MANAGEMENT PROPOSAL

We are hereby sending the proposal by the Company's Management, which is to be put forward for deliberation at the Extraordinary General Meeting, to be held on June 5, 2017, as follows:

1). Accept the resignation of three members of the Board of Directors, Mr. ARMANDO VALDIVIESO MONTES, ROBERTO ALVO MILOSAWLEWITSCH and MAURÍCIO ROLIM AMARO, all members appointed by the controlling shareholder TAM S/A.

To review the resignations tendered by Messrs.:

a). **ARMANDO VALDIVIESO MONTES**, Chilean, engineer, married, holder of the passport issued by the Republic of Chile nº 8.321.934-3;

b). **ROBERTO ALVO MILOSAWLEWITSCH,** Chilean, engineer, married, holder of the passport issued by the Republic of Chile nº 8.823.367-0;

c). **MAURÍCIO ROLIM AMARO**, Brazilian, manager, married, holder of identity card nº 12.238.201-8 and registered under CPF nº 269.303.758-10.

All from the **post of Board Member, nominated by the controlling company TAM S/A**, as per the resignation letters filed at Company Headquarters, from today's date. The other members of the Board thank Messrs Armando, Roberto and Maurício for their contributions to the Company, during their period as Company board members.

2). To elect as news members of the Board of Directors, Mr. JEROME PAUL JACQUES CADIER and RAMIRO DIEGO ALFONSIN BALZA, both candidates appointed by the controlling shareholder TAM S/A.

In light of the resignations submitted presents, the Management of the Company proposes and recommends the election of the following full-time members to the Board of Directors:

a). Mr. **JEROME PAUL JACQUES CADIER**, Brazilian, married, engineer, holder of ID card nº 9.706.109-8 and registered under CPF nº 127.225.208-69, with professional domicile in Santiago - Chile, **to the post of Board Member, nominated by the Controlling Company TAM S/A.** Jerome Cardier started work with the Company in March 2013, as the Senior Vice-President of Marketing and in early 2017, he assumed the Presidency of TAM Linhas Aéreas (LATAM Brazil). Before joining TAM, Jerome had previously worked since 2003 at Whirlpool Home Appliances in Brazil where he served as national sales manager and Vice-President of Marketing. During this period, he also served for two years as President of Whirlpool in Australia and New Zealand. Between 1995 and 2002, Mr. Cadier was a consultant at McKinsey & Company in Brazil. He studied industrial engineering at the Polytechnic School of the University of São Paulo (1994) and holds a master’s degree from the Kellogg Graduate School of Management (1999).

b). Mr. **RAMIRO DIEGO ALFONSIN BALZA,** Chilean, married, company administrator, holder of identity card issued the Republic of Chile nº 200.234.663, with professional domicile in Santiago - Chile, **to the position of Board Member, nominated by the Parent Company TAM S/A.** Ramiro Alfonsín has been LATAM Airlines Group's Chief Financial Officer since July 2016. Mr. Alfonsín worked for the utility company Endesa in Spain, Italy and Chile for the past 16 years. Having previously served as Deputy Director of Planning and Investment in Europe and Regional Director of Planning and Control at Enersis, he assumed the role of Deputy Managing Director and Director of Finance of Endesa Chile in 2013. Mr. Alfonsín holds a degree in business administration from the Universidad Católica de Argentina.

The candidates declare that for all legal purposes, they are not involved in any crimes which could impede them from exercising their commercial activity, and are not prevented from doing so under the terms of the law. The remainder of the current 2 (two) year mandate will be completed by the candidates nominated, in accordance with that established in the Company Bylaws, and which comes to an end in March 3, 2018.

The information on the candidates nominated to the Board of Directors, with the information in items 12.5 to 12.10 of the Reference Form, is available for consultation by shareholders in Annex I of this proposal, in compliance with the terms of Article 10 of CVM Instruction No. 481/09 and Annex A of CVM Instruction No. 552/14.

3). The amendment of Article 19, caput, of the Company's Bylaws, which refers to the composition of the Board of Directors.

Considering the need to adapt the number of members the Board of Directors, the Company propose to amend article 19 of the Bylaws, so that the Board of Directors is composed of six (6) members. In order to maintain its performance with the best corporate governance practices, the Company maintain two (2) independent members, with the Board of Directors remaining with thirty percent (30%) of its independent members.

The article 19 of the Company's Bylaws shall become effective with the following wording:

"Article 19 – Under Chapter XI, the Board of Directors will be composed of SIX (06) members, all natural persons residing in the country or not, elected by the Shareholders' Meeting, who may remove them at any time, for a unified term of office of two (2) years, and reelection is allowed. The Shareholders' Meeting will also appoint, among the Directors, the Chairman and the Deputy Chairman.

Paragraph One – The positions of Chairman of the Board of Directors and Chief Executive Officer or main executive of the Company cannot be held by the same person.

Paragraph Two – At least thirty percent (30%) of the Directors must be Independent Directors, according to the definition in Novo Mercado Listing Regulation, and they must be expressly declared as such in the minutes of the Shareholders' Meeting that elects them. The Directors elected as provided for in article 141, paragraphs 4 and 5, and article 239, of Law 6404/76, will be deemed Independent as well.

Paragraph Three – If, due to compliance with the percentage referred to in the paragraph above, there is a fractional number of Directors, such number will be rounded, pursuant to the BM&FBOVESPA's Novo Mercado Listing Regulation."

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