AIRFRANCE KLM

14 November 2012

Information meeting

Air France-KLM: a robust business model

Strategy based on
strong competitive advantages…

…but cost structure not adapted
to the change in the environment

Transform 2015

‘Transform 2015’ plan: end 2014 objectives

Reduction in net debt: €2bn

- Limited capacity growth
- Investment plan revised down
- Cost-saving measures

Reduction in unit costs*: 10%

- Renegotiation of collective agreements
- Medium-haul restructuring
- Cargo turnaround
- Improvement in long-haul and maintenance profitability

* Unit cost per EASK ex fuel

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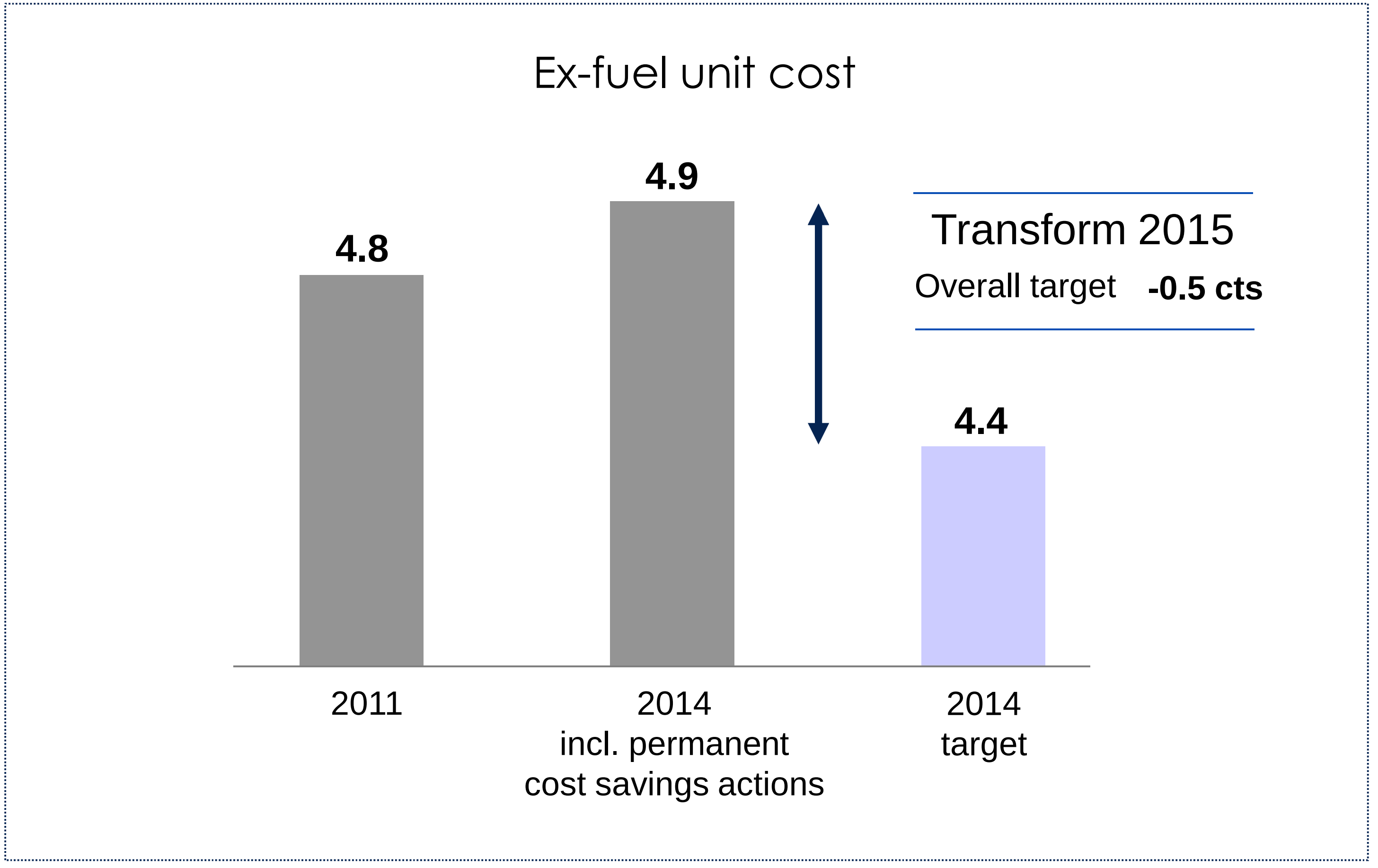
Target: 10% reduction in unit costs

€ cts per EASK



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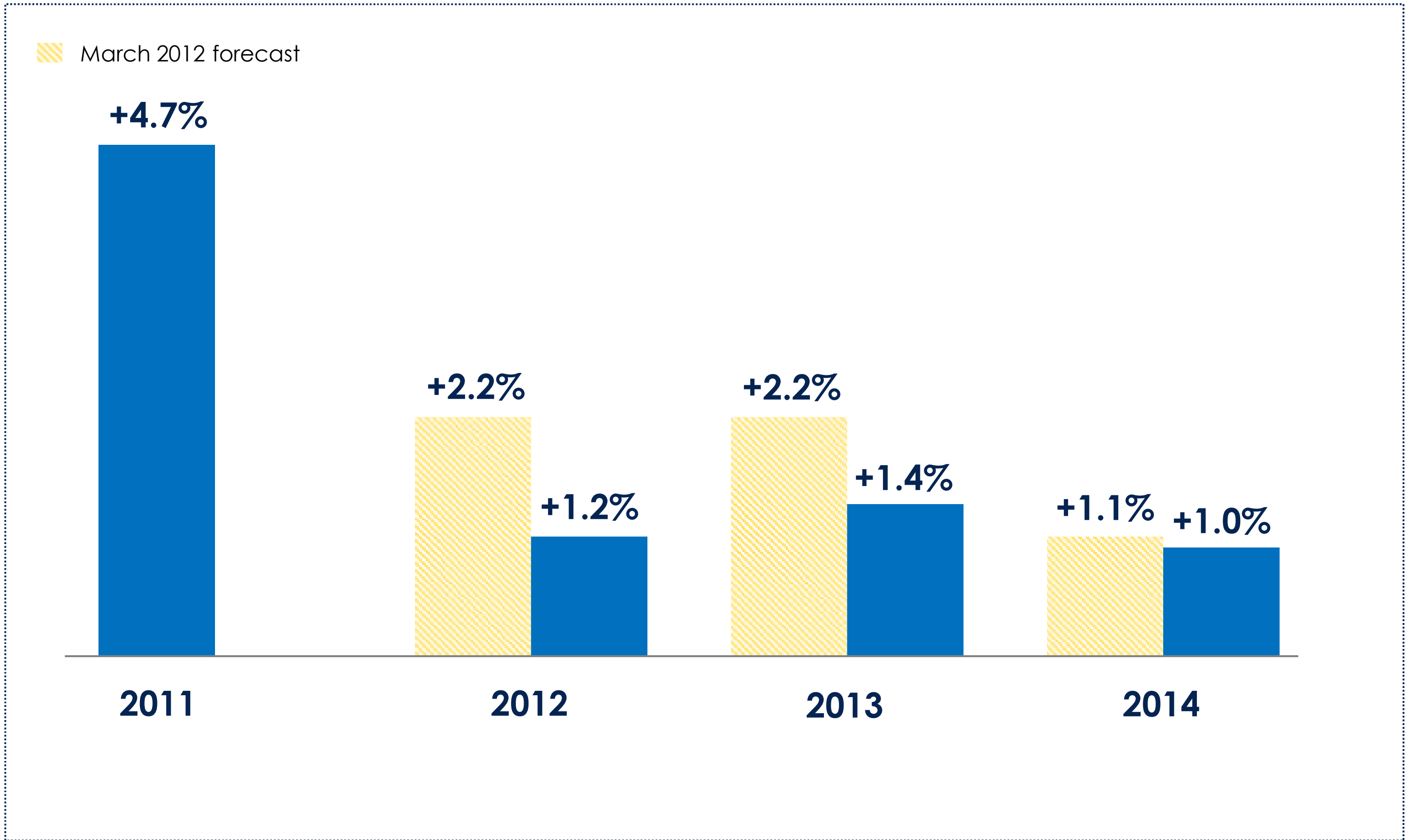
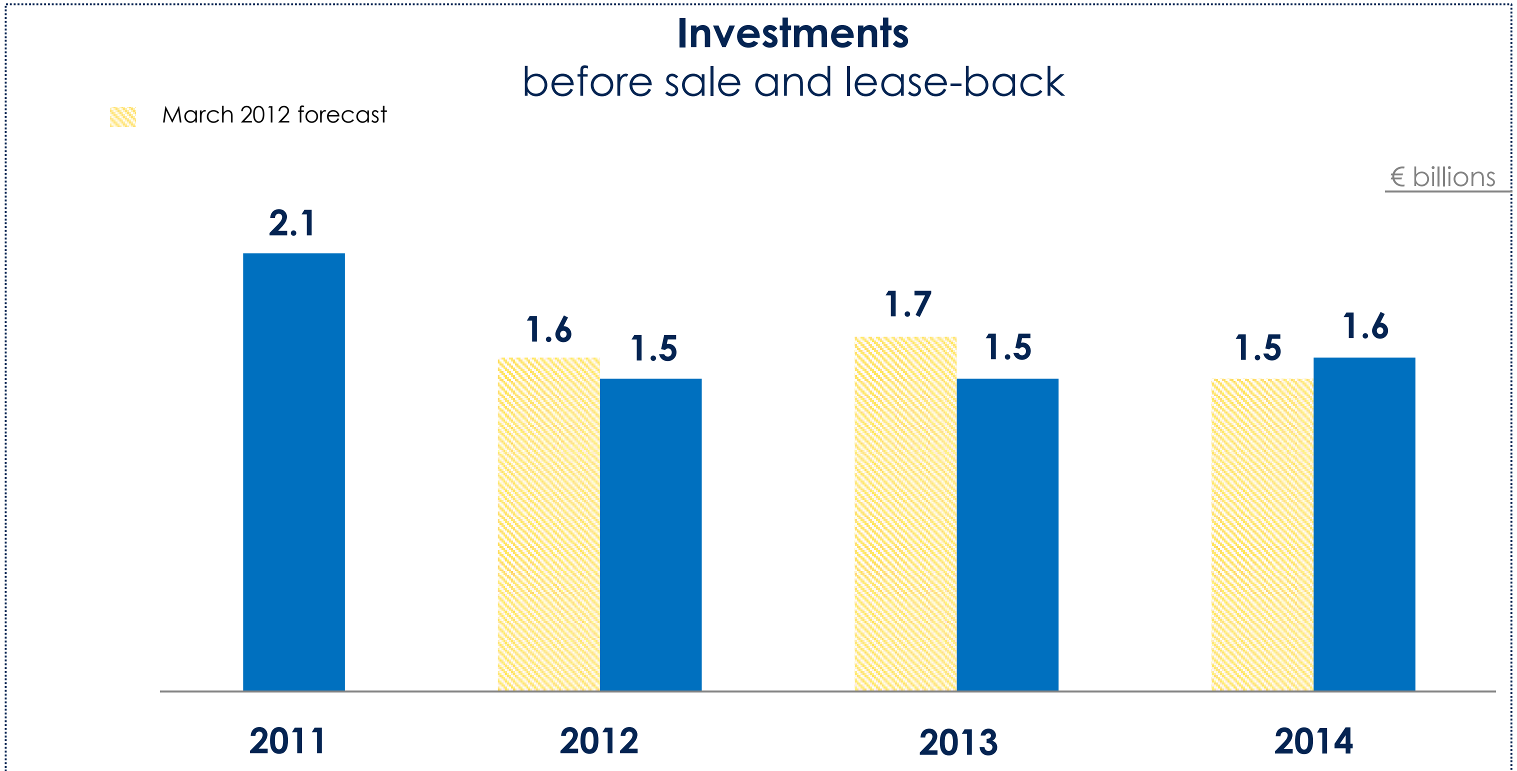
Ongoing capacity discipline

Capacity in ASK



Investment plan revised down



Net revised: 1.3 0.9 1.5 1.6

Air France company: summary of project agreements

Ground staff	Cockpit crew	Cabin crew
✦ Agreement signed for application on 1st January 2013 ✦ 0.6% reduction in seniority creep ✦ Simplification and re-definition of job classifications ✦ 5.5% increase in average time worked ✦ Enhanced efficiency of time worked	✦ Agreement approved, applicable on 1st January 2013 ✦ 0.6% reduction in seniority creep ✦ Increase in flying hours ▸ Medium haul: 700 hrs (up by 65 hours) ▸ Long-haul: 740 hrs (up by 30 hours) ✦ Reduction in stop-over costs	✦ Project agreement rejected by unions ✦ End of main collective agreement on 31st March 2013, and remaining two agreements revoked ✦ Application on 1st April 2013 with less favorable text relating to remuneration and working conditions than initial project agreement

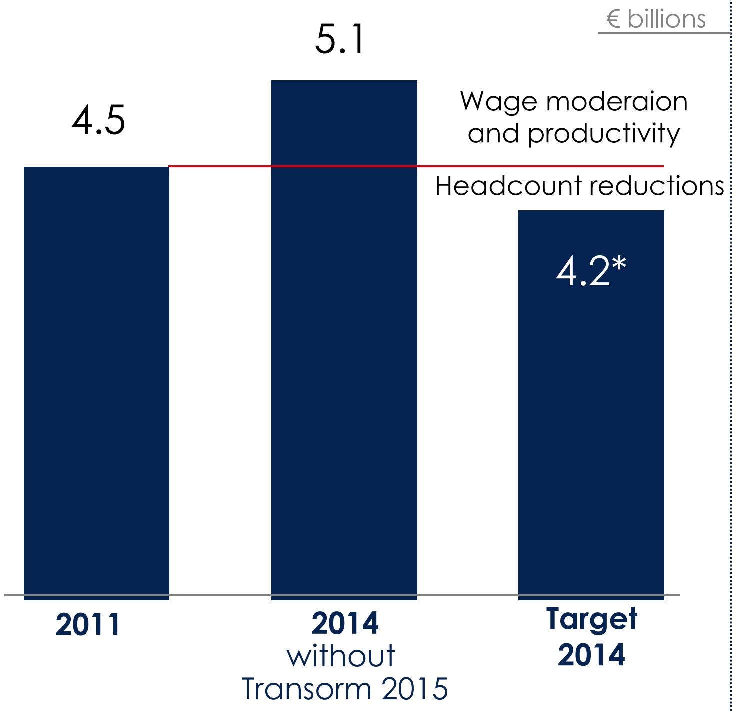
Air France company: objective of 20% improvement in economic efficiency in 2014

- **Wage moderation**
  - Freeze in general pay increases in 2012 and 2013
  - Reduction in seniority creep

- **Productivity**
  - Hiring freeze
  - Increase in amount of time worked
  - Improved efficiency of time worked

- **Headcount reduction: 5,260 employees**
  - Voluntary departure plan for 3,030 ground staff members
  - Voluntary headcount reduction measures for 550 pilots
  - Non replacement of leavers

Evolution of payroll cost
Air France company



* Excluding profit sharing

KLM: Summary of labor agreement proposals

Outside the collective labor agreements	Within the framework of collective labor agreement renewals

Outside the collective labor agreements

- Strict headcount management
  - 10% reduction in indirect staff
  - Recruitment freeze
  - Reduction of flexible layer
  - Stimulation of temporary leave, part-time work and mobility
- Increase in hours worked

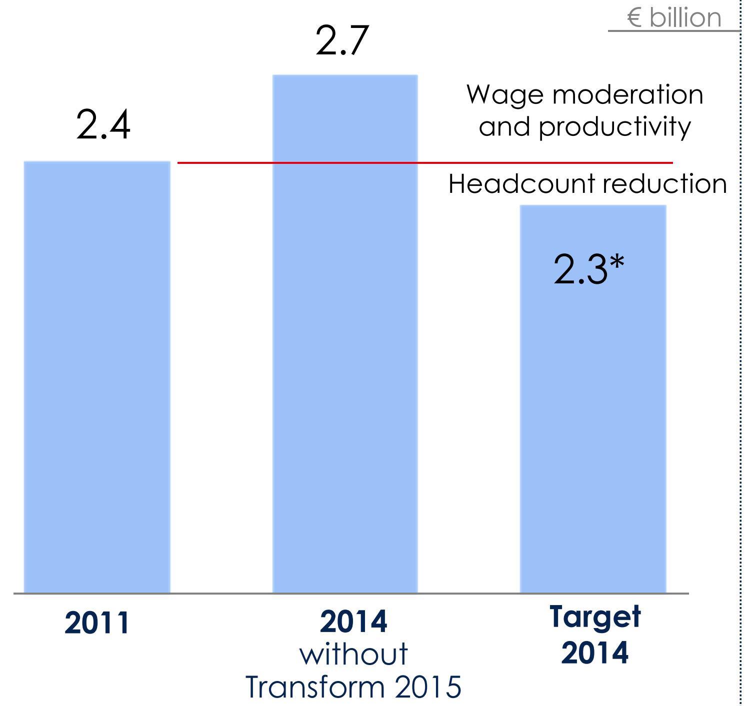
Within the framework of collective labor agreement renewals

- Fixed term agreements
  - To be renewed for three years (2014)
- General measures
  - Freeze in general pay increases in 2013 and 2014
  - Restructuring pension agreements
- Ground staff
  - Reduction of leave days
  - Promotion of mobility
  - Simplification of leave arrangements
- Cockpit crew
  - Improvement in medium-haul productivity
  - Raise of time threshold for 3 cockpit crew operations
  - Reduction of travel leave
- Cabin crew
  - Reduction of travel leave
  - Application of the minimum required crew level at KLC

KLM objective: 15% improvement in economic efficiency in 2014

- Objective of 350 million euros of labor cost saving measures
- Wage moderation
  - Freeze in general salary increases in 2013 and 2014
- Productivity
  - Adaptations in work & rest time regulations
  - Reduction of leave days
  - Various process improvements
- Headcount reduction
  - Reduction of flexible layer
  - 10 % reduction indirect staff
  - Recruitment freeze

Evolution of payroll cost
KLM group



* Excluding potential IAS 19R impact due to revised guidelines

Air France-KLM industrial projects

- Restructure medium-haul
- Long-haul: improve profitability
  - Improve productivity
  - Reduce schedule seasonality
  - Retire MD11s from KLM fleet
- Cargo: turnaround
  - Rightsizing and organization of the full-freighter fleet
  - Simplify product portfolio
  - New commercial policy
  - Reduce costs
- Maintenance: improve profitability
  - Focus on high value-added businesses: engines and components
  - Restructure heavy maintenance business

Short-and medium-haul industrial project

- Air France
  - Reduction in capacity
  - Reduction of the fleet by 13 aircraft versus 2011 and 19 versus 2012 (provincial bases effect)
- Regional business unit
  - Reduction of the fleet by 21 aircraft in 2014 compared with 2011
  - Decrease of 64 crew positions
  - Treatment of ground staff overstaffing

    No redundancies subject to an increase in economic efficiency of 15%
  - A single brand
  - Chartering for Air France and own business
- Transavia France
  - Additional frequencies and new leisure destinations
  - Fleet increased by 14 aircraft
  - 10% reduction in ex-fuel unit cost
- KLM
  - Densification of B737s
  - Code share between KLM and Transavia Netherlands

The customer at the heart of our projects

- Medium-haul
  - Simplify Air France offer: Business/Premium Eco/Economy
  - Reposition upscale the Business in-flight product
  - Introduce ‘Economy Comfort’ at KLM
  - Make available less costly offer with more options in Economy class

- Long-haul
  - Facilitate all stages of the customer experience
  - Position the ‘La Première’ and ‘Business’ products at highest industry standards, focusing on all components of the offer
  - Introduce new World Business Class seat at KLM
  - Extend these improvements to Economy class

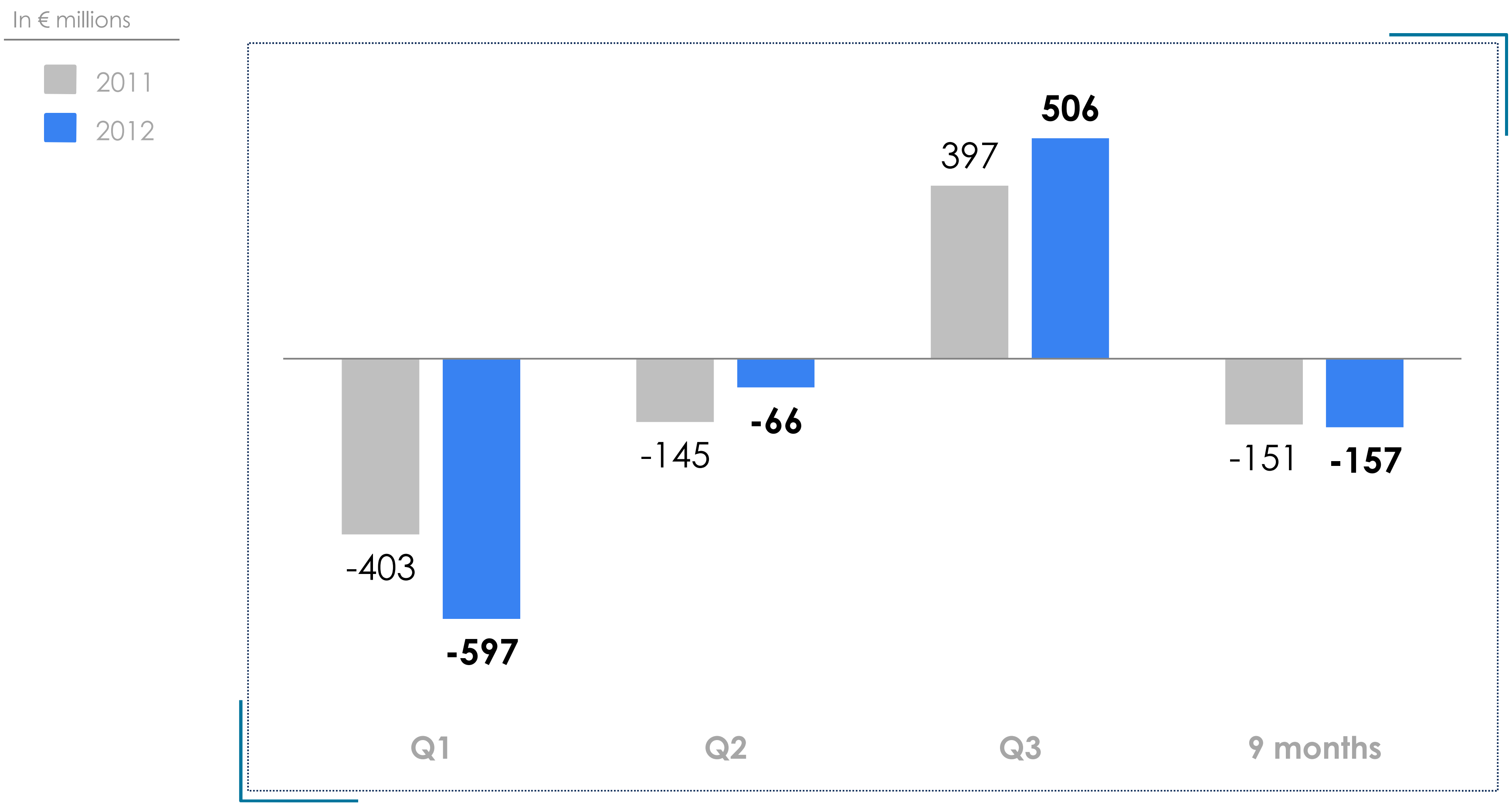
First impacts of Transform 2015

Key figures

(In €M)	H1 2012	Q3 2012	9 months 2012
Revenues	12,145 ↗	7,183 ↗	19,329 ↗
EBITDAR	644 ↘	1,228 ↗	1,872 ↗
Operating income	-663 ↘	506 ↗	-157 →
Group share net result	-1,263* ↘	306** ↗	-957 ↘
Net debt at the end of the period			6,022 ↘

* Including €368 million d'euros of restructuring charges
** Including €168 million d'euros of VLM goodwill depreciation

Operating result by quarter



	Q1	Q2	Q3	9 months
Increase in fuel cost	*+255*	*+214*	*+254*	*+723*

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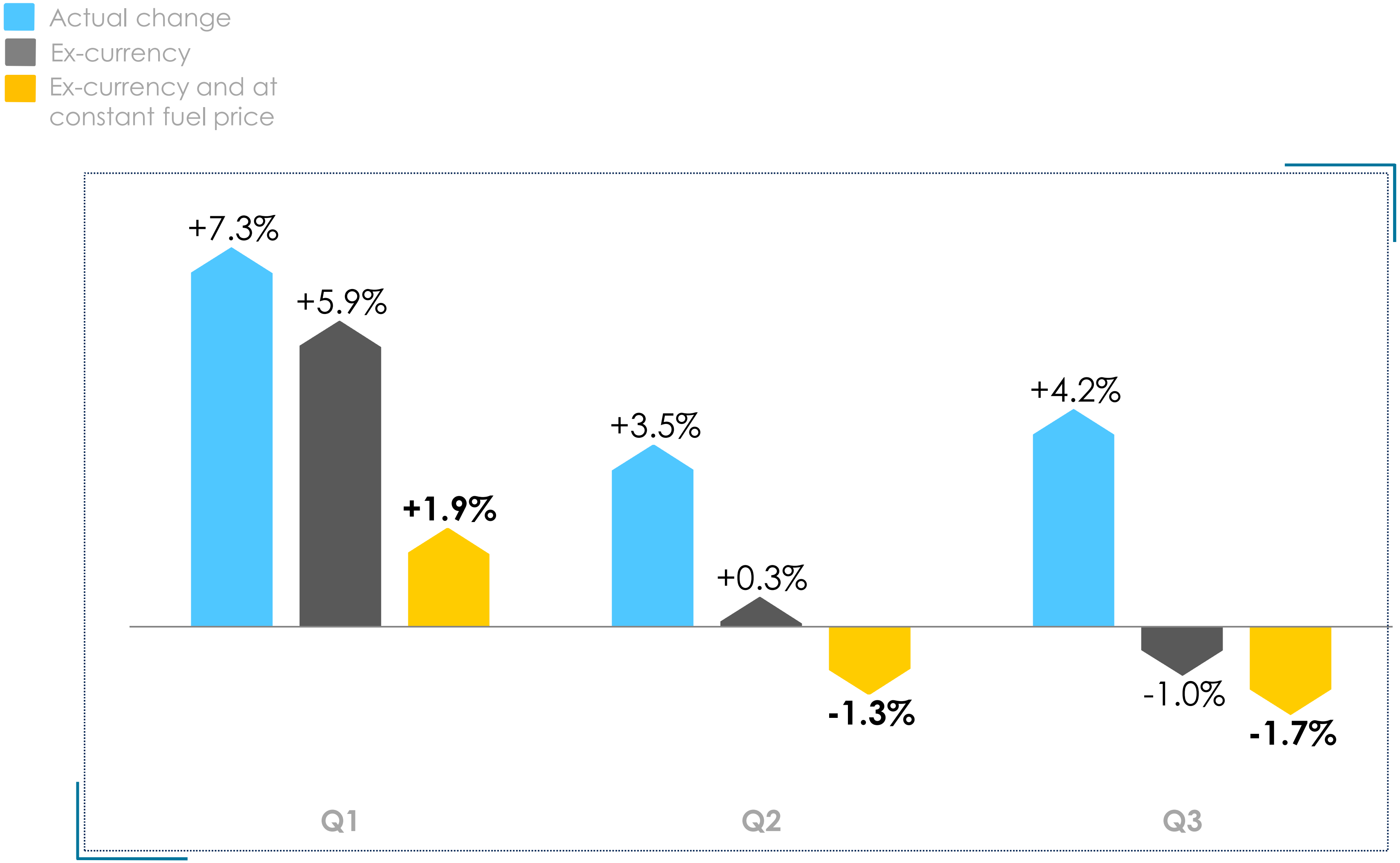
Unit costs by quarter



Capacity in EASK: **+5.1%** **-0.1%** **+0.6%**

Change in debt over 9 months

In €M

*. Including, during Q2, €175m in asset acquisitions not qualified as capex under IFRS standards

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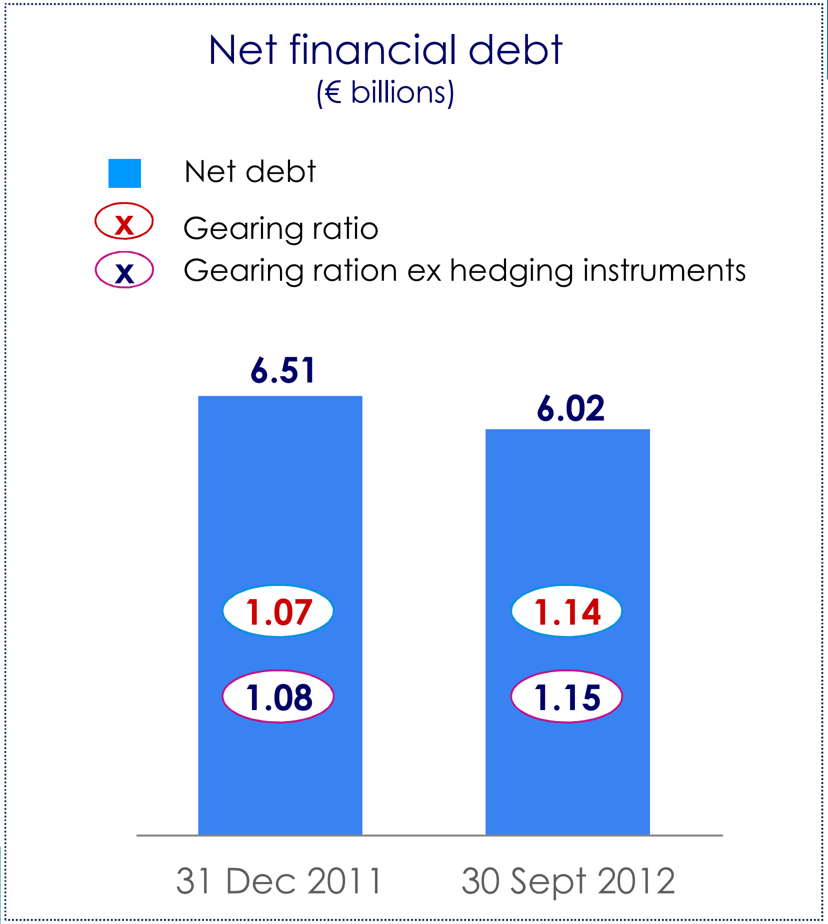
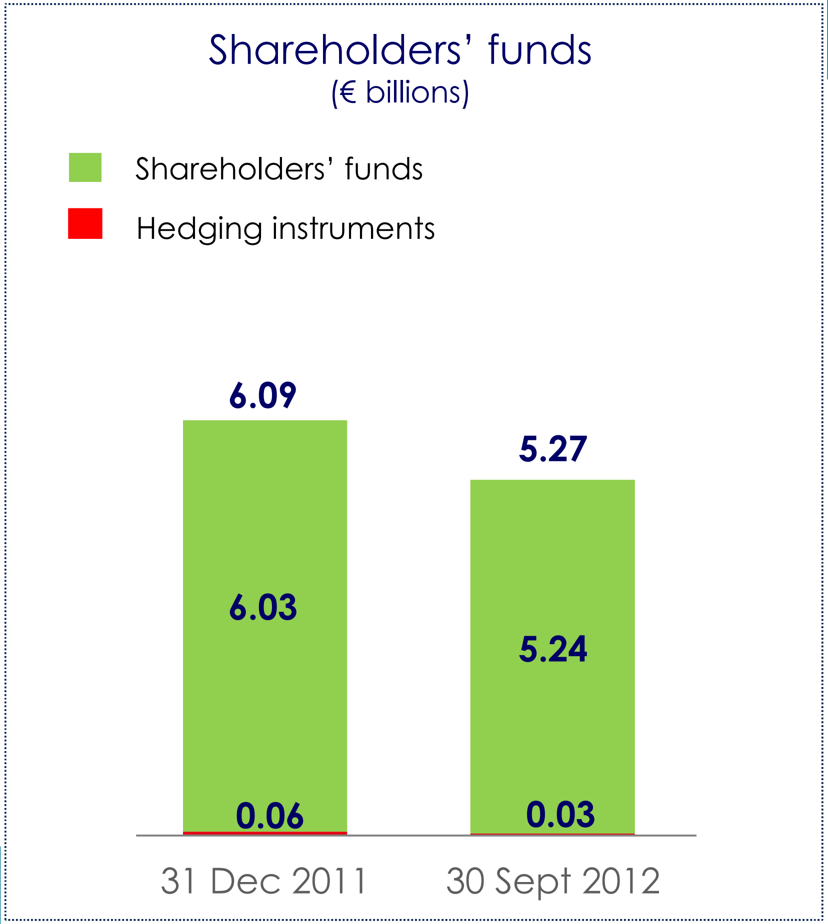
Financial position





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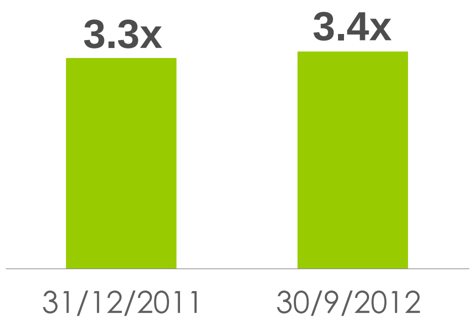
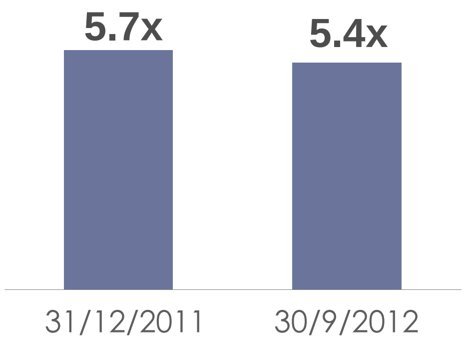
Financial ratios at 30th Sept 2012, sliding 12 months

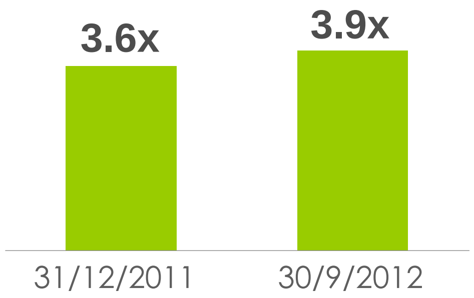
EBITDAR / adjusted interest costs*



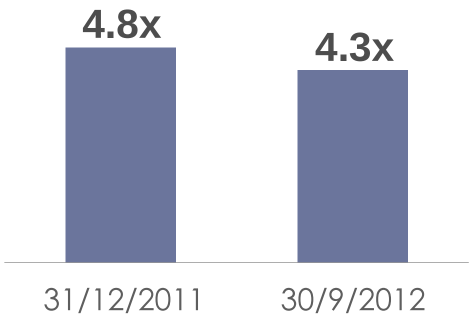
Adjusted net debt** / EBITDAR



EBITDA / net interest costs



Net debt / EBITDA



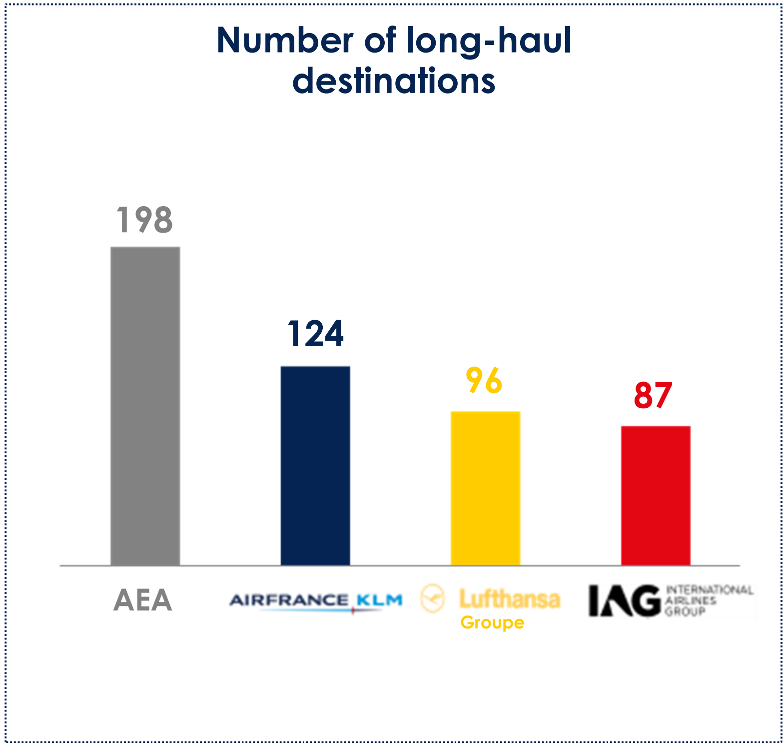
* Adjusted by the portion of financial costs within operating leases (34%)

** Adjusted for the capitalisation of operating leases (7x yearly charge)

Our competitive advantages

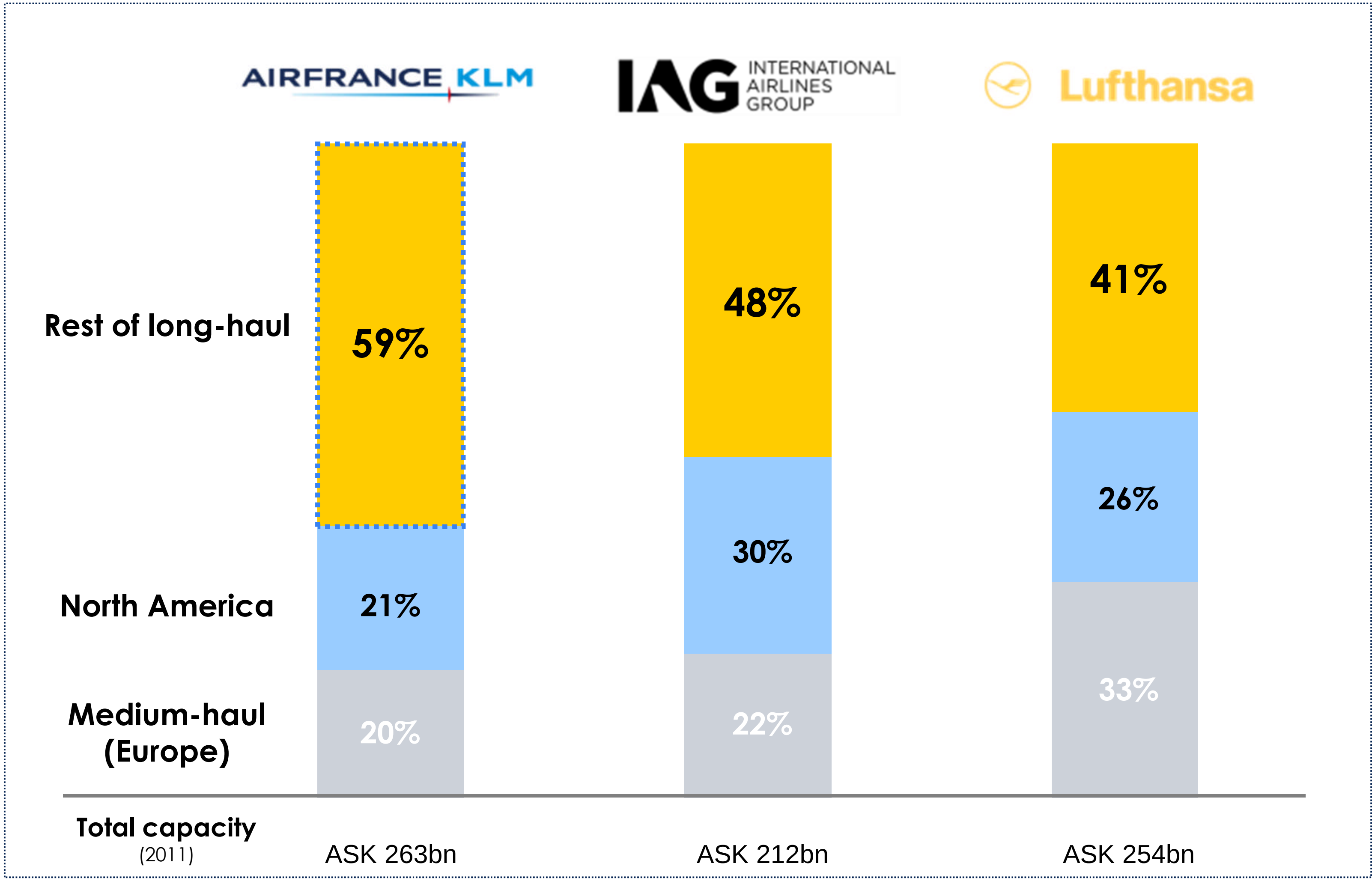
A powerful long-haul network

- **124** long-haul destinations*
  - 35 from both hubs
  - 89 from a single hub
  - 66% of the long-haul destinations served by AEA members carriers
- **143** direct long-haul flights per day
- **34** "unique" destinations: 27% of our destinations served neither by Lufthansa nor by IAG



* Including destinations served by Delta in the framework of the North Atlantic JV

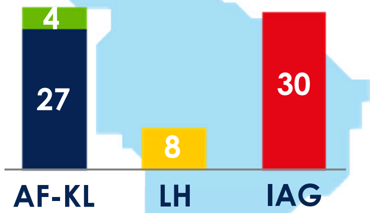
Leading exposure to high growth market…



… with strong presence in all key regions…

Latin America

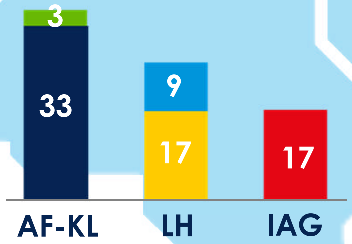
31 daily flights
21 gateways in **17** countries



Brazil: 5 daily flights
Mexico: 3 daily flights
Caribbean: 10 daily flights

Africa

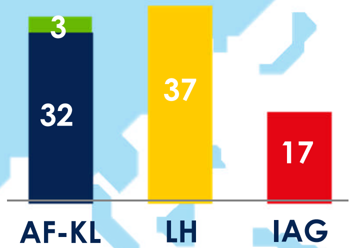
36 daily flights
40 gateways in **33** countries



Nigeria: 5 daily flights
South Africa: 3 daily fights
Kenya: 1 daily flight
(+2 operated by Kenya Airways)

Asia

35 daily flights
25 gateways in**13** countires



China: 14 daily flights
Japan: 8 daily flights
India: 5 daily flights

Air France-KLM **Lufthansa** (incl. Swiss and Austrian) **IAG** (British Airways et Iberia)
Alitalia **SN Brussels**

… with a unique position in China

	2001	2012
Own network		
	Four cities	Nine cities
SkyTeam mermbers partners		China Airlines 中國東方航空 CHINA EASTERN CHINA SOUTHERN 上海航空公司 SHANGHAI AIRLINES 厦門航空 XIAMEN AIRLINES
Joint ventures		中國東方航空 CHINA EASTERN CHINA SOUTHERN

Transatlantic joint venture with Delta

- Number one operator on the North Atlantic
  - Revenues of €8,5 billion
  - 27% of capacity
  - 266 daily flights operated by144 aircraft
  - 27 gateways in North America and Mexico, 33 in Europe
  - 7 hubs
  - 17 million passengers in 2011
- Joint coordination
  - Coordinated 6% reduction in capacity at Summer 2012
- Revenues and costs sharing

SkyTeam reinforces the strength of our network

20 members in 2012
14,500 daily flights
900 destinations in 173 countries

Conclusion

Transform 2015 on track

	9m-12	FY 2012 targets
☑ Strict capacity discipline	+1,0%	+0,9%
☑ Gross capex reduction	-€300m vs 9m-11	-€500m vs 2011
☑ Unit cost reduction*	-0,5%	-0,5% to -0,7%
☑ New labor agreements signed	Air France mainline	KLM Air France regionals
☑ Net debt reduction	-€500m	Reduction in net debt

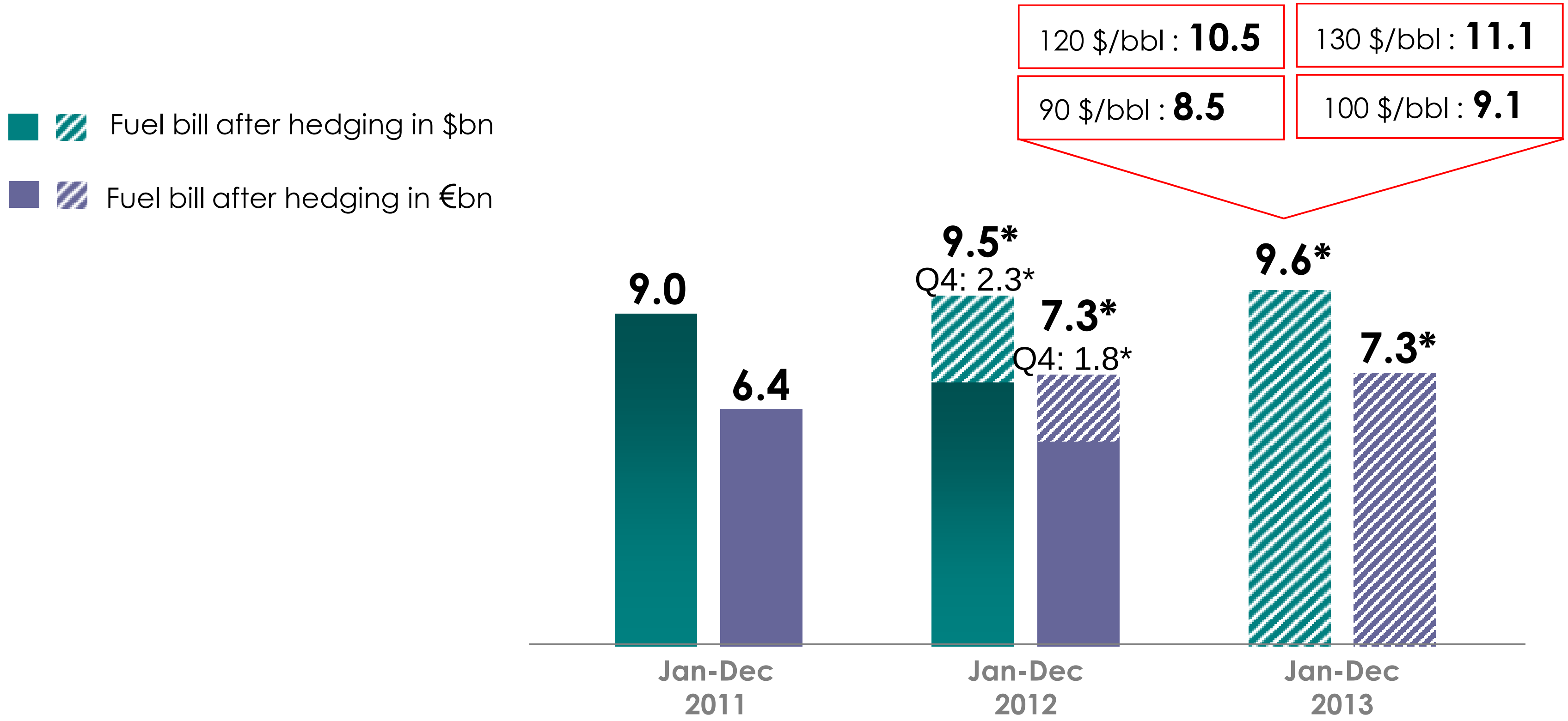
* Ex-currency and at constant fuel price

Outlook

- Difficult economic environment in Europe, but good level of activity in the other markets
- Ongoing impact of Transform 2015
- Targets confirmed for FY 2012:
  - Second half 2012 operating result above 195 million euros realized in second half of 2011
  - Net debt at 31 December 2012 lower than at the end of 2011

Appendices

Fuel bill update



Market price	$ / bbl*	111	112	106
	€ / bbl*	80	87	82
% of consumption already hedged			Q4: 71%	56%

(*) Forward curve at 19 October 2012 : €/$ exchange rate of 1.30 on Q4 2012. 1.31 on 2013

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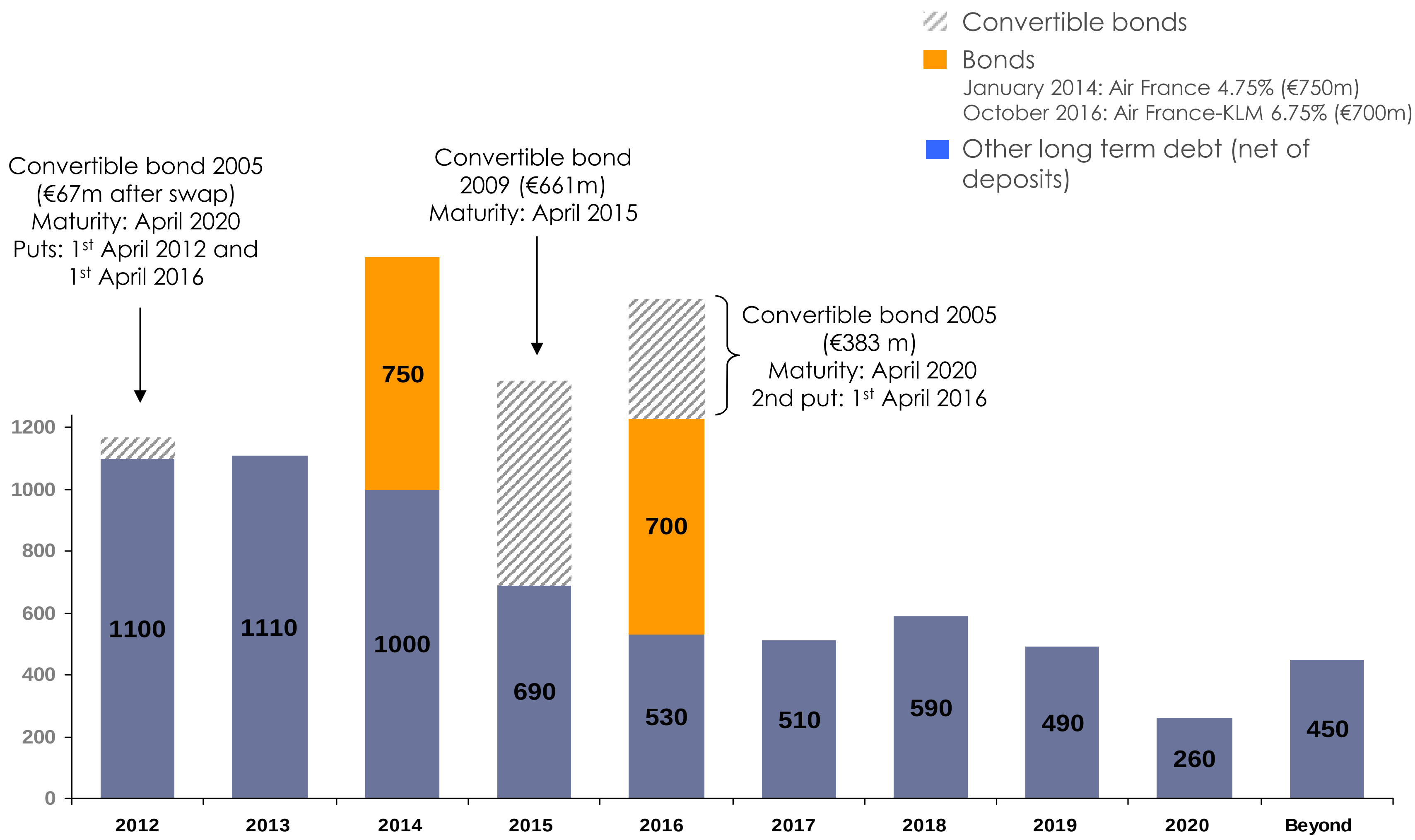
Net debt calculation

€ millions	30 Sept. 2012	31 Dec. 2011
Current and non-current financial debt	10,572	10,402
Deposits linked to financial debt	(640)	(491)
Financial assets pledged (OCEANE swap)	(393)	(393)
Currency hedge on financial debt	0	4
Accrued interest	(120)	(122)
= Financial debt	**9,419**	**9,400**
Cash and cash equivalents	2,697	2,283
Marketable securities	346	359
Available cash pledges	235	235
Deposits (Triple A)	159	165
Bank overdrafts	(40)	(157)
= Net cash	**3,397**	**2,885**
Net debt	**6,022**	**6,515**
Consolidated shareholders' funds	**5,269**	**6,094**
Net debt / shareholders' funds	**1.14**	**1.07**
Net debt / shareholders' funds excluding derivatives	***1.15***	***1.08***

Debt reimbursement profile at 1st January 2012



* In million euros, net of deposits on financial leases and excluding KLM perpetual debt (€625 m)

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