First half financial report

January-June 2013

Société anonyme with share capital of €300,219,278
Registered offices: 2, rue Robert Esnault-Pelterie, 75007 Paris
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Paris Trade and Company Register 552 043 002
Free translation into English for convenience only – French version prevails

Corporate governance

The Board of Directors

The Board of Directors saw a number of changes during the 2013 first half: replacement of the three Board directors representing the French State, expiry of the mandate of one independent Board director and the appointment of a new independent Board director. These changes led to the updating of the composition of the Board of Directors' specialized committees as shown in the following table.

Furthermore, at the Air France-KLM Board of Directors' meeting of March 25, 2013, Mr. Jean-Cyril Spinetta and Mr. Leo van Wijk announced that they would be stepping down as, respectively, the Group's Chairman and Chief Executive Officer, and Vice-Chairman of the Board and Deputy Chief Executive Officer, on July 1, 2013, Mr. van Wijk continuing to exercise his Board director mandate. Following the proposal of its Appointments Committee, the Board of Directors appointed Mr. Alexandre de Juniac to succeed Mr. Jean-Cyril Spinetta as Chairman and Chief Executive Officer of Air France-KLM from July 1, 2013, and appointed Mr. Peter Hartman as Vice-Chairman of the Board as of this same date.

At its meeting of June 25, 2013, the Board of Directors decided to grant Mr. Spinetta the title of Honorary Chairman from July 1, 2013 and to entrust him with the task of representing Air France-KLM, on an unpaid basis, for a period of 24 months. The resources required to accomplish this assignment were put at his disposal.

At June 30, 2013, the composition of the Board of Directors was as follows:

- 12 directors appointed by the Shareholders' Meeting, including two representing the employee shareholders;
- Three representatives of the French State appointed by ministerial order.

Composition of the Board of Directors at June 30, 2013

Board director *(Age at June 30, 2013)*	**Functions within the Board of Directors**	**Date first appointed to the Group**	**Date appointed to the Air France-KLM Board**	**Date of expiry of mandate**	**Principal current position**
Jean-Cyril Spinetta *(69 years)*	Chairman of the Board and Chief Executive Officer	September 23, 1997	September 15, 2004	2014 AGM	Chairman and CEO of Air France-KLM
Leo van Wijk *(66 years)*	Vice-Chairman of the Board and Deputy Chief Executive Officer Chairman of the Remuneration Committee	June 24, 2004	September 15, 2004	2016 AGM	Deputy CEO and Vice-Chairman of the Board of Air France-KLM
Maryse Aulagnon *(64 years)*	Independent director Chair of the Audit Committee	July 8, 2010	July 8, 2010	2017 AGM	Chair and Chief Executive Officer of Affine
Patricia Barbizet *(58 years)*	Independent director Member of the Appointments and Remuneration Committees	January 3, 2003	September 15, 2004	2014 AGM	Chief Executive Officer and Director of Artémis
Isabelle Bouillot (1) *(64 years)*	Independent director Member of the Remuneration Committee	May 16, 2013	May 16, 2013	2017 AGM	Chair of China Equity Links
Régine Bréhier (2) *(52 years)*	Director representing the French State	March 22, 2013	March 22, 2013	March 2017	Director of Maritime Affairs
Jean-Dominique Comolli (3) *(65 years)*	Director representing the French State Member of the Appointments and Remuneration Committees	December 14, 2010	December 14, 2010	January 2017	Honorary Civil Administrator
Jean-François Dehecq *(73 years)*	Independent director Chairman of the Appointments Committee and member of the Audit Committee	January 25, 1 995	September 15, 2004	2016 AGM	Vice-Chairman of the National Industry Council
Peter Hartman *(64 years)*	Board director	July 8, 2010	July 8, 2010	2017 AGM	President and Chief Executive Officer of KLM
Jaap de Hoop Scheffer *(65 years)*	Independent director Member of the Remuneration Committee	July 7, 2011	July 7, 2011	2015 AGM	Kooijmanschair for Peace, Justice and Security, Leiden University (Netherlands)
Alexandre de Juniac *(50 years)*	Board director	November 16, 2011	January 11, 2012	2015 AGM	Chairman and Chief Executive Officer of Air France
Cornelis van Lede *(70 years)*	Independent director Member of the Audit and Appointments Committees	June 24, 2004	September 15, 2004	2016 AGM	Company director
Solenne Lepage (4) *(41 years)*	Director representing the French State Member of the Audit Committee	March 21, 2013	March 21, 2013	March 2017	Deputy Director, Transport and Audiovisual, Agency for State Shareholdings
Christian Magne *(60 years)*	Director representing the employee shareholders Member of the Audit Committee	September 14, 2001	September 15, 2004	2014 AGM	Finance Executive
Bernard Pédamon *(51 years)*	Director representing the employee shareholders Member of the Audit Committee	July 8, 2010	July 8, 2010	2014 AGM	Boeing 777 Flight Captain

(1) *Appointed by the Shareholders' Meeting of May 16, 2013 to replace Mr. Jean-Marc Espalioux*
(2) *Appointed by a ministerial order dated March 22, 2013 to replace Mr. Claude Gressier*
(3) *Appointed by a ministerial order dated January 30, 2013 to replace Ms. Marie-Christine Saragosse*
(4) *Appointed by a ministerial order dated March 21, 2013 to replace Mr. David Azéma*

At July 1, 2013, the composition of the Board of Directors was as follows:

- 11 directors appointed by the Shareholders' Meeting, including two representing the employee shareholders;
- Three representatives of the French State appointed by ministerial order.

Composition of the Board of Directors at July 1, 2013

Board director *(Age at July 1, 2013)*	**Functions within the Board of Directors**	**Date first appointed to the Group**	**Date appointed to the Air France-KLM Board**	**Date of expiry of mandate**	**Principal current position**
Alexandre de Juniac *(50 years)*	Chairman of the Board and Chief Executive Officer	November 16, 2011	January 11, 2012	2015 AGM	Chairman and Chief Executive Officer of Air France-KLM
Peter Hartman *(64 years)*	Vice-Chairman of the Board	July 8, 2010	July 8, 2010	2017 AGM	Vice-Chairman of the Board of Air France-KLM
Maryse Aulagnon *(64 years)*	Independent director Chair of the Audit Committee	July 8, 2010	July 8, 2010	2017 AGM	Chair and Chief Executive Officer of Affine
Patricia Barbizet *(58 years)*	Independent director Member of the Appointments and Remuneration Committees	January 3, 2003	September 15, 2004	2014 AGM	Chief Executive Officer and Director of Artémis
Isabelle Bouillot [(1)] *(64 years)*	Independent director Member of the Remuneration Committee	May 16, 2013	May 16, 2013	2017 AGM	Chair of China Equity Links
Régine Bréhier [(2)] *(52 years)*	Director representing the French State	March 22, 2013	March 22, 2013	March 2017	Director of Maritime Affairs
Jean-Dominique Comolli [(3)] *(65 years)*	Director representing the French State Member of the Appointments and Remuneration Committees	December 14, 2010	December 14, 2010	January 2017	Honorary Civil Administrator
Jean-François Dehecq *(73 years)*	Independent director Chairman of the Appointments Committee and member of the Audit Committee	January 25, 1995	September 15, 2004	2016 AGM	Vice-Chairman of the National Industry Council
Jaap de Hoop Scheffer *(65 years)*	Independent director Member of the Remuneration Committee	July 7, 2011	July 7, 2011	2015 AGM	Kooijmanschair for Peace, Justice and Security, Leiden University (Netherlands)
Cornelis van Lede *(70 years)*	Independent director Member of the Audit and Appointments Committees	June 24, 2004	September 15, 2004	2016 AGM	Company director
Solenne Lepage [(4)] *(41 years)*	Director representing the French State Member of the Audit Committee	March 21, 2013	March 21, 2013	March 2017	Deputy Director, Transport and Audiovisual, Agency for State Shareholdings
Christian Magne *(60 years)*	Director representing the employee shareholders Member of the Audit Committee	September 14, 2001	September 15, 2004	2014 AGM	Finance Executive
Bernard Pédamon *(51 years)*	Director representing the employee shareholders Member of the Audit Committee	July 8, 2010	July 8, 2010	2014 AGM	Boeing 777 Flight Captain
Leo van Wijk *(66 years)*	Board director Chairman of the Remuneration Committee	June 24, 2004	September 15, 2004	2016 AGM	Chairman of SkyTeam

[(1)] *Appointed by the Shareholders' Meeting of May 16, 2013 to replace Mr. Jean-Marc Espalioux*
[(2)] *Appointed by a ministerial order dated March 22, 2013 to replace Mr. Claude Gressier*
[(3)] *Appointed by a ministerial order dated January 30, 2013 to replace Ms. Marie-Christine Saragosse*
[(4)] *Appointed by a ministerial order dated March 21, 2013 to replace Mr. David Azéma*

The CEO Committee

Until June 30, 2013, the CEO Committee, established during 2012, comprised the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer of Air France-KLM, together with the Chairman and Chief Executive Officer of Air France and the President and Chief Executive Officer of KLM. Since July 1, 2013 and the Group's new governance, the CEO Committee has comprised the Chairman and Chief Executive Officer of Air France-KLM, the Chairman and Chief Executive Officer of Air France and the President and Chief Executive Officer of KLM.

The Group Executive Committee

Composition of the Group Executive Committee between January 1 and June 30, 2013

	Age at	Relevant professional experience	
Members	**June 30, 2013**	**Sector**	**Experience**
Jean-Cyril Spinetta Chairman and Chief Executive Officer of Air France-KLM	69 years	Public Service Air Transport (Air Inter and Air France)	20 years 20 years
Leo van Wijk Deputy Chief Executive Officer of Air France-KLM	66 years	Air Transport (KLM and SkyTeam)	42 years
Peter Hartman President and Chief Executive Officer of KLM	64 years	Air Transport (KLM)	40 years
Alexandre de Juniac Chairman and Chief Executive Officer of Air France	50 years	Public Service Industry (Thomson, Sextant, Thalès) Air Transport (Air France)	9 years 14 years 19 months
Philippe Calavia Executive Vice President, Finance, Air France-KLM	64 years	Banking Air Transport (Air France)	7 years 15 years
Patrick Alexandre Executive Vice President, International Sales and the Netherlands, Air France-KLM	59 years	Air Transport (Air France)	31 years
Alain Bassil Chief Operating Officer, Air France	58 years	Air Transport (Air France)	33 years
Christian Boireau Executive Vice President, French Sales, Air France	62 years	DDE Air Transport (Air Inter and Air France)	6 years 32 years
Pieter Bootsma Executive Vice President, Marketing, Revenue Management and Network, Air France-KLM	43 years	Air Transport (KLM)	17 years
Pieter Elbers Managing Director and Chief Operating Officer of KLM	42 years	Air Transport (KLM)	20 years
Camiel Eurlings Executive Vice President, Air France-KLM Cargo and Managing Director of KLM	40 years	Public Service Air Transport (KLM)	16 years 3 years
Frédéric Gagey Executive Vice President, Fleet Management and Purchasing, Air France-KLM and Chief Financial Officer of Air France	57 years	Air Transport (Air Inter, Air France and KLM)	19 years

Members	Age at June 30, 2013	Relevant professional experience Sector	Experience
Wim Kooijman Executive Vice President, Management Development, Air France-KLM	62 years	Industry Air Transport (KLM)	25 years 15 years
Jean-Christophe Lalanne Executive Vice President, Information Systems, Air France-KLM	51 years	IT Services Air Transport (Air France)	20 years 8 years
Bertrand Lebel Secretary to the Group Executive Committee, Corporate Strategy, Air France-KLM	60 years	Consultant Air Transport (Air France)	16 years 15 years
Franck Terner Executive Vice President, Strategy and Commercial, Engineering & Maintenance, Air France-KLM	53 years	Air Transport (Air France)	24 years
Erik Varwijk Managing Director of KLM	51 years	Air Transport (KLM)	24 years

Since July 1, 2013, within the framework of the change in governance, the composition of the Group Executive Committee has changed. Aside from the representatives of Air France and KLM, none of the other members of the Group Executive Committee fulfil functions in one or other of the companies.

Composition of the Group Executive Committee since July 1, 2013

Members	Age at June 30, 2013	Relevant professional experience Sector	Experience
Alexandre de Juniac Chairman and Chief Executive Officer of Air France-KLM	50 years	Public Service Industry (Thomson, Sextant, Thalès) Air Transport (Air France)	9 years 14 years 19 months
Frédéric Gagey Chairman and Chief Executive Officer of Air France	57 years	Air Transport (Air inter, Air France and KLM)	19 years
Camiel Eurlings President and Chief Executive Officer of KLM	40 years	Public Service Air Transport (KLM)	16 years 3 years
Alain Bassil Chief Operating Officer of Air France	58 years	Air Transport (Air France)	33 years
Pieter Elbers Managing Director of KLM	42 years	Air Transport (KLM)	20 years
Patrick Alexandre Executive Vice President, Commercial – Passenger Business	59 years	Air Transport (Air France)	31 years
Pieter Bootsma Executive Vice President, Commercial Marketing – Passenger Business	43 years	Air Transport (KLM)	17 years
Philippe Calavia Executive Vice President, Finance	64 years	Banking Air Transport (Air France)	7 years 15 years
Bram Gräber Executive Vice President, Strategy – Passenger Business	47 years	Consultant Air Transport (KLM and Transavia)	5 years 18 years
Wim Kooijman Executive Vice President, Human Resources	62 years	Industry Air Transport (KLM)	25 years 15 years
Jean-Christophe Lalanne Executive Vice President, Information Systems	51 years	IT Services Air Transport (Air France)	20 years 8 years

Members	Age at June 30, 2013	Relevant professional experience Sector	Experience
Franck Terner Executive Vice President, Engineering & Maintenance	53 years	Air Transport (Air France)	24 years
Erik Varwijk Executive Vice President, Cargo	51 years	Air Transport (KLM)	24 years

Stock market and shareholder structure

Air France-KLM is listed for trading on the Paris and Amsterdam Stock Markets (Euronext Paris and Amsterdam) under the ISIN code FR0000031122. The stock is a component of the CACmid60 index and is also included in the leading sustainable development and employee shareholder indices. In September 2012, Air France-KLM was confirmed as the air transport leader in sustainable development for 2012 and the stock figures in the two Dow Jones Sustainability Indices for the eighth consecutive year.

Stock market performance

As a cyclical stock positioned in an extremely volatile market, the Air France-KLM share price gained 1.53% over the first half (January-June 2013) after a 76% increase in 2012. Over the same period, the CAC gained 2.69%.

	January-June 2013	January-June 2012	2011 Financial Year
Share price high *(In €)*	8.950	5.358	15.300
Share price low *(In €)*	6.400	3.011	3.414
Number of shares in circulation	300,219,278	300,219,278	300,219,278
Market capitalization at the end of the period *(In € billion)*	2.1	1.1	1.2

Information relating to the share capital

At June 30, 2013, the share capital of Air France-KLM comprised 300,219,278 shares with a nominal value of one euro.

Period ended	June 30, 2013	June 30, 2012	December 31, 2011
Number of shares in circulation	300,219,278	300,219,278	300,219,278
Share capital (in €)	300,219,278	300,219,278	300,219,278

The shares are fully paid up and shareholders have a choice between registered and bearer form. Each share confers one voting right. There are no specific rights attached to the shares, nor any securities not representing the share capital.

Securities conferring entitlement to shares

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 2.75% 2020

In April 2005, Air France issued 21,951,219 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANEs), with a 15-year maturity, for a total of €450 million. These bonds have a nominal unit value of €20.50 and mature on April 1, 2020. The annual coupon is 2.75% paid annually in arrears on April 1. These bonds can be converted at any time until March 23, 2020 and the conversion/exchange ratio is 1.03 shares for each bond. A total of 600 bonds have been converted, of which 510 gave rise to the creation of 526 shares. On December 6, 2011, Air France signed a swap agreement with Natixis for a period of four years. To cover this agreement, Natixis acquired 18.7 million OCEANEs, or some 85.2% of the total issue, enabling Air France to defer, until April 2016 at the earliest, the €383.2 million repayment. At the end of this process, 3.3 million OCEANEs had not been tendered to the offer of which 1.5 million were the subject of a €31.6 million reimbursement on April 1, 2012. With no conversions having taken place during the 2013 first half, there were 20,449,146 convertible bonds still in circulation at June 30, 2013.

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 4.97% 2015

In June 2009, Air France-KLM issued 56,016,949 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANEs) for a total of €661 million. These bonds, which are convertible at any time, have a nominal unit value of €11.80, a conversion/exchange ratio of one share for one bond and mature on April 1, 2015. The annual coupon is 4.97% paid annually in arrears on April 1. At June 30, 2013, 9,015 bonds had been converted, of which 88 during the first half. The number of convertible bonds remaining in circulation at June 30, 2013 stood at 56,007,877.

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 2.03% 2023

In March 2013, Air France-KLM launched an issue of 53,398,058 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANEs) for a total of €550 million. These bonds, which are convertible at any time, have a nominal unit value of €10.30, a conversion/exchange ratio of one new or existing Air France-KLM share per bond and mature on February 15, 2023. The annual coupon is 2.03% payable annually in arrears on February 15. Since the issue, 7,296 bonds have been converted. At June 30, 2013, there were 53,390,762 convertible bonds still in circulation.

Shareholder structure

Period ended	June 30, 2013	June 30, 2012	December 31, 2011
Number of shares in circulation	300,219,278	300,219,278	300,219,278
French State	15.9%	15.9%	15.8%
Employees	9.4%	9.7%	9.7%
- Of which FCPE units	7.4%	7.7%	-
- Of which directly owned	2.0%	2.0%	-
Treasury stock	1.4%	1.4%	1.9%
Free float	73.3%	73.0%	72.6%

At June 30, 2013, French residents held 58.8% of the share capital and non-residents 41.2%. Amongst the French resident shareholders, other than the French State (48 million shares) and employees and former employees (28 million shares), individual shareholders with 50 million shares represented 17% of the capital and institutional investors 58% with 174 million shares.

Market and environment

There were few changes in the market and environment relative to the information communicated on pages 36 to 41 of the 2012 Registration Document.

- 2013 is proving a tough year in view of the economic weakness, particularly in the euro zone. Furthermore, China and Brazil are facing a slowdown in their growth.
- The second factor of uncertainty weighing on air transport is the oil price. For 2013, based on a Brent price averaging $108 a barrel over the year versus $111.8 in 2012, IATA is forecasting only a modest rise in the fuel bill for the air transport industry to $214 billion ($210 billion in 2012). For 2013, IATA is forecasting revenues of $711 billion and operating income of $23.9 billion. This improvement will be driven, in particular, by the measures taken by airlines to return to profitability after several years of losses. The most significant improvement will be seen in North America thanks to the mergers in the domestic market and the various joint-ventures on the North Atlantic. The Asia-Pacific carriers continue to post strong, albeit lower margins given the difficulties in the cargo business. The European airlines should improve their results in 2013, as should the Latin American carriers (*source: IATA Financial Forecast June 2013)*.
- The airlines continue to limit the growth in capacity. With the exception of the Gulf State carriers, the capacity of the other airlines is stable or slightly down. For the industry as a whole, IATA forecasts see capacity in the domestic and international markets increasing by 4.3% in 2013 (4.2% in 2012).

Highlights

Air France-KLM

The main events of the period from January to June 2013 were as follows:

- On January 28, Air France announced the creation of the regional airline HOP!, born of the regrouping of three French regional airlines Brit Air, Regional and Airlinair. This reorganization of the French regional pole is one of the steps in the restructuring of Air France's medium-haul operations. HOP! has been operational since April 1, 2013.
- On February 14, the Alitalia Board of Directors approved the establishment of a shareholder convertible loan of €95 million. Air France-KLM accepted to contribute an amount in line with its 25% shareholding, i.e. €23.8 million.
- On February 20, Air France signed a set of decisions with the three unions representing cabin crew, enabling the drafting of a new collective labor agreement organizing the productivity gains to achieve the targeted 20% improvement in the Group's economic efficiency set within the framework of the Transform 2015 plan. This signature completes the renewal of the working conditions for the French company undertaken in 2012.
- On February 20, Camiel Eurlings was appointed President and Chief Executive Officer of KLM, with effect from July 1, 2013.
- On March 25, Jean-Cyril Spinetta announced that he would be stepping down as the Group's Chairman and Chief Executive Officer on July 1, 2013. The Board of Directors appointed Alexandre de Juniac as his successor. Leo van Wijk also announced that he would be stepping down as Deputy Chief Executive Officer on the same date. On the same day, the Air France Board of Directors appointed Frédéric Gagey to succeed Alexandre de Juniac as Chairman and Chief Executive Officer of Air France with effect from July 1.
- On March 28, Air France-KLM issued 53,398,058 of OCEANEs maturing on February 15, 2023 for an amount of €550 million (see also page 10 and Note 21 to the consolidated financial statements).
- On June 17, Air France and KLM signed a code share agreement with Jet Airways, India's leading international carrier.
- On June 19, at the Le Bourget Air Show, Air France-KLM finalized its order for 50 Airbus A350s, 25 under firm order and 25 under option. This operation is part of the existing order for 100 aircraft announced in September 2011, comprising 50 Boeing B787s and 50 Airbus A350s.

Strategy

In early 2012, the Air France-KLM Group launched Transform 2015, a three-year transformation plan (2012-14). While this plan aims to generate the financial resources required to return to a path of sustained growth, it does not call into question the Group's strategy of continuing to invest in products and customer services, reinforcing its presence in growth markets, stepping up cooperation with both its US and Chinese partners and securing agreements with new partners within the SkyTeam alliance, and developing its fundamental strengths.

Fundamental strengths

A strong presence in all the major markets

The Air France-KLM Group currently operates the largest network between Europe and the rest of the world. Of the 163 long-haul destinations served directly by the three main European players in the Summer 2012 season, Air France-KLM accounted for 116, or 71% of the total, compared with 62% for IAG (British Airways + Iberia + BMI) and 49% for the Lufthansa Group (Lufthansa + Swiss + Austrian Airlines). Furthermore, the Group offers 39 unique destinations which are served by neither IAG (28 unique destinations) nor the Lufthansa Group (13 unique destinations).

Lastly, given its presence in all the major markets, the Group's network is balanced, with no single market representing more than a third of passenger revenues. These markets also behave differently, enabling the Group to mitigate the negative impacts of any crises.

Two coordinated hubs at developing airports

The Group's network is coordinated around the two intercontinental hubs of Roissy-Charles de Gaulle and Amsterdam-Schiphol, which are two of the four largest connecting platforms in Europe. Their efficiency is supplemented in southern Europe by the airports of Rome and Milan where Alitalia, the Group's strategic partner since January 2009, operates. Furthermore, these hubs, which are organized in waves known as "banks", combine connecting with point-to-point traffic. This large-scale pooling of limited flows gives small markets world-wide access and optimizes the fleet, enabling the use of larger aircraft, thereby reducing noise and carbon emissions. The second bank at the Roissy-Charles de Gaulle hub is thus organized around the arrival of 61 medium-haul flights and the departure of 28 long-haul flights, offering 1,797 possible combinations in under two hours with only 89 aircraft.

The Group's network is organized around airport platforms whose development will further strengthen the role of the large intercontinental hubs. The opening of the S4 satellite in terminal 2E has enabled Air France to leave terminal 2D, regrouping its medium-haul flights to Schengen destinations in terminal 2F and its international flights (long-haul and non-Schengen medium haul) in terminal 2E. The regional flights have also been regrouped in terminal 2G.

A balanced customer base

The Air France-KLM Group's policy of meeting the expectations of all its customers in terms of networks, products and fares has enabled it to build a balanced customer base. Around 40% of passengers travel for business purposes and 60% for personal reasons. The Group also benefits from a balanced breakdown between transfer and point-to-point passengers. At Air France connecting passengers represent 45% while, at KLM, this figure is more than 60% (*source MRN 2011*). Furthermore, the Group's passenger loyalty strategy (frequent flyer program and corporate contracts) underpins the majority of revenues.

SkyTeam, the number two global alliance

At December 31, 2012, SkyTeam, the number two global alliance in terms of market share with 19%, brought together 19 European, American and Asian airlines: Aeroflot, AeroMexico, Air Europa (Spain), Air France and KLM, Alitalia, China Airlines, China Eastern, China Southern, Czech Airlines, Delta, Kenya Airways, Korean Airways, Tarom, Vietnam Airlines, Aerolineas Argentinas, MEA (Lebanon), Saudi Arabian Airlines and Xiamen Airlines (the fifth Chinese carrier). Garuda Indonesia is expected to join the alliance in 2014.

The SkyTeam alliance enables the Group to offer its passengers an extended network by giving access, principally, to numerous regional destinations thanks to the hubs of its partners.

Strategic partnerships

Since April 2009, Air France, KLM, Alitalia and Delta have been working together within the framework of a joint-venture agreement on the North Atlantic. The scope of this agreement is very wide covering all the flights between North America, Mexico and Europe through integrated cooperation and the flights between North America and Mexico to and from the Mediterranean basin, Africa, the Gulf States and

India together with flights from Europe to and from Central America, Colombia, Venezuela, Peru and Ecuador through close coordination. This agreement enables the sharing of revenues and costs.

Air France-KLM chose to step up its cooperation with Alitalia through an operational partnership agreement, cemented with a 25% equity stake in the Italian company. This operation, which took place in January 2009, has significant advantages for the two groups.

Lastly, Air France-KLM has signed a code share agreement with Etihad on flights between Paris, Amsterdam and Abu Dhabi together with destinations in Australia, Asia and Europe.

A modern fleet

The Group has continuously invested in new aircraft and currently operates one of the most efficient and modern fleets in the sector. This enables it to offer an enhanced level of passenger comfort, achieve substantial fuel savings and respect its sustainability commitments by reducing noise disturbance for local communities and greenhouse gas emissions. The measures implemented within the framework of the Transform 2015 plan to limit investment in the fleet will have little impact on its age curve through to 2014. Furthermore, the Group will start to take delivery of its first Boeing B787s as of 2016 and its first Airbus A350s in 2018 (*See also Fleet, pages 21 and 22*).

A commitment to sustainable development

The Air France-KLM Group's sustainable development approach has won plaudits and awards on numerous occasions. Amongst these many awards, in 2012 the Group was named airline sector leader in the DJSI indices for the eighth year running. The Group intends to pursue this commitment aimed at consolidating the reputation of the brands with, amongst other objectives, a very high level of operational safety, establishing an on-going dialogue with stakeholders such as customers, suppliers and local communities, contributing to combating climate change and applying the best corporate governance principles.

The Transform 2015 plan

In January 2012, Transform 2015, a three-year transformation plan, was presented in response to the objectives set by the Air France-KLM Group's Board of Directors: rapidly reducing debt, restoring competitiveness and restructuring the short- and medium-haul operations.

The priority objective is to reduce net debt by €2 billion from €6.5 billion at December 31, 2011 to €4.5 billion by the end of 2014 and the net debt/EBITDA ratio to below 2 (4.8 at December 31, 2011) based on an EBITDA of between €2.5 billion and €3 billion at the end of 2014. Furthermore, the Group is targeting an adjusted operating margin of between 6% and 8% in 2015.

Within a context of low capacity growth and persistent inflation, and despite permanent cost control, the unit cost per EASK ex-fuel would have seen a slight increase between 2011 and 2014, moving from 4.8 euro cents to 4.9 euro cents. The measures implemented within the framework of the Transform 2015 plan should, however, enable a 0.5 euro cent reduction in the unit cost per EASK to 4.4 euro cents, i.e. a 10% decline.

The medium-haul network remains a cornerstone of the Group's development, ensuring not only its presence throughout Europe but also feeding the long-haul flights departing from the dual hubs of Paris-CDG and Amsterdam. Since the 2008-09 financial crisis, despite the NEO plan implemented as of 2010 and the launch of the provincial bases for French domestic operations, the structural decline in unit revenues has led to deepening operating losses in this business which escalated by some €100 million in 2012 to €800 million. Since the long-haul operations are also facing increased competition, they cannot alone offset these losses and medium-haul must return to break even.

During 2012, the Group established solid foundations for its successful turnaround: in addition to the implementation of immediate cost-saving measures and a downwards revision in capacity and the investment plan, the Group finalized the:

• Renegotiation of working conditions with the signature of new collective labor agreements for the three staff categories (Ground Staff, Flight Deck Crew, Cabin Crew)

• Establishment of action plans for each of its businesses

• Definition of its new corporate governance, and the

• Improvement in its financial situation.

Capacity growth and a downwards revision in investment

Given the uncertain economic environment and the persistent imbalance between transport supply and demand, the Group has opted for a limited increase in capacity in both passenger and cargo. For the passenger business, after growth of 0.6% in 2012, capacity should increase by 1.5% in 2013 followed by 2% in 2014.

As a result, the Group revised its fleet plan and investment program with the exception of investments aimed at the on-going improvement in operational safety and customer services (€500 million over the three years of the plan). Investment was reduced from an average gross figure of €2.1 billion until 2011 to €1.6 billion in 2012, €1.2 billion in 2013 and €1.4 billion in 2014. This decision led the Group to adjust its medium-term fleet plan combining, for example, the deferral of aircraft deliveries and the non-exercise of options. The Group also decided to limit sale and leaseback transactions (€0.6 billion in 2012, €0.1 billion in 2013 and none in 2014).

Renegotiating the new working conditions

Within the Air France Group, returning to a satisfactory level of profitability requires a very significant improvement in productivity across the company implying the renegotiation of the employment conditions in the existing collective agreements. The negotiations with the organizations representing the different categories of staff resulted in the signature of new collective labor agreements in 2012 for ground staff and flight deck crew and, in March 2013, for cabin crew. These new collective agreements aim to establish working conditions and a compensation and career system adapted to the new air transport environment. Applicable since the beginning of 2013, these agreements plan an improvement in productivity across all categories of staff. For ground staff, the number of working days has increased by between ten and twelve days; flight deck and cabin crew have accepted an increase in flight hours, particularly in medium-haul. There will also be wage moderation via the freeze in salaries and promotions in 2012 and 2013 but also a reduction of around half a point in the seniority creep. Lastly, the Group has launched a voluntary departure plan for 2,700 ground staff and 220 pilots. For cabin crew, the plan is targeting a reduction of around 500 staff of which 400 within the framework of a voluntary departure plan and 100 in the form of a reduction in working time in 2013.

The collective labor agreements at KLM apply for a limited period and the company has renewed its collective labor agreements through to January 1, 2015. These agreements include a salary freeze in 2013 and 2014, an increase in the number of days worked, a new compensation grid for cabin crew and mobility initiatives for ground staff.

In total, these measures should enable a €400 million reduction in payroll expenses between 2011 and 2014, excluding the impact of IAS 19R, accompanied by a headcount reduction of around 8,500.

Action plans

The Group has launched a series of action plans for each of its businesses.

Passenger business

The Group has launched action plans for the two segments of its passenger business. In long-haul, the aim is to reinforce profitability by phasing out the least-efficient aircraft from the fleet, improve schedule productivity and, in particular, reposition the product in line with the industry best in class. In medium-haul, given the level of operating losses amounting to €800 million in 2012 for which Air France is largely responsible, the latter has launched a restructuring plan.

■ *Restructuring plan for medium haul*

Air France has been working on the following structural measures:

• A higher utilization rate for aircraft and assets thanks to the reinforcement of productivity across all employee categories;

• A restructuring of the main and regional networks;

• A redefinition of the product;

• The development of Transavia France.

The improvement in staff productivity has enabled a downwards revision in the medium-haul fleet which is greater than the planned capacity reduction. The fleet will thus be downsized from 146 aircraft in the summer of 2012 to 127 in summer 2014. In 2013, the fleet is being scaled back by 10%, i.e. 16 fewer aircraft, for a 2% reduction in capacity. The daily utilization rate of the fleet should thus gain one hour on average.

In addition to route closures, the restructuring of the main network includes the provincial bases. Launched in 2011 and 2012, the three bases (Marseilles, Nice and Toulouse) have yet to break even at the operating level. While the measures already taken – downwards revision in the fleet, revised schedule to take seasonality into account, marketing efforts in local markets – are not sufficient, a decision on the future of the provincial bases will be taken at the end of the Summer 2013 season. The restructuring of the French regional activity was planned during 2012. The Brit Air and Régional subsidiaries together with Airlinair have been regrouped under a single commercial brand known as Hop! The fleet is also being reduced from 116 aircraft in the Summer 2012 season to 98 aircraft in 2013 followed by 92 in the summer of 2014.

In commercial terms, Air France has reviewed its offering with, for example, the *MiNi* offer in economy class and the up-scaling of the in-flight product.

Lastly, the company has decided to develop the activity of its Transavia France leisure subsidiary which will grow to 11 aircraft in 2013 (eight in 2012) with the opening of new services and the operation of some routes also operated by Air France to extend the range of offers on routes which combine transfer, business and leisure traffic like, for example, Venice and Lisbon.

Cargo business

The Group has also implemented measures to reduce the operating losses in this business which is facing a very difficult economic environment and a situation of overcapacity.

These measures include the definitive retirement of unused freighters, strict capacity discipline and a new commercial strategy. This business will also benefit from the full implementation of the Transform 2015 plan. The aim is to generate, in 2013, a €140 million improvement in the operating result.

Maintenance business

The strategy for the maintenance business focuses on the development of high added-value activities (engines and components) and downsizing the heavy maintenance activity where Europe is no longer competitive in terms of labor costs. The Group is also looking to locate its operations closer to emerging country clients who are sensitive to a local presence. The Group also continues to modernize its maintenance infrastructures.

New governance *(see Corporate Governance section)*

Activities

Passenger business

The Group is pursuing its strategy of limited capacity growth. During the **first quarter**, the growth in traffic (+0.8%) enabled a half-point improvement in load factor to 82.1%. Unit revenue per available seat-kilometer (RASK) progressed by 1.2% (+1.3% excluding currency). The 0.4% reduction in the unit cost per available seat-kilometer (-1.0% on a constant currency and fuel price basis) enabled the passenger business to reduce its operating loss to €447 million versus a loss of €515 million one year earlier after restatement for the Revised IAS 19 relating to pensions, applicable since January 1, 2013 and backdated to January 1, 2012.

With the implementation of the schedule for the Summer season, the **second quarter** posted capacity growth of 2.6% and, with traffic having increased by 3.2%, the load factor improved by half a point to 83.2%. Unit revenue per available seat-kilometer (RASK) declined by 1.9% (-1.3% excluding currency) due to the weakness in unit revenue per revenue passenger-kilometer (RRPK) which was down by 2.5% (-1.9% excluding currency). However, strict cost control enabled the passenger business to generate a positive operating result of €93 million versus a loss of €57 million a year earlier.

With a fleet of 536 passenger aircraft in operation including 181 regional aircraft, the Group carried 37.8 million passengers over the **first six months** of 2013 (+0.9%). On the back of a capacity increase of 1.4% and traffic growth of 2.0%, the load factor gained half a point to 82.7%. The Group generated total revenues of €9.65 billion (+0.9%) after a negative currency effect of 0.4%, and an operating loss of €354 million (a loss of €572 million at June 30, 2012), representing an improvement of more than €200 million.

Key figures by network

First half to June 30	Capacity in ASK *(In million)*		Traffic in RPK *(In million)*		Load factor *(In %)*		Number of passengers *(In thousands)*		Scheduled passenger revenues *(In € million)*	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Europe	28,471	28,852	21,263	21,070	74.7	73.0	26,028	25,792	3,184	3,222
North and Latin America	41,410	40,882	36,357	35,802	87.8	87.6	4,642	4,618	2,504	2,408
Asia/Pacific	30,836	29,150	26,098	24,817	84.6	85.1	2,957	2,879	1,614	1,599
Africa/Middle East	17,805	17,412	13,991	13,737	78.6	78.9	2,504	2,481	1,196	1,200
Caribbean/Indian Ocean	14,182	14,511	12,012	12,126	84.7	83.3	1,655	1,664	685	676
Total	**132,703**	**130,847**	**109,721**	**107,553**	**82.7**	**82.2**	**37,786**	**37,433**	**9,183**	**9,104**

The **long-haul network** covered 130 destinations in the Summer 2012 season in 69 countries, operated by the two airlines out of Paris and Amsterdam. In addition to these destinations, there were those operated under code share with partners. The weight of this network tends not to change much from year to year at some 79% and 81% of the Group's traffic and capacity. Revenues of €5.99 billion were generated on this network, representing around 65% of total scheduled passenger revenues, as during the 2012 first half.

At June 30, 2013, traffic was up by 2.3% for a 2.2% increase in capacity, leaving the load factor stable at 84.9% (+0.1 points). The number of passengers carried stood at 11.8 million (+1.0%). Unit revenue per available seat-kilometer (RASK) was stable (-0.1%) and rose by 0.4% on a constant currency basis. Excluding currency, unit revenue was stable in premium class and increased in economy.

The **Americas** was the Group's premier network and thus the first long-haul network with 33% of traffic and 31% of capacity, like in 2012. Traffic grew by 1.5% for capacity up by 1.3%, the load factor increasing by 0.2 points to 87.8%. The number of passengers carried increased by 0.5% to 4.6 million. Scheduled passenger revenues rose by 4.1% before and after currency to stand at €2.50 billion (€2.41 billion at June 30, 2012). The North American and Latin American networks experienced different trends. In North America, with capacity down, unit revenues increased before and after currency. The dynamism of Latin America enabled a further capacity increase (+6.2% after more than 20% in 2012) and an improvement in load factor. Unit revenues were slightly higher despite the significant increase in capacity.

Activity on the **Asia** network recorded a 5.2% increase in traffic for capacity up by 5.8%, the load factor standing at 84.6% (-0.5 points). This network remained the Group's second network and the second in long-haul in terms of traffic and capacity (around 24% of traffic and 23% of capacity). Some 3 million passengers (+2.7%) travelled on this network, generating scheduled passenger revenues of €1.61 billion (€1.60 billion at June 30, 2012), up by 0.9% after a negative currency effect of 1.2% due mainly to the devaluation of the Japanese currency. Unit revenues were down both before and after currency.

The **Africa-Middle East** network posted traffic growth of 1.8% for capacity growth of 2.3%, the load factor losing 0.3 points to 78.6%. The number of passengers carried increased by 0.9% to 2.5 million, while scheduled passenger revenues stood at €1.20 billion (+0.2%). The Africa network saw a strong increase in capacity via the addition of new destinations whereas the Middle East network posted a sharp reduction in capacity. Unit revenues were lower overall, both before and after currency effects. With around 13% of traffic and capacity, Africa-Middle East remains the Group's fourth network.

Caribbean and Indian Ocean, the Group's smallest network, represents around 11% of overall capacity and traffic. The Group carried 1.7 million passengers (+0.5%). Capacity was down by 2.5% and, with traffic having seen a more modest decline (-0.9%), the load factor improved by 1.4 points to 84.7%. Scheduled passenger revenues amounted to €685 million versus €677 million at June 30, 2012. Control over capacity enabled an improvement in unit revenues before and after currency.

The **medium-haul** network covers Europe (including France) and North Africa, totalling 123 destinations in 36 countries. This network principally links Europe to the rest of the world thanks to the Group's two hubs. The French domestic market is mostly served out of Orly, notably thanks to the *La Navette* shuttle service which links Paris to the main French regional capitals. Since April 1, 2013, the French regional subsidiaries, Brit Air, Régional and Airlinair, have been regrouped under the HOP! brand. CityJet, VLM and Citihopper also participate in the Group's medium-haul activity. The Group's third network in terms of traffic, the medium-haul operations are being restructured (see 2012 Registration Document, page 45). This network's proportion of activity fell by one point relative to the 2012 first half (19% of traffic and 21% of capacity) with capacity having been reduced by -1.3% and by -2.7% in the French domestic market. Traffic was up by 0.9% and the load factor gained 1.7 points to 74.7%. The Group carried 26 million passengers (+0.9%), generating scheduled passenger revenues of €3.18 billion (-1.1%). Unit revenue per available seat-kilometer (RASK) was stable and increased by 0.5% on a constant currency basis.

Key figures for the passenger business

First half to June 30	**2013**	**2012 proforma***	**2012 reported**
Number of passengers *(In thousands)*	37,786	37,433	37,433
Traffic *(in RPK million)*	109,721	107,554	107,554
Capacity *(in ASK million)*	132,704	130,847	130,847
Load factor	82.7%	82.2%	82.2%
Total passenger revenues *(In €m)*	9,649	9,560	9,560
Scheduled passenger revenues *(In €m)*	9,183	9,104	9,104
Unit revenue per RPK *(In € cents)*	8.37	8.46	8.46
Unit revenue per ASK *(In € cents)*	6.92	6.96	6.96
Unit cost per ASK *(In € cents)*	7.19	7.39	7.38
Income/(loss) from current operations *(In €m)*	(354)	(572)	(551)

*Restated for Revised IAS19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

Unit revenue per revenue passenger-kilometer (RRPK) declined by 1.1% and by 0.7% on a constant currency basis. Unit revenue per available seat-kilometer (ASK) was down by 0.5% and was stable on a constant currency basis (-0.1%). Unit cost per available seat-kilometer fell by 2.8% and by 1.9% on a constant currency and fuel price basis.

Cargo business

The cargo business continued to suffer from the weakness in global trade and a situation of overcapacity principally on departure from China. The Group reduced cargo capacity (-4.1%), particularly in full freighters (-13%), but this was not sufficient to offset the decline in traffic (-6.3%) resulting in a 1.4 point decline in load factor to 63.0%. The Group carried 660,519 tons (-3.9%). The weakness in volumes weighed on the unit revenue per available tonne kilometre (RATK) which fell by 3.6% (-2.9% ex-currency).

The cargo business generated total revenues of €1.41 billion (-6.8%) after a negative currency effect of 0.7%, and an operating loss of €100 million, representing a €34 million improvement on the previous year.

	Capacity in ATK *(In million)*		**Traffic in RTK** *(In million)*		**Load factor** *(In %)*		**No. of tons** *(In thousands)*		**Cargo transportation revenues** *(In €m)*	
First half to June 30	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Europe	260	262	34	34	12.9	13.1	24	25	26	27
North and Latin America	3,228	3,212	2,035	2,056	63.0	64.0	249	253	535	566
Asia/Pacific	2,435	2,750	1,860	2,135	76.4	77.7	229	247	391	457
Africa/Middle East	1,357	1,362	793	807	58.4	59.3	131	132	285	295
Caribbean/Indian Ocean	545	583	210	232	38.5	39.8	28	30	72	71
Total	**7,827**	**8,169**	**4,932**	**5,265**	**63.0**	**64.5**	**660**	**687**	**1,309**	**1,416**

The three main networks are the Americas, Asia and Africa-Middle East. They represent virtually all the activity and 98% of revenues.

The **Americas** network became the first network during the first half with 41% of traffic and capacity and 41% of cargo revenues. Traffic declined by 1.0% for a modest reduction in capacity, the load factor standing at 63% (-1.0 point). Revenues fell by 5.5% to €535 million.

The **Asia** network is the second network, representing 38% of traffic, 31% of capacity and 30% of the cargo division's revenues. Capacity was down by 11.4% and traffic by 12.9%, the load factor losing 1.3 points to 76.4%. Revenues stood at €391 million, down by 14.4% on the previous year reflecting the slowdown in the Chinese economy and the situation of overcapacity.

Africa-Middle East is the cargo activity's third network and by far the smallest with around 17% of capacity, 16% of traffic and 22% of cargo transportation revenues. Traffic declined by 1.8% for quasi-stable capacity (-0.3%), the load factor standing at 58.4% (-0.9 points). Revenues were down by 3.4% to €285 million.

Key figures for the cargo business

First half to June 30	**2013**	**2012 proforma***	**2012 reported**
Tonnage transported *(In thousands)*	660	687	687
Traffic *(In millions of RTK)*	4,932	5,265	5,265
Capacity *(In millions of ATK)*	7,827	8,169	8,169
Load factor	63.0%	64.5%	64.5%
Total cargo business revenues *(In €m)*	1,405	1,508	1,508
Revenues from the transportation of cargo *(In € million)*	1,309	1,416	1,416
Unit revenue per RTK *(In € cents)*	26.55	26.90	26.90
Unit revenue per ATK *(In € cents)*	16.72	17.35	17.35
Unit cost per ATK *(In € cents)*	18.00	18.98	18.93
Income/(loss) from current operations *(In € million)*	(100)	(134)	(130)

*Restated for Revised IAS 19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

Unit revenue per RTK (revenue ton-kilometer) declined by 13% and by 0.6% on a constant currency basis. Unit revenue per ATK (available ton-kilometer) declined by 3.6% and by 2.9% on a constant currency basis. The unit cost per available ton-kilometer was down by 5.2% and by 4.1% on a constant currency and fuel price basis.

Maintenance business

The maintenance business generated total revenues of €1.63 billion of which €621 million with third-party clients (€1.57 billion, of which €523 million with third-party clients at June 30, 2012). This business posted income from current operations of €57 million versus €53 million in the previous year (€56 million reported). The engines and components activities continued to perform well.

Other businesses

The other businesses principally comprise the leisure and catering activities. Over the first half, these other businesses realized total revenues of €626 million versus €554 million at June 30, 2012 and generated a €54 million loss from current operations (against a loss of €38 million at June 30, 2012 and a €38 million reported loss).

The **leisure** business is operated by Transavia which has a fleet of 42 aircraft (39 aircraft at June 30, 2012). Revenues increased by 14.2% to €417 million and the loss from current operations stood at €54 million (a loss of €46 million at June 30, 2012).

The **catering** business generated revenues of €466 million, of which €188 million with third-party clients after €15 million of consolidation effects following the sale of a subsidiary, and a result from current operations at break-even (+€1 million versus a €166 million and €(10) million respectively in the first half of 2012)

The Air France-KLM fleet

At June 30, 2013, the Air France-KLM Group fleet comprised 620 aircraft, of which 593 in operation. On a constant scope (excluding the integration of the Airlinair regional subsidiary) the total fleet would have been 596 aircraft or nine fewer aircraft than at December 31, 2012 and the operational fleet would have stood at 570 aircraft (three fewer than at December 31, 2012). The regional fleet amounted to 151 aircraft after the integration of 24 aircraft within the fleet, of which 133 in operation. Excluding Airlinair, the total fleet would have comprised 127 aircraft and the operational fleet 110 aircraft. There were firm orders for 65 aircraft, an increase of 22 units relative to December 31, 2012, reflecting the finalization of the order for 25 Airbus A350s, the delivery of four aircraft and the conversion of one option into a firm order. Thirty-nine per cent of the fleet is fully owned, 21% is under finance lease and 39% under operating lease.

The Air France Group fleet

The Air France Group fleet comprised 412 aircraft at June 30, 2013, of which 390 in operation with 105 long-haul aircraft, five freighters and 147 medium-haul aircraft (103 long-haul aircraft, five freighters and 148 medium-haul aircraft at December 31, 2012). Excluding the integration of Airlinair as of January 1, 2013, the Air France fleet would have comprised 388 aircraft, of which 367 in operation (396 and 374 aircraft respectively at December 31, 2012).

Of the total fleet, 45% is fully owned, 17% is under finance lease and 38% under operating lease.

Breakdown by type	Owned		Finance lease		Operating lease		Total		In operation	
of ownership	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12
Total Air France Group	**186**	**-**	**68**	**+4**	**158**	**+12**	**412**	**+16**	**390**	**+16**

The Air France fleet

The Air France fleet comprised 250 aircraft at June 30, 2013, with 246 in operation. The fleet includes 105 long-haul aircraft, five freighters and 136 medium-haul aircraft (103 long-haul aircraft, five freighters and 140 medium-haul aircraft at December 31, 2012).

Of the overall fleet, 38% was fully owned, 17% was under finance lease and 46% under operating lease. During the first half, one Airbus A340-300 and six Airbus A320-200s were withdrawn from the fleet.

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**
B747-400	3	-	1	-	3	-	7	-	7	-
B777-300	12	-1	8	+1	17	-	37	-	37	-
B777-200	15	-	2	-	8	-	25	-	25	-
A380-800	1	-	3	-	4	-	8	-	8	-
A340-300	8	-1	2	-1	3	+1	13	-1	13	+2
A330-200	3	-	2	-	10	-	15	-	15	-
Long-haul	***42***	***-2***	***18***	***-***	***45***	***+1***	***105***	***-1***	***105***	***+2***
B747-400	2	-	-	-	3	-	5	-	3	-
B777-F Cargo	2	-	-	-	-	-	2	-	2	-
Cargo	***4***	***-***	***-***	***-***	***3***	***-***	***7***	***-***	***5***	***-***
A321	6	-	6	-	13	-	25	-	25	-
A320	14	-6	3	-	36	-	53	-6	52	-4
A319	17	-3	8	+3	17	-	42	-	41	-

Aircraft	Owned		Finance lease		Operating lease		Total		In operation	
	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12	06/30/13	Ch/Dec 12
A318	11	-	7	-	-	-	18	-	18	-
Medium-haul	***48***	***-9***	***24***	***+3***	***66***	***-***	***138***	***-6***	***136***	***-4***
Total	**94**	**-11**	**42**	**+3**	**114**	**+1**	**250**	**+7**	**246**	**-2**

The fleet of the subsidiaries

Regional fleet

At June 30, 2013, the regional subsidiaries (HOP!, CityJet and VLM) had a fleet of 151 aircraft, of which 133 were operational. Some 61% of this fleet is fully owned, 17% is under finance lease and 22% under operating lease. During the first half, Airlinair was consolidated (24 ATR aircraft, of which 23 in operation). Three aircraft were withdrawn from the fleet at Regional and one was withdrawn at VLM.

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**
HOP !										
ATR72-500	1	1	3	3	4	4	8	8	8	8
ATR72-200	-	-	2	2	-	-	2	2	2	2
ATR42-500	4	4	4	4	5	5	13	13	13	13
ATR42-300	-	-	-	-	1	1	1	1	-	-
Canadair Jet 1000	13	-	-	-	-	-	13	-	13	-
Canadair Jet 700	9	+3	6	-3	-	-	15	-	15	-
Canadair Jet 100	13	+1	-	-1	-	-	13	-	5	-4
EMB190	4	-	-	-	6	-	10	-	10	-
EMB170	8	-	2	-	6	-	16	-	16	-
EMB145-EP/MP	13	+2	7	-4	-	-1	20	-3	19	-4
EMB135-ER	4	-	2	-	-	-	6	-	1	+1
Total	**69**	**+11**	**26**	**+1**	**22**	**+9**	**117**	**+21**	**102**	**+16**
CityJet										
AVRO RJ 85	11	-	-	-	11	-	22	-	19	-
Total CityJet	**11**	**-**	**-**	**-**	**11**	**-**	**22**	**--**	**19**	**-**
VLM Airlines										
Fokker 50	12	-	-	-	-	-1	12	-1	12	-1
Total	**12**	**-**	**-**	**-**	**-**	**-1**	**12**	**-1**	**12**	**-1**
Total regional fleet	**92**	**+11**	**26**	**+1**	**33**	**8**	**151**	**+20**	**133**	**+15**

Transavia fleet

Transavia has a fleet of 11 medium-haul aircraft three of which joined the fleet during the first half.

Transavia France										
B737 800	-	-	-	-	11	+3	11	+3	11	+3
Total	**-**	**-**	**-**	**-**	**11**	**+3**	**11**	**+3**	**11**	**+3**

The KLM Group fleet

The KLM Group fleet comprises 208 aircraft of which 203 in operation, with 67 long-haul aircraft, 79 medium-haul aircraft, 13 freighters and 49 regional aircraft.

Some 27% of the fleet is fully owned, 31% is under finance lease and 41% under operating lease.

	Owned		Finance lease		Operating lease		Total		In operation	
Breakdown by type of ownership	**06/30/13**	**Ch Dec 12**	**06/30/13**	**Ch Dec 12**	**06/30/13**	**Ch Dec 12**	**06/30/13**	**Ch Dec 12**	**06/30/13**	**Ch Dec 12**
Total KLM Group	**57**	**-1**	**65**	**-2**	**86**	**+2**	**208**	**-1**	**203**	**+4**

The KLM fleet

The KLM fleet totaled 118 aircraft at June 30, 2013, of which 117 in operation, with 67 long-haul aircraft, four freighters and 47 medium-haul aircraft. Some 20% of the fleet is fully owned, 36% is under finance lease and 44% under operating lease.

During the first half, one B777-300 and two Airbus A330-200/300s joined the long-haul fleet while two MD11s were withdrawn. In the medium-haul fleet, three Boeing B737-400s were withdrawn and one Boeing B737-800 joined the fleet.

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/12**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**
B747-400	14	+1	3	-1	5	-	22	-	22	-
B777-300	-	-	8	+1	-	-	8	+1	8	+1
B777-200	-	-	6	-	9	-	15	-	15	-
MD11	5	-2	1	-	-	-	6	-2	6	-
A330-300	-	-	-	-	4	+1	4	+1	4	+1
A330-200	-	-	6	-	6	+1	12	+1	12	+1
Long-haul	**19**	**-1**	**24**	**-**	**24**	**+2**	**67**	**+1**	**67**	**+3**
B747-400	-	-	3	-	1	-	4	-	3	-1
Cargo	**-**	**-**	**3**	**-**	**1**	**-**	**4**	**-**	**3**	**-1**
B737-900		-1	2	+1	3	-	5	-	5	-
B737-800	5	+1	5	-1	14	+1	24	+1	24	+1
B737-700	-	-	8	-	10	-	18	-	18	-
B737-400	-	-3	-	-	-	-	-	-3	-	-
Medium-haul	**5**	**-3**	**15**	**-**	**27**	**+1**	**47**	**-2**	**47**	**+1**
Total	**24**	**-4**	**42**	**-**	**52**	**+3**	**118**	**+1**	**117**	**+3**

The fleet of the subsidiaries

Transavia and Martinair fleets

The Transavia Netherlands fleet comprises 32 medium-haul aircraft with 31 in operation, of which 9% was fully owned, 25% was under finance lease and 66% under operating lease at June 30, 2013. One aircraft joined the fleet during the first half.

The Martinair fleet comprises nine cargo aircraft, of which seven were in operation at June 30, 2013. Some 33% of the fleet is fully owned, with 22% under finance lease and 44% under operating lease.

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**
Transavia Netherlands										
B737-800	1	+1	5	-	16	-	22	+1	21	-
B737-700	2	+2	3	-2	5	-	10	-	10	-
Total	**3**	**+3**	**8**	**-2**	**21**	**-**	**32**	**+1**	**31**	**-**
Martinair										
B747-400 BCF	-	-	-	-	3	-	3	-	1	+1
MD-11-CF	3	-	-	-	-	-1	3	-1	3	-1
MD-11-F	-	-	2	-	1	-	3	-	3	+1
Total	**3**	**-**	**2**	**-**	**4**	**-1**	**9**	**-1**	**7**	**+1**
Total other fleet	**6**	**+3**	**10**	**-2**	**25**	**-1**	**41**	**-**	**38**	**+1**

Regional fleet

At June 30, 2013, the KLM Cityhopper regional subsidiary had a fleet of 49 aircraft, of which 48 were operational. This fleet is 55% fully-owned, 27% under finance lease and 18% under operating lease. During the first half, there were no additions or withdrawals in the regional fleet.

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**	**06/30/13**	**Ch/Dec 12**
KLM Cityhopper										
F100	1	-	-	-	-	-	1	-	-	-
F70	26	-	-	-	-	-	26	-	26	-
EMB190	-	-	13	-	9	-	22	-	22	-
Total	**27**	**-**	**13**	**-**	**9**	**-**	**49**	**-**	**48**	**-**

Outlook and subsequent events

Outlook

Based on our strict capacity discipline, a good level of bookings for the Summer season, slightly higher unit revenues in the passenger business and a fuel bill of around $4.8 billion based on the forward curve at July 19, 2013, the Group's objective, in the current market conditions, is an improvement in the second half 2013 operating result in line with that of the first half.

The measures already taken have enabled medium-haul and cargo to improve their operating results but not sufficiently in view of the weak economic conditions. Additional major measures will be adopted during the autumn for implementation in early 2014. They will concern voluntary departure plans together with industrial and commercial decisions.

Subsequent events

There were no significant events subsequent to the period.

Risks and risk management

Risk factors

There were no significant changes to the risks and uncertainties incurred by the Air France-KLM Group during this half year relative to those indicated the 2012 Registration Document filed on April 9, 2013.

Related parties

The information concerning related parties can be found in Note 24 of the consolidated financial statements.

Comments on the financial statements

Consolidated results for the first half ended June 30, 2013

The Revised IAS 19 relating to “Employee Benefits” having entered into application on January 1, 2013, backdated to January 1, 2012, the consolidated financial statements to June 30, 2012 have been restated to facilitate comparison (see also Note 2 of the Notes to the consolidated financial statements).

There were no major changes to the Air France-KLM Group’s consolidation scope relative to the consolidation scope at June 30, 2012. The movements are described in Note 5 in the Notes to the consolidated financial statements.

(In € million)	**June 30, 2013**	**June 30, 2012 proforma**	**Change** *(In %)*
Revenues	12,301	12,145	1.3
Income/(loss) from current operations	(451)	(690)	34.6
Income/(loss) from operating activities	(494)	(960)	ns
Net income/(loss) from continuing operations	(790)	(1,277)	ns
Net income/(loss) - Equity holders of Air France-KLM	(793)	(1,276)	ns
Basic earnings/(loss) per share *(In €)*	(2.68)	(4.32)	ns

Revenues

Consolidated revenues amounted to €12.30 billion for the period, up by 1.3% after a negative currency effect of 0.4%. Passenger revenues increased by 0.9% to €9.65 billion while cargo revenues declined by 6.8% to €1.41 billion.

Operating expenses

Operating expenses declined by 0.7% to €12.76 billion. For production measured in EASK (equivalent available seat-kilometers) up by 1.3%, the unit cost per EASK was down by 3.1% and by 2.2% on a constant currency and fuel price basis.

External expenses, notably, also decreased by 1% to €7.9 billion versus €8.0 billion one year earlier.

The breakdown of operating expenses was as follows:

(In € million)	**June 30, 2013**	**June 30, 2012 proforma**	**Change in %**
Aircraft fuel	3,408	3,568	-4.5
Chartering costs	233	276	-15.5
Aircraft operating lease costs	469	464	1.1
Landing fees and air route charges	906	901	0.5
Catering	290	285	1.7
Handling charges and other operating costs	707	658	7.4
Aircraft maintenance costs	647	546	18.5
Commercial and distribution costs	437	441	-0.9
Other external expenses	845	881	-4.1
Total	**7,942**	**8,020**	**-1.0**

The main changes were as follows:

- Aircraft fuel: first half fuel expenses amounted to €3.41 billion versus €3.57 billion at June 30, 2012. The fuel bill declined by 4.5% under the impact of a 2% reduction in consumption, a positive currency impact of 1% and a 2% fall in the fuel price after hedging;
- Aircraft operating lease costs: aircraft operating lease costs increased by 1.1% to €469 million;
- Landing fees and air route charges: landing fees and air route charges for the use of airspace and airports increased in line with activity to €906 million (€901 million at June 30, 2012);
- Catering: catering costs relating to services supplied on board aircraft amounted to €290 million versus €285 million at June 30, 2012, i.e. an increase of 1.7%. These expenses relate to the costs incurred by the Air France-KLM Group for its own account and those incurred by the Group's catering subsidiary on behalf of its third-party clients;
- Handling charges and other operating costs: handling charges mainly cover aircraft handling on the ground, passenger handling for the Group and, for a small proportion, those incurred on behalf of third-party clients. They rose by 7.4% to €707 million due to a reclassification;
- Aircraft maintenance costs: these include the maintenance of the Group's aircraft and procurement for the third-party activity. They amounted to €647 million (+18.5%), the increase being in line with the growth in maintenance division revenues;
- Commercial and distribution costs: commercial and distribution costs were slightly lower (-0.9%) at €437 million, the 2012 first half having recorded marketing expenses linked to the launch of the Nice and Toulouse bases;
- Other external expenses: other external expenses principally comprise rental costs, telecommunication costs, insurance and fees. They amounted to €845 million at June 30, 2013 (-4.1%), this decline benefiting from a reclassification effect.

Salaries and related costs stood at €3.87 billion versus €3.90 billion at June 30, 2012 restated, i.e. down by 1.1%, reflecting a 2.3% fall in salaries and social charges on a constant scope and pension charge basis. The average headcount declined by 2.9% to 98,292 employees.

Taxes other than income taxes amounted to €91 million versus €94 million at June 30, 2012 restated.

Amortization, depreciation and provisions stood at €847 million versus €843 million at June 30, 2012.

Other income and expenses (-€10 million at June 30, 2013 versus +€20 million at June 30, 2012) included currency hedges for +€39 million at June 30, 2013 versus +€49 million at June 30, 2012. A €13 million expense was also booked concerning CO_2 emissions (€17 million one year earlier).

Income/(loss) from current operations

The result from current operations amounted to a €451 million loss versus a loss of €690 million at June 30, 2012 restated.

The contribution to revenues and income/(loss) from current operations by sector of activity was as follows:

	June 30, 2013		June 30, 2012 proforma	
(In € million)	**Revenues**	**Income/(loss) from current operations**	**Revenues**	**Income/(loss) from current operations**
Passenger	9,649	(354)	9,560	(572)
Cargo	1,405	(100)	1,508	(134)
Maintenance	621	57	523	53
Others	626	(54)	554	(37)
Total	**12,301**	**(451)**	**12,145**	**(690)**

Income/(loss) from operating activities

The result from operating activities stood at a loss of €494 million versus a €960 billion loss at June 30, 2012 restated. The non-current items amounted to a negative €39 million at June 30, 2013 and mainly reflected (see Note 11):

- A negative €29 million corresponding to the adjustment in the impairment provision on the Irish and Belgian regional airlines.
- A €9 million net gain on the disposal of the Financière LMP and Servair Airchef shareholdings.

Net cost of financial debt

The net cost of financial debt amounted to €201 million versus €170 million at June 30, 2012. The change was mainly due to other financial expenses including €17 million relating to the OCEANEs (€11 million at June 30, 2012) and €28 million to the unwinding of interest rate derivatives.

Other financial income and expenses

Other net financial expenses amounted to €89 million versus €178 million at June 30, 2012 restated with the breakdown as follows:

- A €34 million currency gain (a loss of €32 million at June 30, 2012);
- A net financial expense of €115 million relating to the fair value of derivative instruments, mainly reflecting the change in the inefficient portion of fuel derivatives (-€152 million at June 30, 2012).

Net income/(loss) - Equity holders of Air France-KLM

Income tax amounted to a €72 million gain versus a €91 million gain at June 30, 2012 restated, deriving an effective tax rate of 9.2% versus 7.0% at June 30, 2012. The low effective tax rate at June 30, 2013 was mostly explained by the ending, since the 2011 financial year, of the recognition of deferred tax assets on the French affiliates in view of the recovery period. Given the negative contributions from Alitalia in recent years, the value of the goodwill will be the subject of an impairment test based on the new medium-term plan which will be finalized in the 2013 second half by the Alitalia management (see also Note 14 to the consolidated financial statements).

The **share of profits/(losses) of associates** amounted to a €78 million negative at June 30, 2013 (versus a negative €60 million at June 30, 2012 restated). This mostly comprised the €65 million share of Alitalia Group losses for the 2013 first half (see also Note 14 to the consolidated financial statements).

Net income/(loss) - Equity holders of Air France-KLM stood at a loss of €793 million at June 30, 2013 (versus a loss of €1.28 billion at June 30, 2012 restated).

The contributions to the net result by quarter were, respectively, €(630) million for the 2013 first quarter and €(163) million for the second quarter of 2013.

The basic earnings/(loss) per share and diluted earnings/(loss) per share stood at €(2.68) at June 30, 2013 versus (€4.32) at June 30, 2012 restated.

Investments and financing of the Group

The Air France-KLM Group's net capital expenditure on tangible and intangible assets amounted to €476 million during the first half versus €425 million at June 30, 2012 restated. Net investment in the fleet amounted to €69 million, ground investment to €56 million, spare parts and aeronautical modifications to €89 million, capitalized maintenance costs to €190 million and investment in intangible assets to €72 million.

Net cash flow from operating activities stood at €1.04 billion versus €461 million at June 30, 2012 reflecting:

- A €77 million improvement in cash flow before WCR at June 30, 2013 versus -€94 million at June 30, 2012 restated, and
- The change in working capital which moved from €555 million at June 30, 2012 restated to €962 million at June 30, 2013.

At the closing date, the net cash position stood at €4.7 billion. Furthermore, the Group still had available credit facilities totalling €1.85 billion at June 30, 2013.

Stockholders' equity amounted to €3.0 billion (€3.6 billion at December 31, 2012) while net financial debt stood at €5.34 billion (€5.97 billion at December 31, 2012). Given the volatility in stockholders' equity introduced by the application of IAS19R, the Group no longer considers the balance sheet gearing ratio a meaningful indicator (See key financial indicators, page 31).

Air France-KLM parent company results

As a holding company, Air France-KLM has no operating activity. Its revenues comprise royalties paid by the two operating subsidiaries for use of the Air France-KLM logo and its expenses essentially comprise financial communication costs, Statutory Auditors' fees, the remuneration of corporate officers and the financial expenses corresponding to the bonds. In total, the operating result amounted to a €3.0 million loss.

Key financial indicators

Adjusted operating margin

In accordance with generally accepted practice for the financial analysis of the air transport sector, operating leases are capitalized at seven times for the capital employed and adjusted net debt calculations. Consequently, income from current operations is adjusted by the portion of operating leases considered to be financial charges, i.e. 34% of operating leases, the percentage resulting from the capitalization rate of the operating leases. The result is an adjusted operating margin which, by eliminating the accounting impact of different methods of aircraft financing, makes it easier to compare the profitability of the different airlines.

(In € million)	**At June 30, 2013**	**At June 30, 2012 proforma***	**At June 30, 2012 reported**
Income/(loss) from current operations	(451)	(690)	(663)
Portion of operating leases considered to be financial charges	159	158	158
Adjusted income/(loss) from current operations	(292)	(532)	(505)
Revenues	12,301	12,145	12,145
Adjusted operating margin	(2.4)%	(4.4)%	(4.2)%

*Restated for Revised IAS 19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

Net financial debt

In view of the high volatility in stockholders' equity introduced by the application of IAS19R, the Group no longer considers the balance sheet gearing ratio to be a meaningful indicator.

Net debt is the result of deducting cash (cash and cash equivalents plus marketable securities, minus bank overdrafts) from short and long-term debt. Deposits on leased aircraft are deducted from financial debt since they reduce the purchase option payments on aircraft at the end of leasing contracts. The cash guarantee within the framework of the four-year swap contract with Natixis relating to the OCEANE 2.75% 2020 is deducted from the corresponding debt. Within the framework of the appeal filed with the European Court of Justice regarding the amount of the cargo fine, the Group chose to set up bank guarantees pending the final ruling. These guarantees are held as available cash pledges, the Group having the option to rapidly substitute other assets.

(In € million)	**At June 30, 2013**	**At December 31, 2012**
Current and non-current financial debt	11,174	10,999
Accrued interest	(104)	(112)
Deposits on leased aircraft	(650)	(650)
Financial assets pledged within the framework of the swap with Natixis (OCEANE)	(393)	(393)
Currency hedge on financial debt	(3)	4
Gross financial debt	**10,025**	**9,848**
Cash and cash equivalents	4,053	3,420
Marketable securities	126	328
Available cash pledges	384	235
Triple A deposits	166	156
Bank overdrafts	(43)	(257)
Net cash	**4,686**	**3,822**
Net debt	**5,339**	**5,966**

Financial cover ratios

Within the framework of the Transform 2015 plan, the Group has set itself a target of reducing debt to €4.5 billion and the net debt/EBITDA ratio to below two by the end of 2014. This ratio is calculated based on the following metrics from the consolidated financial statements:

- Net debt: see above table
- EBITDA: operating result before amortization, depreciation and provisions.

➢ **Net debt/EBITDA ratio**

	June 30, 2013 sliding 12 months	December 31, 2012 proforma*	December 31, 2012 reported
Net debt *(In € million)*	5,339	5,966	5,966
EBITDA *(In € million)*	1,638	1,395	1,448
Net debt/EBITDA	**3.3x**	**4.3x**	**4.1x**

*Restated for Revised IAS 19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

➢ **EBITDA/net interest charges ratio**

	June 30, 2013 sliding 12 months	December 31, 2012 proforma*	December 31, 2012 reported
EBITDA *(In € million)*	1,638	1,395	1,448
Net interest charges *(In € million)*	384	353	353
EBITDA/net interest charges	**4.3x**	**4.0x**	**4.1x**

*Restated for Revised IAS 19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

➢ **Adjusted net debt/EBITDAR ratio**

Adjusted net debt comprises net debt and the annual amount of operating leases capitalized at seven times. EBITDAR corresponds to the operating result before amortization, provisions and operating leases.

	June 30, 2013 sliding 12 months	December 31, 2012 proforma*	December 31, 2012 reported
Net debt *(In € million)*	5,339	5,966	5,966
Operating leases x 7 *(In € million)*	6,734	6,699	6,699
Total adjusted net debt *(In € million)*	**12,073**	**12,665**	**12,665**
EBITDAR *(In € million)*	**2,600**	**2,352**	**2,405**
Adjusted net debt/EBITDAR	**4.6x**	**5.4x**	**5.3x**

*Restated for Revised IAS 19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

EBITDAR/adjusted net interest charges

The net adjusted interest charges include the portion of operating leases corresponding to interest charges (34%).

	June 30, 2013 sliding 12 months	December 31, 2012 proforma*	December 31, 2012 reported
EBITDAR ***(In € million)***	**2,600**	**2,352**	**2,405**
Net interest charges *(In € million)*	384	353	353
Portion of operating leases corresponding to interest charges (34%) *(In € million)*	327	325	325
Total adjusted net interest charges *(In € million)*	**711**	**678**	**678**
EBITDAR/ adjusted net interest charges	**3.7x**	**3.5x**	**3.5x**

*Restated for Revised IAS 19 on pensions, applicable since January 1, 2013 and backdated to January 1, 2012

Unaudited interim condensed consolidated financial statements

January 1, 2013-June 30, 2013

Consolidated income statement (unaudited)

Six-month period from January 1 to June 30, *(In € million)*	***Notes***	**2013**	**2012 Proforma***
Sales	***6***	**12,301**	**12,145**
Other revenues		1	9
Revenues		**12,302**	**12,154**
External expenses	***7***	(7,942)	(8,020)
Salaries and related costs	***8***	(3,863)	(3,907)
Taxes other than income taxes		(91)	(94)
Amortization	***9***	(771)	(778)
Depreciation and Provisions	***9***	(76)	(65)
Other income and expenses	***10***	(10)	20
Income from current operations		**(451)**	**(690)**
Sales of aircraft equipment		(4)	4
Other non-current income and expenses	***11***	(39)	(274)
Income from operating activities		**(494)**	**(960)**
Cost of financial debt	***12***	(240)	(210)
Income from cash and cash equivalents	***12***	39	40
Net cost of financial debt		***(201)***	***(170)***
Other financial income and expenses	***12***	(89)	(178)
Income before tax		**(784)**	**(1,308)**
Income taxes	***13***	72	91
Net income of consolidated companies		**(712)**	**(1,217)**
Share of profits (losses) of associates	***14***	(78)	(60)
Net income from continuing operations		**(790)**	**(1,277)**
Net income for the period		**(790)**	**(1,277)**
• **Equity holders of Air France-KLM**		**(793)**	**(1,276)**
• Non-controlling interests		3	(1)
Earnings per share – Equity holders of Air France-KLM *(in euros)*			
• basic	***15***	(2.68)	(4.32)
• diluted	***15***	(2.68)	(4.32)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

* See Note 2 in Notes to the consolidated financial statements

Consolidated statement of recognized income and expenses (unaudited)

(In € million)	**June 30, 2013 6 months**	**June 30, 2012 6 months Proforma***
Net income for the period	**(790)**	**(1,277)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in other comprehensive income	194	189
Change in fair value transferred to profit or loss	-	(98)
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	58	54
Change in fair value transferred to profit or loss	(55)	(124)
Fair value hedges		
Effective portion of changes in fair value hedge recognized directly in other comprehensive income	(23)	-
Items of the recognized income and expenses of equity shares	7	(8)
Currency translation adjustment	**2**	**5**
Tax on items of comprehensive income that will be reclassified to profit or loss	**1**	**24**
Total of other comprehensive income that will be reclassified to profit or loss	***184***	***42***
Remeasurements of defined benefit pension plans	**(154)**	**(1,495)**
Remeasurements of defined benefit pension plans of equity shares	**(2)**	**-**
Tax on items of comprehensive income that will not be reclassified to profit or loss	**32**	**394**
Total of other comprehensive income that will not be reclassified to profit or loss	***(124)***	***(1,101)***
Total of other comprehensive income, after tax	**60**	**(1,059)**
Recognized income and expenses	**(730)**	**(2,336)**
• **Equity holders of Air France-KLM**	**(731)**	**(2,326)**
• **Non-controlling interests**	**1**	**(10)**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

*See Note 2 in Notes to the consolidated financial statements

Consolidated balance sheet (unaudited)

Assets (In € million)	***Notes***	**June 30, 2013**	**December 31, 2012 Proforma***	**January 1, 2012 Proforma***
Goodwill		238	252	426
Intangible assets		868	842	774
Flight equipment	***16***	9,757	10,048	10,689
Other property, plant and equipment	***16***	1,877	1,932	2,055
Investments in equity associates		309	381	422
Pension assets	***17***	2,329	2,477	2,336
Other financial assets *(**)*		1,988	1,665	2,015
Deferred tax assets		1,379	1,392	1,322
Other non-current assets		97	152	168
Total non-current assets		**18,842**	**19,141**	**20,207**
Assets held for sale	***18***	48	7	10
Other short term financial assets *(**)*		780	933	751
Inventories		534	521	585
Trade accounts receivables		2,396	1,859	1,774
Income tax receivables		36	11	10
Other current assets		883	828	995
Cash and cash equivalents		4,053	3,420	2,283
Total current assets		**8,730**	**7,579**	**6,408**
Total assets		**27,572**	**26,720**	**26,615**

* See Note 2 in Notes to the consolidated financial statements

** Including

(In € million)	**June 30, 2013**	**December 31, 2012**	**January 1, 2012**
Deposits related to financial debt	816	806	656
Marketable securities (included cash secured)	903	956	987

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated balance sheet (unaudited) (continued)

Liabilities and equity (In € million)	***Notes***	**June 30, 2013**	**June 30, 2012** **Proforma***	**January 1, 2012** **Proforma***
Issued capital	***19.1***	300	300	300
Additional paid-in capital		2,971	2,971	2,971
Treasury shares		(84)	(85)	(89)
Reserves and retained earnings	***19.2***	(257)	403	1,775
Equity attributable to equity holders of Air France-KLM		**2,930**	**3,589**	**4,957**
Non-controlling interests		40	48	47
Total equity		**2,970**	**3,637**	**5,004**
Provisions and retirement benefits	***17-20***	3,084	3,158	2,692
Long-term debt	***21***	8,950	9,565	9,228
Deferred tax liabilities		62	149	223
Other non-current liabilities		362	384	321
Total non-current liabilities		**12,458**	**13,256**	**12,464**
Liabilities linked to assets held for sale	***18***	41	-	-
Provisions	***20***	602	555	156
Current portion of long-term debt	***21***	2,224	1,434	1,174
Trade accounts payables		2,594	2,219	2,599
Deferred revenue on ticket sales		3,275	2,115	1,885
Frequent flyer programs		749	770	784
Current tax liabilities		1	3	6
Other current liabilities		2,615	2,474	2,386
Bank overdrafts		43	257	157
Total current liabilities		**12,144**	**9,827**	**9,147**
Total liabilities		**24,602**	**23,083**	**21,611**
Total liabilities and equity		**27,572**	**26,720**	**26,615**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

*See Note 2 in Notes to the consolidated financial statements

Consolidated statement of changes in stockholders' equity (unaudited)

(In € million)	**Number of shares**	**Issued capital**	**Additional paid-in capital**	**Treasury shares**	**Reserves and retained earnings**	**Equity attributable to holders of Air France-KLM**	**Non-controlling interests**	**Total equity**
January 1, 2012	**300,219,278**	**300**	**2,971**	**(89)**	**2,858**	**6,040**	**54**	**6,094**
First application of revised IAS19 "Employee benefits" (Note 2)	-	-	-	-	(1,083)	**(1,083)**	(7)	**(1,090)**
January 1, 2012 (Proforma)*	**300,219,278**	**300**	**2,971**	**(89)**	**1,775**	**4,957**	**47**	**5,004**
Fair value adjustment on available for sale securities	-	-	-	-	94	**94**	**-**	**94**
Gain/(loss) on cash flow hedges	-	-	-	-	(57)	**(57)**	**-**	**(57)**
Remeasurements of defined benefit pension plans	-	-	-	-	(1,092)	**(1,092)**	(9)	**(1,101)**
Currency translation adjustment	-	-	-	-	5	**5**	-	**5**
Other comprehensive income	-	-	-	-	***(1,050)***	***(1,050)***	***(9)***	***(1,059)***
Net result for the period	-	-	-	-	(1,276)	**(1,276)**	(1)	**(1,277)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(2,326)**	**(2,326)**	**(10)**	**(2,336)**
Stock-based compensation (ESA) and stock options	-	-	-	-	2	**2**	**-**	**2**
Dividends paid	-	-	-	-	-	-	(1)	**(1)**
Treasury shares	-	-	-	7	-	**7**	-	**7**
Change in consolidation scope	-	-	-	-	1	**1**	-	**1**
June 30, 2012 (Proforma)*	**300,219,278**	**300**	**2,971**	**(82)**	**(548)**	**2,641**	**36**	**2,677**

Consolidated statement of changes in stockholders' equity (unaudited) (continued)

December 31, 2012 (Proforma) *	**300,219,278**	**300**	**2,971**	**(85)**	**403**	**3,589**	**48**	**3,637**
Fair value adjustment on available-for-sale securities	-	-	-	-	186	**186**	-	**186**
Gain/(loss) on cash flow hedges	-	-	-	-	11	**11**	-	**11**
Gain/(loss) on fair value hedges	-	-	-	-	(15)	**(15)**	-	**(15)**
Remeasurements of defined benefit pension plans	-	-	-	-	(123)	**(123)**	(2)	**(125)**
Currency translation adjustment	-	-	-	-	3	**3**	-	**3**
Other comprehensive income	***-***	***-***	***-***	***-***	***62***	***62***	***(2)***	***60***
Net income for the period	-	-	-	-	(793)	**(793)**	3	**(790)**
Total of income and expenses recognized	-	-	-	-	**(731)**	**(731)**	1	**(730)**
Stock based compensation (ESA) and stock options	-	-	-	-	1	**1**		**1**
OCEANE	-	-	-	-	70	**70**	-	**70**
Treasury shares	-	-	-	1	-	**1**	-	**1**
Dividends paid	-	-	-	-	-	-	(2)	**(2)**
Change in consolidation scope	**-**	**-**	**-**	**-**	**-**	**-**	(7)	**(7)**
June 30, 2013	**300,219,278**	**300**	**2,971**	**(84)**	**(257)**	**2,930**	**40**	**2,970**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

* See Note 2 in Notes to the consolidated financial statements

Consolidated statement of cash flows (unaudited)

Six-month period from January 1 to June 30, *(In € million)*	***Notes***	**2013**	**2012 Proforma***
Net income for the period – Equity holders of Air France-KLM		(793)	(1,276)
Non-controlling interests		3	(1)
Amortization, depreciation and operating provisions	***9***	847	843
Financial provisions		8	(7)
Gain on disposals of tangible and intangible assets		3	(8)
Loss/(gain) on disposals of subsidiaries and associates	***11***	(9)	(97)
Derivatives – non-monetary results		111	135
Unrealized foreign exchange gains and losses, net		(54)	19
Share of (profits) losses of associates		78	60
Deferred taxes	***13.1***	(88)	(110)
Other non-monetary items		(29)	348
Subtotal		**77**	**(94)**
(Increase)/ decrease in inventories		(20)	47
(Increase)/ decrease in trade receivables		(552)	(574)
Increase/ (decrease) in trade payables		277	(183)
Change in other receivables and payables		1,257	1,265
Net cash flow from operating activities		**1,039**	**461**
Acquisition of subsidiaries, of shares in non-controlled entities		(18)	(38)
Purchase of property, plant and equipment and intangible assets		(636)	(1,023)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	***11***	26	466
Proceeds on disposal of property, plant and equipment and intangible assets		160	598
Dividends received		7	14
Decrease (increase) in investments		54	(31)
Net cash flow used in investing activities		**(407)**	**(14)**
Disposal of subsidiaries without loss of control, of owned shares		-	7
Issuance of debt		1,214	627
Repayment on debt		(663)	(425)
Payment of debt resulting from finance lease liabilities		(311)	(287)
New loans		(91)	(23)
Repayment on loans		86	66
Dividends paid		(2)	(1)
Net cash flow from financing activities		**233**	**(36)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**(18)**	**9**
Change in cash and cash equivalents and bank overdrafts		**847**	**420**
Cash and cash equivalents and bank overdrafts at beginning of period		3,163	2,126
Cash and cash equivalents and bank overdrafts at end of period		4,010	2,546
Income tax (paid)/reimbursed (flow included in operating activities)		(43)	(23)
Interest paid (flow included in operating activities)		(225)	(230)
Interest received (flow included in operating activities)		21	24

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

*See Note 2 in Notes to the consolidated financial statements

Notes to the unaudited interim condensed consolidated financial statements

January 1, 2013 – June 30, 2013

Note 1 Business description

As used herein, the term “Air France-KLM” refers to Air France-KLM S.A., a limited liability company organized under French law excluding its consolidated subsidiaries.

The term “Group” is represented by the economic definition of Air France-KLM and its subsidiaries. The Group is headquartered in France and is one of the largest airlines in the world. The Group’s core business is passenger transportation. The Group’s activities also include cargo, aeronautics maintenance and other air-transport related activities, including principally catering and charter services.

The limited company Air France-KLM S.A., domiciled at 2, rue Robert Esnault-Pelterie 75007 Paris – France, is the parent company of the Air France-KLM Group. Air France-KLM is listed for trading in Paris (Euronext) and Amsterdam (Euronext).

The presentation currency used in the Group’s financial statements is the euro, which is also Air France-KLM’s functional currency.

Note 2 Restatements of accounts 2012

Since January 1st, 2013, the standard IAS 19 revised “Employee Benefits”, published by IASB in June 2011 is applicable. The main modifications for the Group are as follows:

- The option used until then by the Group allowing the amortization of actuarial differences with the method "corridor" has been deleted. The actuarial gain and losses are now recognized immediately in other comprehensive income,
- The non-vested past service costs, previously amortized, are fully recognized in the income statement,
- The return on assets, previously determined from an expected rate of return, is now assessed on the basis of the discount rate used to value the benefit obligations.

The consolidated accounts as of June 30, 2012 have been restated in order to allow the comparison. The restated balance sheet as of January 1, 2012 and as of December 31, 2012 is also presented.

Impacts of the revision of the standard are summarized below:

Impacts on the consolidated income statement

(In € million)	**Financial year ended December 31, 2012**	**Six-month period ended June 30, 2012**
Salaries and related costs	(53)	(27)
Other non-current income and expenses	13	12
Income taxes	7	2
Net income for the period	**(33)**	**(13)**
• *Equity holders of Air France-KLM*	*(33)*	*(13)*
• *Non-controlling interests*	-	-
Earnings per share – Equity holders of Air France-KLM *(in euros)*		
• *basic*	*(0.11)*	*(0.04)*
• *diluted*	*(0.11)*	*(0.04)*

Impacts on the consolidated statement of recognized income and expenses

(In € million)	**Financial year ended December 31, 2012**	**Six-month period ended June 30, 2012**
Net income for the period	**(33)**	**(13)**
Remeasurements of defined benefit pension plans	(312)	(1,495)
Items of the recognized income and expenses of equity shares	(2)	-
Tax on items of other comprehensive income that will not be reclassified to profit or loss	95	394
Recognized income and expenses	**(252)**	**(1,114)**
• *Equity holders of Air France-KLM*	*(251)*	*(1,105)*
• *Non-controlling interests*	*(1)*	*(9)*

Impacts on the consolidated balance sheet

(In € million)	**January 1, 2012**	**December 31, 2012**
Investments in equity associates	-	(2)
Pension assets	(881)	(993)
Deferred tax assets	179	241
Provisions and retirement benefits	631	871
Deferred tax liabilities	(243)	(282)
Net impacts on equity	**(1,090)**	**(1,343)**
• *Equity holders of Air France-KLM*	*(1,083)*	*(1,335)*
• *Non-controlling interests*	*(7)*	*(8)*

Note 3 Significant events

3.1 Arising during the accounting period

The Board of Directors of Alitalia, which took place on February 14, 2013, approved the implementation of a convertible shareholder loan amounting to €95 million. Air France-KLM contributed in accordance with its 25% stake, i.e. €23.8 million.

Under the project Transform 2015, the Air France Group decided to combine its French regional activities Britair, Régional, Airlinair under a holding called *HOP!* (see Note 5).

On March 28, 2013, Air France-KLM issued 53,398,058 bonds convertible and / or exchangeable for new or existing Air France-KLM shares (OCEANE) with a maturity date fixed at February 15, 2023 for an amount of €550 million. The characteristics of this bond are described in Note 21.

On June 19, 2013, the Group endorsed the firm order of 25 Airbus A350s, initiated by letter of intention of September 15, 2011, but up to now suspended to the conclusion of an agreement with Rolls Royce concerning the maintenance of engines.

3.2 Subsequent events

There have been no significant events subsequent to the period.

Note 4 Accounting policies

4.1 Accounting principles

Accounting principles used for the interim condensed consolidated financial statements

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM Group as of December 31, 2012 were established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were drawn up.

The interim condensed consolidated financial statements as of June 30, 2013 have been prepared in accordance with IFRS, as adopted by the European Union on the date these condensed consolidated financial statements were drawn up, and are presented according to IAS 34 "Interim financial reporting". They must be read in connection with the annual consolidated financial statements for the year ended December 31, 2012.

The interim condensed consolidated financial statements as of June 30, 2013 have been prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2012 with the exception of the standards and interpretations adopted by the European Union applicable for the Group starting January 1, 2013.

The condensed consolidated financial statements were approved by the Board of Directors on July 25, 2013.

Change in accounting principles

The revised standards IAS 19 "Employee benefits", IFRS13 "Fair Value Measurement" and the amendment to IAS 1 "Presentation of Items of Other Comprehensive Income" were applied for the first time as of March 31, 2013. The impacts of IAS 19 Revised on the consolidated financial statements of the Group are detailed in the Note 2 "Restatements of accounts 2012". The impacts linked to the application of the other standards are not significant.

The standards applicable on a mandatory basis to the Group from January 1, 2014 are the following:

- Standard IFRS 10 "Consolidated Financial Statements" which will replace IAS 27 "Consolidated and Separate Financial Statements" for the part concerning the consolidated financial statements and also SIC 12 "Consolidation – Special Purpose Entities"
- Standard IFRS 11 "Joint Arrangements" which will replace IAS 31 "Interests in Joint Ventures" and also the interpretation SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers"
- Standard IFRS 12 "Disclosure on Interests in Other Entities"
- Standard IAS 28 (2011) "Investments in Associates"
- Amendment to IAS 32 "Offsetting Financial assets and Financial liabilities"

The other standards potentially applicable to the Group, published by the IASB but not yet endorsed by the European Union, are described below. Subject to their endorsement by the European Union, these standards will have to be applied:

- Interpretation IFRIC 21 "Levies", for the accounting periods starting January 1, 2014
- Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets", for the accounting periods starting January 1, 2014
- Standard IFRS 9 "Financial instruments - Classification and measurement of financial assets and liabilities", for the accounting periods starting January 1, 2015

The application of IFRS 10 and IFRS 11 is currently being considered. Nevertheless, the Group doesn't expect any significant change in its consolidation perimeter.

The impacts of the interpretation IFRIC 21 are also currently being considered.

4.2 Preparation of the unaudited interim consolidated financial statements

Seasonality of the activity

Revenues and income from current operations are characterized by their seasonal nature given the high level of activity between April 1 and September 30. This phenomenon varies in magnitude depending on the year. In accordance with IFRS, revenues and the related expenses are recognized over the period in which they are respectively realized and incurred.

Income taxes

For the interim financial statements, the tax charge (current and deferred) is calculated by applying the estimated annual average tax rate for the current year for each entity or tax group to the income before tax for the period.

4.3 Use of estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimations described in Note 4 of the December 31, 2012 consolidated financial statements concerned:

- Revenue recognition related to deferred revenue on ticket sales;
- Tangible and intangible assets;
- Financial instruments;
- Deferred tax;
- *Flying Blue* frequent flyer program;
- Provisions (including Employee Benefits).

The Group's management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable.

The interim consolidated financial statements for the financial year have been established taking into account the current economic and financial crisis unfolding since 2008 and on the basis of financial parameters available at the closing date. The immediate effects of the crisis have been taken into account, in particular the valuation of current assets and liabilities. Concerning the longer-term assets, i.e. the non-current assets, the assumption was that the crisis would be of limited duration.

The future results could differ from these estimates depending on changes in the assumptions used or different conditions.

Note 5 Change in consolidation scope

Under the constitution of *HOP!,* the Group has acquired Airlinair. This operation was performed as follows:
• the sale, on February 28, 2013, of the shares owned in Financière LMP (39.86%), which owned Airlinair (see Note 11),
• the acquisition, on February 28, 2013, of 100% of the Airlinair shares for €17 million. The goodwill relating to this operation amounts to €3 million.

The Group sold on May 15, 2013 its Italian subsidiary Servair Airchef, specialized in catering. The profit made on this operation amounts to €15 million.

Note 6 Information by activity and geographical area

Business segments

The segment information by activity and geographical area presented below is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around the following segments:

Passenger: Passenger operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code, including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, revenues from excess baggage and airport services supplied by the Group to third-party airlines and services linked to IT systems.

Cargo: Cargo operating revenues come from freight transport on flights under the companies' codes, including flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from sales of cargo capacity to third parties.

Maintenance: Maintenance operating revenues are generated through maintenance services provided to other airlines and customers globally.

Other: The revenues from this segment come primarily from catering supplied by the Group to third-party airlines and to charter flights operated primarily by Transavia.

The results of the business segments are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond to the income from operating activities.

Other elements of the income statement are presented in the "non-allocated" column.

Inter-segment transactions are evaluated based on normal market conditions.

Geographical segments

The Group's activities are broken down into six geographical regions:

- Metropolitan France;
- Europe except France and North Africa;
- Caribbean, French Guiana and Indian Ocean;
- Africa, Middle East;
- Americas, Polynesia;
- Asia and New Caledonia.

Only segment revenue is allocated by geographical sales area.

6.1 Information by business segment

Six-month period ended June 30, 2013

(In € million)	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	10,373	1,421	1,633	925	-	14,352
Intersegment sales	(724)	(16)	(1,012)	(299)	-	(2,051)
External sales	**9,649**	**1,405**	**621**	**626**	**-**	**12,301**
Income from current operations	**(354)**	**(100)**	**57**	**(54)**	**-**	**(451)**
Income from operating activities	(393)	(115)	53	(39)	-	(494)
Share of profits (losses) of associates	(79)	-	1	-	-	(78)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(290)	(290)
Income taxes	-	-	-	-	72	72
Net income from continuing operations	**(472)**	**(115)**	**54**	**(39)**	**(218)**	**(790)**

Six-month period ended June 30, 2012 (proforma)

(In € million)	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	10,304	1,521	1,573	848	-	14,246
Intersegment sales	(744)	(13)	(1,050)	(294)	-	(2,101)
External sales	**9,560**	**1,508**	**523**	**554**	**-**	**12,145**
Income from current operations	**(572)**	**(134)**	**53**	**(37)**	**-**	**(690)**
Income from operating activities	(777)	(174)	25	(34)	-	(960)
Share of profits (losses) of associates	(62)	1	1	-	-	(60)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(348)	(348)
Income taxes	-	-	-	-	91	91
Net income from continuing operations	**(839)**	**(173)**	**26**	**(34)**	**(257)**	**(1,277)**

6.2 Information by geographical area

Sales by geographical area

Six-month period ended June 30, 2013

(In € million)	Metropolitan France	Europe (excl. France), North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2,901	3,053	154	556	1,618	901	9,183
Other passenger sales	194	155	8	26	33	50	466
Total passenger	**3,095**	**3,208**	**162**	**582**	**1,651**	**951**	**9,649**
Scheduled cargo	188	521	13	95	230	262	1 309
Other cargo sales	27	18	2	7	23	19	96
Total cargo	**215**	**539**	**15**	**102**	**253**	**281**	**1,405**
Maintenance	372	232	-	-	17	-	621
Others	202	375	17	32	-	-	626
Total	**3,884**	**4,354**	**194**	**716**	**1,921**	**1,232**	**12,301**

Six-month period ended June 30, 2012

(In € million)	Metropolitan France	Europe (excl. France), North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2,889	3,048	157	566	1,532	912	9,104
Other passenger sales	186	148	6	30	30	56	456
Total passenger	**3,075**	**3,196**	**163**	**596**	**1,562**	**968**	**9,560**
Scheduled cargo	181	540	13	107	263	312	1,416
Other cargo sales	28	22	2	5	19	16	92
Total cargo	**209**	**562**	**15**	**112**	**282**	**328**	**1,508**
Maintenance	331	174	-	-	18	-	523
Others	181	332	13	28	-	-	554
Total	**3,796**	**4,264**	**191**	**736**	**1,862**	**1,296**	**12,145**

Traffic sales by geographical area of destination

Six-month period ended June 30, 2013

(In € million)	Metropolitan France	Europe (excl. France), North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	962	2,222	685	1,196	2,504	1,614	9,183
Scheduled cargo	3	23	72	285	535	391	1,309
Total	**965**	**2,245**	**757**	**1,481**	**3,039**	**2,005**	**10,492**

Six-month period ended June 30, 2012

(In € million)	Metropolitan France	Europe (excl. France), North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	991	2,230	677	1,200	2,407	1,599	9,104
Scheduled cargo	3	24	71	295	566	457	1,416
Total	**994**	**2,254**	**748**	**1,495**	**2,973**	**2,056**	**10,520**

Note 7 External expenses

Six-month period ended June 30, *(In € million)*	2013	2012
Aircraft fuel	3,408	3,568
Chartering costs	233	276
Aircraft operating lease costs	469	464
Landing fees and air route charges	906	901
Catering	290	285
Handling charges and other operating costs	707	658
Maintenance costs	647	546
Commercial and distribution costs	437	441
Other external expenses	845	881
Total	**7,942**	**8,020**
Excluding aircraft fuel	*4,534*	*4,452*

Note 8 Salaries and number of employees

8.1 Salaries and related costs

Six-month period ended June 30, *(In € million)*	2013	2012 Proforma
Wages and salaries	2,756	2,788
Social contributions	890	899
Net periodic pension cost	211	186
Expenses related to share-based compensation	2	2
Other expenses	4	32
Total	**3,863**	**3,907**

The “other expenses” comprise the capitalization of salary costs on aircraft and engine overhaul.

8.2 Average number of employees

Six-month period ended June 30,	2013	2012
Flight deck crew	8,387	8,464
Cabin crew	22,096	22,412
Ground staff	67,809	70,398
Total	**98,292**	**101,274**

Note 9 Amortization, depreciation and provisions

Six-month period ended June 30, *(In € million)*	2013	2012
Amortization		
Intangible assets	36	33
Flight equipment	605	611
Other property, plant and equipment	130	134
Total	***771***	***778***
Depreciation and Provisions		
Inventories	1	(1)
Trade receivables	3	(1)
Risks and contingencies	72	67
Total	***76***	***65***
Total	**847**	**843**

Note 10 Other income and expenses

Six-month period ended June 30, *(In € million)*	2013	2012
Joint operation of routes	(39)	(7)
Operations-related currency hedges	39	49
Other	(10)	(22)
Total	**(10)**	**20**

Note 11 Other non-current income and expenses

Six-month period ended June 30, *(In € million)*	2013	2012 Proforma
Restructuring costs	(4)	(360)
Disposals of subsidiaries and affiliates	9	97
Other	(44)	(11)
Other non-current income and expenses	**(39)**	**(274)**

Six-month period ended June 30, 2013

As of June 30, 2013, the line “Disposals of subsidiaries and affiliates” includes:

- the sale of the shares owned in Financière LMP (39.86%). The sale price of the transaction amounted to €7 million, generating a loss on disposal of €6 million (see note 5),
- the sale of the shares owned in Servair Airchef (50%). The sale price of the transaction amounted to €28 million, generating a gain on disposal of €15 million (see note 5).

As of June 30, 2013, within the framework of the valuation of its Irish and Belgium airlines, the Group has recorded an additional provision amounting to €29 million, included in the line “Other”, to bring back the net asset of the group Cityjet and VLM to zero.

Six-month period ended June 30, 2012 (proforma)

The "disposals of subsidiaries and affiliates" line included an amount of €97 million corresponding to the gain on disposal realised by the Group on March 1, 2012 concerning a private placement of Amadeus IT Holding SA shares, whose sale proceeds amounted to €466 million.

The Group has initiated a restructuring plan concerning the company Air France and its regional affiliates in France. This plan mainly comprised two parts: an adjustment in the fleet and a plan to reduce staff.

The plan's conditions have been presented to the bodies officially representing the Air France staff on June 2012. For subsidiaries, the discussion process continued during the third half year of 2012.

Concerning the resizing of the fleet, the modalities resulted in the disposal, sale, dismantling or termination of operating lease contracts.

Concerning the staff reduction plan which concerns 5,122 positions, it included assistance for voluntary retirement and a voluntary departure plan whose period of application started from the 4th quarter of 2012.

In these conditions, the Group made its best estimation of the costs involved by the plan and recorded a provision for restructuring amounting to €358 million as of June 30, 2012.

Note 12 Net cost of financial debt and other financial income and expenses

Six-month period ended June 30, *(In € million)*	**2013**	**2012**
Income from marketable securities	13	15
Other financial income	26	25
Income from cash and cash equivalents	**39**	**40**
Loan interests	(143)	(138)
Lease interests	(40)	(45)
Capitalized interests and other non-monetary items	5	9
Other financial expenses	(62)	(36)
Gross cost of financial debt	**(240)**	**(210)**
Net cost of financial debt	**(201)**	**(170)**
Foreign exchange gains (losses), net	34	(32)
Change in fair value of financial assets and liabilities	(115)	(152)
Net (charge) release to provisions	(2)	7
Other	(6)	(1)
Other financial income and expenses	**(89)**	**(178)**

Finance costs relating to gross financial indebtedness include as of June 30, 2013 an amount of €17 million corresponding to the difference between the nominal interest rate and the effective interest rate (after split accounting) of the OCEANE bonds issued (€11 million as of June 30, 2012).

The interest rate used in the calculation of capitalized interest is 3.86% for the six-month period ended June 30, 2013 (3.83% for the six-month period ended June 30, 2012).

The change in fair value of financial assets and liabilities recorded as of June 30, 2013 and June 30, 2012 arose mainly from the variation in the ineffective portion of fuel derivatives.

Note 13 Income taxes

13.1 Income tax charge

Six-month period ended June 30, *(In € million)*	2013	2012 Proforma
Charge for the period	(16)	(19)
Adjustment of previous current tax charges	-	-
Deferred tax income/ (expense)	**(16)**	**(19)**
Change in temporary differences	15	(15)
CVAE impact	2	2
(Use)/ recognition of tax loss carryforwards	71	123
Deferred tax income/ (expense) from continuing operations	**88**	**110**
Total	**72**	**91**

The current tax charge relates to the amounts paid or payable in the short term to the tax authorities for the period, in accordance with the regulations prevailing in various countries and any applicable treaties.

As of June 30, 2013, the Group recognized deferred tax assets on fiscal losses amounting to €71 million, relating to the Dutch fiscal Group.

In France, deficits are carried forward indefinitely. However, the 2011 and 2012 Finance Act introduced a limit on the amount of tax loss allowed to be recognized each year (amounting to only 50% of the profit of the period beyond the first million). This measure has the effect of lengthening the recovery period. They led the Group to limit, since October 1, 2011, the recognition of deferred tax assets linked to the Air France-KLM Group's tax loss carryforwards.

The limitation of deferred tax assets as of June 30, 2013 has an impact of €(170) million on the tax charge, against €(341) million as of June 30, 2012.

13.2 Deferred tax recorded directly in equity

Six-month period ended 30 June *(In € million)*	2013	2012 Proforma
OCEANE	37	-
Comprehensive income that will be reclassified to profit or loss	1	24
Comprehensive income that will not be reclassified to profit or loss	32	394
Total	**70**	**418**

Note 14 Share of profits (losses) of associates

Six-month period ended June 30, 2013

The "share of profits (losses) of associates" includes mainly the share of Alitalia Group losses, amounting to €(65) million. This share of losses has been calculated using an estimated result for the second quarter, the meeting of the Board of Alitalia to approve the financial accounts as of June 30, 2013, will take place in August. Given the negative contributions from Alitalia in recent years, the value of the goodwill will be the subject of an impairment test based on the new medium-term plan which will be finalized in the 2013 second half by the Alitalia management.

Six-month period ended June 30, 2012

The "share of profits (losses) of associates" included mainly the share of Alitalia Group losses, amounting to €(55) million.

Note 15 Earnings per share

Reconciliation of income used to calculate earnings per share

Six-month period ended June 30, *(In € million)*	**2013**	**2012 Proforma**
Net income for the period – Equity holders of Air France-KLM	**(793)**	**(1,276)**
Dividends to be paid to priority shares	-	-
Net income for the period – Equity holders of Air France-KLM (used to calculate basic earnings per share)	**(793)**	**(1,276)**
Impact of potential ordinary shares:		
• interest paid on convertible bonds dilutive (net of tax)	-	-
Net income for the period – Equity holders of Air France-KLM (used to calculate diluted earnings per share)	**(793)**	**(1,276)**

Reconciliation of the number of shares used to calculate earnings per share

Six-month period ended June 30,	**2013**	**2012**
Weighted average number of:		
• Ordinary shares issued	300,219,278	300,219,278
• Treasury stock held regarding stock option plan	(1,116,420)	(1,229,714)
• Treasury stock held for the share buyback plan	-	(321,179)
• Other treasury stock	(3,071,876)	(2,959,753)
Number of shares used to calculate basic earnings per share	**296,030,982**	**295,708,632**
Weighted average number of ordinary shares:		
• Conversion of convertible bonds dilutive	-	-
• Exercise of stock options dilutive	-	-
Number of potential ordinary shares	**296,030,982**	**295,708,632**
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**296,030,982**	**295,708,632**

Note 16 Tangible assets

	As of June 30, 2013			**As of December 31, 2012**		
(In € million)	**Gross value**	**Depreciation**	**Net Value**	**Gross value**	**Depreciation**	**Net Value**
Owned aircraft	10,007	5,799	4,208	9,821	5,488	4,333
Leased aircraft	6,092	2,054	4,038	6,183	2,047	4,136
Assets in progress	367	-	367	347	-	347
Other	1,879	735	1,144	2,135	903	1,232
Flight equipment	**18,345**	**8,588**	**9,757**	**18,486**	**8,438**	**10,048**
Land and buildings	2,815	1,601	1,214	2,742	1,523	1,219
Equipment and machinery	1,320	919	401	1,326	896	430
Assets in progress	70	-	70	55	-	55
Other	874	682	192	925	697	228
Other tangible assets	**5,079**	**3,202**	**1,877**	**5,048**	**3,116**	**1,932**
Total	**23,424**	**11,790**	**11,634**	**23,534**	**11,554**	**11,980**

The net value of tangible assets financed under capital lease amounts to €4,538 million as of June 30, 2013 (€4,618 million as of December 31, 2012).

Note 17 Pension assets

Six-month period ended June 30, 2013

For the six months ended June 30, 2013 the discount rates used by companies for defined benefit obligations were the following:

	June 30, 2013	December 31, 2012
Euro zone – Duration 10 to 15 years	3.00%	3.00%
Euro zone – Duration 15 years and more	3.75%	3.65%

The impact of variations of discount rates on the obligation has been calculated using the sensitivity of the pension defined benefit obligation to variations in the discount rate, as mentioned in note 30.1 to the annual financial statements as of December 31, 2012.

Over the same period, the fair value of pension funds decreased.

Both items have a cumulative impact of €(233) million on "pension assets" and €(79) million on "Provisions for retirement benefits".

Six-month period ended June 30, 2012

For the six months ended June 30, 2012 the discount rates used by companies for defined benefit obligations were the following:

	June 30, 2012	December 31, 2011
Euro zone – Duration 10 to 15 years	3.70%	4.75%
Euro zone – Duration 15 years and more	4.30%	5.00%

The impact of variations of discount rates on the obligation has been calculated using the sensitivity of the pension defined benefit obligation to variations in the discount rate, as mentioned in note 30.1 to the annual financial statements as of 31 December 2011.

Over the same period, the fair value of pension funds increased significantly.

Both items had a cumulative impact of €(1,229) million on "pension assets" and €266 million on "Provisions for retirement benefits".

Note 18 Assets held for sale and liabilities relating to assets held for sale

As of June 30, 2013, the lines “Assets held for sale” and “Liabilities relating to assets held for sale” correspond for €41 million to the assets and liabilities of the Group Cityjet held for sale (see note 11).

Moreover, the line “Assets held for sale” also includes the fair value of 6 aircraft held for sale for an amount of €7 million.

Note 19 Equity attributable to equity holders of Air France-KLM SA

19.1 Breakdown of stock and voting rights

As of June 30, 2013, the issued capital of Air France-KLM comprised 300,219,278 fully paid-up shares with a nominal value of €1. Each share is entitled to one vote.

The breakdown of stock and voting rights is as follows:

	As of June 30, 2013		As of December 31, 2012	
	Capital	**Voting rights**	**Capital**	**Voting rights**
French State	16%	16%	16%	16%
Employees and former employees	9%	9%	10%	10%
Treasury shares	1%	-	1%	-
Other	74%	75%	73%	74%
Total	**100%**	**100%**	**100%**	**100%**

The item “Employees and former employees” includes shares held by employees and former employees identified in funds or by a Sicovam code.

19.2 Reserves and retained earnings

(In € million)	**As of June 30, 2013**	**As of December 31, 2012, Proforma**
Legal reserve	70	70
Distributable reserves	734	850
Derivatives reserves	(47)	(43)
Available for sale securities reserves	439	253
Defined benefit pensions reserves	(1,326)	(1,203)
Other reserves	666	1,701
Net income (loss) – Equity holders of Air France-KLM	(793)	(1,225)
Total	**(257)**	**403**

Note 20 Provisions and retirement benefits

	As of June 30, 2013			As of December 31, 2012, Proforma		
(In € million)	**Non current**	**Current**	**Total**	**Non current**	**Current**	**Total**
Retirement benefits	1,892	-	1,892	1,965	-	1,965
Restitution of aircraft	560	137	697	545	96	641
Restructuring	5	396	401	4	424	428
Litigation	420	41	461	429	10	439
Other	207	28	235	215	25	240
Total	**3,084**	**602**	**3,686**	**3,158**	**555**	**3,713**

20.1 Provisions

Retirement benefits

See Note 17.

Provision for litigation with third parties

An assessment of litigation risks with third parties was carried out with the Group’s attorneys and provisions have been recorded whenever circumstances rendered it necessary.

Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up when the Group considers that the tax authorities could challenge a tax position adopted by the Group or one of its subsidiaries.

In the normal course of its activities, the Air France-KLM Group and its subsidiaries Air France and KLM (and their subsidiaries) are involved in litigation, some of which may be significant.

Provision for restructuring

See Note 11.

Litigation concerning anti-trust laws

In the air-freight industry

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with up to twenty-five other airlines in investigations initiated by the anti-trust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted action in the air-freight industry.

The proceedings initiated in the United States, Australia and Canada resulted in Plea Agreements made by Air France, KLM and Martinair with the appropriate agencies, and the payment of settlement amounts putting an end to those proceedings. As of July 2012, a settlement negotiation was finalized between the Competition Commission of South Africa and Air France and KLM resulting in a settlement amount of €1.8 million, which the Competition Tribunal has confirmed as a consent order on October 17, 2012. A similar settlement was finalized by Air France and KLM on 20 February 2013 with the Competition Authority of Brazil resulting in a total settlement amount of €4.6 million.

In Europe, the European Commission announced, on November 9, 2010, its decision to impose fines on 14 airlines including Air France, KLM and Martinair related to anti-competition practices mainly concerning fuel surcharges. The Commission imposed an overall fine of €340 million on the Air France-KLM Group companies.

As the Group's parent company, Air France-KLM was considered by the European Commission to be jointly and severally liable for the anti-competitive practices of which the Group companies were found guilty.

On January 24 and 25, 2011, the Group companies filed an appeal against the decision before the General Court of the European Union.

Since the appeal does not suspend the payment of the fines, the Group companies chose not to pay the fine immediately, but to provide bank guarantees until a definitive ruling by the European Courts.

In South Korea, on November 29, 2010, the Korean antitrust authority (KFTC) imposed on Air France-KLM, Air France and KLM a total fine of €8.8 million, already paid, for anti-competitive practices prior to September 2004. The Group companies filed an appeal before the competent Seoul Court in December 2010.

On 16 May, 2012, the 6th chamber of the Seoul High Court vacated the KFTC's decision against Air France-KLM on the ground that Air France-KLM was not engaged in the air freight transportation business after it converted in a holding company on September 15, 2004. Accordingly this decision, which was issued after the expiration of the statute of limitations, was illegal. With regard to the appeals of Air France and KLM, the Court found in favour of the KFTC. Appeal filings against the Court decisions were submitted to the Supreme Court by both Air France and KLM. Generally the Supreme Court appeal process will take 1-2 years to conclude.

As of June 30, 2013, one antitrust investigation is still pending in Switzerland. Provisions are recorded in the financial accounts of Air France and KLM for this procedure.

The total amount of provisions as of June 30, 2013 amounts to €409 million for the whole proceedings, which have not yet been concluded by a final decision.

Other provisions

Other provisions are mainly provisions for power-by-hour contracts (maintenance activity of the Group), provisions for parts of CO2 emissions not covered by free allowance of quotas and provisions for dismantling buildings.

20.2 Contingent liabilities

The Group is involved in a number of governmental, legal and arbitrage procedures for which provisions have not been recorded in the financial statements.

Litigations concerning anti-trust laws

These litigations have not been provisioned given that the Group is unable, given the current status of the proceedings, to evaluate its exposure.

Pursuant to the initiation in February 2006 of the various competition authority investigations, class actions were brought by forwarding agents and air-freight shippers in several countries against Air France, KLM and Martinair, and the other freight carriers. In addition, civil suits have been filed in Europe by shippers following the European Commission's decision of November 9, 2010. The Group companies intend to vigorously oppose all such civil actions.

United States

In the United States, the Group concluded a Settlement Agreement with the representatives of the class action in July 2010. The Settlement Agreement, under which the Group accepted to pay USD 87 million, brings to a close all claims, lawsuits and legal proceedings in the past, present or future by plaintiffs seeking to obtain financial compensation from the Air France-KLM Group for unlawful practices in freight transportation to, from or within the United States.

On March 14, 2011, the Court issued an order granting final approval of the Air France-KLM settlement with the class action plaintiffs. Prior to that date, pursuant to procedures established by the Court, 36 entities elected to be excluded from the settlement, which permits them to separately pursue claims.

With respect to those Air France and KLM customers who have chosen to be excluded, a portion of the settlement proportional to the revenue Air France and KLM received from those parties for a specified period as compared with Air France and KLM's overall revenue for that period will be segregated in a separate escrow. The parties who opted out are free to sue Air France, KLM and Martinair individually.

In 2011, written demands were made to Air France and KLM by two customers. Consequently a portion of the escrow amount attributable to those customers was transferred to Air France and KLM and the repaid amount was included as a provision.

Netherlands

In the Netherlands, KLM, Martinair and Air France were summoned, on September 30, 2010, to appear before the District Court of Amsterdam in a civil suit brought by a company named Equilib.

Equilib currently states that it has purchased claims from at least 175 indirect purchasers of airfreight services who allegedly suffered losses as a result of an anti-trust infringement in the European market between 2000 and 2006.

Equilib is seeking to obtain a declaratory judgment confirming that the Group companies have been guilty of unlawful conduct and are jointly and severally liable, along with other carriers, for the losses suffered by the airfreight purchasers. Equilib initially estimates its claims at €400 million. So far, it has not substantiated this claim.

The proceedings are still in the preliminary stage and it is not expected that the matter will soon be dealt with in substance as the Amsterdam District Court ruled, on March 7, 2012, that the proceedings should be stayed until the pending appeals against the European Commission's decision of November 9, 2010 have fully run their course. Equilib appealed this judgment and proceedings are currently pending before the Amsterdam Court of Appeal.

The Group companies served a contribution writ of summons on the other airlines fined by the European Commission on November 9, 2010 and simultaneously a claim to make these airlines join the proceedings to ensure that, if the Amsterdam Court ultimately decides that the Group companies are liable, the burden will be shared amongst all responsible parties.

Air France and KLM, as well as other airlines, were also summoned in February 2012 to appear before the District Court of Amsterdam in a similar civil suit by a company named East West Debt BV. In its writ, East West Debt BV claims to represent eight recipients of airfreight services that allegedly suffered loss in relation to an anti-trust infringement in the European market between 2000 and 2006. East West Debt currently estimates its claim at €27.9 million. So far, however, its claim has not been substantiated.

On November 7, 2012, the Amsterdam Court issued a similar ruling as that on Equilib and stayed the proceedings. East West Debt is appealing the Amsterdam District Court decision to stay. The Group companies have filed contribution proceedings against the other addressees of the European Commission decision to ensure that if the Amsterdam Court ultimately decides that the Group companies are liable, the burden will be shared amongst all responsible parties. In the contribution proceedings, the Amsterdam Court has not yet decided on whether to stay the proceedings.

United Kingdom

In the United Kingdom, a civil suit has been filed with the competent court in the UK against British Airways by two flower importers. British Airways issued contribution proceedings against all the airlines fined by the European Commission including entities of the Group. To date, British Airways has neither quantified nor substantiated its purported claims. These contribution proceedings have been stayed. In the main proceedings, the plaintiffs were granted permission to add parties to the proceedings, resulting in 267 plaintiffs.

Australia

Within the context of on-going class action proceedings instituted in 2007 against seven airlines (excluding the Air France-KLM Group) in the Australian Federal Court, cross claims have been filed against Air France, KLM and Martinair by Singapore Airlines (August 15, 2011), Cathay Pacific (August 15, 2011), Lufthansa (November 4, 2011), Air New Zealand (December 5, 2011) and British Airways (December 19, 2011). In the cross claims, the respondent airlines claim that if, despite their denial of the claims of wrongdoing in the class action, they are ordered to pay damages, they will seek contribution from the cross respondents. The Group has filed defences to these cross claims in which it denies that the respondent airlines are entitled to any contribution from it, particularly since Air France did not operate direct flights to or from Australia during the relevant period. It is unlikely that any trial in the class action proceeding will occur during 2013.

The Group companies intend to vigorously oppose all such civil actions.

Norway

On May 25, 2012, a civil suit was filed by a company named Marine Harvest before the Norwegian court on the grounds of allegedly additional costs caused by anticompetitive practices. Companies of the Group brought an action before the Tribunal to suspend this procedure.

Other litigations

a) Pretory

Company Air France, as a legal entity, was placed under investigation on July 20, 2006 on charges of concealed employment and as an accessory to misuse of corporate assets in connection with a judicial investigation initiated against the officers of Pretory, a company with which Air France, pursuant to the September 2001 attacks, had entered into an agreement for the provision of safety officers on certain flights.

Despite a non-prosecution decision by the Public Prosecutor, the investigating magistrate decided, on February 7, 2012, to bring the case to court on charges of concealed employment. Other charges were dropped.

On July 9, 2013, the Court sentenced the Company to a 150,000 euros fine. Air France has filed an appeal against this decision which it considers ungrounded.

b) KLM minority shareholders

On January 2008, the association Vereniging van Effectenbezitters (VEB) served KLM and Air France-KLM before the Amsterdam Civil Court claiming that KLM and Air France-KLM be ordered to pay to minority shareholders a higher dividend than the €0.58 per ordinary share paid for fiscal year 2007-2008.

On September 1, 2010 the Court dismissed the case on the grounds that the dividend resolution met the test of reasonableness and fairness. VEB have appealed the Amsterdam Court decision.

On November 15, 2011, the Amsterdam Court of appeals upheld the decision. Claimants have filed for cassation with the Netherlands Supreme Court on February 15, 2012. The Advocate General on April 12, 2013 rendered its conclusion, being that the appeal of the claimants should be rejected. The Supreme Court scheduled the date of September 13, 2013 for rendering its final decision.

c) Rio-Paris AF447 flight

Following the crash of the Rio-Paris AF447 flight in the South Atlantic, a number of legal actions have been brought in the United States and Brazil and, more recently, in France by the victims' heirs.

All these proceedings are aimed at receiving damages as reparation for the losses suffered by the heirs of the passengers who died in the crash.
In the United States, all the proceedings have been consolidated in California before the Northern District Court.
On October 4, 2010, the District judge granted the defendants' motion for dismissal on grounds of "forum non convenience" and suggested that they pursue their claim in France.
On March 17 and 18, 2011 respectively, Airbus and Air France were indicted for manslaughter by the investigating magistrate and incur the penalties of fines prescribed by law. Air France intends to challenge its implication in this case.
These penalties should not have a material effect on the financial situation of Air France.
The damages as reparation for the losses suffered by the heirs of the passengers who died in the crash are covered by Air France's third-party liability insurance policy.

Except for the matters specified under the paragraphs 20.1 and 20.2, the Group is not aware of any dispute or governmental, judicial and arbitration proceedings (including any proceedings of which the issuer is aware, or that are pending or threatened against it) that could have or have recently had a significant impact on the Group's financial position, earnings, assets, liabilities or profitability, during a period including at least the past twelve months.

Note 21 Financial debt

	As of June 30, 2013			As of December 31, 2012		
(In € million)	**Non current**	**Current**	**Total**	**Non current**	**Current**	**Total**
Perpetual subordinated loan stock	577	-	577	603	-	603
OCEANE (convertible bonds)	1,454	-	1,454	988	-	988
Bonds	1,200	750	1,950	1,950	-	1,950
Capital lease obligations	3,833	645	4,478	3,919	588	4,507
Other long-term debt	1,886	725	2,611	2,105	734	2,839
Accrued interest	-	104	104	-	112	112
Total	**8,950**	**2,224**	**11,174**	**9,565**	**1,434**	**10,999**

On March 28, 2013, Air France-KLM issued 53,398,058 bonds convertible and / or exchangeable for new or existing Air France-KLM shares (OCEANE) with a maturity date fixed at February 15, 2023 for a nominal amount of €550 million. These bonds have a nominal value of €10.30, with an annual coupon of 2.03%.

The conversion period of these bonds runs from May 7, 2013 to the seventh working day preceding the normal or early reimbursement date. The conversion ratio is one share for one bond.

A refund including accrued interest will be possible on February 15, 2019, on request of holders.

Air France-KLM can impose the cash reimbursement of these bonds by exercising a call as of September 28, 2016 if the price of the share exceeds 130% of the nominal value, i.e. €13.39, encouraging OCEANE owners to convert their bonds into Air France-KLM shares.

Upon issue of this convertible debt, Air France-KLM recorded a debt of €443 million, corresponding to the present value of future payments of interest and nominal discounted at the rate of a similar bond without a conversion option. The option value was evaluated by deducting this debt value from the total nominal amount (i.e. €550 million) and was recorded in equity for €107 million before deferred tax.

As of June 30, 2013, the financial liabilities with a fair value significantly different from their book value are the following:

(In € million)	**Net book value**	**Estimated market value**
Perpetual subordinated loan stock	577	275
OCEANE (convertible bonds)	1,454	1,633
Bonds	1,950	2,034
Total	**3,981**	**3,942**

Note 22 Lease commitments

22.1 Capital leases

The breakdown of total future minimum lease payments related to capital lease is as follows:

As of *(In € million)*	**June 30, 2013**	**December 31, 2012**
Flight equipment	5,082	4,591
Buildings	581	481
Other	138	141
Total	**5,801**	**5,213**

22.2 Operating leases

The undiscounted amount of the future minimum operating lease payments for aircraft under operating lease totaled €5,222 million as of June 30, 2013 (€5,022 million as of December 31, 2012).

Note 23 Flight equipment orders

Due dates for commitments in respect of flight equipment orders are as follows:

(In € million)	**As of June 30, 2013**	**As of December 31, 2012**
2nd semester Y (6 months)	147	-
IATA Y+1	422	511
IATA Y+2	535	431
IATA Y+3	440	434
IATA Y+4	426	354
> IATA Y+4	5,298	2,410
Total	**7,268**	**4,140**

These commitments relate to amounts in US dollars, converted into euros at the closing date exchange rate. Furthermore these amounts are hedged.

The number of aircraft on firm order as of June 30, 2013 increased by 22 units compared with December 31, 2012 to 65 units. These changes in the backlog are explained by 25 new firm orders, the delivery of 4 aircraft and the transfer of one option into firm order over the period.

Long-haul fleet

Passenger

The Group ordered 25 Airbus A350s.

The Group took delivery of one Airbus A330 and one Boeing B777.

Moreover, a Boeing B777 under option has been transformed into a firm order.

Cargo

The Group did not take any deliveries.

Medium-haul fleet

The Group took delivery of 2 Boeing B737s.

Regional fleet

The Group did not take any deliveries.

The Group's commitments concern the following aircraft:

Aircraft type	**To be delivered in IATA**	**Y (6 months)**	**Y+1**	**Y+2**	**Y+3**	**Y+4**	**Beyond Y+4**	**Total**
Long-haul fleet – passenger								
	At June 30, 2013	1	1	-	-	-	2	4
A380	At December 31, 2012	-	2	2	-		-	4
	At June 30, 2013	-	-	-	-	-	25	25
A350	At December 31, 2012	-	-	-	-	-	-	-
	At June 30, 2013	-	-	-	-	-	-	-
A330	At December 31, 2012	-	1	-	-	-	-	1
	At June 30, 2013	-	-	-	3	3	19	25
B787	At December 31, 2012	-	-	-	-	3	22	25
	At June 30, 2013	-	-	4	1	-	-	5
B777	At December 31, 2012	-	1	-	3	1	-	5
Medium-haul fleet								
	At June 30, 2013	-	-	3	-	-	-	3
A320	At December 31, 2012	-	-	-	3	-	-	3
	At June 30, 2013	-	2	-	-	-	-	2
B737	At December 31, 2012	-	2	2	-	-	-	4
Regional fleet								
	At June 30, 2013	-	-	1	-	-	-	1
CRJ1000	At December 31, 2012	-	-	-	1	-	-	1

Note 24 Related parties

The Group's relationships with its related parties did not change significantly in terms of amounts and/or scope.

Information and control

Attestation by the person responsible for the first half financial report to June 30, 2013

I hereby declare that, to the best of my knowledge, the condensed financial statements for the first half of the 2013 financial year have been established in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies within the consolidation scope, and that the first half activity report presents a true picture of the significant events arising during the first six months of the financial year and of their impact on the first half financial statements, the main related party agreements together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Alexandre de Juniac
Chairman and Chief Executive Officer

Statutory Auditors' review report on the half-year financial information

For the six-month period ended June 30, 2013

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying half-year condensed consolidated financial statements of Air France-KLM S.A. for the six-month period ended June 30, 2013,
- the verification of information contained in the half-year management report.

These half-year condensed consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-year condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union applicable to interim financial statements.

Without qualifying the conclusion expressed above, we draw attention to the note 2 to the half-year condensed consolidated financial statements which sets out the change in accounting policy regarding the application of IAS 19 revised "Employee Benefits" from January 1, 2013 onwards.

II Specific verification

We have also verified the information given in the half-year management report on the half-year condensed consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the half-year condensed consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, July 26, 2013

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Valérie Besson
Partner

Michel Piette
Partner

Deloitte & Associés

Dominique Jumaucourt
Partner

This is a free translation into English of the statutory auditors' review report issued in French language and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Document produced by
Air France-KLM’s Financial Communication department.