming that the replaced APU was in the condition and repair in which it is required to be maintained under this Agreement); (ii) has no fewer Flight Hours or Cycles than the replaced APU remaining to the next expected life restoring shop visit and to the next removal for replacement of life limited parts; (iii) the LLPs in the Replacement APU shall have on average Cycles of life remaining not fewer than those in the replaced APU; and (iv) appropriate certification which shall be either EASA Form 1 or FAA 8130 Tag.

15.4 Other Loss or Damage; Diminution of Value. If the Aircraft or any part thereof suffers loss or damage not constituting a Total Loss of the Aircraft or the Airframe, all the obligations of Lessee under this Agreement shall continue in full force, and Lessee shall, at Lessee's expense, promptly procure the repair or replacement of all damaged or lost Parts in accordance with this Agreement.

15.5 Requisition.

(a) If there is a requisition for use or hire of the Aircraft or any part thereof by a Government Entity, then, unless and until the Aircraft becomes a Total Loss and Lessee shall have paid all sums due pursuant to Clause 15.1, the leasing of the Aircraft to Lessee under this Agreement shall continue in full force and effect, and Lessee shall remain fully responsible for performance and observance of all its obligations under this Agreement, other than obligations (which shall not include reporting requirements and payment of Rent) with which Lessee is unable to comply solely by virtue of such requisition.

(b) Lessee shall, as soon as practicable after the end of any requisition for use or hire, cause the Aircraft to be put into the condition required by this Agreement.

(c) Lessor shall apply any requisition payments or other compensation received by it, directly or indirectly, as a result of the requisition for use of the Aircraft in or towards discharge of Rent and other amounts due from Lessee hereunder (including such amounts as may be required to restore the Aircraft to the condition required by this Agreement after the end of such requisition) and shall (provided no Event of Default shall have occurred and be continuing) release to Lessee any surplus remaining after such application.

CLAUSE 16 DEFAULT.

16.1 Classes of Events.

REDACTED*

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

CLAUSE 17 PAYMENTS ON EVENT OF DEFAULT.

17.1 Payments.

(a) Upon the occurrence of any Event of Default, and at any time thereafter (provided such Event of Default is then continuing), provided that the Chapter 11 Cases and related parallel and ancillary proceedings in Chile, Colombia, and the Cayman Islands shall not apply for purposes of this clause, whether or not Lessor shall have exercised, or shall thereafter exercise, any of its rights under Clause 16.2, Lessee shall upon receipt of notice from Lessor:

REDACTED*

17.2 Further Notices. Lessor shall be entitled, following the issuance of a notice under Clause 17.1, to issue further notices thereafter in respect of any amounts referred to in Clause 17.1 that shall not have been incurred and/or quantified at the date of any previous notice.

17.3 No Limitation. Lessor's rights to payments under this Clause are not intended to be exclusive, but are in addition to any other remedy available to Lessor under Applicable Law.

17.4 Mitigation. Lessor will use reasonable endeavours to mitigate such Losses.

* All text marked "*REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

17.5 Lessee Illegality Event. Subject always to Clause 17.7, if a Lessee Illegality Event occurs, Lessee shall promptly notify Lessor of such Lessee Illegality Event. Lessee and Lessor shall consult in good faith as soon as reasonably practicable after receipt of Lessee's written notice in order to restructure the transactions (at no cost to Lessor) contemplated by this Agreement and the other Lessee's Documents in order to avoid such Lessee Illegality Event. If, following sixty (60) days after Lessee's written notice (or, if earlier, the last day before such Lessee Illegality Event takes effect) the transactions contemplated by this Agreement and the other Lessee's Documents have not been restructured in order to avoid such Lessee Illegality Event, Lessor may, at its option (and without prejudice to any of its other rights under this Agreement (including its rights under Clause 16.2)) at any time thereafter, by notice to Lessee but with immediate effect, terminate the leasing of the Aircraft (but without prejudice to the continuing obligations of Lessee under this Agreement), whereupon all rights of Lessee under this Agreement shall cease and Lessee shall reasonably promptly comply with Clause 18 of this Agreement shall apply as if each reference therein to an Event of Default were a reference to the occurrence of such Lessee Illegality Event and to such termination.

17.6 Lessor Illegality Event. Subject always to Clause 17.7, if a Lessor Illegality Event occurs, Lessor shall notify Lessee of such Lessor Illegality Event. Lessee and Lessor shall consult in good faith as soon as reasonably practicable after receipt of Lessor's written notice in order to restructure the transactions (at no cost to Lessee) contemplated by this Agreement and the Lessee's Documents in order to avoid such Lessor Illegality Event. If, following sixty (60) days after Lessor's written notice (or, if earlier, the last day before such Lessor Illegality Event takes effect) the transactions contemplated by this Agreement and the other Lessee's Documents have not been restructured in order to avoid such Lessor Illegality Event, Lessee may, by notice in writing to Lessor terminate the leasing of the Aircraft under this Agreement, such termination to take effect on the latest date on which Lessor may continue the leasing of the Aircraft hereunder without being in breach of Applicable Laws or regulations and Lessee will forthwith redeliver the Aircraft to Lessor in an "as-is" condition

17.7 Lessor Illegality Event and Lessee Illegality Event. If a Lessor Illegality Event and a Lessee Illegality Event occur so that it is illegal for both Lessee and Lessor to continue leasing the Aircraft as contemplated by this Agreement, Lessor and Lessee shall consult with each other for a period of ninety (90) days and use best efforts to restructure this Agreement in order to avoid such illegality. If Lessor and Lessee are unable to reach an agreement at the end of such ninety (90) day period (or such other date as Lessor or Lessee may agree), Lessee shall be entitled to return the Aircraft to Lessor in an "as is, where is" condition.

CLAUSE 18 REDELIVERY.

18.1 Redelivery. On the Termination Date (other than following a Total Loss) Lessee shall, at its own expense, redeliver the Aircraft and the Aircraft Documents to Lessor at an EASA- or FAA - certified MRO, to be advised by Lessee to Lessor at least ninety (90) days prior to the redelivery date or to such other location as Lessor and Lessee may agree prior to such date (the "Return Location").

18.2 Condition Aircraft and the Aircraft Documents.

REDACTED*

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(d) inspect the Engines, including a full digitally recorded borescope of combustor and low and high pressure compressor and turbine areas, as well as an engine max power assurance run per the AMM's criteria;

(e) inspect the APU, including a full digitally recorded borescope inspection, and chip detector inspection, in accordance with the AMM and a line maintenance inspection or health check.

All of the foregoing inspections shall be at the cost of Lessee; provided, however, that Lessee shall not be responsible for any costs associated with Lessor's personnel, including travel, meals, lodging and any costs and expenses ancillary thereto.

Lessor may accept the Aircraft subject to the correction of any defect or nonconformity with the Redelivery Condition Requirements observed during the inspection or demonstration flight in which case Lessor shall notify Lessee promptly upon the discovery of any such defect or non-conformity. Lessee will, at Lessee's expense, correct all discrepancies found during any such inspection or flight determined not to have been in compliance with the Maintenance Program, the guidelines of the relevant manufacturer or the requirements of this Agreement and provide to Lessor satisfactory evidence of such corrections, provided, however that Lessor and Lessee agree that in the case of any defects or non-conformities not affecting the airworthiness of the Aircraft or of the ability of the Aircraft to be immediately placed into commercial service by Lessor (for which the combined cost of rectification would not exceed **REDACTED***), Lessee may deliver the Aircraft to Lessor and, at Lessee's option in consultation with Lessor, (i) pay to Lessor an amount equal to the estimated cost of rectification of such defects or non-conformities as agreed between Lessor and Lessee (including the reasonable out-of-pocket costs incurred by Lessor to correct such defects and non-conformities), (ii) procure the correction of such defects or non-conformities at Lessee's cost following redelivery at a time agreed upon with Lessor, and in the case of (i) and (ii), Lessor shall not be entitled to rely on the failure of those defects or non-conformities to meet the Redelivery Condition Requirements as the basis upon which it does not accept the valid tender of the Aircraft for redelivery pursuant to the terms hereof. Upon completion of the inspection and correction of all the discrepancies, Lessee will make the Aircraft available to Lessor for reinspection, which may include an additional demonstration flight (if required per the applicable Manufacturers manuals) to demonstrate that a discrepancy has been rectified. Upon confirmation of the correction of all discrepancies discovered during the inspections and flights, Lessee and Lessor will execute the Return Acceptance Certificate at which time the leasing of the Aircraft pursuant to the terms of this Agreement shall terminate.

18.4 Compliance after Term. If the time required by Lessee to complete compliance with any of the provisions of this Clause 18 (including Schedule 5 hereto) shall extend beyond the Expiry Date, the provisions of this Agreement shall, at the option of Lessor, continue on a daily basis until full compliance by Lessee with all of such provisions. Notwithstanding any continuation of Lessee's obligations under this Agreement, Lessee shall only be entitled to possession of the Aircraft after the date Lessee is required to redeliver the same pursuant to this Agreement (a) if Lessor so elects and (b) for the sole purpose of promptly carrying out the works necessary to ensure redelivery in accordance with the provisions hereof.

18.5 Deregistration and Export. At such time as Lessee is obligated to redeliver the Aircraft to Lessor pursuant to this Agreement, Lessee shall upon the request of Lessor:

(a) promptly take all such steps (not including procuring the discharge of any Lessor's Liens) as may be necessary to cancel the existing registration of the Aircraft (subject to Lessor giving, or procuring that any mortgagee of the Aircraft gives, such notices and/or required consents to the cancellation of such registration) and obtain and deliver to Lessor all certificates relating to the Aircraft required by Applicable Law on any transfer of or alteration to the registration thereof (including without limitation either a certificate of airworthiness or an export certificate of airworthiness for the Aircraft);

* All text marked "***REDACTED**" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

(b) provide to Lessor all assistance as Lessor may reasonably request so as to enable Lessor to obtain any documents (including, without limitation, any export certificate of airworthiness) required by Applicable Law in relation to the export of the Aircraft from the State of Registration, the Habitual Base or such other country in which the Aircraft is for the time being located and shall re-assign or otherwise confirm to Lessor the benefit of any indemnities or warranties available to Lessee from the Manufacturer or any other supplier or manufacturer of the Engines, the APU or any Part or any repair or overhaul facility;

(c) provide to Lessor, at Lessor's expense, such assistance with respect to information and documentation as Lessor may reasonably require so as to enable the Aircraft to be registered and certified as to airworthiness under any Applicable Laws and/or regulations of any country other than the State of Registration; and

(d) if the Return Location is different from the jurisdiction of the Habitual Base, Lessee shall obtain all necessary permits and licences and pay for all the costs and expenses associated with such export.

18.6 Ferry Flight. Following redelivery of the Aircraft, Lessee will (or shall procure that Permitted Sublessee will), upon the written request of Lessor, fly the Aircraft from the Return Location to such location as Lessor may designate, subject to Lessee's consent, not to be unreasonably withheld or delayed (the "Ferry Flight"). Except as may be set forth in the Acceptance Certificate, Lessee will pay all costs and expenses of the Ferry Flight and, provided Lessee has an insurable interest in the Aircraft, will provide insurance coverage for the duration thereof equivalent to that provided by the policies required under Clause 14. Lessor will reimburse Lessee for its costs incurred in performing the Ferry Flight within five (5) Business Days upon receipt of an invoice and other supporting documents reasonably acceptable to Lessor and Lessee. In addition, Lessor shall be responsible for costs relating to customs at the Return Location in relation to the redelivery of the Aircraft, and shall comply with all such customs and charges imposed by the Government Entity of the Return Location (including ground handling and parking). Additionally, Lessee shall be responsible for the costs of de-registering the Aircraft and complying with requirements related to the export of the Aircraft from the State of Registration to the Return Location. Lessor shall cooperate with Lessee in connection with the deregistration and export of the Aircraft (including, for example, executing any consent to the deregistration of the Aircraft from the State of Registration which may be required by the applicable Aviation Authority).

18.7 Utilisation Adjustment Payments. Prior to accepting redelivery of the Aircraft to Lessor, Lessee will pay to Lessor, or Lessor will pay to Lessee, as the case may be, the amounts calculated pursuant to Schedule 10.

CLAUSE 19 INDEMNITIES.

19.1 General Indemnities.

(a) Lessee hereby agrees at all times to indemnify, protect, defend and hold harmless each Indemnitee from and against all and any liabilities, losses, claims, proceedings, damages, penalties, fines, fees, costs and expenses whatsoever (any of the foregoing being referred to as a "Claim") that any of them at any time suffers or incurs:

(i) arising directly or indirectly out of, or in any way connected with, the, manufacture, ownership, possession, registration, performance, transportation, management, control, use or operation, design, condition, testing, delivery, leasing, subleasing, maintenance, repair, service, modification, overhaul, replacement, removal or redelivery of the Aircraft (either in the air or on the ground) or any part of the Aircraft or Aircraft Documents, whether or not such Claims may be attributable to any defect in the Aircraft or any part thereof or the Aircraft Documents or to the design, testing or use thereof or to any maintenance, service, repair, overhaul, or to any other reason whatsoever (whether similar to any of the foregoing or not), and regardless of when the same shall arise (whether during, or after termination of, the leasing of the Aircraft under this Agreement); or

(ii) arising as a result of any design, article or material in the Aircraft or any part thereof or the operation or use thereof constituting or being alleged to constitute an infringement of any patent, copyright, design or other proprietary right;

(iii) in relation to preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of the Aircraft, or in securing the release of the Aircraft other than from any Lessor's Lien; or

(iv) arising, directly or indirectly out of or in any way connected with Lessor's payment for or performance of, or procuring performance of, any of Lessee's obligations hereunder on behalf of Lessee in accordance with Clause 20.10.

(b) The following are excluded from Lessee's agreement to indemnify any particular Indemnitee under Clause 19.1(a):

(i) any Claim judicially determined to be attributable to an act, matter, circumstance or thing done, arising or occurring after the Compliance Date, but only to the extent not attributable or related, in whole or in part, to acts or omissions of Lessee or to circumstances, acts, omissions, incidents or events occurring on or before the Compliance Date;

(ii) any Claim which is the result of any failure on the part of Lessor or any other Indemnitee to comply with the express terms of this Agreement or any other Operative Document or any representation or any warranty given by Lessor in this Agreement not being true and correct at the date when, or when deemed to have been, given or made;

(iii) any Claim caused by the wilful misconduct or recklessness of such Indemnitee, its successors, servants or agents;

(iv) any Claim which is a Tax imposed or a loss of a Tax benefit, which Claim shall instead be subject to Clauses 19.2, 19.3, 19.4 and 19.5;

(v) any Claim for currency indemnification, which shall be governed by Clause 6.6;

(vi) any Claims which are the ordinary and usual operating or overhead expense of Lessor or Lessor Guarantor except to the extent that the same arise on the occurrence of an Event of Default;

(vii) any Claim relating solely to the prior operation of the Aircraft by the Prior Operator;

(viii) any Claim which represents or results from a decline in the market value of the Aircraft (unless such decline arises out of any Event of Default in respect of operation, maintenance or repair of the Aircraft);

(ix) any Claim which is expressly required to be borne by Lessor in accordance with any other provision of this Agreement or the other Operative Documents;

(x) any Claim which is caused by or attributable to the existence, creation or imposition of a Lessor's Lien, provided such Claim does not result directly from an Event of Default or a Lessee Illegality Event;

(xi) any Claim caused solely as a result of any sale, assignment, transfer or other disposition by such Indemnitee of the Aircraft or Engine or any interest therein (including creation of a Lessor's Lien) that is not a replacement thereof under this Agreement or is otherwise not contemplated under this Agreement, and unless such sale, transfer or other disposition has resulted from or occurred (a) following an Event of Default which is continuing, or (b) as a consequence of a Total Loss;

(xii) any Claim to the extent settled or reimbursed from any proceeds of insurances paid to that Indemnitee;

(xiii) any Claim which arises as a result of any financing arrangement entered into by Lessor with respect to the Aircraft, including without limitation, break costs and any other amounts payable under any financing documents, except to the extent that the same arise on the occurrence of an Event of Default;

(xiv) any Claim which arises out of any legal liability of an Indemnitee as a manufacturer that manufactured, or a maintenance repair organization that performed maintenance on, the Aircraft or any Part thereof; and

(xv) any Claim caused solely by an event that occurs after the redelivery of the Aircraft to Lessor in compliance with this Agreement (or, as the case may be, a termination of the leasing of the Aircraft following a Total Loss) and is not attributable to any act, omission, event or circumstance occurring prior to such redelivery.

(c) An Indemnitee shall promptly after obtaining actual knowledge thereof notify Lessee of any Claim as to which indemnification is sought. Without prejudice to the obligation of Lessee to indemnify pursuant to this Clause 19.1 and provided that no Event of Default has occurred and is continuing, Lessee shall have the right to investigate and, in its discretion, to defend or compromise (other than with respect to a compromise of a non-monetary Claim, the compromise of which may adversely affect the Indemnitee), any Claim for which indemnification is sought under this Clause 19.1 and each Indemnitee shall cooperate at Lessee's cost with all reasonable requests of Lessee in connection therewith; provided that (i) such proceedings do not involve any material risk of loss or forfeiture of title to the Aircraft (unless Lessee shall have posted a bond or other security satisfactory to Lessor in respect of such risk) or any material risk of any civil or criminal penalty being assessed against any Indemnitee and (ii) Lessee shall have agreed to indemnify, and shall indemnify on demand, such Indemnitee in a manner satisfactory to it for all costs and expenses which it may incur in connection with such Claim and shall deliver to such Indemnitee a written undertaking to indemnify it whether or not any contest of such Claim is successful. Where Lessee or its insurers undertake the defence of an Indemnitee with respect to a Claim, no additional legal fees or expenses of such Indemnitee in connection with such defence of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the request of Lessee or such insurers; provided, that if in the written opinion of counsel to such Indemnitee an actual or potential material conflict of interest exists where it is advisable for such Indemnitee to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by Lessee. Subject to the requirements of any policy of insurance, any Indemnitee may participate at its own expense in any judicial proceeding controlled by Lessee pursuant to the preceding provisions, and such participation shall not constitute a waiver of the indemnification provided in this Clause 19.1. Nothing in this Clause 19.1 shall be deemed to require an Indemnitee to contest any Claim or to assume responsibility for or control of any judicial proceeding with respect thereto.

19.2 General Tax Indemnity. Lessee shall pay and discharge or cause to be paid or discharged, within the period for payment permitted by law **REDACTED***

REDACTED*

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

19.2B Mitigation. If Lessee is obligated to make any payment in respect of Tax under this Agreement (including under Clause 19), then each of Lessor and Lessee shall (and Lessor shall use reasonable efforts to procure that each Tax Indemnitee shall) consult in good faith and use all reasonable endeavours and diligently co-operate with the other to mitigate or reduce the need for the Lessee to make such payment or to reduce the amount of such payment by Lessee, which mitigation efforts shall be at the cost of Lessee. Each of Lessor and Lessee shall (and Lessor shall use reasonable efforts to procure that each Tax Indemnitee shall) provide any available forms or information in respect of Tax reasonably requested by the other party from time to time. Lessor shall not be liable for any of its failures to perform any of the foregoing and Lessor's obligations under this Clause 19.2B shall not limit, reduce or qualify its rights to be indemnified or to receive additional amounts in respect of Tax under this Agreement (including Clause 19). Notwithstanding the foregoing, Lessor shall not be under any obligation to take or continue any action which in its absolute and sole discretion it considers to have an adverse effect on its business or financial condition or its reputation.

19.3 Value Added Tax.

(a) For purposes of this clause:

- (i) "VAT" means value added tax and any sales or turnover tax, imposition or levy of a like nature wherever imposed; and
- (ii) "supply" includes anything on which VAT is chargeable.

(b) Lessee will pay to Lessor the amount of any VAT chargeable in respect of any supply for VAT purposes under this Agreement.

(c) Each amount stated as payable under this Agreement is exclusive of VAT (if any) and is accordingly to be construed as a reference to that amount plus any VAT in respect of it.

19.4 Payments on After-Tax Basis. Each payment and indemnity made by Lessee under this Clause 19 shall be made on an After-Tax Basis.

* All text marked "**REDACTED" is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

19.5 No Deductions or Withholdings.

(a) Lessee shall ensure that all payments to be made under this Agreement (whether made by Lessee or any third party on Lessee's behalf), whether in respect of Basic Rent, Utilisation Adjustment Payments, Agreed Value, interest, fees, indemnities or any other item, shall be made in full without any deduction or withholding (whether in respect of set-off, counterclaim, duties, Taxes, charges or otherwise) unless such deduction or withholding is required by law, in which event Lessee shall:

(i) ensure that any deduction or withholding by it does not exceed the minimum amount legally required;

(ii) on the due date for such payment pay to the payee such additional amount as shall result in the net amount received by such payee being equal on an After-Tax Basis to that amount which would have been received by such payee had no such deduction or withholding been made;

(iii) pay to the applicable taxation or other authorities within the period for payment permitted by law the full amount of the deduction or withholding legally required to be paid by it (including, but without prejudice to the generality of the foregoing, the full amount of any deduction or withholding from any additional amount paid pursuant to this sub-clause); and

(iv) furnish to such payee, within thirty (30) days of payment of such Taxes by it either (x) an official receipt of the applicable taxation or other authorities for all amounts deducted or withheld as aforesaid or (y) if such receipts are not issued by the taxation or other authorities concerned on payment to them of amounts so deducted or withheld, a certificate of deduction or equivalent evidence of the relevant deduction or withholding reasonably satisfactory to Lessor.

19.6 Tax Benefit.

REDACTED*

19.7 Reports. Lessee will provide to each Tax Indemnitee such information as may reasonably be requested by such Tax Indemnitee to enable it to fulfil its Tax filing or other information reporting requirements with respect to the transactions contemplated by Lessee's Documents. If any report, return or statement is required to be filed with respect to any Tax which is subject to indemnification under this Clause 19, to the extent legally permitted to do so Lessee shall timely file or cause to be filed the same (except for any such report, return or statement which such Tax Indemnitee has notified Lessee that it intends to file, or for income tax returns or any other return, report or statement which Lessor is required by law to file in its own name).

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

19.8 Continuation of Indemnities. The rights of each Indemnitee and Tax Indemnitee in respect of the indemnities contained in this Agreement, including in this Clause 19, shall continue in full force and effect in favour of each such Indemnitee notwithstanding the termination of this Agreement, the other Lessee's Documents and/or the leasing of the Aircraft hereunder for any reason whatsoever, and notwithstanding cessation of business of such Indemnitee or Tax Indemnitee, dissolution of such Indemnitee, Tax Indemnitee or Lessee, any change in the constitution of such Indemnitee, Tax Indemnitee or Lessee, any transfer or assignment by an Indemnitee or Tax Indemnitee of its rights in the Aircraft or its interest hereunder subject to the terms of Clause 20.2, or any other fact, event or circumstance of any kind whatsoever, whether similar to any of the foregoing or not.

19.9 Forms. Without prejudice to Clause 19.5, each Indemnitee agrees to furnish from time to time to Lessee or to such other person as Lessee may designate, at Lessee's request and expense, such duly executed and properly completed forms as such Indemnitee may be permitted and legally able to deliver and as may be necessary or appropriate in order to claim any reduction of, or exemption from any Tax which Lessee may be required to indemnify against hereunder, unless such Indemnitee determines that furnishing such forms may have an adverse effect on the business or operations of such Indemnitee.

19.10 Termination Due to Chapter 11 Cases.

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

REDACTED*

CLAUSE 20 FURTHER PROVISIONS.

20.1 Nature of Lessee's Obligations. All obligations of Lessee under this Agreement shall constitute conditions, and the time for the performance of such conditions shall be of the essence (without prejudice to the grace periods granted hereunder).

20.2 Benefit of Agreement.

(a) Lessor Transfer. Lessor shall have the right **REDACTED***

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

20.3 Further Assurances. Lessee agrees from time to time to promptly do and perform such other and further acts and promptly execute and deliver and, if applicable, consent electronically to, any and all such other instruments and registration as may be required by law or reasonably requested by Lessor to establish, maintain and protect the rights and remedies of Lessor and the Lender(s) under the Operative Documents and to carry out and effect the intent and purpose of the Operative Documents, including, if requested by Lessor and at Lessee's expense, the execution and delivery of supplements or amendments hereto subjecting to this Agreement any Replacement Engine in accordance with the laws of any appropriate jurisdiction.

20.4 Rights Cumulative; Waivers; Variation; Counterparts; Language; Delivery by Facsimile or E-mail.

(a) The rights of both parties under this Agreement are cumulative, may be exercised as often as the relevant party considers appropriate and are in addition to its rights under the general law. The rights of both parties against the other or in relation to the Aircraft (whether arising under this Agreement or the general law) shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing; and in particular any failure to exercise or any delay in exercising any such rights shall not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights shall not preclude any other or further exercise of that or any other such right; and no act or course of conduct or negotiation on the part of such party or on its behalf shall in any way preclude it from exercising any such right or constitute a suspension or any variation of any such right.

(b) The provisions of this Agreement shall not be varied otherwise than by an instrument in writing executed by or on behalf of Lessor and Lessee.

(c) This Agreement may be executed in counterparts each of which will constitute one and the same document.

(d) All documents delivered to Lessor or required to be delivered pursuant to this Agreement shall be in English, or if not in English, will be accompanied by a certified English translation. If there is any inconsistency between the English version of this Agreement or any document delivered hereunder and any other version in any other language, the English version will prevail.

(e) This Agreement and the other Operative Documents (and the counterparts thereof) may be delivered by a party thereto by way of facsimile or e-mail transmission to the other party and delivery shall be deemed completed for all purposes upon the completion of such facsimile or e-mail transmission. A party that so delivers this Agreement or any of the other Operative Documents (and the counterparts thereof) by way of facsimile or e-mail transmission agrees to promptly thereafter deliver to the other parties thereto an original signed counterpart. The facsimile or e-mail signature of any party shall be considered for these purposes as an original document, and any facsimile or e-mail document shall be considered to have the same binding legal effect as an originally executed document. In consideration of the mutual covenants herein contained, the parties agree that neither of them shall raise the use of a facsimile machine or e-mail as a defence to this Agreement or any of the other Operative Documents and forever waive any such defence.

20.5 Delegation. Lessor may delegate to any person or persons, and does hereby delegate to Servicer, all or any of the rights, powers or discretions vested in it by this Agreement and any such delegation may be made upon such terms and conditions as Lessor in its absolute discretion thinks fit. Furthermore, Lessor hereby designates Servicer as its fully authorised representative to deal directly with Lessee with respect to all legal, financial, insurance and technical matters with respect to this Agreement and the transactions contemplated hereby with the same effect as if Lessee was dealing directly with Lessor. Accordingly, Lessor agrees that Lessee shall, without enquiry, be entitled to rely upon any notice or communication received from the Servicer as if it had been received from Lessor and any such notice or communication shall be treated as a notice or communication from Lessor for all purposes of this Agreement. For the avoidance of doubt, to the extent that Lessee performs its obligations under this Agreement in favour of the Servicer such performance shall discharge pro tanto Lessee's obligations to Lessor under this Agreement. However, except as provided in this Agreement, the Servicer's appointment to act as lease manager shall not in any way diminish any of Lessee's rights under this Agreement or render its obligations or liabilities under this Agreement more onerous.

20.6 Evidence of Indebtedness. Save where expressly otherwise provided in this Agreement, any certificate or determination by Lessor as to any rate of interest or as to any amount payable under this Agreement shall contain reasonable details of the calculation of such rate or, as the case may be, amount and, if appropriate, the circumstances giving rise thereto and shall, in the absence of manifest error, be conclusive and binding on Lessee.

20.7 Applications of Moneys. If any sum paid or recovered in respect of the liabilities of Lessee under this Agreement is less than the amount then due, Lessor may apply such sum to Rent, interest, fees or any other amount due under this Agreement in such proportions and order and generally in such manner as Lessor shall determine.

20.8 Notices. Any notice or communication under or in connection with this Agreement shall be in English and in writing and shall be delivered personally or sent by e-mail transmission (confirmed, orally or in writing, as received by the recipient) or sent by certified, registered or express mail, postage prepaid to the respective addresses given below or such other address or e-mail as the recipient may have notified to the sender in writing. Notices or communications shall be deemed received:

(a) in the case of an e-mail on the Business Day immediately following the date of dispatch; or

(b) in the case of certified, registered or express mail, on the date received:

to Lessor at:

Vermillion Aviation (Nine) Limited
28-29 Sir John Rogerson's Quay
Dublin 2
Ireland
E-mail: notices@vermillion-aviation.aero
Attention: The Directors

with a copy to:

AMCK Aviation Holdings Ireland Limited
28-29 Sir John Rogerson's Quay
Dublin 2
Ireland
E-mail: notices@vermillion-aviation.aeros
Attention: The Directors

to Lessee at:

LATAM Airlines Group S.A.
Avenida Américo Vespucio, 901
Edificio Corporativo LATAM 1-A
Renca
Santiago
Chile

Attention: SVP Fleet & Engines Contracts
Email: audy.schenkl@latam.com
with a copy to
Natalia.nobrega@latam.com

20.9 Invalidity of any Provision. If any of the provisions of this Agreement becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

20.10 Lessor's Right to Remedy. If Lessee fails to make any payment of Rent, or fails to perform or comply with any of its obligations hereunder, Lessor will have the right, but not the obligation, at its election and without waiver of any of its rights or remedies against Lessee, upon notice to Lessee, to perform or comply with obligation and/or to pay such amount, and the amount of such payment and any reasonable and documented out-of-pocket expenses incurred by Lessor in connection with such payment or the performance of such obligation together with interest at the Default Rate, will be payable by Lessee to Lessor upon demand. The taking of any action by Lessor pursuant to this Clause 20.10 will not constitute a waiver or release of any obligation of Lessee under any this Agreement nor a waiver of any Default which may arise out of Lessee's non- performance of such obligation, nor an election or waiver by Lessor of any right or remedy available to Lessor under or in relation to this Agreement.

20.11 Entire Agreement

(a) Lessee's Documents constitute the entire agreement between the parties hereto in relation to the leasing of the Aircraft by Lessor to Lessee, and supersede all previous proposals, agreements and other written and oral communications in relation thereto.

20.12 Governing Law. This Agreement and all matters, including non- contractual obligations arising out of or in connection with it are to be governed by and construed in accordance with the laws of England.

20.13 Submission to Jurisdiction.

(a) The courts of England shall have jurisdiction to settle any disputes that may arise in connection with the legal relationships established by this Agreement (including claims for set-off or counterclaim) and any other Lessee's Document or otherwise arising in connection with the Aircraft, this Agreement and any other Lessee's Document ("Disputes") which jurisdiction shall, with respect to any actions to be brought against Lessor, be exclusive, except that during the pendency of the Chapter 11 Cases, the Bankruptcy Court shall have exclusive jurisdiction over any disputes. Each party hereby irrevocably and unconditionally submits to the jurisdiction of the courts of England in respect of any Disputes and each party irrevocably waives any objections to the courts of England on the ground of venue or forum non conveniens or any similar grounds. Nothing herein shall limit the rights of Lessor to take proceedings against Lessee or any other person in any other court of competent jurisdiction, nor shall the taking of proceedings by Lessor in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not.

(b) Lessee hereby irrevocably designates, appoints, and empowers the London office of LATAM Airlines Group S.A., Room 2038, Second Floor D'Albiac House, Cromer Road, Heathrow Airport, London, TW6 1SD to receive and acknowledge for it and on its behalf any writ, summons, order, judgment or other notice of legal process issued out of the courts of England, the courts of any other jurisdiction in any legal action or proceeding arising out of or in connection with this Agreement or any other Lessee's Document and in the event of the termination of such appointment Lessee undertakes to appoint another agent for service of process reasonably satisfactory to Lessor as aforesaid.

(c) Lessor hereby irrevocably designates, appoints and empowers Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX, England to receive and acknowledge for it and on its behalf any writ, summons, order, judgment or other notice of legal process issued out of the courts of England or the courts of any other jurisdiction in any legal action or proceeding arising out of or in connection with this Agreement or any other Operative Document, and in the event of the termination of such appointment Lessor undertakes to appoint another agent for service of process reasonably satisfactory to Lessee as aforesaid. Lessor irrevocably consents to service of process by mail or in any other manner permitted by the relevant law.

(d) Each party hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding concerning the Aircraft or any Operative Document to which it is a party, the defense of sovereign immunity, any claim that it is not personally subject to the jurisdiction of any of the courts referenced in Clause 20.12(a), by reason of sovereign immunity or otherwise or that it is immune from any legal process (whether thorough service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property.

20.14 Confidentiality. Each of Lessor and Lessee shall keep confidential any confidential information furnished or made available to them hereunder by the other party hereto, except:

(a) each of Lessor and Lessee may make disclosure to the extent necessary to comply with Applicable Law, the valid order of a court of competent jurisdiction or the request of a regulatory or Tax authority;

(b) each of Lessor and Lessee may make disclosure as part of its normal reporting or review procedure to its parent company, its auditors, its attorneys and its regulators, provided however that such parent company, auditors and attorneys will be bound by the provisions of this Clause;

(c) each of Lessor and Lessee may make disclosure to enforce its rights and remedies under this Agreement;

(d) Lessor may make disclosures to any Lender, contractors and agents, or any potential Lender and to potential assignees and transferees, so long as Lessor obtains an undertaking of confidentiality from such persons in the same terms mutatis mutandis of this Clause; or

(e) each of Lessor and Lessee may disclose such information as is in the public domain; or

(f) Lessee's confidentiality obligations shall be subject to Lessee's obligations as a Chapter 11 debtor.

20.15 Contracts (Rights of Third Parties) Act 1999

(a) Each Indemnitee may enforce the rights expressed to be conferred on it under this Agreement as the case may be, together with any ancillary rights against Lessor or, as the case may be, Lessee.

(b) The consent of the Indemnitees (other than Lessor or Lessee) is not necessary for any variation (including any release or compromise in whole or in part of any liability) or termination of any provision under this Agreement.

Except as expressly stated in this Clause 20.14, the terms of this Agreement may be enforced only by the parties hereto and their successors and permitted transferees and assigns.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorised officers to execute this Agreement as a deed and deliver it on the date first above written.

EXECUTED as a Deed
for and on behalf of **VERMILLION AVIATION (NINE) LIMITED**
by its lawfully appointed attorney

in the presence of

/s/ Paul Shierdan Paul Shierdan
Attorney

/s/ Mitsuhiro Umino Mitsuhiro Umino
Attorney



Signature of Witness

AVP, Legal
Occupation of Witness

28-29 Sir John Rogerson's Quay,
Dublin 2, Ireland
Address of Witness

Signature Page
Aircraft Lease Agreement
MSN 4860

EXECUTED as a Deed
for and on behalf of **LATAM AIRLINES GROUP S.A.**
a company organised and existing under
the laws of Chile
by its lawfully appointed attorney

in the presence of:

/s/ ANDRES DEL VALLE
ANDRES DEL VALLE
Attorney

/s/ SEBASTIAN ACUTO
SEBASTIAN ACUTO
Attorney

/s/ EDUARDO DAMIAN
EDUARDO DAMIAN
Signature of Witness

Attorney-in-fact
Occupation of Witness

Avenida Presidente Riesco 5711, Piso
19, Las Condes, Santiago, Chile
Address of Witness

Signature Page
Aircraft Lease Agreement
MSN 4860

SCHEDULE 1

AIRCRAFT DESCRIPTION

Part A – Aircraft Description

Aircraft Manufacturer, Model and Series: Airbus Model A320-214

Manufacturer's Serial Number: 4860

Engine Manufacturer and Model: CFM International, Inc. Model CFM56-5B4/3

Engine Serial Numbers: 643566 and 643614

Auxiliary Power Unit: Model Honeywell Model 131-9A.

Landing Gear:	Nose:	Messier Dowty SAS
	Right Main:	Messier Bugatti Dowty SAS
	Left Main:	Messier Bugatti Dowty SAS

Date of Manufacture: October 2011

Cabin Configuration: 162Y

Maximum Takeoff Weight:	78,000 Kg.
Maximum Landing Weight:	66,000 Kg.
Maximum Zero Fuel Weight:	62,500 Kg.
Maximum Engine Thrust:	27,000 Lb.

Part B – Aircraft Documents

A. Certificates

- A001 Certificate of Airworthiness (copy)
- A002 Current Aircraft Registration (copy)
- A003 C of A for Export (original) / EASA Form 52
- A004 Noise Certificate (copy)
- A005 Radio Station License (copy)
- A007 Aircraft deregistration confirmation
- A008 Burn Certificates – Cabin Interiors – as follows:
 - Certification of compliance with the fire blocking requirements as outlined in EASA Part 25 including:
 - Seat cushions*
 - Back rest cushions*
 - Dress covers*
 - Carpets
 - Curtains
 - Interior Surfaces (if refurbished)

* Including "in combination" burn certification (copies), if changes to the original design has been made

- A009 Current Airworthiness Review Certificate (a copy thereof, or, in case of a transfer of the Aircraft to another EASA member State, the original certificate), as applicable

B. Aircraft Maintenance Status Summaries

- B001 Certified current Time in Service (Hours & Cycles) and maintenance status
- B002 Certified status of Airworthiness Directives including method of compliance
- B003 Certified status of Service Bulletin Status
- B004 Blank
- B005 Blank
- B006 Certified inventory of Hard Time Components (Fitted listing)
- B007 Certified inventory of OC/CM Components (Fitted listing)
- B008 Certified Status of all STC, Non –SB and Major Modification including acceptable State of Manufacture Certification
- B009 Certified status of Check/Inspection History & Current Status of Checks (same as B001)
- B010 List of Deferred Maintenance Items
- B011 List of Out of Phase checks, Special Requirements, Time Limited Repairs (if any)
- B012 Certified Incident and Accident Statement with respect to the Aircraft (if applicable)
- B013 Structural repairs and damage (including Dent & Buckle Chart). B014 Certified Life Limited Parts Status, Airframe Parts (if applicable)

C. Aircraft Maintenance Records

- C001 Technical Logs
- C002 A Checks - Complete cycle of A Checks (or equivalent)
- C003 C Checks - Complete cycle of C Checks (or equivalent)
- C004 All Major Checks
- C005 CPCP Tasks (if applicable)
- C006 Periodic Tasks (if any)
- C007 Dirty Finger Print Certification – AD’s
- C008 Dirty Finger Print Certification – SB’s
- C009 Dirty Finger Print Certification – All other modifications and STC plus data packages
- C010 Last Weight Report including Schedule
- C011 Compass Swing Report (if applicable)
- C012 Last Test Flight Report
- C013 Blank
- C014 Copy of last demonstration flight report (if applicable) .
- C015 Dirty Finger Print certification - All Structural repairs/structural damage (or copies)
- C016 Aircraft Log Book(s) if applicable
- C017 Fuel microbiology laboratory analysis reports
- C018 Hydraulic Fuel sample report
- C019 Free of charge kit report
- C020 Flight hours utilization report

D. Configuration Status

- D001 Approved and certified LOPA
- D002 Galley Drawings/Component OHM
- D003 Emergency Equipment Drawing/Listing
- D004 Loose Equipment Inventory
- D005 Inventory listing of Avionics units installed (E & E bays)

E. Aircraft Historical Records

- E001 Documents provided at delivery from Manufacturer as per 'LIST OF TECHNICAL DOCUMENTS FOR DELIVERY OF AIRCRAFT'
- E002 Last Flight Data Recorder Read-Out & Corrections (to be performed during redelivery check)
- E003 Weighing report

F. Engine Records (for Each installed Engine)

- F001 Certified Statement of Status of Each Engine
- F002 AD Compliance Report and Compliance Documents
- F003 Manufacturer's Modifications & SB Status
- F004 In-house Modifications (if applicable)
- F005 Certified LLP Listing
- F006 Certified listing of installed units
- F007 Manufacturer Delivery Document (Engine Data Submittal)
- F008 Complete copies of all historical engine/module Shop Visit Reports
- F009 State of Manufacture LLP Traceability
- F010 Conditioning / Trend Monitoring Reports
- F011 Engine Log Book/Master Records of Installation/Removals
- F012 Last Borescope Report, including video if available
- F013 Test Cell Run Report
- F014 Last On-Wing Ground Run
- F015 Certified Incident and Accident Statement with respect to the Engines (if applicable)
- F016 Approved Release to Service Certification for installed rotables (part of AC release)

G. APU

- G001 Certified Statement on Status of APU (if applicable)
- G002 Certified SB Compliance Report/AD Status Report
- G003 Approved Release to Service Certification for installed units
- G004 APU Log Book/Master Record of Installation/Removals
- G005 Complete copies of all APU Shop Visit Reports & Reason for Removal
- G006 Statement of APU Hours to Aircraft Flying Hours
- G007 LLP Status and Full Traceability to birth
- G008 APU Borescope Report
- G009 Last On-Wing/Health Check Data sheets (if applicable)
- G010 Last Test Cell Run
- G011 Blank
- G012 Certified Incident and Accident Statement with respect to the APU

H. Component Records

- H001 Approved Release to Service Certification for Hard Time Components
- H002 Approved Release to Service Certification for OC/CM Components

I. Landing Gears

- I001 Approved Release to Service Certification for major assemblies on each Gear
- I002 Approved LLP Listings for each Gear (with FULL Traceability to Birth)
- I003 Last Shop Visit Overhaul Report
- I004 Incident and Accident Statement with respect to the Landing Gear

J. Manuals

All Manufacturer's Manuals delivered with the Aircraft updated to the latest revision standard.

- J001 WDM (CD-ROM) original OEM copy in the format as provided by OEM (if applicable)
- J002 IPC (CD-ROM) original OEM copy in the format as provided by OEM (if applicable)
- J003 Maintenance Manual (CD-ROM) original OEM copy in the format as provided by OEM (if applicable)
- J004 Schematics (CD-ROM) original OEM copy in the format as provided by OEM (if applicable)
- J005 Hook Up Listing (if available) original OEM copy in the format as provided by OEM (if applicable)
- J006 SRM (CD-ROM) original OEM copy in the format as provided by OEM (if applicable)
- J007 Component Maintenance Manual for: (CD-ROM) original OEM copy in the format as provided by OEM
 - Galleys
 - Seats
 - Ovens
- J008 Electrical Load Analysis
- J009 Details Specification
- J010 Interior Finish Specification
- J011 Airplane Flight Manual
- J012 Aircraft Operating Manuals including QRH
- J013 Weight and Balance Manual

K. Miscellaneous

- K001 Maintenance Programme (including cross reference to MPD if required)
- K002 Reference Material for Interpretation of Status Summaries, or cross-reference for Part Numbers (if applicable)
- K003 Certified Statement of Oil and Fluids used to include Airframe, Engines and APU.

SCHEDULE 2

ACCEPTANCE CERTIFICATE

To: Vermillion Aviation (Nine) Limited

DATE: _____ 2021

Aircraft Lease Agreement dated _____ 2021 (the "Lease") between Vermillion Aviation (Nine) Limited and LATAM Airlines Group S.A. relating to one Airbus A320-214 aircraft, bearing manufacturer's serial number 4860 (the "Aircraft")

Terms used in this Certificate bear the meanings given to such terms in the Lease.

Lessee confirms that as at [] ____m. [] time on [] [] being the Delivery Date, while the Aircraft was located at []:

- (i) the Aircraft and the Aircraft Documents were examined and duly accepted by Lessee in an "as is, where is" condition in accordance with the provisions of the Lease;
- (ii) the execution and delivery of this Certificate by Lessee further confirms the acceptance of the Aircraft and the Aircraft Documents to it and that Lessor has satisfied its obligations with respect to the condition of the Aircraft under the Lease;
- (iii) the manufacturer's serial numbers of the installed Engines are 643566 and 643614;
- (iv) the Airframe, Engines, APU and Landing Gear had the Flight Hours/Cycles at Delivery set forth in Annex 1 hereto;
- (v) attached hereto as Annex 2 is a schedule of all Aircraft Documents delivered with the Aircraft;
- (vi) attached hereto as Annex 3 is a schedule of Loose Equipment listing items of loose equipment delivered to Lessee with the Aircraft on the date hereof;
- (vii) attached hereto as Annex 4 is a Dent and Buckle Chart on the date hereof;
- (viii) attached hereto as Annex 5 is the Aircraft LOPA at delivery;
- (ix) attached hereto as Annex 6 is the Engine LLP Disk Sheets;
- (x) the Lease is in full force and effect, Lessor has fully, duly and timely performed all of its obligations of every kind or nature thereunder; and
- (xi) the Aircraft is insured in accordance with the Lease.

This Acceptance Certificate, and any non-contractual obligations connected with it, are governed by English law.

LATAM AIRLINES GROUP S.A.

By: _____

Name:

Title:

By: _____

Name:

Title:

ANNEX 1 TO ACCEPTANCE CERTIFICATE
AIRCRAFT FLIGHT HOURS/CYCLES AT DELIVERY

(a) Airframe Serial No: 4860:

Total Flight Hours Since New:

Total Cycles Since New:

(b) Engine Type: CFM International, Inc. Model CFM56-5B4/3:

Position:	1	2
Serial No:		
Total Engine Flight Hours:		
Total Cycles:		
Cycles remaining to next LLP Replacement:		

(c) APU Model: Honeywell Model 131-9A.

Serial No:

Total APU Hours:

Total Cycles Hours:

(d) Landing Gear:

Position:	LH Main	Nose	RH Main
Inst. Serial No.:			
Inst. Part No.:			
Hours since last Landing Gear Overhaul:			
Cycles since last Landing Gear Overhaul:			
Months since last Landing Gear Overhaul:			

(e) Fuel on board the Aircraft at Delivery: _____

(f) All of the foregoing have been delivered and accepted on the date set forth above to Lessee's full satisfaction and pursuant to the terms and provisions of the Lease.

SCHEDULE 3

PART A

LEASING AFFILIATES

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

PART B

APPROVED THIRD PARTY OPERATOR

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 3-2

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 3-3

SCHEDULE 4

OFFICER'S CERTIFICATE

I, the undersigned, _____¹ of [LESSEE NAME] (the "Company"), a company organised and existing under the laws of [STATE OF INCORPORATION] DO HEREBY CERTIFY that:

1. This Certificate is furnished in accordance with the Aircraft Lease Agreement dated [as of] [AGREEMENT DATE] (the "Agreement") between [LESSOR NAME] and Lessee, relating to that certain [AIRCRAFT TYPE] Aircraft, manufacturer's serial number [MSN] (the "Aircraft"). Unless otherwise defined herein, capitalised terms used in this Certificate shall have the meanings assigned to them in the Agreement.
2. The persons named below have been duly elected and/or appointed, have duly qualified as, and at all times since [___] (to and including the date hereof) have been elected and/or appointed, officers of the Company and/or attorneys-in-fact, holding the respective offices or positions below set opposite their names and the signatures set opposite their names are their genuine signatures.

Name	Office	Signature
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. Attached hereto as Exhibit A is a copy of the *Estatutos* of the Company together with all amendments thereto adopted through the date hereof.
4. Attached hereto as Exhibit B is a true, complete, correct and up to date copy of the Power of Attorney of the Company dated [___] (the "Power of Attorney") authorizing the persons specified therein to sign or execute the Operative Documents and the doing of any other acts and things that may be necessary or desirable in connection with the transaction contemplated by the Operative Documents and the Power of Attorney has not been amended, modified or revoked and is in full force and effect.
5. The representations and warranties of the Company under Lessee's Documents are true and correct in all material respects on and as of this date with the same force and effect as though made on and as of this date.

IN WITNESS WHEREOF, I have hereunto set my hand this [_____] day of [_____].

By: _____

Name: _____

Title: _____

¹ Insert title of signatory

SCHEDULE 5

REDELIVERY CONDITION

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 5-2

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 5-3

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 5-4

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 5-7

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 5-8

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

SCHEDULE 7

FORM OF DEREGISTRATION POWER OF ATTORNEY²

- 1 TAM LINHAS AÉREAS S.A. (the **Lessee**) hereby irrevocably appoints VERMILLION AVIATION (NINE) LIMITED (the **Owner**) (the Owner shall be referred to herein as an **Attorney**) as the Lessee's true and lawful attorney so that the Attorney may take any of the following actions in the name of and for the Lessee with respect to the Airbus model A320-214 aircraft with Brazilian nationality and registration mark [] and manufacturer's serial number 4860, including two (2) CFM International, Inc., model CFM56-5B4/3 engines (the **Aircraft**) leased by LATAM AIRLINES GROUP S.A. (the **Lessor**) to the Lessee pursuant to the Aircraft Lease Agreement dated [], 2021 (the **Lease**):
- (a) In the exercise of the rights of the Attorney under the Head Lease to recover the Aircraft from the Lessee after termination of the Head Lease due to an Event of Default (as defined in the Head Lease) under the Head Lease, the Attorney may take all action otherwise required to be performed by the Lessee before the authorities and courts in Brazil in order to cause the Aircraft to be repossessed by the Attorney and deregistered from the Brazilian aircraft registry maintained by the *Agência Nacional de Aviação Civil - ANAC*, Federative Republic of Brazil (or by any successor of such organization), and the Aircraft exported from Brazil.
 - (b) In the exercise of the rights mentioned in paragraph 1(a), the Attorney may make any declarations or statements and sign any public or private documents which may be considered necessary or appropriate.
 - (c) The Attorney may delegate the powers conferred hereby, in whole or in part, to any individual(s), including but not limited to employees of Attorney or legal counsel in Brazil.
- 2 The Lessee hereby undertakes from time to time and at all times to indemnify the Attorney against all costs, claims, expenses, and liabilities howsoever incurred by the Attorney in connection herewith and further undertakes to ratify and confirm all acts and things in all documents, deeds, instruments and communications whatsoever which the Attorney shall lawfully do or cause to be done in or by virtue of this Power of Attorney.

² To be revised for each applicable jurisdiction.

3 This Power of Attorney shall be governed by the laws of Brazil and shall be absolutely and unconditionally irrevocable and irreversible as established by Article 684 of the Brazilian Civil Code.

4 Capitalized terms not defined herein shall have the same meaning ascribed to such terms in the Lease.

IN WITNESS WHEREOF, the Lessee has duly executed and delivered this Power of Attorney on this _____ day of _____ 2021 in _____.

TAM LINHAS AÉREAS S.A.

By

Name

Title

By

Name

Title

Witnesses

No. 1

Name/ID

No. 2

Name/ID

SCHEDULE 8

DELIVERY CONDITION REQUIREMENTS

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 8-2

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 8-3

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 8-4

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 8-5

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

SCHEDULE 9

BASIC RENT AND OTHER TERMS

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 9-4

REDACTED*

$(x1 - y1)(z1)$

REDACTED*

$(y1 - x1)(z1)$

REDACTED*

* All text marked “*REDACTED” is Redacted Per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Schedule 10-1

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

SCHEDULE 11

Redacted per Amended Standing Order Regarding Redactions Dated February 2, 2021.

SCHEDULE 12

FORM OF QUIET ENJOYMENT LETTER

[on _____ letterhead]

[____]
[____]
[____]

Attention: [____]

Re: Covenant of Quiet Enjoyment Letter

Gentlemen:

Reference is hereby made to that certain Aircraft Lease Agreement dated [____] (as amended and supplemented from time to time, the "**Lease**") between LATAM Airlines Group S.A. ("**Lessee**") and Vermillion Aviation (Nine) Limited ("**VA2L**"), pursuant to which VA2L is leasing to Lessee one (1) Airbus A320-214 aircraft bearing manufacturer's serial number 4860 together with two (2) CFM56-5B4/3 engines (collectively, the "**Aircraft**"). This letter is being provided to Lessee by _____ ("**_____**") pursuant to Clause 20.2(a) of the Lease. All initially capitalised terms used herein shall have the meanings ascribed thereto in the Lease, unless specifically defined herein.

So long as no Event of Default has occurred and is continuing under the Lease, _____ covenants that neither _____ nor any person claiming by or through it will disturb the quiet use, possession and enjoyment of the Aircraft by Lessee during the Term.

Very truly yours,

FORM OF IRREVOCABLE DE-REGISTRATION AND EXPORT REQUEST AUTHORISATION

**IDERA
IRREVOCABLE
DE-REGISTRATION AND EXPORT
REQUEST AUTHORISATION**

**IDERA
AUTORIZAÇÃO IRREVOGÁVEL DE
CANCELAMENTO DE MATRÍCULA E
DE SOLICITAÇÃO DE EXPORTAÇÃO**

_____, 2021

_____ de 2021

To: Agência Nacional de Aviação Civil – ANAC

Para: Agência Nacional de Aviação Civil – ANAC

c/o Registro Aeronáutico Brasileiro – RAB

c/o Registro Aeronáutico Brasileiro – RAB

Re: Irrevocable De-Registration and Export Request Authorization

Assunto: Autorização Irrevogável de Cancelamento da Matrícula e de Solicitação de Exportação

The undersigned is the registered operator of one (1) Airbus A320-214 aircraft bearing manufacturer's serial number 4860 and Brazilian Registration Mark [_____] (together with all installed, incorporated or attached accessories, parts and equipment, the "Aircraft").

O abaixo assinado é o operador registrado da aeronave Airbus A320-214 no qual figura o número de série do fabricante 4860 e a matrícula [_____] (junto com todos os acessórios, peças e equipamentos instalados, incorporados ou acoplados, a "Aeronave").

This instrument is an irrevocable de- registration and export request authorization issued by the undersigned in favor of Vermillion Aviation (Nine) Limited (the "Authorized Party"), under the authority of Article XIII of the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment. In accordance with that Article and in accordance with the Declaration of the Federative Republic of Brazil, the undersigned hereby requests:

O presente instrumento é uma autorização irrevogável de cancelamento da matrícula e de solicitação de exportação emitido pelo abaixo assinado em favor de Vermillion Aviation (Nine) Limited ("a **Parte Autorizada**") de acordo com os termos do Artigo XIII do Protocolo à Convenção sobre Garantias Internacionais Incidentes sobre Equipamentos Móveis Relativo a Questões Específicas ao Equipamento Aeronáutico. De acordo com esse Artigo e nos termos da Declaração da República Federativa do Brasil, o infra-assinado vem requerer o quanto segue:

(i) recognition that the Authorized Party or the person it certifies as its designee is the sole person entitled to:

(i) o reconhecimento de que a Parte Autorizada ou a pessoa que ela certificar como seu representante é a única pessoa habilitada para:

(a) procure the de-registration of the Aircraft from the Brazilian Aeronautical Register maintained by the Agência Nacional de Aviação Civil – ANAC for the purposes of Chapter III of the Convention on International Civil Aviation, signed at Chicago, on 7 December 1944, and

(a) fazer cancelar a matrícula da Aeronave no Registro Aeronáutico Brasileiro mantido pela Agência Nacional de Aviação Civil - ANAC para os fins do Capítulo III da Convenção de Aviação Civil Internacional, assinada em Chicago, em 7 de dezembro de 1944, e

(b) procure the export and physical transfer of the Aircraft from the Federative Republic of Brazil; and

(ii) confirmation that the Authorized Party or the person it certifies as its designee may take the action specified in clause (i) above on written demand without the consent of the undersigned and that, upon such demand, the authorities in Brazil shall co-operate with the Authorized Party with a view to the speedy completion of such action.

The rights in favour of the Authorized Party established by this instrument may not be revoked by the undersigned without the written consent of the Authorized Party.

[_____]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Witness
1: _____
Name: _____
ID: _____

Witness
2: _____
Name: _____
ID: _____

(b) fazer exportar e transferir fisicamente a Aeronave da República Federativa do Brasil; e

(ii) confirmação de que a Parte Autorizada ou a pessoa certificada como seu representante pode tomar a medida especificada no parágrafo (i) acima mediante solicitação escrita sem o consentimento do abaixo assinado e que, mediante essa solicitação, as autoridades no Brasil deverão cooperar com a Parte Autorizada com vistas à pronta efetivação das medidas em questão.

Os direitos em favor da Parte Autorizada estabelecida no presente instrumento não poderão ser revogados pelo abaixo assinado, sem o consentimento por escrito da Parte Autorizada.

[_____]

Por: _____
Nome: _____
Cargo: _____

Por: _____
Nome: _____
Cargo: _____

Testemunha
1: _____
Nome: _____
RG/CPF: _____

Testemunha
2: _____
Nome: _____
RG/CPF: _____

SCHEDULE 14

FORM OF RETURN ACCEPTANCE CERTIFICATE

DATE: [_____]

Aircraft Lease Agreement dated [_____] between Vermillion Aviation (Nine) Limited (“Lessor”) and LATAM Airlines Group S.A. (“Lessee”) (as amended, modified and supplemented from time to time, the “Lease”) relating to one Airbus A320-214 aircraft, bearing manufacturer’s serial number 4860 (the “Aircraft”)

Terms used in this Certificate bear the meanings given to such terms in the Lease.

Lessor confirms that as at _____ hours _____ time on _____ [_____] at [insert return location]:

- (i) the Aircraft and the Aircraft Documents were examined and accepted by Lessor in accordance with and subject to the provisions of the Lease;
- (ii) the execution and delivery of this Certificate by Lessor further confirms that the Aircraft and the Aircraft Documents are acceptable to it and that Lessee has satisfied its obligations with respect to the condition of the Aircraft under the Lease other than as set forth herein;
- (iii) the execution and delivery of this Certificate by Lessee confirms that the Aircraft Documents being returned with the Aircraft are true and complete;
- (iv) the manufacturer’s serial numbers of the installed Engines are [_____] and [_____];
- (v) the Airframe, Engines, APU and Landing Gear had the following Flight Hours/Cycles on the date the Aircraft was redelivered to Lessor set forth in Annex 1 hereto;
- (vi) attached hereto as Annex 2 is a schedule of all Aircraft Documents redelivered with the Aircraft;
- (vii) attached hereto as Annex 3 is a schedule of Loose Equipment listing items of loose equipment redelivered to Lessor with the Aircraft on the date hereof;
- (viii) attached hereto as Annex 4 is a Dent and Buckle Chart on the date hereof;
- (ix) attached hereto as Annex 5 is the Aircraft LOPA at redelivery; and
- (x) attached hereto as Annex 6 is the Engine LLP Disk Sheets.

This Certificate, and any non-contractual obligations connected with it, are governed by English law.

VERMILLION AVIATION (NINE) LIMITED

By: _____
Name: _____
Title: _____

LATAM AIRLINES GROUP S.A.

By: _____
Name: _____
Title: _____

(d) Landing Gear:

Position:	LH Main	Nose	RH Main
Inst. Part No.:			
Inst. Serial No.:			
Hours since last Landing Gear Overhaul:			
Cycles since last Landing Gear Overhaul:			
Months since last Landing Gear Overhaul:			

(e) Fuel on Board at the return of the Aircraft: _____

(f) All of the foregoing have been delivered and accepted on the date set forth above to Lessor's full satisfaction and pursuant to the terms and provisions of the Lease.

SCHEDULE 15

FORM OF SUBORDINATION ACKNOWLEDGMENT³

To: Vermillion Aviation (Nine) Limited (the **Lessor**)

Date: _____, 2021

Dear Sirs,

One (1) Airbus A320-214 Aircraft MSN 4860 with Brazilian Registration Mark [_____] (the Aircraft).

Reference is made to the operating lease agreement in relation to the Aircraft dated _____ 2021 and made between (1) the Lessor, as lessor, and (2) LATAM Airlines Group S.A., as lessee (the **Lessee**), (the **Lease Agreement**).

Pursuant to a sublease agreement dated _____ 2021 between (1) the Lessee, as sublessor, and (2) TAM Linhas Aéreas S.A., as sublessee, (the **Sublessee**), the Lessee has agreed to sublease the Aircraft to the Sublessee (the **Sublease Agreement**).

In this Agreement, terms defined (expressly or by reference) in the Lease Agreement shall have the same meanings in this Agreement, unless otherwise defined herein.

In consideration of the Lessor granting its consent to the subleasing of the Aircraft by the Lessee to the Sublessee and for other valuable consideration the sufficiency of which is hereby acknowledged, each of the Lessee and the Sublessee undertakes for the benefit of the Lessor that it will duly perform its obligations under the Sublease Agreement and agrees as follows:

1 Subordination

- 1.1 The Lessee and the Sublessee acknowledge and confirm to the Lessor that the Sublease Agreement and their rights and interests therein as sublessor and sublessee respectively in and to the Aircraft shall be, in all respects and at all times, fully subject and subordinate to the Lessor's rights, title and interests in and to the Aircraft and under the Lease Agreement.
- 1.2 Any claims which the Sublessee may have or acquire as a result of any breach, non- performance or repudiation of the Sublease Agreement shall be exclusively against the Lessee, and the Sublessee shall not be entitled to withhold or delay performance of any of its undertakings herein to the Lessor on the grounds of such breach, non-performance or repudiation.
- 1.3 Any claims which the Lessee may have or acquire as a result of any breach, non- performance or repudiation of the Sublease Agreement by the Sublessee shall be exclusively against the Sublessee, and the Lessee shall not be entitled to withhold or delay performance of any of the undertakings in this Agreement on the grounds of such breach, non-performance or repudiation.

³ To be updated depending on the jurisdiction of the Permitted Sublessee.

- 1.4 Except in accordance with the terms permitted by the Lease Agreement and/or the Sublease Agreement, the Sublessee shall not, without the prior written consent of the Lessee and the Lessor sublease (whether directly, under a dry lease, wet lease or charter) or otherwise in any manner deliver, transfer or relinquish possession of the Airframe or any Engine or any Part to any person or firm or install any Engine, or permit any Engine to be installed, on any airframe other than the Airframe.
- 1.5 The Sublessee acknowledges receipt of a copy of the Lease Agreement.
- 1.6 The Lessee and the Sublessee confirm that the Sublessee shall not be permitted to take any action under the Sublease Agreement not permitted to be taken by the Lessee under the Lease Agreement.

2 Termination

The Lessee and the Sublessee agree that if at any time the Lessor terminates the leasing of the Aircraft to the Lessee under the Lease Agreement following the occurrence of an Event of Default that has occurred and is continuing:

- 2.1 the leasing of the Aircraft pursuant to the Sublease Agreement and the Sublessee's right to possession of the Aircraft under the Sublease Agreement will terminate simultaneously and automatically and that upon such termination, without prejudice to the Lessee's obligations under the Lease Agreement which shall be unaffected thereby, the Lessee and the Sublessee shall if requested, by the Lessor (if the Lessor has terminated the Sublease Agreement), promptly redeliver the Aircraft to the Lessor to such location as directed by the Lessor, free and clear of all Liens and in a condition complying in all respects with the requirements of the Lease Agreement. Such redelivery shall be carried out at the Lessee's expense; and
- 2.2 if the Lessee and/or the Sublessee fail to comply with their respective obligations set out in Clause 2.1, the Lessor may, without further notice or demand, retake possession of the Aircraft.

3. Lease Agreement

Notwithstanding the Sublease Agreement, the Lessee will remain fully liable to perform its obligations under the Lease Agreement and the other Lessee's Documents to which it is a party but to the extent the Sublessee properly performs an obligation under the Sublease Agreement, the Lessor agrees that such performance shall be regarded as discharging (to such extent) any corresponding obligations of the Lessee under the Lessee's Documents to which it is a party.

4. Certain remedies under [Brazilian]⁴ law

4.1 The Lessee and the Lessor acknowledge and agree that:

- (i) the Lessor shall have the right to exercise any and all remedies under, and in accordance with the terms of, the Lease Agreement including repossession rights, regardless of any request by the Sublessee for judicial or out of court reorganisation and/or the approval by Brazilian courts of any reorganisation plan and/or the declaration of the Sublessee's bankruptcy pursuant to Article 199, First and Second Paragraphs of Brazilian Law No. 11.101 of February 9, 2005, as amended; and
- (ii) any and all credits or amounts payable by the Lessee under the Lease Agreement or any restructuring of the Lease Agreement shall not be subject to or impacted by any reorganisation applied for by Sublessee pursuant to Articles 199, Second Paragraph, and 49, Third Paragraph of Brazilian Law No. 11.101 of February 9, 2005, as amended.

4.2 Without prejudice to the Lessor's other remedies under the Lease Agreement, at law, or otherwise, the Lessee and the Sublessee agree and acknowledge that upon the termination of the leasing of the Aircraft following the occurrence of an Event of Default which is continuing and not cured under the terms and conditions of the Lease Agreement, the Lessor shall have the right following written notice to the Lessee and the Sublessee (which may be given by electronic email) to unilaterally terminate the Sublease Agreement (*de pleno juri*) without any requirement for any further judicial or extra judicial notice or interpellation sent to Sublessee. It is the express intent of the Lessor and the Sublessee that this paragraph will constitute and will be interpreted as an express resolutive clause (*clausula resolutoria expressa*), as that term is commonly known and understood under the laws of Brazil.

4.3 If upon the termination of the leasing of the Aircraft following the occurrence of an Event of Default which is continuing and not cured under the terms and conditions of the Lease Agreement, the Lessor may take and is for such purpose hereby expressly authorised and empowered by the Lessee and the Sublessee to take all steps necessary to deregister the Aircraft from the Brazilian Aeronautical Registry pursuant to Articles 112, I and 75, First Paragraph and 75 of the Brazilian Aeronautical Code and export the Aircraft from Brazil.

5. Sublease Agreement

5.1 The Lessee and the Sublessee hereby agree to cooperate with the Lessor and do all things reasonably requested by the Lessor (at no cost to the Lessor) in connection with the execution and filing of any documents reasonably required by the Lessor to be executed and filed from time to time in Brazil and/or Chile in connection with this Agreement and to ensure the validity, enforcement and priority hereof.

5.2 Other than as permitted under the Sublease Agreement, the Lessee and the Sublessee shall not assign or transfer all or any of its rights or obligations in respect of the Sublease Agreement without the prior written consent of the Lessor.

⁴ To be updated depending on jurisdiction of Permitted Sublessee.

6. Representations and Warranties of the Sublessee

For the benefit of the Lessor, the Sublessee hereby represents and warrants as of the date hereof that:

- 6.1 it has been and is properly formed and existing under the laws of Brazil and has been and is maintained according to all laws and regulations applicable to it;
- 6.2 in entering into this Agreement and carrying out its obligations hereunder, it does not contravene or breach any law or regulation or document applicable to or binding upon it;
- 6.3 it has the authorizations it needs to enter into this Agreement and to carry out its obligations, and it has the power to enter into this Agreement;
- 6.4 it has taken all necessary legal action to authorize the person or persons who execute and deliver this Agreement and thereby bind it to all the terms and conditions hereof and to act for and on behalf of it as contemplated hereby;
- 6.5 no liquidator, receiver, manager or similar officer has been appointed in respect of all or any part of its assets nor has any application been made to a court which is still pending for an order for, or any act, matter or thing been done which with the giving of notice, lapse of time or satisfaction of some other condition (or any combination thereof) will lead to, the appointment of any such officer or equivalent in any jurisdiction;
- 6.6 its obligations under this Agreement are legal, valid and binding and enforceable against it, except as may be limited by any of Sublessee's bankruptcy or insolvency proceedings and subject to any required court approval in such proceedings;
- 6.7 the Sublease Agreement constitutes the whole agreement between the Lessee and the Sublessee relating to the Aircraft, and there have been no amendments, supplements, novations, written consents, approvals, waivers or other modifications relating to the Sublease Agreement and there are no oral waivers currently in effect that would modify or amend the terms thereof;
- 6.8 its entry into the Sublease Agreement and its performance of its obligations and rights thereunder do not and will not contravene or breach any law or regulation or document applicable to or binding upon it; and
- 6.9 its main activity is the transport of passengers and/or goods for consideration.

7. Law and Jurisdiction

- 7.1 This Agreement and any non-contractual obligations connected with it shall be governed by, and construed in accordance with, English law and the English courts shall have exclusive jurisdiction to resolve any issues or disputes arising out of this Agreement, except that during the pendency of the Chapter 11 Cases, the Bankruptcy Court shall have exclusive jurisdiction over any disputes.
- 7.2 Without prejudice to any other mode of service, proceedings will be duly served upon the Lessee or the Sublessee by sending a copy to LATAM Airlines Group S.A. of Unit 20.2 The Coda Centre, 189 Munster Road, London, SW6 6AW, England as its process agent.

7.3 Each of the Lessee and the Sublessee irrevocably and unconditionally agrees that, if the Lessor brings legal proceedings against it or its assets in relation to this Agreement, no immunity from such legal proceedings (which will be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets and waives any such right of immunity which it or its assets now has or may in the future acquire and consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

8. Miscellaneous

8.1 To the extent that there is any inconsistency at all between any provision of any kind whatsoever of this Agreement and the Sublease Agreement, the provisions of this Agreement shall at all times prevail.

8.2 This Agreement may be executed in counterparts each of which will constitute one and the same document.

8.3 This Agreement shall not be construed as a waiver or variation of the Lessor's rights and remedies under the Lease Agreement and the other Lessee's Documents and is without prejudice to: (i) such rights and remedies of the Lessor; and (ii) the obligations of the Lessee under the Lease Agreement and the other Lessee's Documents which shall remain in full force and effect.

8.4 This Agreement is designated as a "Lessee's Document" under and for all purposes of the Lease Agreement and the other Lessee's Documents.

8.5 Each of the Lessee and the Sublessee covenants with the Lessor that it shall from time to time and at all times, at the request of the Lessor but at no cost to the Lessor, take such actions and execute such additional documents, instruments, agreements, certificates, consents and assurances as may be reasonably necessary or desirable or as the Lessor may reasonably request from time to time to give full effect to this Agreement.

IN WITNESS WHEREOF this Agreement has been duly executed as a deed by the Lessee and the Sublessee and has been signed by the Lessor and is intended to be and is hereby delivered on the date first above written.

EXECUTION PAGE
Subordination Agreement MSN 4860

EXECUTED as a **DEED** by
LATAM AIRLINES GROUP S.A.
and signed by:

_____ its
_____ being a person who in accordance with the laws of Chile is
acting under the authority of the company

in the presence of:

Signature: _____

Name: _____

Title: _____

EXECUTED as a **DEED** by
[_____] and signed by:

_____ its
_____ being a person who in accordance with the laws of Brazil is
acting under the authority of the company

in the presence of:

Signature: _____

Name: _____

Title: _____

and signed by:

_____ its
_____ being a person who in accordance with the laws of Brazil is
acting under the authority of the company

in the presence of:

Signature: _____

Name: _____

Title: _____

Acknowledged by:

VERMILLION AVIATION (NINE) LIMITED
(as Lessor)

By: _____

Title: _____

SCHEDULE 16
FORM OF BANKRUPTCY COURT ORDER

Richard J. Cooper
Lisa M. Schweitzer
Luke A. Barefoot
Thomas S. Kessler
CLEARY GOTTlieb STEEN & HAMILTON LLP
One Liberty Plaza
New York, New York 10006
Telephone: (212) 225-2000
Facsimile: (212) 225-3999

*Counsel to the Debtors and
Debtors-in-Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re LATAM Airlines Group S.A., <i>et al.</i> Debtors. ⁵	Chapter 11 Case No.: 20-11254 (JLG) Jointly Administered Related Docket No. _____
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**ORDER AUTHORIZING THE DEBTORS TO IMPLEMENT
CERTAIN TRANSACTIONS, INCLUDING ENTRY INTO LEASE
AGREEMENTS WITH VERMILLION AVIATION (NINE) LIMITED**

⁵ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's tax identification number (as applicable), are: LATAM Airlines Group S.A. (59-2605885); Lan Cargo S.A. (98-0058786); Transporte Aéreo S.A. (96-9512807); Inversiones Lan S.A. (96-5758100); Technical Training LATAM S.A. (96-847880K); LATAM Travel Chile II S.A. (76-2628945); Lan Pax Group S.A. (96-9696800); Fast Air Almacenes de Carga S.A. (96-6315202); Línea Aérea Carguera de Colombia S.A. (26-4065780); Aerovías de Integración Regional S.A. (98-0640393); LATAM Finance Ltd. (N/A); LATAM-Airlines Ecuador S.A. (98- 0383677); Professional Airline Cargo Services, LLC (35-2639894); Cargo Handling Airport Services LLC (30-1133972); Maintenance Service Experts LLC (30-1130248); Lan Cargo Repair Station LLC (83-0460010); Prime Airport Services, Inc. (59-1934486); Professional Airline Maintenance Services LLC (37-1910216); Connecta Corporation (20-5157324); Peuco Finance Ltd. (N/A); Latam Airlines Perú S.A. (52-2195500); Inversiones Aéreas S.A. (N/A); Holdco Colombia II SpA (76-9310053); Holdco Colombia I SpA (76-9336885); Holdco Ecuador S.A. (76-3884082); Lan Cargo Inversiones S.A. (96-9696908); Lan Cargo Overseas Ltd. (85- 7752959); Mas Investment Ltd. (85-7753009); Professional Airlines Services Inc. (65-0623014); Piquero Leasing Limited (N/A); TAM S.A. (N/A); TAM Linhas Aéreas S.A. (65-0773334); Aerolinhas Brasileiras S.A. (98-0177579); Prismah Fidelidade Ltda. (N/A); Fidelidade Viagens e Turismo S.A. (27-2563952); TP Franchising Ltda. (N/A); Holdco I S.A. (76-1530348) and Multiplus Corretora de Seguros Ltda. (N/A). For the purpose of these Chapter 11 Cases, the service address for the Debtors is: 6500 NW 22nd Street Miami, FL 33131.

Upon the Motion⁶ of LATAM Airlines Group S.A. ("LATAM Parent"), and its affiliated debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"), for entry of an order (the "Order") *Authorizing the Debtors to Implement Certain Transactions, Including Entry into Lease Agreements with Authorizing the Debtors to Implement Certain Transactions, Including Entry Into Lease Agreement With Vermillion Aviation (Nine) Limited and upon the Declaration of Ramiro Alfonsin Balza in Support of First Day Motions and Applications in Compliance with Local Rule 1007-2 (ECF No. 3), and the Second Declaration of Ramiro Alfonsin Balza in Support of the Subsequent Chapter 11 Cases (ECF No. 483); and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Amended Standing Order of Reference from the United States District Court for the Southern District of New York dated January 31, 2012 (Preska, C.J.); and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Court may enter a final order consistent with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and the Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion was appropriate and no other notice need be provided; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing")*; and the Court having determined that the legal and factual bases set forth in the Motion and on the record of the Hearing establish just cause for the relief granted herein; and all objections to the Motion (if any) having been withdrawn or overruled; and upon all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefor;

⁶ All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Motion.

IT IS HEREBY ORDERED THAT:

The Motion is GRANTED to the extent set forth herein.

1. Pursuant to section 363(b) of the Bankruptcy Code, (i) the New Lease Agreements are hereby approved and (ii) LATAM Parent, as lessee, is authorized to enter into and perform all obligations under the New Lease Agreements, including leasing and operating the Aircraft, which is in the best interest of the Debtors and their estates.

2. The automatic stay arising pursuant to section 362(a) of the Bankruptcy Code is vacated and modified to the extent necessary to implement the terms and conditions set forth in the New Lease Agreements. Subject to the terms and requirements in the New Lease Agreements, upon the occurrence of an event of default under the New Lease Agreements, the automatic stay is deemed lifted and the Lessor may undertake any remedies and enforcement actions provided for under the New Lease Agreements without need for any authorization from the Bankruptcy Court or further notice (other than as expressly provided for under the New Lease Agreements). The Debtors retain the right to contest the occurrence of any event of default under the New Lease Agreements.

3. The Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates and their creditors; the Lessor and either of their respective affiliates, successors, and assigns; and any affected third parties, including, but not limited to, all persons asserting interests in the Aircraft, notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding.

4. The terms and provisions of the Order shall be immediately effective and enforceable upon its entry. The effectiveness of the Order shall not be stayed pursuant to Rule 6004(h) of the Federal Rules of Bankruptcy Procedure or otherwise.

5. The Lessor is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code and any reversal or modification on appeal of the authorization provided herein to consummate the lease of the Aircraft shall not affect the validity of the leasing of the Aircraft from the Lessor, as lessor, to LATAM Parent, as lessee.

6. Except as otherwise provided in the New Lease Agreements and related Transaction Documents, the Lessee's contractual obligations under the New Lease Agreements or any other Transaction Documents, shall be administrative expenses pursuant to Sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code, provided that nothing herein waives the Debtors' right to contest any claims that are subject to bona fide dispute or any available defenses.

7. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the Order.

Dated: _____, 2021
New York, New York

HONORABLE JAMES L. GARRITY, JR.
UNITED STATES BANKRUPTCY JUDGE

Legal Name	Place of Incorporation	Doing Business as	Ownership (%) ⁽¹⁾
Transporte Aéreo S.A	Chile	LATAM Airlines Chile	100.00%
LATAM Airlines Perú S.A.	Peru	LATAM Airlines Peru	99.81%
LATAM-Airlines Ecuador S.A.	Ecuador	LATAM Airlines Ecuador	Voting 55.00%
			No Voting 100.00%
LAN Argentina S.A	Argentina	LATAM Airlines Argentina	99.87%
Aerovías de Integración Regional, Aires S.A	Colombia	LATAM Airlines Colombia	99.20%
TAM S.A	Brazil	LATAM Airlines Brasil ⁽²⁾	Voting 51.04%
			No Voting 100.00%
Transporte Aéreos del Mercosur S.A.	Paraguay	LATAM Paraguay	94.98%
Lan Cargo S.A	Chile	LATAM Airlines Cargo	99.90%
Línea Aérea Carguera de Colombia S.A.	Colombia	LATAM Cargo Colombia	90.46%
Aerolinhas Brasileiras S.A.	Brazil	LATAM Cargo Brazil	100.00%

(1) Percentage of equity owned by LATAM Airlines Group S.A. directly or indirectly through subsidiaries or affiliates.

(2) TAM S.A. include its affiliate TAM Linhas Aereas S.A (“TLA”), which does business under the name “LATAM Airlines Brasil”.

**LATAM AIRLINES GROUP S.A. SECTION 302 CERTIFICATION OF
THE CHIEF EXECUTIVE OFFICER**

I, Roberto Alvo Milosawlewitsch, certify that:

1. I have reviewed this annual report on Form 20-F of LATAM Airlines Group S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 29, 2022

/s/ Roberto Alvo Milosawlewitsch

Roberto Alvo Milosawlewitsch
Chief Executive Officer

LATAM AIRLINES GROUP S.A. SECTION 302 CERTIFICATION OF
THE CHIEF FINANCIAL OFFICER

I, Ramiro Alfonsín Balza, certify that:

1. I have reviewed this annual report on Form 20-F of LATAM Airlines Group S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the company and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 29, 2022

/s/ Ramiro Alfonsín Balza

Ramiro Alfonsín Balza
Chief Financial Officer

LATAM AIRLINES GROUP S.A. SECTION 906 CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of LATAM Airlines Group S.A. ("the Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2021 (the "Report") of the Company to which this statement is provided as an exhibit fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2022

/s/ Roberto Alvo Milosawlewitsch

Roberto Alvo Milosawlewitsch
Chief Executive Officer

LATAM AIRLINES GROUP S.A. SECTION 906 CERTIFICATION

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of LATAM Airlines Group S.A. ("the Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2021 (the "Report") of the Company to which this statement is provided as an exhibit fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2022

/s/ Ramiro Alfonsín Balza

Ramiro Alfonsín Balza
Chief Financial Officer