

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

LATAM Airlines Group S.A., *et al.*,

Debtors.¹

Chapter 11

Case No.: 20-11254 (JLG)

Jointly Administered

**GLOBAL NOTES AND STATEMENT OF LIMITATIONS AND
DISCLAIMERS REGARDING DEBTORS' MONTHLY OPERATING REPORTS**

On May 26, 2020 (the "Initial Petition Date"), LATAM Airlines Group S.A. ("LATAM Parent" or the "Company") and certain of its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (each an "Initial Debtor," and collectively, the "Initial Debtors") commenced voluntary cases under chapter 11 of Title 11 of United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

On July 7, 2020 and July 9, 2020 (each, a "Subsequent Petition Date" and, together with the Initial Petition Date, as applicable to each Debtor (as defined below), the "Petition Date"), additional LATAM affiliates (the "Subsequent Debtors" and, together with the Initial Debtors, the "Debtors") filed voluntary petitions under chapter 11 of the Bankruptcy Code (the "Subsequent Chapter 11 Cases" and, together with the Initial Chapter 11 Cases, the "Chapter 11 Cases").

This Monthly Operating Report ("MOR") was prepared on a consolidated basis for LATAM Parent and its wholly owned direct and indirect subsidiaries (collectively, "LATAM"),

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's U.S. or local 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. (20-341843996); Holdco Colombia II SpA (76-9336885); Holdco Colombia I SpA (76-9310053); 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 Corredora 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.

including the Initial Debtors, Subsequent Debtors, and other subsidiaries that did not file voluntary petitions for relief under chapter 11.

The MOR has been prepared solely for the Debtors for the purpose of complying with the monthly reporting requirements for Chapter 11 debtors as required by the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”) and the Bankruptcy Court.

The information contained herein is a preliminary draft based on the Company’s books and records as of the date of this MOR and is subject to material change as the Company continues with its normal quarter end procedures in respect to its quarterly financial statements, which could include adjustments as a result of the limited audit review being performed by its external auditors.

LATAM Parent will not restate or reissue this MOR if there are any subsequent adjustments or changes to the information contained in the MOR. The information is unaudited, is limited in scope, and covers a limited time period. This MOR could not fully comply with the international financial reporting standards (“IFRS”). Therefore, there can be no assurance that the consolidated financial information presented herein is complete and readers are strongly cautioned not to place undue reliance on this MOR.

This MOR should be read in conjunction with the financial statements and accompanying notes in the Company’s annual and quarterly reports. Due the nature of the information contained in this MOR, monthly cash flow and results may not entirely align with the Company’s next quarterly consolidated report.

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re LATAM Airlines Group et al.

Debtors

Case No. 20-11254

Reporting Period: 07/01/2020 - 07/31/2020

Federal Tax ID 898622002

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	Form No.	Document Attached	Explanation Attached
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	
Statement of Operations Consolidated	MOR-2	Yes	
Balance Sheet Consolidated	MOR-3	Yes	
Statement of Cash Flows	MOR-3 CASH FLOW	Yes	
Taxes and Fees Paid	MOR-4	Yes	
Payments to Professionals	MOR-6	Yes	
DIP Drawdowns			

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Ramiro Alfonsin

Signature of Authorized Individual

Date

8/28/2020

Ramiro Alfonsin

Printed Name of Authorized Individual

Date

8/28/2020

In re LATAM Airlines Group et al
Debtors

Case No. 20-11254
Reporting Period: 07/01/2020 - 07/31/2020

Disbursements for the period 07/01/2020 through 07/31/2020

MOR-1
 (Unaudited - USD \$)

Case	Debtor	07/01/2020 - 07/31/2020
20-11254	LATAM Airlines Group S.A	\$ 188,506,471
20-11255	Transporte Aéreo S.A.	\$ 9,719,188
20-11256	Aerovías de Integración Regional S.A. (Aires S.A.)	\$ 5,940,269
20-11257	LATAM-Airlines Ecuador S.A.	\$ 12,684,778
20-11258	Latam Airlines Perú S.A.	\$ 43,174,579
20-11259	Lan Cargo S.A.	\$ 20,131,338
20-11260	Línea Aérea Carguera de Colombia SA	\$ 4,523,070
20-11261	Inversiones Lan S.A.	\$ 30
20-11262	Technical Training LATAM S.A	\$ 32,715
20-11263	LATAM Travel Chile II S.A.	\$ 47,509
20-11264	Lan Pax Group S.A.	\$ 469
20-11265	Fast Air Almacenes de Carga S.A.	\$ 757,906
20-11266	LATAM Finance LTD	\$ 107
20-11267	Peuco Finance Ltd.	\$ -
20-11268	Professional Airline Cargo Services, LLC	\$ 340,066
20-11269	Cargo Handling Airport Services, LLC	\$ 1,416,982
20-11270	Maintenance Service Experts, LLC	\$ 198,405
20-11271	Lan Cargo Repair Station	\$ 395,091
20-11272	Prime Airport Services Inc.	\$ 595
20-11273	Professional Airline Maintenance Services, LLC	\$ 855,174
20-11274	Connecta Corporation	\$ 432
20-11275	Inversiones Aéreas S.A.	\$ -
20-11276	Holdco Colombia II SpA	\$ -
20-11277	Holdco Colombia I SpA	\$ -
20-11278	Holdco Ecuador S.A.	\$ -
20-11279	Lan Cargo Inversiones S.A.	\$ -
20-11280	Lan Caro Overseas Limited	\$ 253
20-11281	Mas Investment Limited	\$ -
20-11282	Professional Airline Services, Inc.	\$ 438,035
20-11597	TAM S.A.	\$ 3,957
20-11598	TAM Linhas Aereas S.A.	\$ 58,979,652
20-11603	Aerolinhas Brasileiras S.A.	\$ 3,359,692
20-11600	Prismah Fidelidade Ltda.	\$ 6,512,580
20-11601	Fidelidade Viagens e Turismo S.A.	\$ 919,329
20-11602	TP Franchising Ltda.	\$ 4,603
20-11604	Holdco I S.A.	\$ -
20-11599	Multipius Corredora de Seguros Ltda.	\$ 60,675
20-11587	Piquero Leasing Limited	\$ -
Total		\$ 359,003,950

Note: A portion of the disbursements from certain Debtors may be subject to allocations to, or reimbursement from, other Debtors.

In re LATAM Airlines Group et al.Debtors

Case No.

20-11254

Reporting Period:

07/01/2020 - 07/31/2020**CONSOLIDATED STATEMENT OF OPERATIONS (Income Statement)****MOR-2**

(Unaudited - USD \$ in 000's)

	Debtors	Non-Debtors	Adjustments & Eliminations	Consolidated
Revenue				
Passenger	\$ 50,308	\$ (1,177)	\$ (2,250)	\$ 46,881
Cargo	\$ 92,720	\$ 293	\$ 2,829	\$ 95,843
Other	\$ 72,316	\$ 454	\$ (53,422)	\$ 19,348
Total Operating Revenues	\$ 215,345	\$ (430)	\$ (52,843)	\$ 162,072
Operating Expenses				
Wages and Benefits	\$ (74,494)	\$ (1,789)	\$ 96	\$ (76,187)
Aircraft Fuel	\$ (31,883)	\$ 300	\$ -	\$ (31,583)
Depreciation and Amortization	\$ (83,956)	\$ (2,856)	\$ (1,939)	\$ (88,751)
Rental and Landing Fees	\$ (79,068)	\$ 214	\$ 32,379	\$ (46,475)
Other Operating Expenses	\$ (93,895)	\$ (923)	\$ 14,254	\$ (80,563)
Total Operating Expenses	\$ (363,296)	\$ (5,053)	\$ 44,790	\$ (323,560)
Profit (Loss) from Operations	\$ (147,951)	\$ (5,483)	\$ (8,053)	\$ (161,488)
Interest Expense, Net	\$ (35,038)	\$ 17,663	\$ 304	\$ (17,071)
Other Income (Expenses)	\$ (95,949)	\$ (13,782)	\$ 70,499	\$ (39,232)
Profit (Loss) before Income Taxes	\$ (278,938)	\$ (1,602)	\$ 62,750	\$ (217,790)
Income Tax Expense	\$ 41,830	\$ 444	\$ 213	\$ 42,488
Net Income (Loss)	\$ (237,108)	\$ (1,158)	\$ 62,964	\$ (175,302)

In re LATAM Airlines Group et al.
 Debtors

Case No. 20-11254
 Reporting Period: 07/01/2020 - 07/31/2020

BALANCE SHEET

MOR-3

(Unaudited - USD \$ in 000's)

7/31/2020

	Debtors	Non-Debtors	Adjustments & Eliminations	Consolidated
ASSETS				
Cash and Cash equivalents	\$ 1,007,713	\$ 100,370	\$ -	\$ 1,108,083
Other financial assets, current	\$ 51,647	\$ 312	\$ 278	\$ 52,237
Other non financial assets, current	\$ 188,413	\$ 18,014	\$ 5,144	\$ 211,571
Trade debtors and other accounts receivable, current	\$ 562,802	\$ 8,496	\$ (132,510)	\$ 438,788
Accounts receivable from related entities	\$ 5,261,302	\$ 143,790	\$ (5,404,784)	\$ 308
Inventory	\$ 369,068	\$ 1,379	\$ -	\$ 370,447
Current tax assets	\$ 59,712	\$ 3,229	\$ (1,358)	\$ 61,583
Total Current Assets	\$ 7,500,657	\$ 275,590	\$ (5,533,230)	\$ 2,243,017
Non current assets or group of assets classified as available held for sale of for distribution to owners	\$ 1,366	\$ -	\$ -	\$ 1,366
Other financial assets, non current	\$ 9,125,113	\$ 415,946	\$ (9,496,614)	\$ 44,445
Other non financial assets, non current	\$ 142,228	\$ 934	\$ (24,013)	\$ 119,149
Accounts receivable, non current	\$ 4,891	\$ -	\$ -	\$ 4,891
Accounts receivable from related entities, non current	\$ 431,717	\$ 2,011	\$ (433,728)	\$ -
Investments in subsidiaries	\$ -	\$ -	\$ -	\$ -
Intangible assets other than goodwill	\$ 238,571	\$ 59	\$ 813,549	\$ 1,052,179
Goodwill	\$ -	\$ -	\$ -	\$ -
Property, Plants and Equipment	\$ 10,676,832	\$ 803,291	\$ 330,895	\$ 11,811,018
Current tax assets, non-current	\$ -	\$ -	\$ -	\$ -
Deferred tax assets	\$ 221,383	\$ 1,384	\$ 111	\$ 222,878
TOTAL ASSETS	\$ 28,342,759	\$ 1,499,214	\$ (14,343,030)	\$ 15,498,943
LIABILITIES & SHAREHOLDERS' EQUITY				
LIABILITIES				
Other financial liabilities, current	\$ 2,325,143	\$ 62,079	\$ -	\$ 2,387,222
Trade accounts payable and other accounts payable	\$ 1,946,273	\$ 102,062	\$ 34,126	\$ 2,082,461
Accounts payable intercompany, current	\$ 5,291,946	\$ 103,256	\$ (5,394,990)	\$ 212
Other provisions	\$ 4,542	\$ -	\$ 6,174	\$ 10,716
Current tax liabilities	\$ 4,203	\$ 404	\$ -	\$ 4,607
Employee benefits related accruals	\$ -	\$ -	\$ -	\$ -
Other non financial liabilities, current	\$ 2,125,044	\$ 7,049	\$ (133,984)	\$ 1,998,109
Total Current Liabilities	\$ 11,697,150	\$ 274,851	\$ (5,488,674)	\$ 6,483,327
Liabilities included in disposal groups classified as held for sale	\$ -	\$ -	\$ -	\$ -
Other financial liabilities, non current	\$ 7,104,582	\$ 534,083	\$ -	\$ 7,638,665
Accounts payable, non current	\$ 474,372	\$ 210,502	\$ (59,334)	\$ 625,540
Accounts payable intercompany, non current	\$ 433,729	\$ -	\$ (433,729)	\$ -
Other provisions	\$ 327,982	\$ 203	\$ 150,843	\$ 479,028
Deferred Tax Liabilities	\$ 47,555	\$ -	\$ 344,847	\$ 392,402
Employee benefits related accruals	\$ 90,616	\$ 2,282	\$ -	\$ 92,898
Other non financial liabilities, non current	\$ 849,494	\$ -	\$ (134)	\$ 849,360
TOTAL LIABILITIES	\$ 21,025,480	\$ 1,021,921	\$ (5,486,181)	\$ 16,561,220
SHAREHOLDERS' EQUITY				
Share Capital	\$ 7,372,540	\$ 849,344	\$ (5,075,619)	\$ 3,146,265
Retained Earnings	\$ (2,688,268)	\$ (388,060)	\$ 243,769	\$ (2,832,559)
Contributed Surplus	\$ 589,377	\$ 154	\$ (589,531)	\$ -
Treasury Shares	\$ (178)	\$ -	\$ -	\$ (178)
Other Reserves	\$ 2,013,296	\$ 13,058	\$ (3,396,847)	\$ (1,370,493)
Minority Interest	\$ 30,512	\$ 2,797	\$ (38,621)	\$ (5,312)
TOTAL SHAREHOLDERS' EQUITY	\$ 7,317,279	\$ 477,293	\$ (8,856,849)	\$ (1,062,277)
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	\$ 28,342,759	\$ 1,499,214	\$ (14,343,030)	\$ 15,498,943

In re LATAM Airlines Group et al.DebtorsCase No. 20-11254Reporting Period: 07/01/2020 - 07/31/2020**STATEMENT OF CASH FLOWS****MOR-3**

(Unaudited - USD \$ in 000's)

CASH FLOW FROM OPERATING ACTIVITIES**5 Weeks Ended
7/31/2020**

Cash Flows from Operating Activities	
Proceeds from sale of goods or services	\$ 136,089
Other cash receipts from operating activities	\$ 3,737
Payments to suppliers for goods and services	\$ (224,403)
Payments to and on behalf of employees	\$ (187,798)
Other payments for operating activities	\$ (9,850)
Income taxes (paid)	\$ (2,333)
Other cash inflows (outflows)	\$ (16,085)
Net Cash Provided by Operating Activities	\$ (300,642)

Cash Flows from Investing Activities	
Cash flows arising from losses of control of subsidiaries or other businesses	\$ -
Other cash receipts from sales of equity or debt instruments of other entities	\$ 140,331
Other payments to acquire equity or debt instruments of other entities	\$ (62,380)
Amounts raised from sale of property, plant and equipment	\$ -
Purchase of property, plant and equipment	\$ (33,725)
Purchase of intangible assets	\$ (4,927)
Interest Received	\$ -
Other cash inflows (outflows)	\$ -
Net Cash Used in (Provided By) Investing Activities	\$ 39,298

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	\$ -
Amounts raised from short-term loans	\$ -
Loans repayment	\$ (4,079)
Payment of finance lease liabilities	\$ -
Dividends Paid	\$ -
Interest Paid	\$ (1,392)
Other cash inflows (outflows)	\$ -
Net Cash Used in (Provided By) Financing Activities	\$ (5,471)

Net increase (decrease in cash before exchange rate impacts)	\$ (266,815)
Effects of variations in the exchange rate on cash and equivalents	\$ 40,756
Net increase (decrease) in cash and cash equivalents	\$ (226,059)
Cash and cash equivalents, beginning of period	\$ 1,334,142
Cash and Cash Equivalents, End of Period	\$ 1,108,083

In re LATAM Airlines Group et al.
 Debtors

Case No. 20-11254
 Reporting Period: 07/01/2020 - 07/31/2020

MOR-4
 (Unaudited - USD \$ in 000's)
TAXES AND FEES PAID

US & International Taxes	
Payroll Taxes:	
Payroll Taxes Paid	\$ 20,872
Sales & Use Taxes:	
Income Taxes	\$ 2,294
Withholding Taxes	\$ 39
VAT/GST	\$ 6,665
Other Taxes	\$ 2,840
Airport Taxes and Fees	
Overflight Taxes and Fees	\$ 4,095
Boarding Taxes and Fees	\$ 4,695
Airport Taxes and Fees	\$ 19,893
Other	\$ 7,875
Total Taxes	\$ 69,270

(1) Including, but not limited to, Airport Facility Taxes, Navigation & Landing Fees and Boarding Fees, Stamp Taxes, Commercial Contributions, Franchise Taxes, and various Municipal Taxes

In re LATAM Airlines Group et al.
Debtors

Case No. 20-11254
 Reporting Period: 07/01/2020 - 07/31/2020

PAYMENTS TO PROFESSIONALS

MOR-6
 (Unaudited - USD \$)

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	*TOTAL INCURRED & UNPAID
Cleary Gottlieb Steen & Hamilton, LLP					
Prime Clerk	8/6/2020	\$ 683,708	\$ 683,708	\$ 683,708	\$ 516,094
Claro & Cia					
FTI Consulting Inc					
Togut, Segal & Segal LLP					
PJT Partners LP					
Brigard Urrutia Abogados SAS					
Ocean Tomo LLC					
Dechert LLP					
Conway Mackenzie					
UBS					
Deloitte					
TOTAL PAYMENTS TO PROFESSIONALS		\$ 683,708	\$ 683,708	\$ 683,708	\$ 516,094

* Amounts listed are based on invoices filed and received as of the end of the Reporting Period, but not yet approved. Additional amounts are owed, including hold back amounts. Portions of amounts listed may have been paid after the end of the Reporting Period in accordance with the order establishing procedures for interim compensation and reimbursement of expenses of professionals.

