




AIRFRANCE KLM



Third Quarter
2010-11
Results

Highlights of the Third Quarter

- + Passenger business affected by significant disruptions
- + Dynamic cargo activity
- + Strong improvement in results
- + Decline in ex-fuel unit costs
- + Reduction in gearing ratio

Key data: marked improvement in results in Q3

Third quarter
October-December 2010

| | | |
|------------------------------|---------|---------|
| + Revenues | €5.92bn | +13.9% |
| + EBITDAR | €708m | +92.9% |
| + Operating result | €81m | + €326m |
| + Adjusted operating result* | €152m | + €337m |
| + Net result, group share | -€46m | + €249m |

* Adjusted for the portion of operating leases corresponding to financial costs (34%)



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Activity

Third quarter by activity

Third quarter
October-December 2010

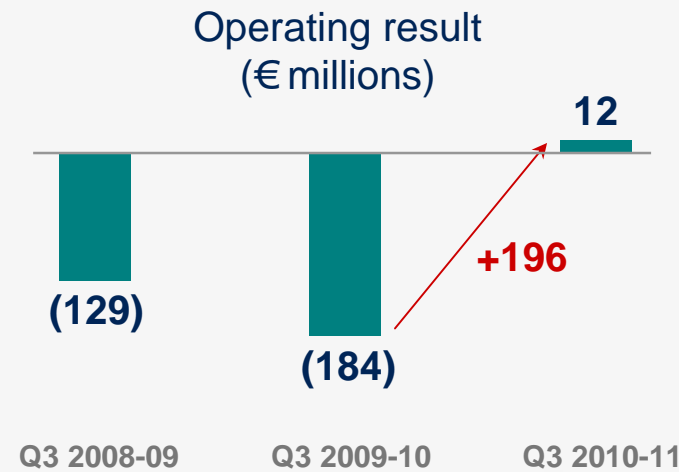
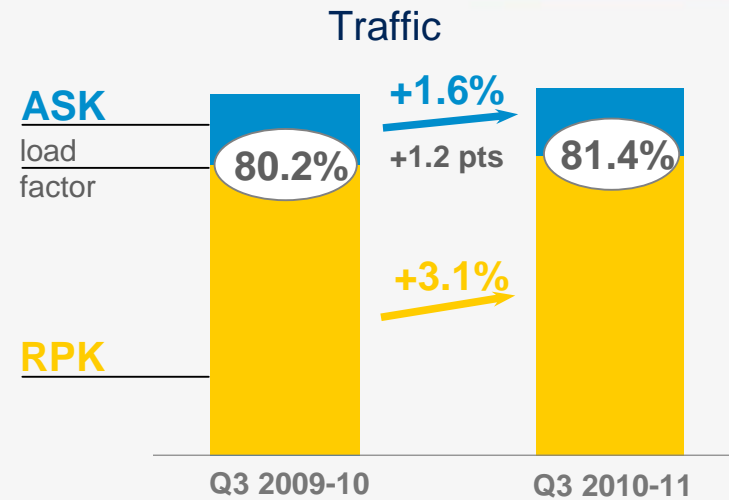
Revenues
In € billions

Operating result
In € millions

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|
|  <p>77% Passenger</p>  | <p>4.54 +12.6%</p> | <p>+12 +196</p> |
|  <p>14% Cargo</p>  | <p>0.83 +27.7%</p> | <p>+60 +89</p> |
|  <p>4% Maintenance</p>  | <p>0.26 +11.4%</p> | <p>+36 +24</p> |
|  <p>5% Other</p>  | <p>0.29 +2.5%</p> | <p>-27 +17</p> |

Passenger: improvement in operating result

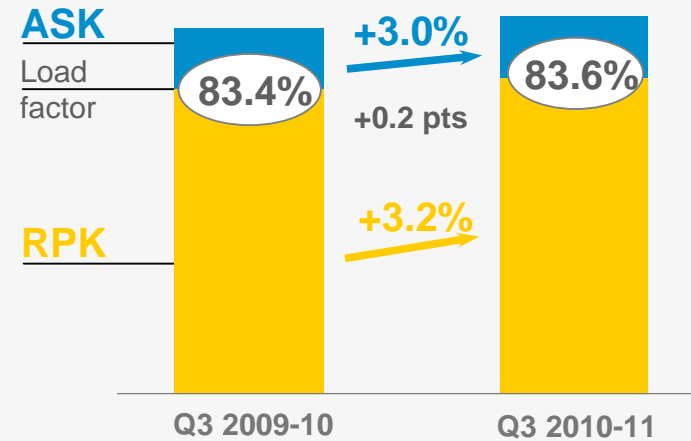
- + Strong disruption from snow and air traffic control strikes
 - Loss of revenues: €100m
 - Impact on operating result: €80m
- + Traffic up 3% with an improvement in load factor
- + Unit revenues up 11%
- + Operating result up by €196m to €12m



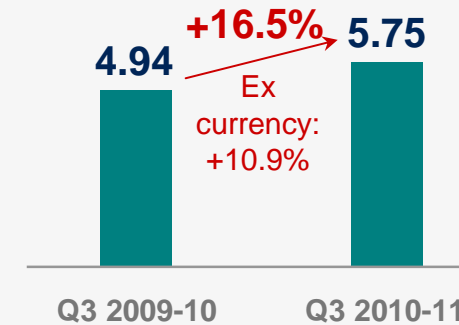
Rise in long-haul unit revenues reflects the recovery...

- + Capacity growth resumes
- + Stable load factor
- + 150 flights cancelled due to snowfalls
- + Strong rise in unit revenues...
- + ...in both travel classes:
 - ▶ Premium: +14.8%
 - ▶ Economy: +16.9%

Long-haul traffic



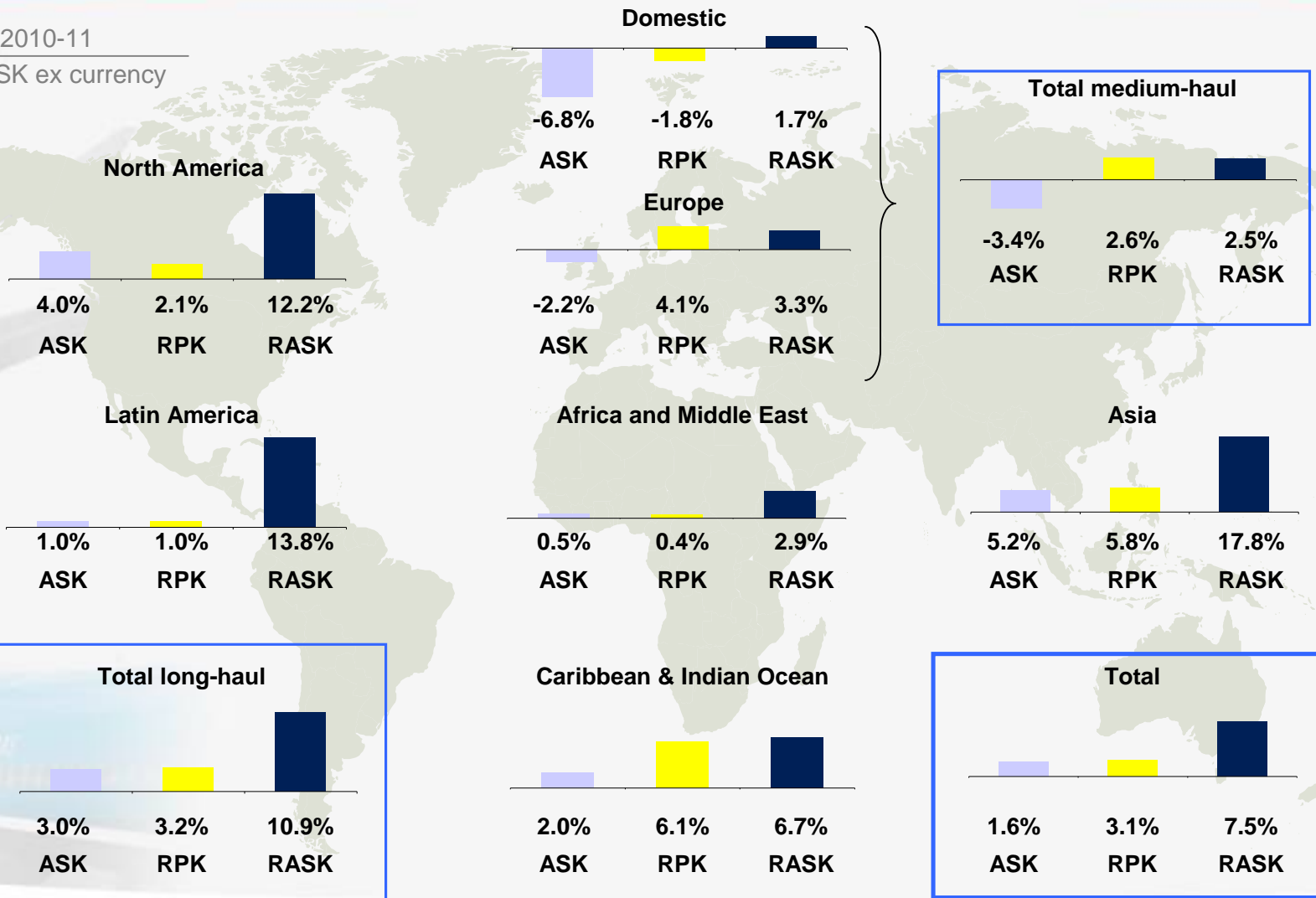
Long-haul unit revenues (€ cents)



...especially in Asia and the Americas

Q3 2010-11

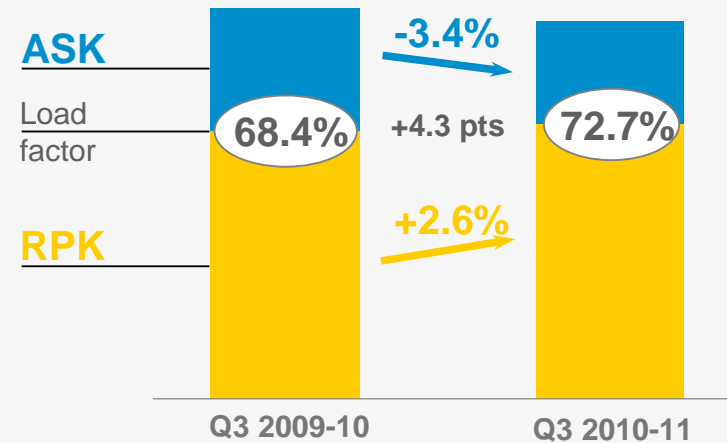
RASK ex currency



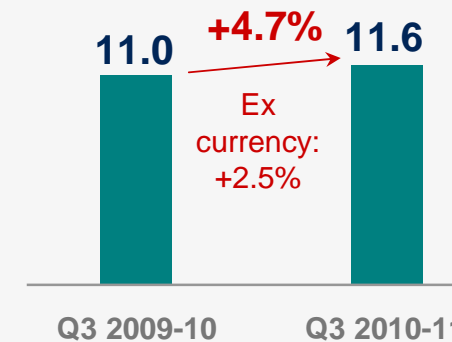
Medium-haul: performance affected by impact of disruptions

- + 20 days of significant disruption
- + 6,800 medium-haul flights cancelled
- + Unit revenue performance non-meaningful due to disruptions

Medium-haul traffic

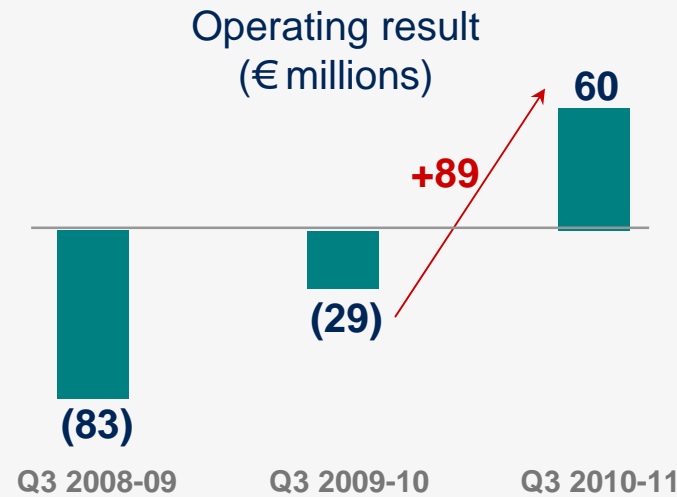
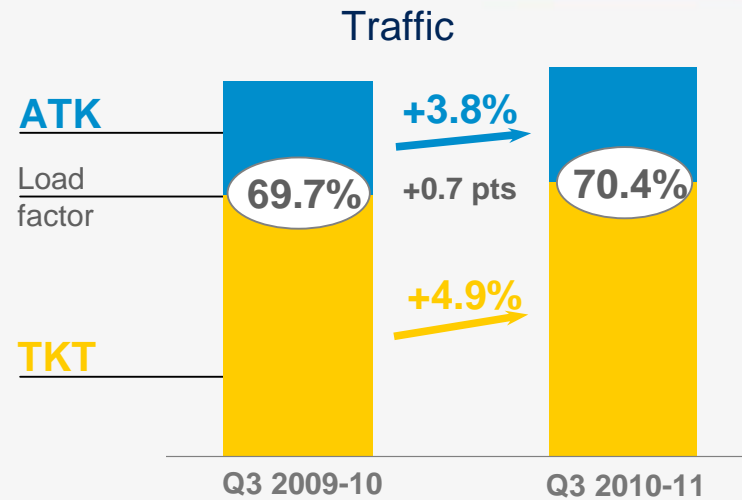


Medium-haul unit revenues (€ cents)



Cargo continues its strong recovery

- + Slight rise in capacity driven by passenger activity
- + 7% increase in belly and combi traffic
- + Unit revenues up 22%
- + Operating income of €78m for first nine months



Other activities: strong rise in maintenance operating result

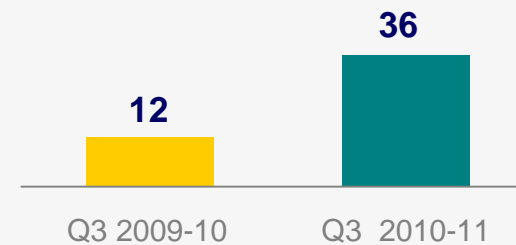
✦ Maintenance

- ▶ Positive trend in engines and equipment
- ▶ Nine month operating result of €117m, up 46%

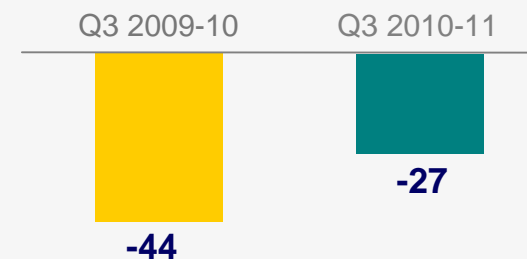
✦ Other activities (leisure and catering)

- ▶ Reduction in losses in Q3 despite the increase in the fuel bill, thanks to effective cost control
- ▶ Decline in nine month operating result: difficult tourist season, closure of European airspace

Maintenance operating result
(€ millions)



Other activities operating result
(€ millions)





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Results

Philippe Calavia

Results

- ✦ Positive results
- ✦ Costs under control
- ✦ Improved financial position

Further improvement in profitability

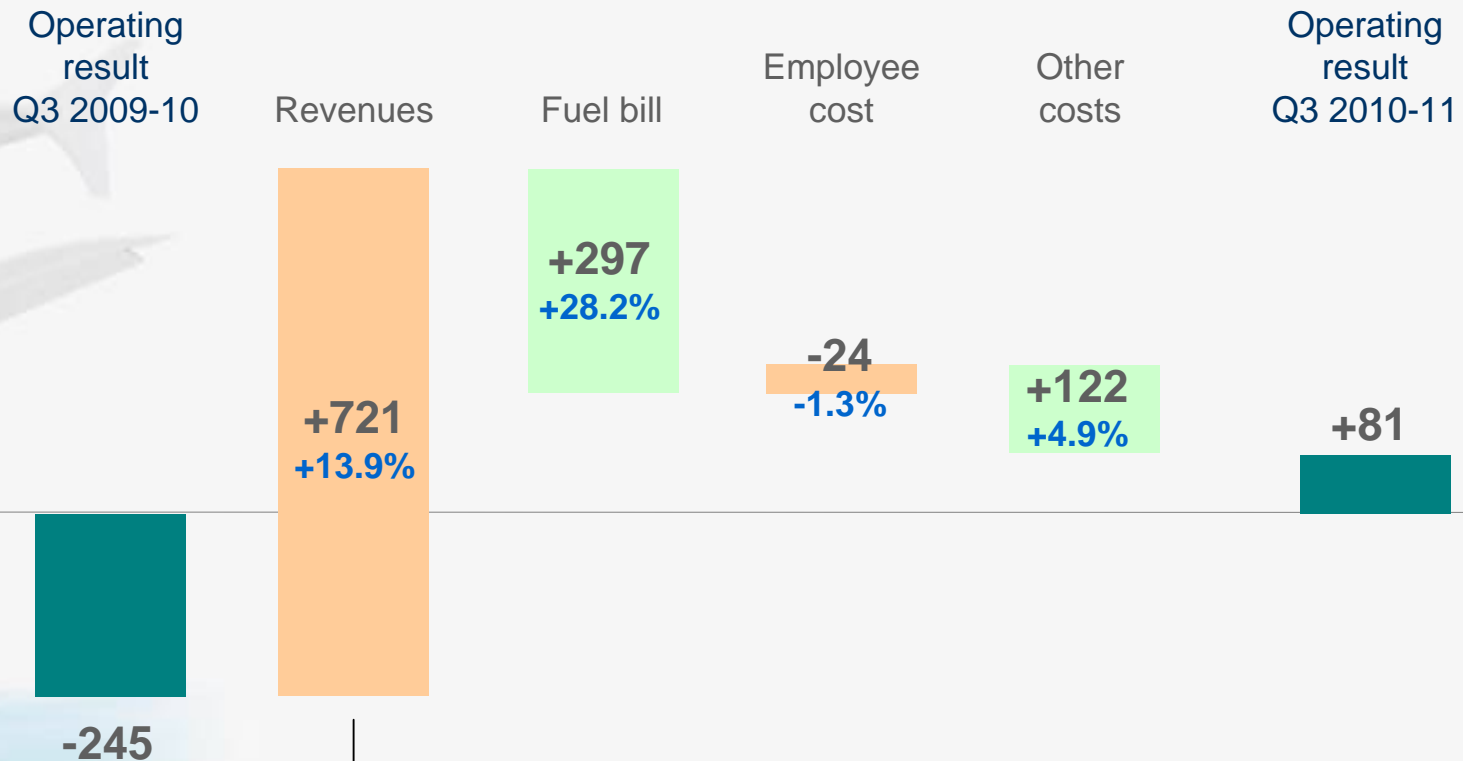
€ millions

| | Q3 2010-11 | Change | 9 months 2010-11 | Change |
|-----------------------------------|--------------|--------------|------------------|---------------|
| Revenues | 5,919 | 13.9% | 18,289 | 14.5% |
| o/w transportation | 5,368 | 14.7% | 16,421 | 16.0% |
| Operating costs | (5,838) | 7.3% | (17,764) | 6.0% |
| EBITDAR | 708 | x1.9 | 2,424 | x2.3 |
| EBITDAR margin | 12.0% | +4.9 pts | 13.3% | +6.8 pts |
| Operating result | 81 | +326 | 525 | +1,313 |
| Adjusted operating result* | 152 | +338 | 737 | +1,342 |
| Adjusted operating margin | 2.6% | nm | 4.0% | nm |
| Net result | (46) | +249 | 980 | +1,848 |

* Adjusted for the portion of operating leases corresponding to financial costs (34%)

Change in Q3 operating result

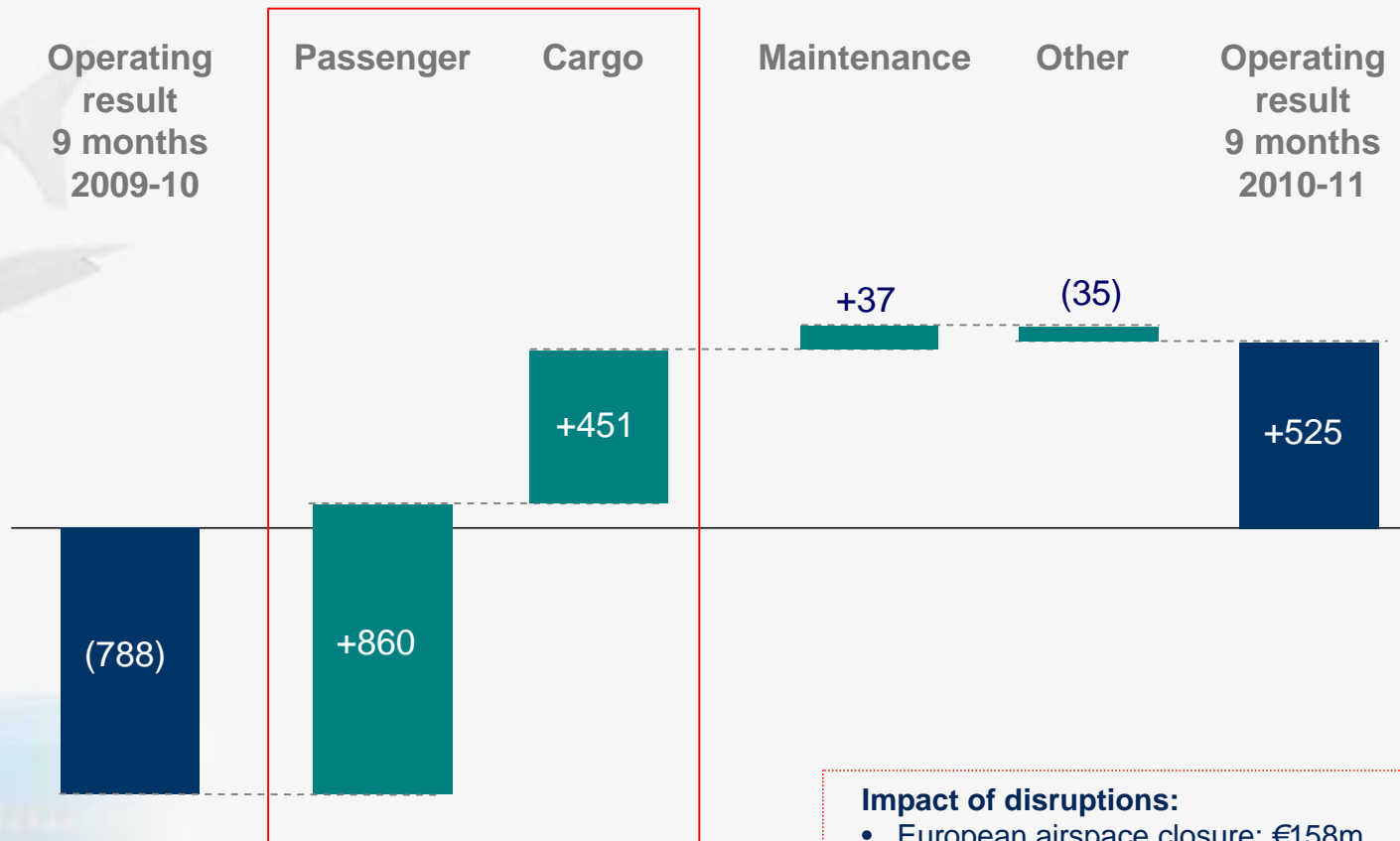
€ millions



| | | |
|-----|------------|------|
| O/w | Passenger: | +507 |
| | Cargo: | +180 |
| | Other: | +34 |

Air transport over nine months: €1.3bn improvement despite disruptions

€ millions



Impact of disruptions:

- European airspace closure: €158m
- Strikes and snow: €80m

Results

- + Positive results
- + Costs under control
- + Improved financial position

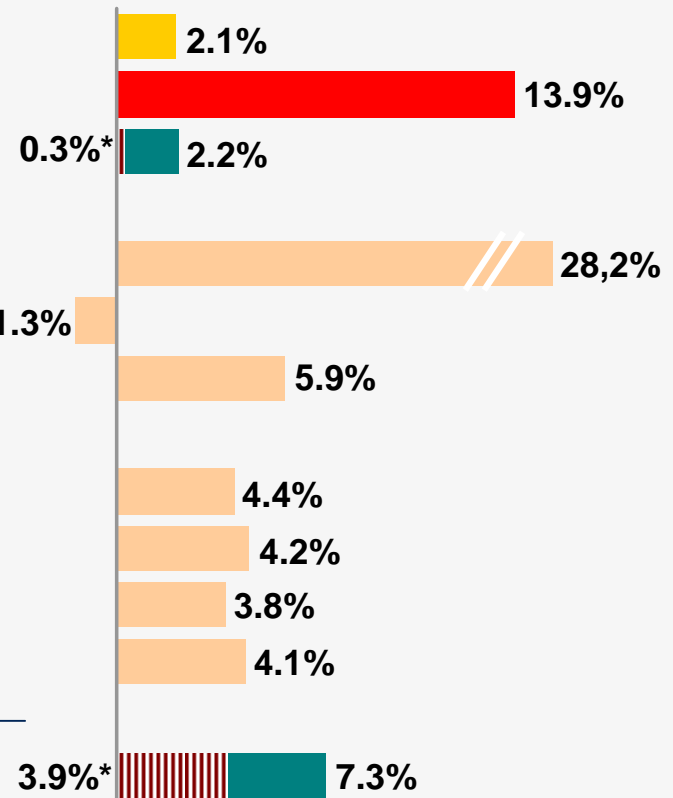
Third Quarter operating costs

October-December 2010

€ millions

EASK
Revenues
Operating costs ex-fuel

| | |
|--------------------------------------------------------------------------------------------------|--------------|
| Fuel | 1,350 |
| Employee costs | 1,841 |
| Aircraft costs (amortization and provisions, maintenance costs, operating leases and chartering) | 1,044 |
| Landing fees and route charges | 427 |
| Commercial and distribution costs | 223 |
| Handling charges | 324 |
| Other | 629 |
| Total operating costs | 5,838 |



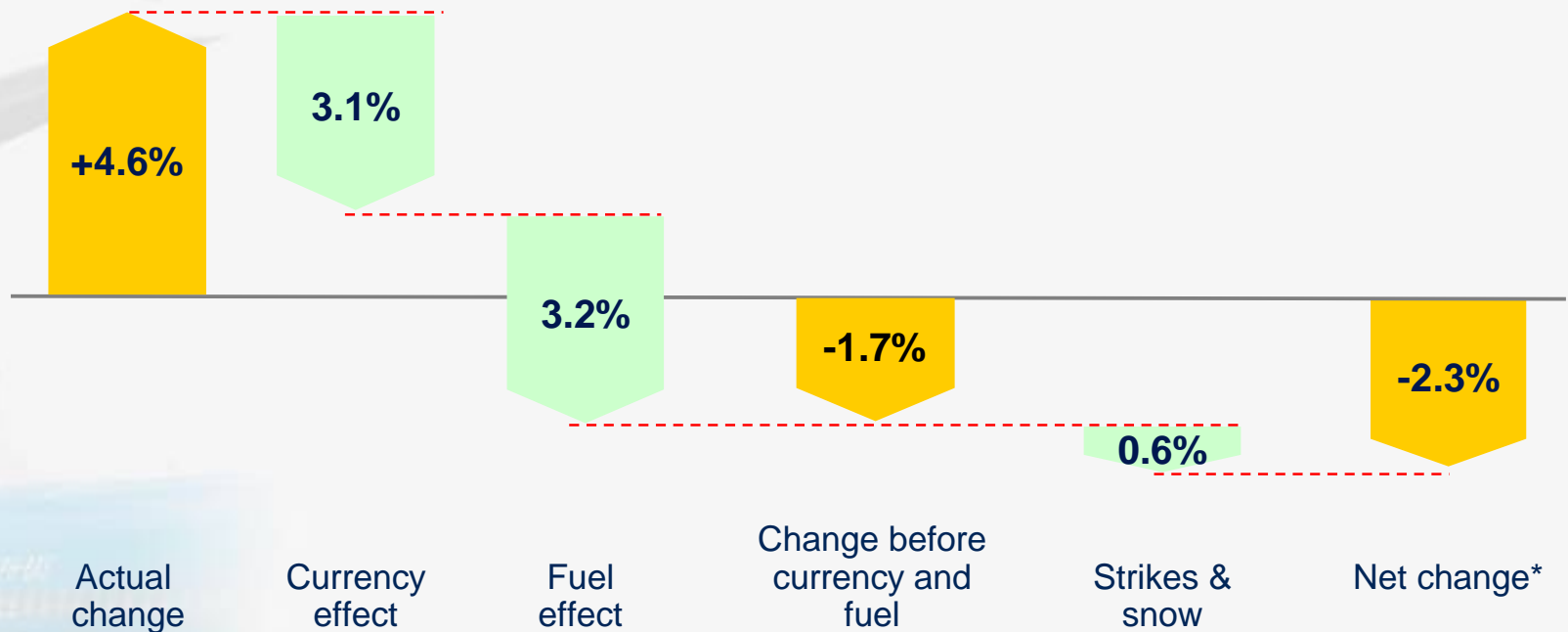
* Excluding currency

Reduction in unit costs in Q3

October-December 2010

Unit cost per EASK: **6.60 €cts**

Capacity in EASK : **+2.1%**



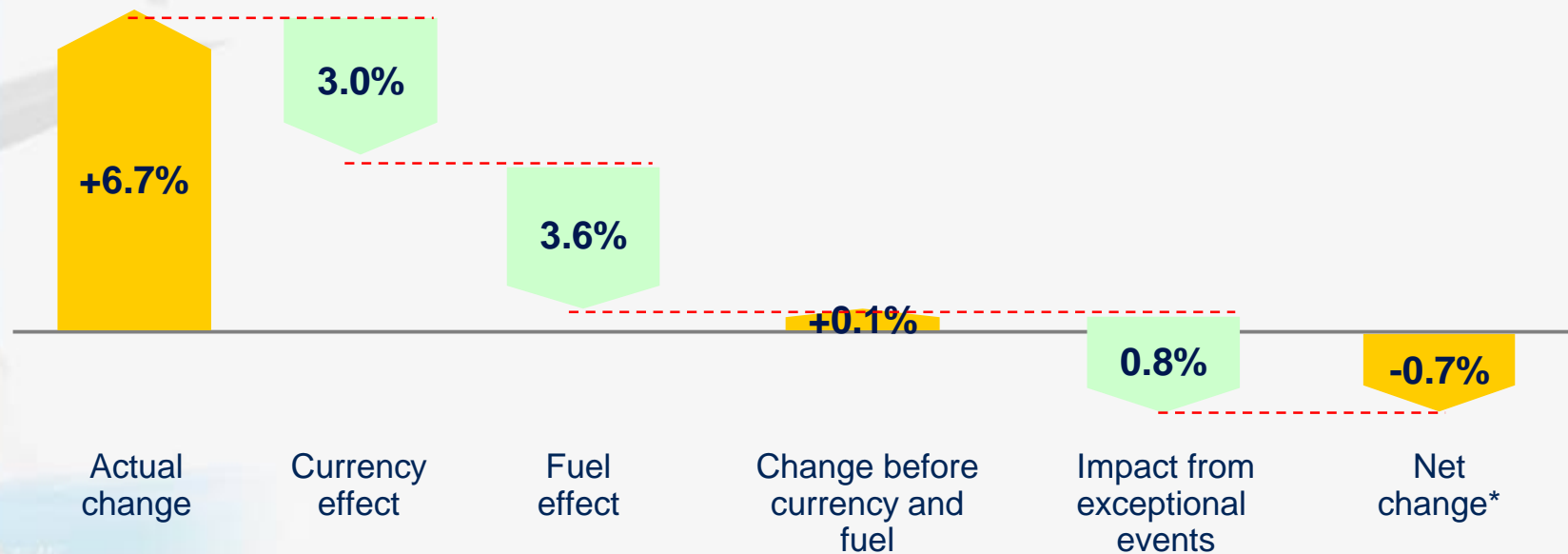
(*) Corrected for the impact of Premium Voyageur/Economy comfort : -3.9%

Stable unit costs over 9 months, despite exceptional events

April-December 2010

Unit cost per EASK: 6.53 €cts

Capacity in EASK: -1.0%



(*) Corrected for the impact of Premium Voyageur/Economy comfort : -2,3%

Update on fuel bill

✦ Fourth Quarter

- ▶ Estimated fuel bill of \$1.96 billion*, up \$60 million versus our November estimate

✦ Total fuel bill of \$7.50 billion

- ▶ Increase contained at 14% y-o-y, despite 22% rise in price per bbl, thanks to fuel hedging

✦ Dollar appreciation increases the bill in euros

- ▶ 8% in \$/euro rate in 1 year

(*) Forward curve at 4th February 2011

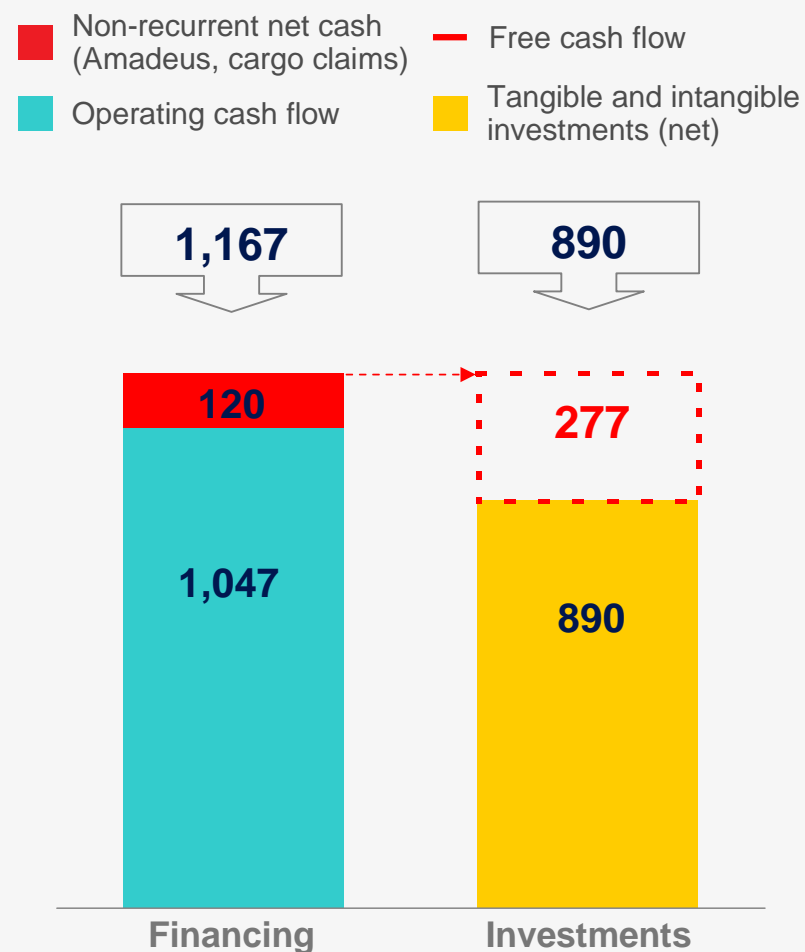
Results

- + Positive results
- + Costs under control
- + Improved financial position

Operating cash flow above €1bn at 31 December 2010

- ✦ Third Quarter: operating cash flow of €266m and free cash flow of €72m
- ✦ Nine months: operating cash flow of €1,047m and free cash flow of €277m of which €120m in non-recurrent cash (Amadeus, settlement of US cargo claims)
- ✦ Liquidity of €3.98bn
- ✦ Available credit lines of €1.3bn

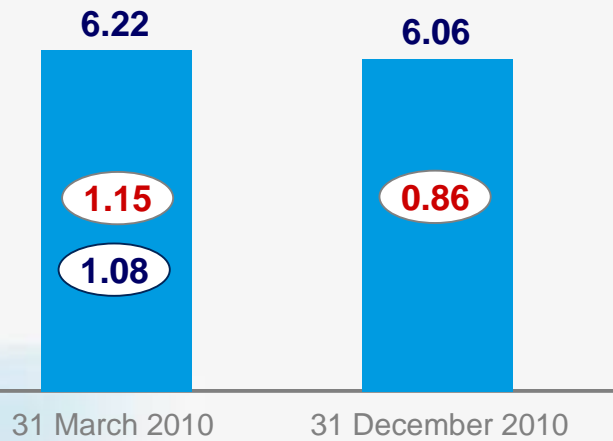
April-December 2010
€ millions



Strengthened financial position

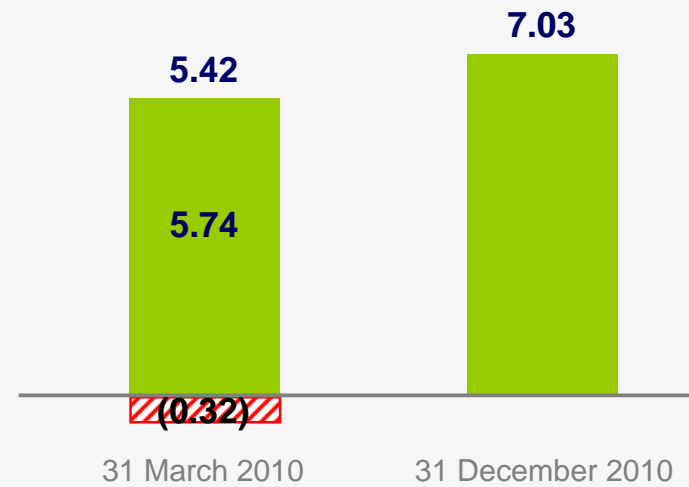
Net financial debt
(€ billions)

- Net debt
- X Gearing ratio
- X Gearing ratio ex-derivatives



Shareholders' equity
(€ billions)

- Shareholders' equity
- / Derivative instruments





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Outlook

Pierre-Henri Gourgeon

Fiscal Year 2010-11

- + Fourth Quarter unit revenues affected by negative context
 - ▶ Adverse weather conditions
 - ▶ Security issues in a number of destinations
 - ▶ January and February unit revenues impacted by overcapacity situation

- + Objective of a positive operating result, but below previous target of over €300m

- + Good quality of forward bookings from mid-March and for subsequent months

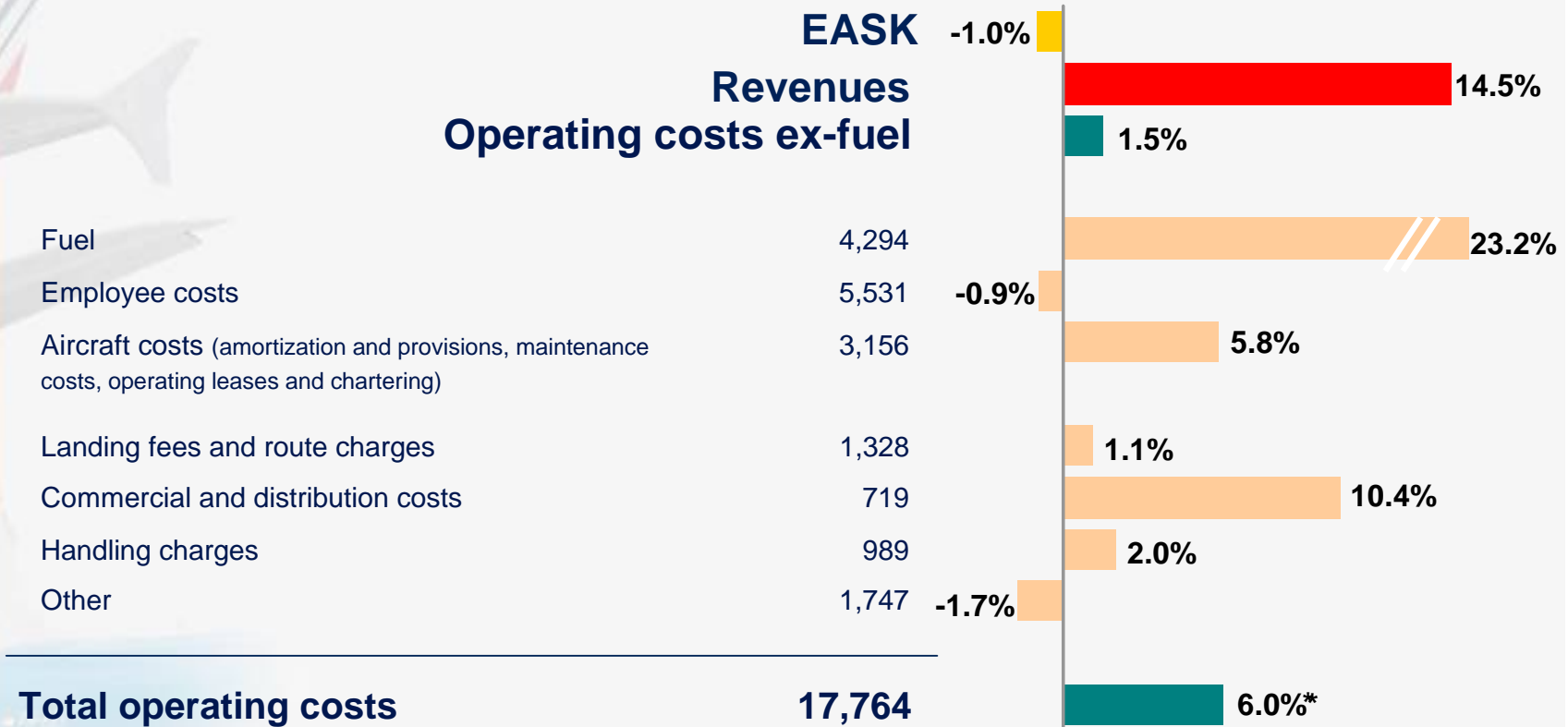
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Appendices



Operating costs over 9 months

April-December 2010
€ millions

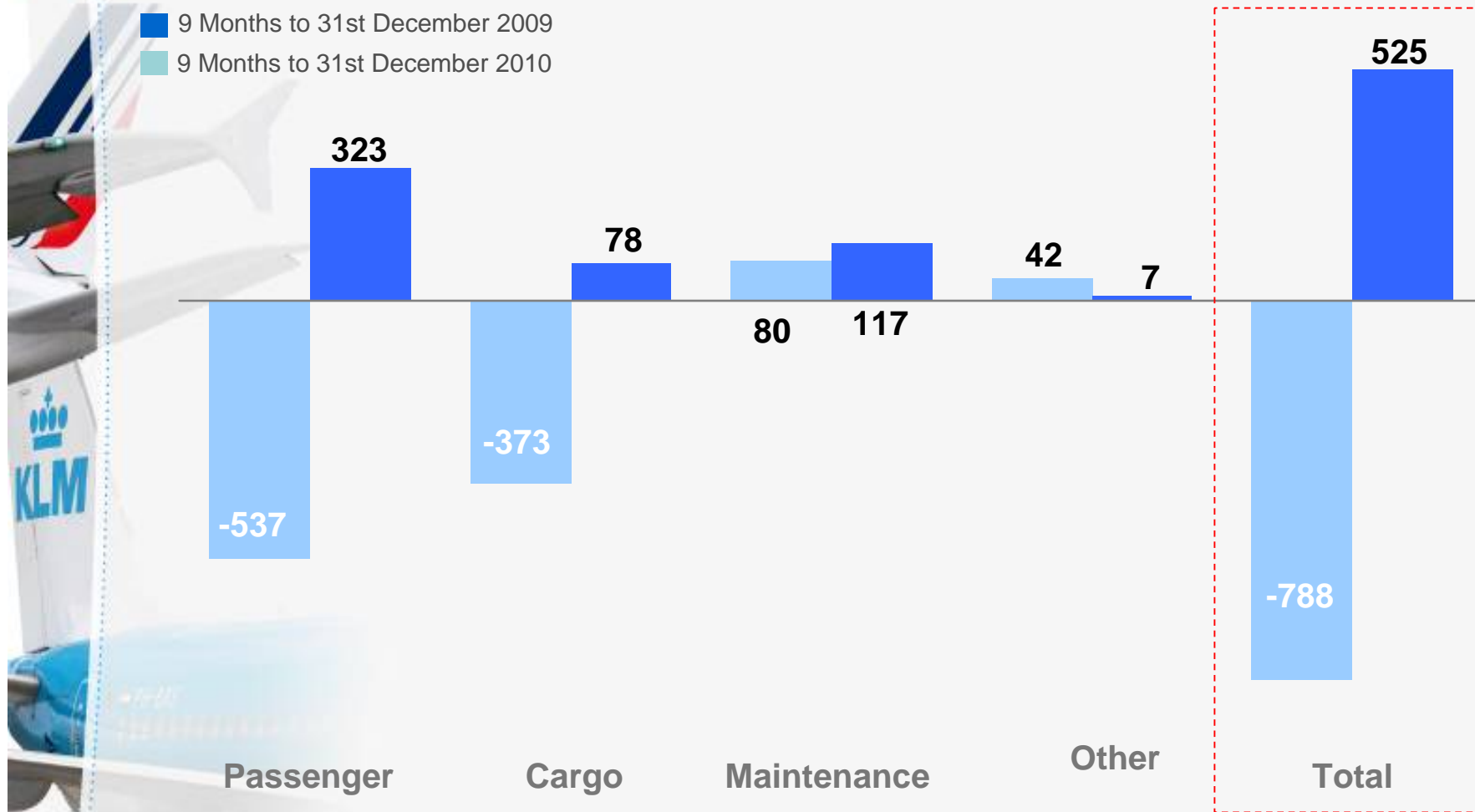


* Ex. currency: +2.9%

Nine month operating result by business

€ millions

- 9 Months to 31st December 2009
- 9 Months to 31st December 2010



Calculation of net financial debt

€ millions

| | 31 Dec 2010 | 31 March 2010 |
|--------------------------------------------------------------|---------------|---------------|
| Current and non current financial debt | 10,647 | 11,047 |
| Deposits on leased aircraft | (492) | (471) |
| Currency hedges on debt | 38 | 39 |
| Interest not yet due | (146) | (115) |
| = Total financial debt | 10,047 | 10,500 |
| Cash and cash equivalents | 3,496 | 3,751 |
| Investments of over three months | 424 | 343 |
| Triple A deposits | 207 | 297 |
| Current accounts | (145) | (116) |
| = Net cash | 3,982 | 4,275 |
| Net financial debt | 6,065 | 6,225 |
| Consolidated shareholders' funds | 7,032 | 5,418 |
| Net debt / Shareholders' funds | 0.86 | 1.15 |
| Net debt / Shareholders' funds ex hedging instruments | 0.86 | 1.08 |

Restated net result

€ millions

| | Q3 2010-11 | Q3 2009-10 | 9 months 2010-11 | 9 months 2009-10 |
|--------------------------------------------------------------|---------------|---------------|---------------------|---------------------|
| Net result, group share | (46) | (295) | 980 | (867) |
| + income tax | (36) | (96) | (26) | (337) |
| = Net result, group share, before income tax | (82) | (391) | 954 | (1,204) |
| + non recurring items* | 16 | 11 | (867)** | 86 |
| + non monetary part of value of hedging instruments | 9 | 25 | (5) | 11 |
| = Restated net result, group share, before income tax | (57) | (355) | 82 | (1 107) |
| - Income tax | 25 | 114 | (10) | 352 |
| Restated net result, group share | (32) | (241) | 72 | (755) |

* Income and costs accounted for between the current operating result and the result of operating activities

** Of which capital gain of 1.03 billion euros from the revaluation of Amadeus following its listing and additional cargo provision