



LATAM AIRLINES GROUP

Contents

Disclaimer: The sole purpose of this document is to provide information on LATAM Airlines Group S.A. (the “Company”). Its contents should not be construed as investment advice or used as the basis of any investment decisions. This document does not represent, either expressly or implicitly, a solicitation for the purchase or sale of securities. Any decision based on the information presented herein is the sole responsibility of the reader. Forward-looking statements included herein may be affected by unknown risks and uncertainties and results may differ materially from those expressly or implicitly expressed in such statements. These risks and uncertainties include those described in the document submitted by the company to the U.S. Securities and Exchange Commission. Forward-looking statements concern only the date on which they are made and the Company is not responsible for publicly updating any such statements in light of new information, future events or any other factors or events.

CHAPTER:	01	LAN AND TAM DECIDE TO MARGE
CHAPTER:	02	LATAM AIRLINES GROUP IS BORN
CHAPTER:	03	THE VISION OF THE MERGER’S LEADERS
CHAPTER:	04	PROFILE OF KEY LEADERS AT LATAM AIRLINES GROUP
CHAPTER:	05	GREATER CONNECTIVITY AND BENEFITS FOR PASSENGERS
CHAPTER:	06	THE CARGO BUSINESS
CHAPTER:	07	MORE OPPORTUNITIES FOR EMPLOYEES
CHAPTER:	08	SYNERGIES FROM THE MERGER
CHAPTER:	09	TAM’S REASONS FOR MERGING WITH LAN
CHAPTER:	10	LAN’S REASONS FOR MERGING WITH TAM

LAN and TAM decide to merge

The history of LATAM Group began long before August 13, 2010, when LAN Airlines S.A. (LAN) and TAM S.A. (TAM) signed a memorandum of understanding to formalize the proposed merger of the two companies to create the region’s largest airline group in terms of route network.



LAN and TAM not only share a long history, but many similarities in their business vision as well, such as a passion for delivering excellence to its passengers and cargo customers and a strong commitment to safety, reliability and friendly service during the entire process. In addition to having the same values and culture of service, the two carriers share similarities in their fleet and even more importantly, LAN and TAM complement each other in almost their entire network, which represents one of the major advantages of the merger.

In January 2011, five months after the initial announcement, LAN and TAM signed a binding and final agreement, at which point the business combination was submitted to various approval processes by regulatory agencies, antitrust agencies and shareholders in the respective countries. In September 2011 the merger was approved by Chile’s antitrust court, Tribunal de Defensa de la Libre Competencia (TDLC), and in December 2011 by Brazil’s antitrust agency, Conselho Administrativo de Defesa Econômica (CADE). Furthermore, in other countries where both airlines operate, such as Spain, Germany and Italy, the approvals related to antitrust issues were also granted without restriction.

The process was finally concluded with the registration of the public tender offer for the exchange of shares (“Exchange Offer”) at the Securities and Exchange Commission of Brazil (“CVM”) and at the Securities and Exchange Commission (“SEC”) of the United States of America, as well as the registration at the Securities and Exchange Commission of Chile (“SVS”) of the shares resulting from the combination into LAN of the companies Holdco II S.A. and Sister Holdco S.A., which were created especially for the combination of LAN and TAM, which directly and indirectly held the stock in TAM prior to its merger into LAN, with LAN being the surviving entity, which began to be called LATAM Airlines Group S.A.

The process was successfully concluded in June 2012, marking the official creation of LATAM Airlines Group S.A.

LATAM Airlines Group is born

The merger of LAN and TAM through the new holding company LATAM Airlines Group S.A. (“LATAM Airlines Group”) creates a new airline conglomerate formed by LAN Airlines S.A. and its associated companies in Peru, Argentina, Colombia and Ecuador, as well as LAN CARGO and its associated companies; and by TAM S.A. and its associated companies TAM Linhas Aéreas S.A. and its business units, TAM Transportes Aéreos Del Mercosur S.A. - TAM Airlines (Paraguay) and Multiplus S.A., which will offer expanded and better services to passengers and cargo customers in the region and from the region to the rest of the world, with connectivity to more destinations than any other airline group in South America.



This new holding of airline companies is committed to making air travel more convenient and comfortable by facilitating connections within the region and to the rest of the world. LATAM Airlines marks the creation of one of the most important airline groups in terms of passenger connection network, with approximately 150 destinations in 22 countries, a fleet of 310 aircraft and more than 51,000 employees.

The growth made possible by LATAM Airlines Group will not just result in new destinations, but also **more opportunities for employees** at both companies and

greater value creation for shareholders, while also helping to drive **economic development and job creation in the countries** served by the new airline group.

The merger will **improve connectivity and shorten the distance** between the region and the rest of the world and vice-versa, with a significant increase in international arrivals of business travelers and tourists, which should have positive impacts on the economic and social prospects of the various countries in which the airline group operates. In this light, the merger is

a major development for the region and for the global aviation industry.

LAN and TAM will continue to operate side by side under their current brands and to provide the same high-quality service as always, with the companies maintaining their headquarters in Santiago and São Paulo, respectively. The passengers and cargo clients of both companies will be duly informed of any changes related to their travel experience stemming from the companies' integration.

The vision of the merger's leaders

“The LATAM Airlines Group is born as a global and solid air carrier that is extremely well prepared to compete in the new scenario.”



MAURICIO ROLIM AMARO
Chairman of the Board of LATAM Airlines Group S.A.

Why was the decision taken to merge TAM and LAN?

The consolidation of the global air transport is an inevitable international trend, and the merger of TAM and LAN is a product of this trend. Consolidation is the only way to compete in an open skies market. The International Air Transport Association (IATA) projects that within four decades there will be only 10 to 12 groups in the industry. This is a capital-intensive industry, which is why only major groups have the capacity to offer better service at more competitive prices. The LATAM Airlines Group is born as global and solid air carrier that is extremely well prepared to compete in this new scenario, to which we will dedicate all of our efforts and qualities in terms of size, coverage and specialized know-how in order to figure among the most important players in the global airline industry.

What should employees, customers and shareholders expect from the LATAM Airlines Group?

Our customers can enjoy more connectivity options provided by the best and largest route network in South America. We will also connect the region with the rest of the world while offering more options and high-quality service. We also expect the synergy gains and higher passenger flows, as well as the merger's other benefits, to result in higher returns for shareholders. And for employees, we are certain that the expansion of our operations will offer new career and job opportunities. TAM and LAN are highly synergistic companies, which leads us to project greater prosperity for the entire family of the LATAM Airlines Group.



ENRIQUE CUETO PLAZA
Executive vicepresident of LATAM Airlines Group S.A.

How will the LATAM Airlines Group position itself in this scenario of high global competition?

The merger of LAN and TAM will make us more competitive and efficient and enable us to offer our clients more connection options to around 150 destinations in 22 countries, with the same high-quality service for which all of our operations are known.

In addition, South America is projected to have one of the fastest growth rates in the world in the coming years, which is why we see great potential in the region's aviation industry and in connecting the various countries on the continent.

With the LATAM Airlines Group, we become major players in the world aviation industry, connecting the region's main destinations to the rest of the world.

What are the main challenges for the LATAM Airlines Group going forward?

We have already overcome the first big challenge, which was concluding the combination of LAN and TAM. Going forward, we will continue to work on integrating both companies, doing our best to ensure the region's prominence through excellence in service and its increasingly more important role in the global context.

LAN and TAM both envision the same future and share a strong mutual commitment to the successful evolution of this process, by ensuring that our passengers, cargo clients and shareholders enjoy more opportunities and benefits, which will be incorporated gradually as the process advances.



LAN



TAM

149 fleet aircraft

(+)

161 fleet aircraft



LATAM AIRLINES GROUP

310

Fleet aircraft

Profile

of key leaders at
LATAM AIRLINES GROUP



MAURICIO ROLIM AMARO

Chairman of the Board of
LATAM Airlines Group S.A.

Has held various positions in the TAM Group and served as a professional pilot at TAM Linhas Aéreas S.A. and TAM Aviação Executiva S.A. Mr. Amaro has been a member of the Board of TAM S.A. since 2004, and vice-chairman of the Board since April 2007. He is also an executive officer at TAM Empreendimentos e Participações S.A. and chairman of the boards of Multiplus S.A. (subsidiary of TAM S.A.) and of TAM Aviação Executiva e Taxi Aéreo S.A.



MARIA CLÁUDIA AMARO

Chairwoman of the Board of TAM S.A. and member
of the Board of LATAM Airlines Group S.A.

She holds a bachelor’s degree in Business Administration and Marketing. Previously she served as Marketing Director at TAM Linhas Aéreas. She has been a member of the Board of TAM S.A. since September 2003, and chairwoman of the Board since April 2007. She is also an Executive Officer at TAM Empreendimentos e Participações S.A. and a member of the boards of Multiplus S.A. and of TAM Aviação Executiva e Taxi Aéreo S.A.



ENRIQUE CUETO PLAZA

Executive vicepresidente,
LATAM Airlines Group S.A.

Has over 30 years of experience in the airline industry. From 1983 to 1993 he served as Chief Executive Officer of the Chilean air cargo operator Fast Air Carrier. Later, from 1993 to 1994, he served on the Board of LAN Airlines, later becoming its Chief Executive Officer. He is also a member of the Board of Executive Officers and Strategic Committee of the International Air Transport Association (IATA), the Board of the Federation of Chilean Industry (SOFOFA) and the Board of the Endeavor Foundation, an organization dedicated to promoting entrepreneurship in Chile.



IGNACIO CUETO PLAZA

Chief Executive Officer, LAN Airlines

His career in the airline industry has spanned more than 25 years. In 1985, he became Chief Sales Officer at Fast Air Carrier, Chile’s largest air cargo operator at the time. Later he served as the cargo operator’s sales and services manager for the U.S. market. In 1997 he was elected to the Board of LAN and became Chief Executive Officer of LAN CARGO. In 1999 he became Chief Executive Officer of the Passenger Business at LAN and in 2005 he became Chief Executive Officer of LAN, a position in which he served until the merger with TAM.



MARCO ANTONIO BOLOGNA

Chief Executive Officer, TAM S.A. and
TAM Linhas Aéreas S.A.

He joined TAM in March 2001 as Chief Financial and Administrative Officer and Investor Relations Officer. From 2004 to 2007 he served as Chief Executive Officer of TAM Linhas Aéreas S.A. and in March 2009 became Chief Executive Officer of TAM Aviação Executiva e Táxi Aéreo S.A. Since April 30, 2010, he has served as Chief Executive Officer of TAM S.A., which is the parent entity of TAM Linhas Aéreas S.A., TAM Transportes Aéreos Del Mercosur S.A. - TAM Airlines headquartered in Asuncion, Paraguay, and Multiplus S.A. Since February 2012, he has also served as Chief Executive Officer of TAM Linhas Aéreas S.A. In addition to his vast experience in the aviation industry, he worked for over 20 years in the financial market.



LAN



TAM

22,6 million
Passengers transported

(+)

37,7 million
Passengers transported



LATAM AIRLINES GROUP

60,3

Million of
passengers transported

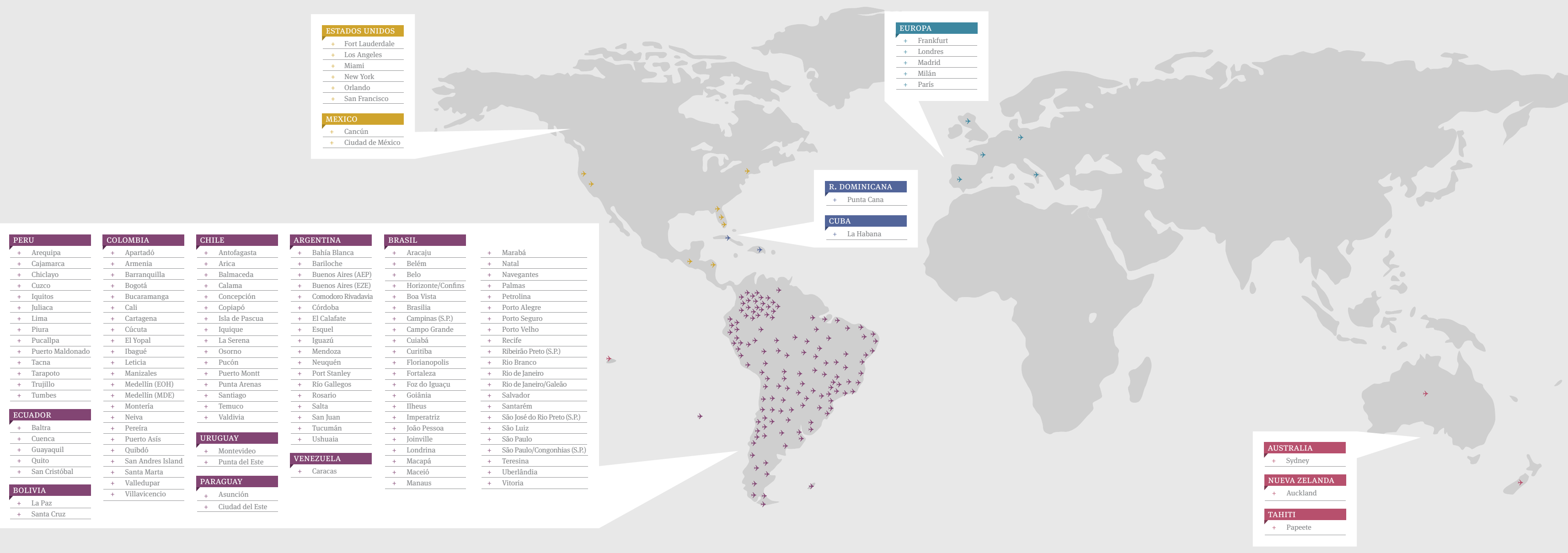
Greater Connectivity and benefits for passengers

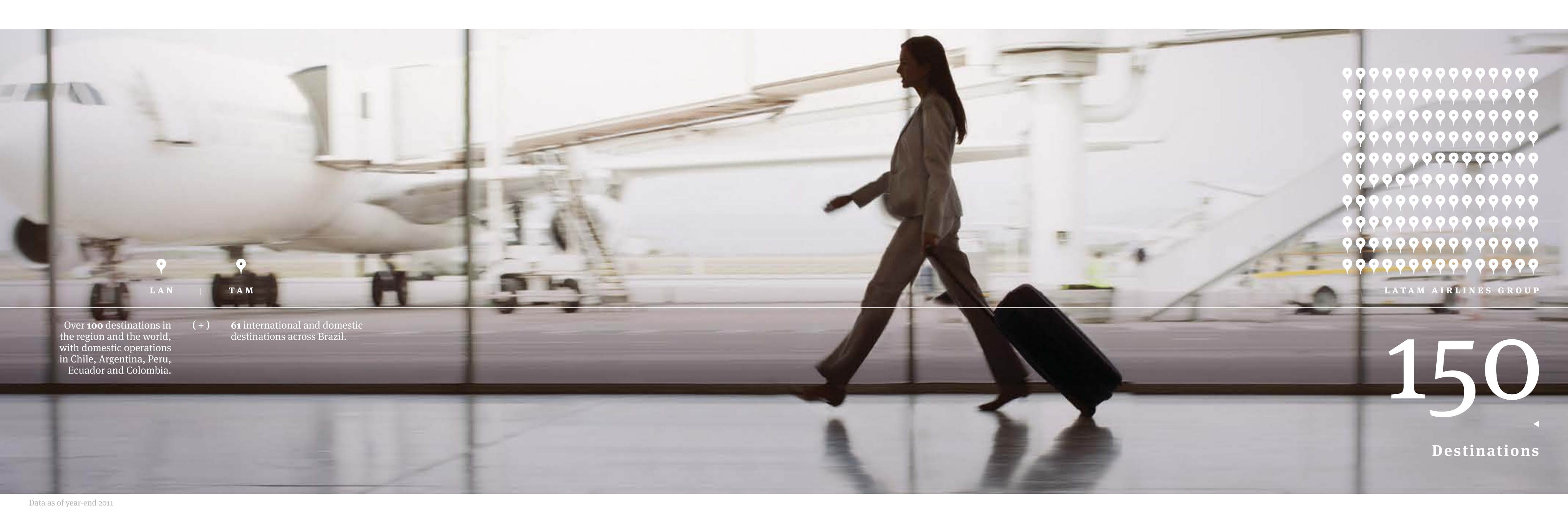


The merger of LAN and TAM will enable both airlines to offer better itineraries and flight options to more destinations than any other airline group in the region. Before the merger, LAN had flights to 100 airports and TAM to 61. Today the combined company can fly to approximately 150 destinations in 22 countries, transporting some 60 million passengers annually.

Other benefits that LAN and TAM passengers will come to gradually enjoy include better connectivity, more destinations, better itineraries, higher flight frequencies and shorter connection times.

In addition, members of the frequent-flyers programs LANPASS and TAM Fidelidade will be able to accumulate and redeem miles/points from a more complete network of LAN and TAM flights. And passengers flying with a companion in higher cabin classes at both companies will receive, in addition to their current benefits, access to preferential services, such as the VIP rooms of each airline, preferential check-in and boarding and priority baggage handling.





LAN

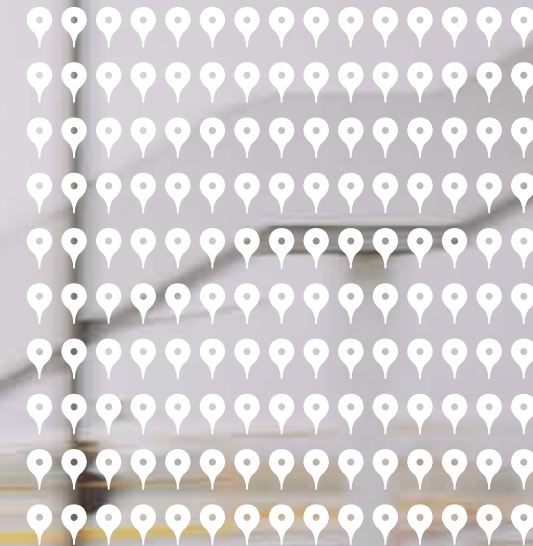


TAM

Over **100** destinations in the region and the world, with domestic operations in Chile, Argentina, Peru, Ecuador and Colombia.

(+)

61 international and domestic destinations across Brazil.



LATAM AIRLINES GROUP

150
Destinations

The cargo business

The creation of the LATAM Airlines Group will enable both airlines and their associated companies to leverage their best practices, strengths and competitive advantages in the cargo business and in their various markets and routes.



With vast industry experience, LAN CARGO is the largest cargo carrier in Latin America, with this leadership made possible by its advantages in efficiency, coverage, infrastructure and reliability. LAN CARGO and its subsidiaries have 14 cargo aircraft and one of the most modern and safest fleets in the world, which makes it more efficient and assures its growth to face the coming challenges.

TAM Cargo, the air cargo unit of TAM Airlines, provides air cargo, express delivery and special cargo services in Brazil. It seeks to provide the widest range of products and services to meet the needs of its clients on an integrated basis and with full transparency and convenience. It currently serves 42 airports in Brazil with direct flights, offering pick-up service in over 400 cities and delivery service in more than 4,000 locations in Brazil, including door-to-door solutions.

The merger of LAN and TAM brings important benefits for cargo customers, including access to the most

comprehensive route network in Latin America with connections to the world's main destinations, modern infrastructure, higher capacity (resulting from the combined capacities of the two companies in terms of both passenger and cargo aircraft) and the wide range of products and services offered in both the domestic and international markets. Customers gain access to efficient technological systems and tools allowing them to monitor shipments via e-tracking and soon they will also be able to contract services via e-booking. They also benefit from the combined expertise of teams with vast industry experience that know what their customers need and how to ensure these needs are met.



CARGO DESTINATIONS AROUND
THE WORLD IN 27 COUNTRIES

CARGO FLEET

BILLION TONS



LAN

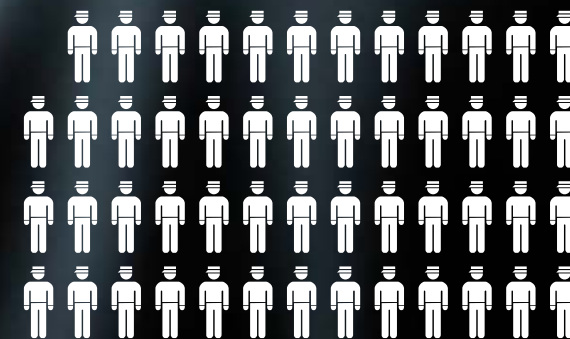


TAM

21,800 Employees

(+)

29,800 Employees



LATAM AIRLINES GROUP

51,600

Total Employees

More opportunities for LATAM Airlines Group **employed**

For the more than 51,000 employees from both companies, the creation of LATAM Airlines Group means been part of one of main aviation groups in the world, leading this historic moment for aviation industry, and they can choose among new professional development opportunities in the countries where the companies operate.



Employees will enjoy opportunities to share their cultures and ideas and to work together towards the shared goal of creating a global airline group that can effectively compete with other leading global airlines.

As they do each and every day, all LAN and TAM employees will continue to focus on offering customers the world-class service for which the two companies are known, with safety always the foremost concern.





LAN



TAM



LATAM AIRLINES GROUP

US\$5.7 billion revenue

(+)

US\$7.8 billion revenue

13.5

billion revenue

Synergies from the merge

The merger of LAN and TAM, which are both leading companies in their respective markets, will take them to a new level of efficiency, while reducing costs and providing more opportunities for growth.

The airlines and their associated companies estimate annual and recurring synergies of between US\$600 million and US\$700 million, which should be fully captured during the fourth year post merger.

The projected annual pre-tax synergies are detailed below:



US\$225 million to US\$260 million
is expected to come from the increased revenues resulting from the combination of LAN's and TAM's networks and the addition of new flights.

US\$120 million to US\$125 million
is projected to come from the increased revenues from new services and the sharing of best practices in the cargo business.

US\$15 million to US\$25 million
should come from the consolidation of and sharing of best practices in the frequent flyer programs of both companies.

US\$100 million to US\$135 million
is projected to come from cost savings from the coordination of airport and procurement activities.

US\$20 million to US\$25 million
is expected to come from cost savings resulting from the coordination and improved efficiency of maintenance operations.

US\$120 million to US\$130 million
should come from cost savings resulting from the convergence of LAN's and TAM's information technology systems, the increased efficiency of the combined sales and distribution processes and the increased efficiency in corporate overhead costs.

Furthermore, LAN and TAM project a reduction of approximately US\$150 million in investments in purchasing engines and other components during the synergy capture period.



LAN



TAM

137 Aircraft orders

(+)

103 Aircraft orders



LATAM AIRLINES GROUP

240

Aircraft orders

TAM's reasons for merging with LAN



MARCO ANTONIO BOLOGNA

Chief Executive Officer of TAM S.A. and TAM Linhas Aéreas S.A.



“We have decided to merge with LAN to form the LATAM Airlines Group, which increases our capacity to transport both passengers and cargo.”

“Since 1976, when TAM was founded, until today, we have changed considerably. We began as a regional airline and in almost 36 years have become Brazil’s largest airline in terms of number of passengers transported, fleet size and revenue. Today we fly to many destinations around the world via direct flights and associations with other airlines.

TAM has changed over these years, but the global scenario has changed as well. For this reason, and to strengthen our capacity to execute our mission, we have decided to merge with LAN to form the LATAM Airlines Group, which increases our capacity to transport both passengers and cargo.

We are maintaining the hubs we currently operate and have the opportunity to create new hubs in South America, which will allow us to deliver more travel options to our customers.

Today we are better prepared than ever to compete on equal footing with the world’s leading airlines in an increasingly more competitive environment. Brazil has already signed an Open Skies agreement with the European Union and the United States, which will take effect in 2014 and 2015, respectively, and increase the number of weekly flights between the regions. And the

strength of our new airline holding will help us compete effectively in this scenario.

We are taking a crucial step in our growth process that would not have been possible without the strong commitment of our employees. Therefore, I would like to thank each and every one of them for their professionalism, hard work and dedication over all these years, which has made us a leading airline in Brazil and the world. And I am certain that this commitment will grow even stronger in this new phase that we now embark on as the LATAM Airlines Group.

I am certain that the merger with LAN is the best path for overcoming the challenges that lie ahead and that all of our stakeholders will benefit. We remain passionate about what we do and consider this fundamental for being able to offer our best to customers at all the group’s companies in order to be able to count on their loyalty.

As LATAM Airlines Group, we enjoy greater investment capacity and continue to offer the excellence in customer service that is a hallmark of the TAM brand.

LAN's reasons for merging with TAM



IGNACIO CUETO

Chief Executive Officer of LAN Airlines



“The merger with TAM gives us a presence in Brazil, which is one of the most important markets on the continent and a key connection point to the rest of the world.”

“It is with great satisfaction that we share this important moment with those of you who have watched us grow from the beginning and that during this journey have deposited in us your confidence. Today we are making history in the region and are proud to be part of its development.

From an airline with 15 aircraft and operations limited to Chile, over these past 17 years we have become one of the most important airlines on the continent in both the passenger and cargo segments. Today, thanks to the efforts of the approximately 22,000 people who form this company, LAN, an airline with a fleet of some 150 aircraft and a network of 100 destinations around the world, is joining forces with TAM, which is the leading airline in Brazil.

Over this period, we have focused on building a solid network of destinations throughout the region and diversifying our geographic presence, with domestic operations in five South American countries: Chile, Argentina, Peru, Ecuador and Colombia. The merger with TAM gives us a presence in Brazil, which is one of the most important markets on the continent and a key connection point to the rest of the world.

We are convinced that the sum of our strengths and our service quality, flight safety and comprehensive

destination network will open multiple opportunities to enable us to continue contributing to the development of the global aviation industry and to the economic growth of our region and its people. Extremely confident, I can say that this is the first step of a long journey: together LAN and TAM will continue to work with the same passion for which they are known to make this group one of the strongest, most reliable and preferred air carriers in the industry.

This pivotal step that we take today would not have been possible without the support of our employees, which is why I would like to thank in particular the teams working in the various countries where we operate for their constant efforts and dedication. In the same spirit, I would also like to thank our passengers, cargo customers and shareholders, who have accompanied our growth process and today can see how LAN, an airline of local origins, begins – together with TAM – to compete directly with the world’s largest airlines.”



310

► Fleet aircraft



60,3

► Passengers transported



150

► Destinations



51,6

► Total Employees



13.5

► Revenue



240

► Aircraft orders

