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LATAM AIRLINES COMPLETA PROCESO CHAPTER 11

LATAM completes Chapter 11

Lily Squires

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A slew of US and Latin American firms have helped LATAM Airlines exit from its Chapter 11 proceedings, putting an end to a landmark cross-border restructuring that began over two years ago.

The New York offices of Cleary Gottlieb Steen & Hamilton LLP and Togut, Segal & Segal LLP, Claro & Cía in Santiago, Brazil's Demarest Advogados, Brigard Urrutia in Bogotá, Ecuadorean firm Pérez Bustamante & Ponce (PBP) and Rodrigo, Elías & Medrano Abogados in Lima advised LATAM.

The airline emerged from its restructuring on 3 November.

US firms Davis Polk & Wardwell LLP and Perella Weinberg Partners, and Barros & Errázuriz Abogados in Santiago represented Delta Airlines as a stakeholder in LATAM. Qatar Airways, another stakeholder, enlisted Alston & Bird LLP in New York and Chile's Carey.

The ad hoc group of claimants called on Kramer Levin Naftalis & Frankel LLP in New York and Chilean outfits Bofill Escobar Silva Abogados and Coeymans, Edwards, Poblete & Dittborn.

The ad hoc group of LATAM bondholders relied on White & Case LLP in New York and Bofill Mir Abogados in Santiago, whilst the local bondholders and Chile's Banco Estado hired Paul Hastings LLP in New York, Garrigues (Chile) and Chilean firms Honorato Delaveau and Gutiérrez, Waugh, Jimeno & Asenjo. US firm Dechert advised the official committee of unsecured creditors.

US investor Oaktree Capital Management previously lent funds to LATAM. The company hired White & Case, ROBALINO in Quito and three Latin American offices of DLA Piper LLP. Two offices of Quinn Emanuel Urquhart & Sullivan LLP helped fellow investor Knighthead

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Capital Management.

Cueto Group and Eblen Group, two LATAM shareholders, enlisted Wachtell Lipton Rosen & Katz and Cuatrecasas (Chile).

The airline emerges with more than US$2.2 billion worth of liquidity and a debt pile reduced by US$3.6 billion. LATAM's Chapter 11 involved US$16 billion worth of liabilities and 38 debtors, including the airline's passenger and cargo airline subsidiaries.

LATAM's restructuring was unprecedented in more than one way. José María Eyzaguirre B, partner at Claro & Cía, points out that this is the first Chapter 11 process for a Chilean company, whilst Demarest's Guilherme Bechara highlights that the restructuring marked the first time that Brazilian companies filed for US Chapter 11 proceedings to reorganise their capital structure. "The case sets a precedent for the potential use of Chapter 11 by Brazilian entities that have ties with the US as a restructuring option," adds Bechara.

Santiago-headquartered LATAM is the result of a merger between Chile's LAN and TAM from Brazil, which was completed in 2012. The Chapter 11 restructuring included several subsidiaries in different jurisdictions.

To facilitate the completion of the restructuring, the airline obtained a US$4.25 billion exit financing package last month. It included a US$500 million revolving credit facility and a five-year term loan of US$1.1 billion, as well as a two-tranche bond issuance worth a total of US$1.15 billion. The bond portions mature in 2027 and 2029, respectively. Additionally, LATAM obtained two bridge loans – worth US$1.5 billion in total – that are due in five and seven years from the financing's closing date, 18 October.

JP Morgan and Goldman Sachs acted as administrative agents, joint lead arrangers and joint bookrunners for the financing and relied on three offices of Simpson Thacher & Bartlett LLP, Brazil's Cescon, Barrieu, Flesch & Barreto Advogados and DLA Piper in Santiago and Bogotá.

LATAM used the proceeds of the debtor-in-possession-to-exit financing to repay its existing debtor-in-possession (DIP) credit facilities. It will use the remainder for general corporate purposes.

The regional airline first filed its Chapter 11 restructuring in May 2020, after travel restrictions, imposed during the covid-19 pandemic, took

their toll on the global aviation industry.

Since then, the group has raised billions of dollars to stay afloat over the course of its restructuring. Back in June, LATAM received court approval of an US$8 billion capital increase – including the exit financing – which it raised through an issuance of convertible bonds and new debt. The financing was backed by some of LATAM's major shareholders, including Delta, Qatar and Grupo Cueto.

Last year, the airline obtained a US$750 million DIP financing. That followed a US$2.45 billion loan agreed with creditors in 2020. Familiar firms advised throughout the Chapter 11 process, including the financing agreements.

LATAM joins a group of Latin American airlines that have successfully completed Chapter 11 restructurings over the last 12 months. After entering proceedings on their own in 2020, Mexican flag carrier Aeroméxico successfully emerged from its restructuring in March, while Colombia's Avianca exited from its process at the end of 2021, after eliminating over US$1 billion worth of debt.

Counsel to LATAM Airlines

Cleary Gottlieb Steen & Hamilton LLP

Partners Richard Cooper, Lisa Schweitzer, Luke Barefoot, Duane McLaughlin, Adam Brenneman, Jeffrey Rosenthal, David Herrington and Abena Mainoo, and counsel Kara Hailey in New York

Togut, Segal & Segal LLP

Partners Albert Togut and Kyle Ortiz, and counsel Bryan Kotliar in New York

Claro & Cía

Partners José María Eyzaguirre B, Nicolás Luco, Felipe Larraín, José María Eyzaguirre F and José Luis Ambrosy in Santiago

Demarest Advogados

Partners Celso Xavier, Guilherme Bechara and Thiago Giantomassi, and associates Fausto Teixeira and Marcelo Peloso in São Paulo

Brigard Urrutia

Partners Carlos Umaña, Catalina Santos, Jaime Robledo, Irma Rivera and Luis Gabriel Morcillo, and associates Paola Guerrero, Antonio Garlatti, Maria Fernanda Sánchez, Raúl Vargas, Camilo Mutis, Viviana Araujo and Maria Fernanda Avendaño in Bogotá

Pérez Bustamante & Ponce (PBP)

Partner Diego Pérez-Ordóñez, director Andrés Brown and associates Juan Francisco Simone, Camila Mateus and Ricardo Pérez in Quito

Rodrigo, Elías & Medrano Abogados

Partner Guillermo Puelles and associates Sabrina Montoya, Renzo Rossi, Jacques D' Auriol and Gaspar Flores in Lima

Counsel to Delta Airlines

Davis Polk & Wardwell LLP

Partners Marshall Huebner, Adam Shpeen, Lara Samet Buchwald, Vanessa Jackson and Maurice Blanco, counsel Mayer Steinman and and associates Jinhe Hu, Abraham Bane, Motty Rivkin, Nicholas D'Angelo and Adela Troconis in New York

Perella Weinberg Partners

Barros & Errázuriz Abogados

Partners Pablo Guerrero, Javier San Martín, Vicente Cordero and José Luis Corvalán in Santiago

Counsel to Qatar Airways

Alston & Bird LLP

Partners Gerard Catalanello and James Vincequerra in New York

Carey

Partners Jaime Carey, Diego Peralta, Pablo Iacobelli, Cristián Figueroa, Ricardo Reveco and Manuel José Garcés, and associates Jaime Coutts and Benjamín Echeverría in Santiago

Counsel to the ad hoc group of claimants

Kramer Levin Naftalis & Frankel LLP

Partners Kenneth Eckstein, Rachael Ringer and David Blabey, counsel Natan Hamerman and associates Douglas Buckley and Andrew Pollack in New York

Bofill Escobar Silva Abogados

Partners Jorge Bofill, Ricardo Escobar, Sebastián Yanine and Vanessa Facuse, and associates Cristóbal Cibié and also Mirenchu Muñoz, Sebastián Contreras, Stefan Goecke and Sebastián Bofill in Santiago

Coeymans, Edwards, Poblete & Dittborn

Partners Arturo Poblete and Tomas Poblete in Santiago

Counsel to the ad hoc group of LATAM bondholders

White & Case LLP

Partners John Cunningham, Brian Pfeiffer and Richard Kebrdle, and associate Varoon Sachdev in Miami; and partners Gregory Starner, Joshua Weedman and Andrew Zatz, and associates Mark Franke and Kathryn Sutherland-Smith in New York

Bofill Mir Abogados

Partners Octavio Bofill and Rodrigo Saffirio, and associates Gonzalo Barceló and Antonia Ballacey in Santiago

Counsel to local bondholders and Banco Estado

In-house counsel to Banco Estado - Gabriela Blu and Arturo Corte

Paul Hastings LLP

Partner Pedro Jimenez and associate Douglass Barron in New York

Garrigues (Chile)

Partner Pedro García and associates Macarena Fuentes and Vicente Milic in Santiago

Honorato Delaveau

Partners Gonzalo Delaveau and José Luis Honorato, directors Carlos Frías and Rebeca Zamora in Santiago

Gutiérrez, Waugh, Jimeno & Asenjo

Partners Pedro Pablo Gutierrez, Cristobal Jimeno and Eugenio Valladares in Santiago

Counsel to the official committee of unsecured creditors

Dechert

Partners Allan Brilliant, Eric Brunstad, David Herman and Craig Druehl in New York

Counsel to Oaktree Capital Management

White & Case LLP

Partners Tom Lauria and Michael Shepherd in Miami; Todd Wolynski, David Bilkis and Kim Havlin, and associates Ruben Henriquez, Misha Ross, Michaela Pickus and Livy Mezei in New York, and associates Andrew Maury, Laura Femino, David Grotts and Kevin Kinder in Los Angeles

ROBALINO

Partner Jesús Beltrán* and associates Juan Francisco Simone and Juan Bernardo Guarderas in Quito

*Left ROBALINO in September 2022 to join Bustamante Fabara

DLA Piper (Chile)

Partners Matías Zegers, Rodrigo Alvarez and Mauricio Halpern, and associates Hugo Molina, María Isabel Izquierdo and Germán Vargas in Santiago

DLA Piper Martínez Beltrán

Partner Camilo Martínez Beltran and associates Sergio Rojas and Ana Sofía Payán in Bogotá

DLA Piper (Peru)

Partner Ricardo Escobar and associates Reyna Silva-Santisteban and Ricardo Mercado in Lima

Counsel to Knighthead Capital Management

Quinn Emanuel Urquhart & Sullivan LLP

Partners Susheel Kirpalani and Dennis Hranitzky, of counsel Debra D O'Gorman and associate Victor Noskov in New York, and of counsel Bennett Murphy in Los Angeles

Counsel to Cueto Group and Eblen Group as shareholders of LATAM

Wachtell Lipton Rosen & Katz

Cuatrecasas (Chile)

Partners Alfonso Ugarte and Gianfranco Lotito, and associates Andres La Fuente and Fernanda Anguita in Santiago

For the exit financing

Counsel to JP Morgan and Goldman Sachs

Simpson Thacher & Bartlett LLP

Partners Sandy Qusba and John Ericson, Jessica Cohen, Nick Baker, Jessica Tuchinsky, Antti Pesonen and John Ericson, senior counsel Jeanne Annarumma, Jonathan Cantor, Hyang-Sook Lee and Jacob Durkin, counsel Sung Bum Cho, Jonathan Pall, Michael Mann, Timothy Gallagher, Dennis Loiacono and Jennie Getsin, and associates Sean Dougherty, Sam Zhu, Rachel Lerman, Alexander Suh, Patrick Kratzenstein, Melanie Jolson, Rachelle Broida, Ashley Gherlone, Zachary Weiner, Mari Zaldivar, Kelsey Anspach and Sydney Mark, and international associate Francisco Ducci in New York; associate Julia Vilela Pinheiro in São Paulo; and associate Li Lin in London

Cescon, Barrieu, Flesch & Barreto Advogados

Partner Daniel Laudisio in São Paulo, and associate Amanda Arêas in Rio de Janeiro

DLA Piper (Chile)

Partner Mauricio Halpern and associates Hugo Molina and Agustín Buzeta in Santiago

DLA Piper Martínez Beltrán

Partners Camilo Martinez, Nicolás Polanía, María Claudia Martínez and Sergio Rojas, and associates Ana Sofía Payán and Natalia Fernández in Bogotá