Prospectus dated 10 October 2016

Air France-KLM
€400,000,000 3.750 per cent. Notes due October 2022
(ISIN: FR0013212958)

Issue Price: 100 per cent. of the aggregate principal amount of the Notes

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and the Council dated 4 November 2003, as amended (the "**Prospectus Directive**").

The €400,000,000 3.750 per cent. notes due October 2022 (the "**Notes**") of Air France-KLM (the "**Issuer**") will be issued outside the Republic of France on 12 October 2016 (the "**Issue Date**").

Each Note will bear interest on its principal amount from (and including) the Issue Date to (but excluding) 12 October 2022 at a fixed rate of 3.750 per cent. *per annum* payable annually in arrear on 12 October in each year and commencing on 12 October 2017, as further described in the section "Terms and Conditions of the Notes – Interest" of this Prospectus. Payments in respect of the Notes will be made without deduction for or on account of taxes imposed or levied by the Republic of France to the extent described under "Terms and Conditions of the Notes – Taxation".

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in full at their principal amount on 12 October 2022 (the "**Maturity Date**"). The Notes may, and in certain circumstances shall, be redeemed before the Maturity Date, in whole only but not in part, at their principal amount, together with, any accrued interest, notably in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes - Redemption and Purchase – Redemption for Taxation Reasons").

The Issuer may, at its option (i) from and including the date falling three (3) months before the Maturity Date to but excluding the Maturity Date, redeem the Notes outstanding, in whole or in part, at par plus accrued interest, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Pre-Maturity Call Option"; (ii) redeem the Notes, in whole or in part, at any time, prior to their Maturity Date, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Make-Whole Redemption by the Issuer" and (iii) redeem all but not some only of the outstanding Notes in the event that eighty (80) per cent. or more of the initial aggregate nominal amount of the Notes have been redeemed and cancelled, in accordance with the provisions set out in "Terms and Conditions of the Notes – Redemption and Purchase – Clean-Up Call Option".

Noteholders (as defined in "Terms and Conditions of the Notes") will be entitled, in the event of a change of control of the Issuer or in the event that a third party comes to hold (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (subject to certain exemptions), to request the Issuer to redeem their Notes at their principal amount together with any accrued interest as more fully described in "Terms and Conditions of the Notes – Change of Control".

Application has been made for approval of this Prospectus to the *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

Application has been made to Euronext Paris for the Notes to be listed and admitted to trading on Euronext Paris ("**Euronext Paris**"). Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission.

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of accountholders. No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, Denomination and Title"), including Euroclear Bank SA/N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, SA ("**Clearstream**"). The Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities law of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act.

The Notes are not expected to be assigned a rating. At the date hereof, the Issuer is not rated.

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the AMF, in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa n°16-473 on 10 October 2016.

This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this Prospectus and, in particular, the information set out in the section entitled "Risk Factors" before making a decision to invest in the Notes.

So long as any of the Notes remain outstanding, copies of this Prospectus and all documents incorporated by reference in this Prospectus will be available free of charge on request at the registered office of the Issuer during normal business hours and copies of this Prospectus, the 2014 Registration Document and the 2015 Registration Document are available on the website of the AMF (www.amf-france.org).

Global Coordinators and Joint Lead Managers

HSBC

Société Générale
Corporate & Investment Banking

Joint Lead Managers

Citigroup

CM-CIC Market Solutions

Commerzbank

Goldman Sachs International

*This Prospectus has been prepared for the purpose of giving information with respect to (i) the Issuer, (ii) the Issuer and its subsidiaries and affiliates taken as a whole (the "**Group**") and (iii) the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.*

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions, including, without limitation, the United States, the United Kingdom and the Republic of France, may be restricted by law. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Prospectus, see "Subscription and Sale" below.

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities law of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Notes are being offered and sold only outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act ("**Regulation S**").*

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers have not separately verified the information contained or incorporated by reference in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or any of them as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution. Neither this Prospectus *nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.*

In making an investment decision regarding the Notes, potential investors should rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes.

Potential investors should read carefully the section entitled "Risk factors" below for certain information relevant to an investment in the Notes and before making a decision to invest in the Notes.

In this Prospectus, unless otherwise specified or the context requires, references to "euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union and references to "dollars", "USD" or "$" are to the single currency of the United States of America. References to "Air France" and "KLM" are respectively to Société Air France and KLM and their respective subsidiaries, unless the context otherwise requires.

*In connection with the issue of the Notes, Société Générale (the "**Stabilising Manager**") (or any person acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.*

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, results of operations, financial position, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions, and discussions of strategy, plans, objectives, goals, future events or intentions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward- looking statements, which speak only as of the date hereof.

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RESPONSIBILITY STATEMENT

Air France-KLM

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information contained or incorporated by reference in this Prospectus is in accordance with the facts and that it makes no omission likely to affect its import.

The statutory auditors' report on the consolidated financial statements of the Issuer for the year ended 31 December 2015 is included on pages 253 and 254 of the 2015 Registration Document (as defined in "*Incorporation by Reference*") and contains an observation on page 253 of the 2015 Registration Document.

Air France – KLM
2, rue Robert Esnault-Pelterie
75007 Paris
France

Duly represented by:
Jean-Marc Janaillac
Chairman and Chief Executive Officer

on 10 October 2016

INCORPORATION BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents (the "**Documents Incorporated by Reference**"), which have been previously published and have been filed with the AMF. Such sections shall be incorporated in, and shall be deemed to form part of, this Prospectus:

(i) the Issuer's 2014 Registration Document "Document de Référence" in the French language which was filed with the AMF on 8 April 2015 under number D15-0299, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2014 and the related notes thereto and the related statutory auditors' report (the "**2014 Registration Document**"), except for the third paragraph of the section "Attestation du responsable" on page 304;

(ii) the Issuer's 2015 Registration Document "Document de Référence" in the French language which was filed with the AMF on 12 April 2016 under number D.16-0323, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2015 and the related notes thereto and the related statutory auditors' report (the "**2015 Registration Document**"), except for the third paragraph of the section "Attestation du responsable" on page 290; and

(iii) the Issuer's 2016 First-Half Financial Report "Rapport Financier Semestriel" in the French language which was filed with the AMF on 28 July 2016, including the unaudited consolidated financial statements of the Issuer as at, and for the half-year ended, 30 June 2016 and the related notes thereto and the related statutory auditors' report (the "**2016 First-Half Financial Report**").

Free translations in the English language of the 2014 Registration Document, the 2015 Registration Document and the 2016 First-Half Financial Report are available on the Issuer's website (www.airfranceklm.com). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

The Documents Incorporated by Reference shall be incorporated in and form part of this Prospectus, save that any statement contained in a Document Incorporated by Reference shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the Documents Incorporated by Reference are available free of charge (i) on the website of the Issuer (www.airfranceklm.com) and (ii) on request at the registered office of the Issuer or the Paying Agent during normal business hours so long as any of the Notes is outstanding, as described in the section "General Information" below. Copies of the 2014 Registration Document and the 2015 Registration Document are also available free of charge on the website of the AMF (www.amf-france.org).

For the purposes of the Prospectus Directive, information can be found in such Documents Incorporated by Reference or in this Prospectus in accordance with the following cross-reference table. Any information not listed in the cross-reference list but included in the Documents Incorporated by Reference is given for information purposes only.

CROSS-REFERENCE TABLE

Annex IX of the European Regulation 809/2004/EC of 29 April 2004 (as amended)	**Pages of the 2014 Registration Document**	**Pages of the 2015 Registration Document**	**Pages of the 2016 First-Half Financial Report**
2 Statutory auditors			
2.1 Names and addresses	N/A	291	N/A
2.2 Change of situation of the auditors	N/A		
3 Risk factors			
3.1 Risk factors	N/A	76-96; 221-223	25; 61-62; 64-66
4 Information about the Issuer			
4.1 History and development of the Issuer			
4.1.1 Legal and commercial name	N/A	274	N/A
4.1.2 Place of registration and registration number	N/A	274	N/A
4.1.3 Date of incorporation and term	N/A	274	N/A
4.1.4 Domicile, legal form, jurisdictions governing its activities, country of incorporation, address and telephone number	N/A	274	N/A
4.1.5 Recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency	N/A		
5 Business overview			
5.1 Principal activities			
5.1.1 Description of the Issuer's principal activities	N/A	4-6; 46-72; 152-164; 185-190	11-24; 26-34; 47-51
5.1.2 The basis for any statements in the registration document made by the Issuer regarding its competitive position	N/A	36-45	10
6 Organisational structure			
6.1 If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.	N/A	87-90; 95; 156; 247-252; 262-264; 285-287	25-26; 47; 71
6.2 If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	N/A	95; 156; 160; 272-274	N/A

Annex IX of the European Regulation 809/2004/EC of 29 April 2004 (as amended)		**Pages of the 2014 Registration Document**	**Pages of the 2015 Registration Document**	**Pages of the 2016 First-Half Financial Report**
7	**Trend information**			
7.1	Statement of no material adverse change on the Issuer's prospects	N/A		
8	**Profit forecast and estimate**	N/A		
9	**Administrative, management and supervisory bodies**			
9.1	Information concerning the administrative, management and supervisory bodies	N/A	5; 8-34	4-7; 12
9.2	Conflicts of interests	N/A	24	N/A
10	**Major shareholders**			
10.1	Ownership and control	N/A	275-281	8-9
10.2	Description of arrangements which may result in a change of control	N/A	278	N/A
11	**Financial information concerning the Issuer's assets and liabilities, financial position and profits and losses**			
11.1	Historical financial information			
	Audited consolidated financial statements			
	- Balance sheet (Statement of financial position)	180-181	168-169	N/A
	- Income statement	178-179	166-167	N/A
	- Accounting policies and explanatory notes	185-263	173-252	N/A
	- Auditors' report	264-265	253-254	N/A
	Audited non-consolidated financial statements			
	- Balance sheet (Statement of financial position)	267	256	N/A
	- Income statement	266	255	N/A
	- Accounting policies and explanatory notes	268-276	257-265	N/A
	- Auditors' report	278-279	267-268	N/A
	Unaudited half-year consolidated financial statements			
	- Interim balance sheet (Statement of financial position)	N/A		38-39
	- Interim income statement	N/A		36-37
	- Accounting policies and explanatory notes	N/A		43-71
	- Auditors’ limited review report	N/A		72-73
11.2	Financial statements	178-263; 266-276	166-252; 255-265	N/A
11.3	Auditing of historical annual financial information			
11.3.1	Statement of audit of the historical annual financial information	264-265; 278-279	253-254; 267-268	N/A
11.3.2	Other audited information	N/A		

Annex IX of the European Regulation 809/2004/EC of 29 April 2004 (as amended)	**Pages of the 2014 Registration Document**	**Pages of the 2015 Registration Document**	**Pages of the 2016 First-Half Financial Report**
11.3.3 Unaudited data	N/A		
11.4 Age of latest financial information			
11.4.1 Age of latest financial information	N/A	253-254; 267-268	N/A
11.5 Legal and arbitration proceedings	N/A	82; 222; 223;264-265	64-66
11.6 Significant change in the Issuer's financial position	N/A	73-74; 175	24; 45
12 Material contracts			
12.1 Material contracts	N/A		
13 Third party information			
13.1 Statements by experts	N/A		
13.2 Statements by third parties	N/A		
14 Documents on display			
14.1 Documents on display	N/A		

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus. Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning in the following section.

RISK FACTORS RELATING TO THE ISSUER

The risk factors relating to the Issuer are set out in pages 76 to 96 and 221 to 223 of the 2015 Registration Document and pages 25, 61, 62 and 64 to 66 of the 2016 First-Half Financial Report incorporated by reference in this Prospectus, as described in the section "*Incorporation by Reference*".

The attention of the investors is drawn to the risks associated with the Group's main commitments in terms of defined benefit schemes (see "*Risks linked to the Group's activity – Pension plans*" page 82 of the 2015 Registration Document, Note 18 to the consolidated financial statements for the 6-month period ending on 30 June 2016 on pages 61 and 62 of the 2016 First-Half Financial Report and the press release dated 27 September 2016 on page 48 of this Prospectus). Should the discussion with the VNV (the Dutch Airline Pilots' Association) fail to achieve a suitable solution, the Group could have to derecognize the net pension assets associated with the KLM Flight Deck Crew plan with an estimated impact on the income statement (based on 30 June 2016 figures) of Eur (553) million after tax. Should the discussion with the VNV fail to achieve a suitable solution and should the decision of the Court of Amsterdam rendered on 27 September 2016 further be overruled, the Group could need, if there is no change in market conditions, to make an additional contribution to the fund by the end of the year to achieve indexation of the KLM Flight Deck Crew Plan that could be significant.

RISK FACTORS RELATING TO THE NOTES

Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

(i) be experienced with respect to transactions on capital markets and notes and understand the risks of transactions involving the Notes;

(ii) reach an investment decision only after careful consideration of the information set forth in this Prospectus and general information relating to Notes;

(iii) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(iv) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(v) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(vi) understand thoroughly the terms of the Notes;

(vii) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks;

(viii) make their own assessment of the legal, tax, accounting and regulatory aspects of purchasing the Notes; and

(ix) consult its legal advisers on legal, tax and related aspects of investment in the Notes.

Some potential investors are subject to restricting investment regulations. These potential investors should consult their legal counsel in order to determine whether investment in the Notes is authorised by law, whether such investment is compatible with their other borrowings or whether the Notes can be used as collateral for such borrowings and whether other selling restrictions are applicable to them.

No Limitation on Issuing Debt

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including non-payment of the interest and, if the Issuer or the Principal Subsidiaries were liquidated (whether voluntarily or involuntarily), loss of their entire investment.

Redemption Risk

The Notes may at the option of the Issuer, and shall in certain circumstances, be redeemed, in whole but not in part, at their principal amount together with accrued interest for certain tax reasons (see "Terms and Conditions of the Notes – Redemption and Purchase"). In such circumstances, any early redemption of the Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated. An investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

In addition, the Issuer may, at its option (i) from and including the date falling three (3) months before the Maturity Date to but excluding the Maturity Date, redeem the Notes outstanding, in whole or in part, at par plus accrued interest, as provided in Condition 5(c) (Pre-Maturity Call Option); (ii) redeem the Notes, in whole or in part, at any time, prior to their Maturity Date, at the relevant make-whole redemption amount, as provided in Condition 5(d) (Make-Whole Redemption by the Issuer) and (iii) redeem all but not some only of the outstanding Notes in the event that eighty (80) per cent. or more of the initial aggregate nominal amount of the Notes have been redeemed and cancelled, as provided in Condition 5(e) (Clean-Up Call Option). Accordingly, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Potential investors should consider reinvestment risk in light of other investments available at that time.

In particular, with respect to the Clean-Up Call Option at the option of the Issuer provided in Condition 5(e), there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the threshold of 80% of the initial aggregate nominal amount of the Notes has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call Option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

Furthermore, the Issuer may be unable to redeem the Notes at the Maturity Date. The Issuer could also be compelled to redeem the Notes if an event of default, Change of Control or Share Transfer (as defined in "Terms and Conditions of the Notes – Change of Control") were to occur. If the Noteholders, upon an event of default, a Change of Control or a Share Transfer, were to require from the Issuer the redemption of their Notes, the Issuer cannot guarantee that it will be able to pay the whole required amount. The Issuer's capacity to redeem the Notes will in particular depend on its financial situation at the time of the redemption and may be limited by any applicable legislation, by the conditions of its indebtedness and also by any new financings in place at that date and which shall replace, add or modify the existing or future debt of the Issuer. Furthermore, the Issuer's failure to redeem the Notes may result in an event of default pursuant to the terms and conditions of another loan.

In addition, in case of partial redemption of Notes by the Issuer or the Noteholders, any trading market in respect of those Notes that have not been so redeemed may become illiquid.

Exchange rate risk and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euro (the "**Investor's Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected.

Fixed Rate

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes.

An active trading market for the Notes may not develop (liquidity risk)

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer is entitled to buy and sell the Notes for its own account or for the account of others, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Market Value of the Notes

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest and yield rates and the time remaining to the

Maturity Date. The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder may be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder.

Modification of the Terms and Conditions of the Notes

Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 11 ("Representation of the Noteholders") of the Terms and Conditions of the Notes, and a general meeting of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

The Notes are effectively subordinated to subsidiary debt

The Issuer is a holding company with no material assets other than its shareholdings in its subsidiaries including in particular Soci été Air France ("SAF") and Koninklijke Luchtvaart Maatschappij N.V. ("KLM"). Accordingly, the Notes will effectively be subordinated to claims of all creditors of the Issuer's subsidiaries, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries.

Change of Law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Prospectus.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial notes such as the Notes. Potential investors are advised not to rely upon the tax section contained in this prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax (the "**FTT**") to be implemented under the enhanced cooperation procedure by eleven Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovenia and Slovakia (the "Participating Member States")). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. It would call for the Participating

Member States to impose a tax of generally at least 0.1% on all such transactions, generally determined by reference to the amount of consideration paid. The mechanism by which the tax would be applied and collected is not yet known, but if the proposed directive or any similar tax is adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains uncertain. Additional EU Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. The ECOFIN Council indicated in June 2016 that work on the FTT would continue during the second half of 2016.

Prospective holders of Notes are advised to seek their own professional advice in relation to the consequences of the FTT associated with subscribing for, purchasing, and disposing of the Notes.

Change of Control

In the event of a change of control of the Issuer or in the event that a third party comes to hold (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (subject to certain exemptions, all as more fully described in "Terms and Conditions of the Notes – Change of Control"), each Noteholder will have the right to request the Issuer to redeem all or part of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

French insolvency law

Under French insolvency law as amended by ordinance no.2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order no.2009-160 dated 12 February 2009, law no.2010-1249 dated 22 October 2010 which came into force on 1 March 2011 and related order no.2011-236 dated 3 March 2011 and ordinance no. 2014-326 dated 12 March 2014 which came into force on 1 July 2014, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or proposed judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;

- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders expressing a vote). No quorum is required.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in this Prospectus would not be applicable with respect to the Assembly to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

Rating

Neither the Notes nor the long-term debt of the Issuer are rated. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Creditworthiness of the Issuer

The price of the Notes will also depend on the creditworthiness of the Issuer. If the creditworthiness of the Issuer deteriorates, (i) the Issuer may not be able to fulfil all or part of its payment obligations under the Notes and (ii) the value of the Notes may decrease, and investors may lose all or part of their investment.

Potential conflict of interest

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes to be issued hereunder. Any such short positions could adversely affect future trading prices of Notes to be issued hereunder. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €400,000,000 3.750 per cent. Notes due October 2022 (the "**Notes**") by Air France-KLM (the "**Issuer**") has been authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 15 March 2016 and a decision of its *Président Directeur général* dated 5 October 2016. The Issuer has entered into a fiscal agency agreement dated 10 October 2016 as amended and supplemented from time to time (the "**Fiscal Agency Agreement**") with BNP Paribas Securities Services as fiscal agent, paying agent, calculation agent and put agent (the "**Fiscal Agent**", the "**Paying Agent**", the "**Calculation Agent**" and the "**Put Agent**" which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent, calculation agent and put agent). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agent. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below. In these Conditions, "**holder of Notes**", "**holder of any Note**" or "**Noteholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

1 Form, Denomination and Title

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of € 100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holders**" shall mean any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, SA ("**Clearstream**").

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2 Status of the Notes

The Notes and the interest thereon constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 below) unsecured obligations of the Issuer and rank and will rank all times *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with any other unsubordinated and unsecured obligations, present or future, of the Issuer.

3 Negative Pledge

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes not to, and undertakes to ensure that none of its Principal Subsidiaries (as defined below), grant to holders of other present or future notes (*obligations*), any mortgage (*hypothèque*) over the Issuer's or its Principal Subsidiaries' present or future assets or real property interests, nor any pledge (*nantissement*) on all or part of the Issuer's or its Principal Subsidiaries' business (*fonds de commerce*), nor any other security (*sûreté réelle, gage or nantissement*) on its present or future assets or income, unless the Issuer's obligations under the Notes are equally and rateably secured so as to rank *pari passu* with such other present or future notes (*obligations*) so secured. Such undertaking is given only in relation to security interests given for the benefit of holders of notes (*obligations*) and does not affect in any way the right of the Issuer to dispose of its assets or to grant any security in respect of such assets in any other circumstance.

For the purposes of these Conditions:

"**Principal Subsidiary**" means at any time relevant:

(a) Société Air France ("**SAF**"); or

(b) Koninklijke Luchtvaart Maatschappij N.V. ("**KLM**"); or

(c) any Subsidiary of the Issuer (other than SAF and KLM) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

"**outstanding**" means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (iii) those which have become void or in respect of which claims have become prescribed and (iv) those which have been purchased and cancelled as provided in the Conditions.

"**Subsidiary**" means in relation to any person or entity at any time, a subsidiary as defined in Article L.233-1 of the French *Code de commerce* or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 I.1 and I.2 of the French *Code de commerce*.

4 Interest

(a) Interest Payment Dates

The Notes bear interest from, and including, 12 October 2016 (the "**Issue Date**") to but excluding 12 October 2022 at the rate of 3.750 per cent. *per annum* payable annually in arrear on 12 October in each year (each an "**Interest Payment Date**"), commencing on 12 October 2017.

(b) Interest Payments

Each Note will cease to bear interest from the due date for redemption, unless payment of principal is improperly withheld or refused on such date. In such event, interest on such Note shall continue to accrue at such rate until, and including, whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder and (ii) the day of receipt by or on behalf of Euroclear France of all sums due in respect of all the Notes.

Interest shall be calculated on an Actual/Actual – ICMA basis, as follows:

(i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the Actual/Actual-ICMA basis will be the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Accrual Period is longer than one Determination Period, the Actual/Actual- ICMA basis will be the sum of:

(a) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

"**Accrual Period**" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"**Determination Period**" means the period from, and including, the Issue Date to, but excluding, the first Interest Payment Date and each successive period from, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date.

5 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition and with Conditions 8 and 9.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 12 October 2022 (the "**Maturity Date**").

(b) Redemption for Taxation Reasons

(i) If, by reason of a change in any law or regulation of the Republic of France or any political subdivision or authority therein or thereof having power to tax, or any change in the official application or interpretation of such law or regulation (including a holding by a competent court), becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7, the Issuer may, at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.

(ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

(c) Pre-Maturity Call Option

The Issuer may, at its option, from and including the date falling three (3) months before the Maturity Date to but excluding the Maturity Date, subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (Notices) (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at their principal amount together with all interest accrued up to but excluding the date set for redemption.

(d) Make-Whole Redemption by the Issuer

The Issuer will, subject to compliance by the Issuer with all relevant laws, regulations and directives and subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (Notices), (which notice shall be irrevocable), have the option to redeem the Notes, in whole or in part, at any time prior to their Maturity Date (the "**Optional Make-Whole Redemption Date**") at their Optional Redemption Amount (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make-Whole Redemption Date.

The Optional Redemption Amount will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) 100 per cent. of the principal amount of the Notes so redeemed and (y) the sum of the then present values on the relevant Optional Make-Whole Redemption Date of (i) the principal amount of each Note and (ii) the remaining scheduled payments of interest on such Note for the remaining term of such Note (determined on the basis of the interest rate applicable to such Note from the relevant Optional Make-Whole Redemption Date (excluding any interest accruing on such Note to, but excluding, such Optional Make-Whole Redemption Date)), discounted from the Maturity Date to such Optional Make-Whole Redemption Date on an annual basis at the Early Redemption Rate plus the Early Redemption Margin.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent of the Issuer or the Noteholders.

For this purpose of this Condition 5(d) (*Make-Whole Redemption by the Issuer*):

"**Business Day**" means a day, not being a Saturday or a Sunday, on which (i) Euroclear France, Euroclear and Clearstream are open for business, (ii) commercial banks and foreign exchange markets are open for business in Paris, and (iii) on which the TARGET System is operating, and "**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

"**Early Redemption Margin**" means 0.60 per cent. *per annum*.

"**Early Redemption Rate**" means the average of the four (4) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth Business Day in Paris preceding the relevant Optional Make-Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the third Business Day in Paris preceding the Optional Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

"**Reference Benchmark Security**" means the OAT (*Obligation Assimilable du Trésor*) issued by the French State at a rate of 2.25 per cent. per annum and due October 2022 with ISIN FR0011337880.

"**Reference Dealers**" means each of the four banks (that may include the managers of the issue), selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Similar Security**" means the OAT (*Obligation Assimilable du Trésor*) issued by the French State having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

For the purposes of Conditions 5(c) and 5(d), in the case of a partial redemption, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full only part of such Notes and, in such latter case, the choice between those Notes that will be fully redeemed and those Notes that will not be redeemed shall be made in accordance with Article R.213-16 of the French *Code monétaire et financier*, subject, in each case, to compliance with any applicable laws and regulated market or stock exchange requirements.

So long as the Notes are admitted to trading on Euronext Paris and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers*, a notice specifying the aggregate nominal amount of Notes outstanding.

(e) Clean-Up Call Option

In the event that eighty (80) per cent. or more of the initial aggregate nominal amount of the Notes (including any further notes to be consolidated and form a single series with the Notes pursuant to Condition 13) have been redeemed and cancelled other than by way of a redemption at the option of the Issuer in accordance with Condition 5(d) (*Make-Whole Redemption by the Issuer*), the Issuer may, at its option, subject to having given not more than forty-five (45) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem the outstanding Notes, in whole but not in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(f) Purchase

The Issuer may at any time purchase Notes in the open market or otherwise (including by way of tender or exchange offer) at any price. Notes so purchased by the Issuer may be cancelled or held and resold in accordance with Articles L.213-1 A and D.213-1-A of the French Code *monétaire et financier* and the applicable provisions of the *Règlement général* of the *Autorité des marchés financiers* for the purpose of enhancing the liquidity of the Notes.

(g) *Cancellation*

All Notes which are purchased for cancellation by, or on behalf of, the Issuer pursuant to this Condition 5 or redeemed by the Issuer pursuant to Conditions 8 and 9 shall be immediately cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France and may not be re-issued or resold.

6 Payments

(a) *Method of Payment*

Payments of principal, interest and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks use the TARGET System (as defined in Condition 5(d) (*Make-Whole Redemption by the Issuer*) above). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payments.

Payments of principal, interest and other amounts in respect of the Notes will be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable thereto, but without prejudice to the provisions described in Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on Business Days*

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined in Condition 5(d) (*Make-Whole Redemption by the Issuer*) above), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the relevant Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

(c) *Fiscal Agent, Paying Agents, Calculation Agent and Put Agent*

The name and specified offices of the initial Fiscal Agent, initial Put Agent, initial Calculation Agent and other initial Paying Agent are as follows:

FISCAL AGENT, PAYING AGENT, CALCULATION AGENT AND PUT AGENT

BNP Paribas Securities Services
Les Grands Moulins de Pantin
9, rue du Débarcadère
93500 Pantin
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Put Agent, the Calculation Agent or any Paying Agent and/or appoint a substitute Fiscal Agent, Calculation Agent or Put Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Put Agent, the Calculation Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times be (i) a Fiscal Agent having a specified office in a major European city, (ii) so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, at least one Paying Agent having a specified office in a European city and ensuring financial services in the Republic of France (which may be the Fiscal Agent) and (iii) a Calculation Agent.

Such appointment or termination shall be notified to the Noteholders in accordance with Condition 12.

7 Taxation

(a) Withholding Tax

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) Additional Amounts

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)) who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority or who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

8 Change of Control

In the event of a Change of Control, as defined below, or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L.233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (a "**Share Transfer**"), each Noteholder may at its sole option require the early redemption of all or part of its Notes, subject to the conditions set out below.

The Notes will be redeemed at their principal amount plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date).

In the event of a Change of Control or Share Transfer, the Issuer will inform the Noteholders, no later than thirty (30) calendar days following the effective Change of Control or Share Transfer, by means of a notice in accordance with Condition 12. This notice will remind Noteholders that they are entitled to require the early redemption of all or part of their Notes and will indicate (i) the date which has been set for the early redemption, such date should fall between the twenty-fifth (25th) and the thirtieth (30th) Business Day following the date of the publication of the notice, (ii) the redemption amount and (iii) the period of at least fifteen (15) Business Days, during which early redemption requests and the corresponding Notes should be transmitted to the Put Agent.

The Noteholders seeking early redemption of their Notes must make such request to the financial intermediary through whose books the Notes are held. Once received by the financial intermediary through whose books the Notes are held, the request for early redemption will be irrevocable.

Redemption requests and the corresponding Notes shall be submitted to the Put Agent between the 20th and the fifth (5th) Business Day before the early redemption date.

A form of redemption request will be obtainable from the specified office of any Paying Agent.

The date of the early redemption request shall correspond to the Business Day during the course of which the last of conditions (1) and (2) below is met, at the latest at 5 p.m. Paris time or the next following Business Day if such condition is met after 5 p.m. Paris time:

(1) the Put Agent would have received the early redemption request from the financial intermediary through whose books the Notes are held;

(2) the Notes would have been transferred to the Put Agent by the relevant financial intermediary.

For the purposes of this Condition 8, "**Change of Control**" means, for one or more individuals or entities acting alone or in concert, acquiring the control of the Issuer, being specified that "**control**" means, for the purpose of the present definition, the holding (directly or indirectly via entities controlled by the relevant person(s)) of (x) the majority of the voting rights of the shares of the Issuer or (y) more than 40% of such voting rights if no other shareholder of the Issuer, acting alone or in concert, holds (directly or indirectly via entities controlled by such shareholder(s)) a percentage of voting rights in excess of the above stake.

9 Events of Default

The Representative (as defined in Condition 11 below), acting on behalf of the *Masse* (as defined in Condition 11 below), may, upon written notice to the Issuer (copy to the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of the Notes to become immediately due and payable, at their principal amount together with any accrued interest thereon, upon the occurrence of any of the following events:

(a) the Issuer fails to make payment of any sum due in respect of the Notes and if the Issuer does not remedy such default within fifteen (15) calendar days from such due date; or

(b) the Issuer breaches any of the other provisions relating to the Notes, as the case may be, and does not remedy such breach within thirty (30) calendar days from the date the Issuer receives written notice of such breach from the Representative; or

(c) a payment default by the Issuer and/or any of its Principal Subsidiaries occurs in relation to any payment of any other borrowed money or loans guaranteed by the Issuer and/or any of its Principal Subsidiaries for an amount equal to or in excess of €125 million, or its equivalent in any other currency, on their due date, or on such date as may have been extended by any applicable grace period, unless the Issuer and/or its relevant Principal Subsidiary challenges such default in good faith before a competent court, in which case an early redemption of the Notes will be mandatory only if the court has decided on the merits of the case (*statué au fond*); or

(d) judgment is rendered ordering the liquidation or transfer of the entirety of the assets of the Issuer or any of its Principal Subsidiaries, or any equivalent procedure; if the Issuer or any of its Principal Subsidiaries is subject to a conciliation procedure (*procédure de conciliation*) as provided under

Articles L.611-4 *et seq.* of the French *Code de commerce*, or any equivalent procedure, are in a state of suspension of payments (*cessation de paiements*) or any similar state, or subject to judicial liquidation proceedings (*procédure de liquidation judiciaire*) or any equivalent procedure.

10 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

11 Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the "***Masse***").

The *Masse* will be governed in accordance with Article L.228-90 of the French *Code de commerce* (the "**Code**") by the provisions of the Code applicable to the *Masse* (with the exception of the provisions of Articles L.228-48, L.228-59, L.228-65 I 1°, L.228-65 II, L.228-71, R.228-67, R.228-69, R.228-72 and R.228-79 thereof), and by the provisions set out below:

(a) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code, acting in part through a representative (the "**Representative**") and in part through a general assembly of Noteholders.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

(b) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

(i) the Issuer, the members of its Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses;

(ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors, executive board (*directoire*) or supervisory board (*conseil de surveillance*), their statutory auditors, employees and their ascendants, descendants and spouses;

(iii) companies of which the Issuer possesses at least ten (10) per cent. of the share capital or companies possessing at least ten (10) per cent. of the share capital of the Issuer; or

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The Representative shall be

MASSQUOTE S.A.S.U.
RCS 529 065 880 Nanterre
7bis rue de Neuilly

F-92110 Clichy
France

Mailing address:
33, rue Anna Jacquin
92100 Boulogne Billancourt

Represented by its Chairman

The alternative representative (the "**Alternative Representative**") shall be

Gilbert Labachotte
8 Boulevard Jourdan
75014 Paris

The Representative will be entitled to a remuneration of €500 (VAT excluded) per year, payable on each Interest Payment Date with the first payment at the Issue Date.

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative. The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The appointment of the Representative shall terminate automatically on the date of final redemption in full of the Notes. Such appointment shall, if applicable, be automatically extended until the final resolution of any proceedings in which the Representative may be involved and the enforcement of any judgements or settlements relating thereto.

All interested parties will have the right to obtain the names and the addresses of the Representative and Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of the general assembly of the Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, in order to be valid, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) General Assemblies of Noteholders

General assemblies of Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the outstanding principal amount of the Notes may address to the Issuer and the Representative a demand for convocation of the general assembly; if such general assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly will be published as provided under Condition 12 not less than fifteen calendar days prior to the date of the general assembly for a first convocation and not less than six calendar days in the case of a second convocation.

Each Noteholder has the right to participate in general assemblies of the *Masse* in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify[1], videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

(e) Powers of General Assemblies

A general assembly is empowered to deliberate on the fixing of the remuneration, dismissal or replacement of the Representative and the Alternative Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

In accordance with Article R.228-71 of the Code, the right of each Noteholder to participate in a general assembly of the *Masse* will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the second business day in Paris preceding the date set for the meeting of the relevant general assembly.

(f) Notice of decisions to the Noteholders

Decisions of the general assembly must be published in accordance with the provisions set out in Condition 12 not more than ninety (90) calendar days from the date thereof.

(g) Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the fifteen (15) calendar day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of the general assembly.

(h) Expenses

The Issuer will pay all duly evidenced and reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general assemblies and the expenses which

[1] At the date of this Prospectus, the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in general assemblies of the *Masse* by videoconference or any other means of telecommunications allowing the identification of the participating Noteholders.

arise by virtue of the remuneration of the Representative, if any, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes. Accordingly, the second sentence of the first paragraph of Article L.228-71 of the Code shall not apply to the Notes.

12 Notices

Any notice to the Noteholders will be valid if delivered to Euroclear France, Euroclear and Clearstream for so long as the Notes are cleared through such clearing systems, provided that, so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to that stock exchange so require, such notice shall also be published in a leading daily newspaper having general circulation in the Republic of France (which is expected to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders).

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

13 Further Issues and Assimilation

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for the amount and date of the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the event of such an assimilation, the Noteholders and the holders of such further notes will be grouped together in a single *Masse* for the defence of their common interests.

14 Governing Law and Jurisdiction

(a) Governing Law

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

(b) Jurisdiction

Any legal action or proceeding arising out of or in connection with the Notes will be irrevocably submitted to the exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for general corporate purposes.

DESCRIPTION OF THE ISSUER

The description of the Issuer and its activities is set out in pages 4-6, 46-72, 152-164 and 185-190 of the 2015 Registration Document and pages 11-24, 26-34 and 47-51 of the 2016 First-Half Financial Report of the Issuer incorporated by reference herein (see the "*Incorporation by Reference*" section set forth above in this Prospectus).

RECENT DEVELOPMENTS

2016 First-Half results (Press release dated 27 July 2016)

SECOND QUARTER

- Revenues of 6.22 billion euros, down 5.2% and down 3.7% like-for-like[1], with clear deterioration during the quarter
- Non fuel unit costs down 1.5% at constant currency
- EBITDA[2] of 728 million euros, a reported increase of 171 million euros and up 211 million euros like-for-like
- Operating result of 317 million euros, an improvement of 138 million euros and up 183 million euros like-for-like

FIRST HALF

- Revenues of 11.82 billion euros, down 2.6% both reported and like-for-like
- EBITDAR of 1,522 million euros, an improvement of 486 million euros, up 597 million euros like-for-like
- Strong operating free cash flow[2] generation: 373 million euros
- Further net debt reduction: net debt[2] of 4.04 billion euros, down 265 million euros compared to 31 December 2015
- Adjusted net debt / EBITDAR[2] ratio of 2.9x, an improvement of 0.5 points compared to 31 December 2015

FULL YEAR 2016 OUTLOOK

- High level of geopolitical and economic uncertainties, increasing pressure on unit revenues and special concern about France as a destination
- Impact of fuel savings on P&L expected to be more than offset in the coming quarters by downward pressure on unit revenue and negative currency impacts
- Continued progress in unit cost reduction, targeted at around 1% ex fuel in 2016
- Free operating cash flow generation after disposals maintained between 0.6 billion euros and 1.0 billion euros in 2016
- Further significant net debt reduction

The Board of Directors of Air France-KLM, chaired by Jean-Marc Janaillac, met on 26th July 2016 to approve the accounts for the First Half of the Financial Year 2016.

[1] Like-for-like: excluding currency. Same definition applies in rest of press release

[2] For a definition of the following performance measures – EBITDA, operating free cash flow, net debt and EBITDAR – see Note 4.9 (“Aggregates used within the framework of financial communication”) and Note 34 (“Net Debt”) to the consolidated financial statements as at, and for the year ended, 31 December 2015 on pages 179 and 229 of the 2015 Registration Document

Key data

	Second Quarter			First Half		
	2016	**2015***	**Change**	**2016**	**2015***	**Change**
Passengers (thousands)	24,385	23,579	+3.4%	44,281	42,601	+3.9%
Capacity (EASK m)	85,948	85,807	+0.2%	163,392	163,039	+0.2%
Revenues (€m)	6,215	6,558	-5.2%	11,820	12,140	-2.6%
Change like-for-like (%)			-3.7%			-2.6%
EBITDAR (€m)	991	812	+179	1,522	1,036	+486
EBITDA (€m)	728	557	+171	994	531	+463
EBITDA margin (%)	11.7%	8.5%	+3.2 pt	8.4%	4.4%	+4.0 pt
EBITDA change like-for-like (€m)			+211			+582
Operating result (€m)	317	179	+138	218	-238	+456
Operating margin (%)	5.1%	2.7%	+2.4 pt	1.8%	-2.0%	+3.8 pt
Operating result change like-for-like (€m)			+183			+580
Net result, group share (€m)	41	-79	+120	-114	-638	+524
Restated net result, group share[2] (€m)	78	75	+3	-24	-431	+407
Earnings per share (€)	0.14	(0.27)	+0.41	(0.43)	(2.16)	+1.73
Diluted earnings per share (€)	0.13	(0.27)	+0.40	(0.43)	(2.16)	+1.73
Adjusted earnings per share (€)	0.24	0.24	+0	(0.12)	(1.46)	+1.34
Diluted adjusted earnings per share (€)	0.22	0.21	+0.01	(0.12)	(1.46)	+1.34
Operating free cash flow (€m)	177	311	-134	373	265	+108
Net debt at end of period (€m)				4,042	4,307	-265

* *Servair reclassified as discontinued operation.*

The consolidated financial statements of the Group were revised as of 1st January 2016 in order to reflect Servair as a discontinued operation. The 2015 financial statements have been restated accordingly. Details of this restatement can be found in the appendix of this press release.

Second Quarter 2016 total revenues stood at 6.22 billion euros versus 6.56 billion euros in Second Quarter 2015, down 5.2% as a result of increasing pressure on unit revenue and down 3.7% like-for-like.

Currencies had a negative 104 million euro impact on revenues, primarily driven by the weakening of currencies other than the US dollar against the euro, notably the BRL, GBP, CNY, CAD and ZAR. The negative effect on revenues was partly offset by the positive effect of currencies on costs, which amounted to 58 million euros. The net impact of currencies on the operating result thus amounted to a negative 46 million euros.

Total operating costs were 7.5% lower year-on-year and down 6.7% on a like-for-like basis. Ex-fuel, they increased by 0.3% and by 0.5% on a like-for-like basis. Unit cost per EASK was down 1.5%, on a constant currency, fuel price and pension-related expense basis, against stable capacity measured in EASK (+0.3%).

The fuel bill amounted to 1,167 million euros, down 29.7% and down 27.6% like-for-like. Based on the forward curve at 15 July 2016, the Full Year 2016 fuel bill is expected to reach 4.6 billion euros[3] and the Full Year 2017 fuel bill could amount to 4.4 billion euros.

[3] Average Brent price of USD 45, average jet fuel market price of USD 422 per ton, average exchange rate of 1.11 USD per euro for period July-December 2016. 2017 average Brent price of USD 52, average jet fuel market price of USD 493 per ton, average exchange rate of 1.11 USD per euro.

Total employee costs including temporary staff were down 2.7% to 1,862 million euros. On a constant scope and pension-related expense basis, employee costs decreased by 2.9% and by 3.6% excluding the increase in the profit sharing scheme.

Over the Second Quarter 2016, 15% of the savings achieved on the fuel bill were retained, down significantly from the 55% retained during First Quarter 2016. During the Second Quarter, the positive fuel price effect of 408 million euros was largely offset by pressure on unit revenues (negative 300 million euros) and currency impacts (negative 46 million euros).

EBITDAR amounted to 991 million euros, a reported increase of 179 million euros and up 226 million euros like-for-like.

EBITDA amounted to 728 million euros, an increase of 171 million euros. Like-for-like, EBITDA increased by 211 million euros, mainly as a result of the strong Passenger network performance, which improved by 186 million euros like-for-like.

	Second Quarter				**First Half**			
EBITDA per business (€m)	**2016**	**2015***	**Change**	***like-for-like***	**2016**	**2015***	**Change**	***like-for-like***
Passenger network	675	518	+157	+186	952	510	+442	+541
Cargo	-61	-80	+19	+24	-103	-128	+25	+37
Maintenance	108	112	-4	-1	193	197	-4	-4
Transavia	2	-1	+3	+9	-50	-59	+9	+20
Other	4	9	-5	-7	2	11	-9	-12
Total	**728**	**557**	**+171**	**+211**	**994**	**531**	**+463**	**+582**

* *Servair reclassified as discontinued operation.*

Second Quarter 2016 EBITDA improved by 60 million euros like-for-like at Air France and 151 million euros like-for-like at KLM. EBITDA margins were up at both airlines, reaching 10.0% at Air France and 13.8% at KLM.

	Second Quarter				**First Half**			
EBITDA per airline (€m)	**2016**	**2015***	**Change**	***like-for-like***	**2016**	**2015***	**Change**	***like-for-like***
Air France	382	333	+49	+60	532	347	+185	+240
EBITDA margin	10.0%	8.2%	+1.8 pt	+2.1 pt	7.2%	4.5%	+2.7 pt	+3.4 pt
KLM	341	220	+121	+151	459	178	+281	+346
EBITDA margin	13.8%	8.6%	+5.2 pt	+6.4 pt	10.0%	3.8%	+6.1 pt	+7.6 pt
Other/ eliminations	5	4	+1	+0	3	7	-4	+4
Total	**728**	**557**	**+171**	**+211**	**994**	**531**	**+463**	**+582**

* *Servair reclassified as discontinued operation.*

In the **First Half 2016**, total revenues stood at 11.8 billion euros versus 12.1 billion euros in the first half 2015, down 2.6% reported and on a like-for-like basis. The fuel bill amounted to 2,263 million euros, a reported decrease of 28.0% and down 29.1% on a like-for-like basis.

Over the first six months, savings achieved on the fuel bill (positive 858 million euros excluding currency) were partly offset by pressure on unit revenues (negative 419 million euros excluding currency) and negative currency impacts (negative 125 million euros) resulting in 37% of the fuel savings being retained.

In the First Half 2016, EBITDA amounted to a positive 994 million euros, an increase of 463 million euros. On a like-for-like basis, EBITDA increased by 582 million euros.

At 952 million euros, the Passenger Network was the main contributor to the EBITDA, up 541 million euros like-for-like. Despite the challenging Cargo operating context, marked by structural industry overcapacity, Cargo EBITDA improved by 37 million euros like-for-like mainly as a result of restructuring efforts.

The operating result stood at 218 million euros versus negative 238 million euros in 2015, an improvement of 456 million euros. Like-for-like, the operating result increased by 580 million euros.

The net result, group share stood at negative a 114 million euros against a negative 638 million euros a year ago.

At 30 June 2016, the trailing 12 months return on capital employed (ROCE) was 11.7%, up 6.3 points compared to 30 June 2015.

Passenger network[4] business

Passenger network	**Q2 2016**	**Q2 2015**	***Change***	***Change like-for-like***
Passengers (thousands)	20,621	20,487	+0.7%	
Capacity (ASK m)	69,799	69,947	-0.2%	
Traffic (RPK m)	59,104	59,453	-0.6%	
Load factor	84.7%	85.0%	-0.3 pt	
Total passenger revenues (€m)	4,940	5,242	-5.8%	-4.3%
Scheduled passenger revenues (€m)	4,733	5,024	-5.8%	-4.4%
Unit revenue per ASK (€ cts)	6.78	7.18	-5.6%	-4.1%
Unit revenue per RPK (€ cts)	8.01	8.45	-5.2%	-3.8%
Unit cost per ASK (€ cts)	6.30	6.88	-8.5%	-7.6%
Operating result (€m)	337	210	+127	+156

Second Quarter 2016 total passenger network revenues amounted to 4,940 million euros, down 5.8% and down 4.3% like-for-like. The Air France pilot strike negatively impacted the operating result by an estimated 40 million euros. The operating result of the passenger network business stood at 337 million euros, versus 210 million euros for the Second Quarter 2015. Like-for-like, the operating result was up 156 million euros.

The Group maintained its strict capacity discipline, keeping total passenger network capacity stable (-0.2%). Unit revenue per Available Seat Kilometer (RASK) remained volatile and was on average down by 4.1% excluding currency. The increasing pressure on unit revenue during the quarter reflected the weak supply-demand balance in the different regions of the network and increasingly soft flows to France as a destination.

Passenger network	**H1 2016**	**H1 2015**	***Change***	***Change like-for-like***
Passengers (thousands)	38,624	37,853	+2.0%	
Capacity (ASK m)	134,642	134,054	+0.4%	
Traffic (RPK m)	113,910	112,370	+1.4%	
Load factor	84.6%	83.8%	+0.8 pt	
Total passenger revenues (€m)	9,413	9,663	-2.6%	-2.4%
Scheduled passenger revenues (€m)	9,007	9,248	-2.6%	-2.4%
Unit revenue per ASK (€ cts)	6.69	6.90	-3.0%	-2.8%
Unit revenue per RPK (€ cts)	7.91	8.23	-3.9%	-3.7%
Unit cost per ASK (€ cts)	6.45	6.98	-7.6%	-8.4%
Operating result (€m)	319	-112	+431	+531

In the **First Half 2016**, passenger network revenues amounted to 9,413 million euros, down 2.6% and down 2.4% on a like-for-like basis. The operating result of the passenger network business stood at 319 million euros, versus a negative 112 million euros in the First Half 2015, an improvement of 431 million euros and 531 million euros like-for-like.

[4] Air France, KLM and HOP!. Transavia is reported in its own business segment.

The capacity outlook is unchanged with an increase over the Full Year 2016 of around 1% Available Seat Kilometer (ASK) in the passenger network expected as a result.

Cargo business

Cargo	**Q2 2016**	**Q2 2015**	***Change***	***Change like-for-like***
Tons (thousands)	282	295	-4.6%	
Capacity (ATK m)	3,565	3,684	-3.2%	
Traffic (RTK m)	2,087	2,193	-4.8%	
Load factor	58.5%	59.5%	-1.0 pt	
Total Cargo revenues (€m)	507	604	-16.1%	-14.0%
Scheduled cargo revenues (€m)	465	562	-17.3%	-15.2%
Unit revenue per ATK (€ cts)	13.0	15.3	-14.9%	-12.9%
Unit revenue per RTK (€ cts)	22.3	25.8	-13.5%	-11.4%
Unit cost per ATK (€ cts)	14.9	17.4	-14.6%	-14.0%
Operating result (€m)	-66	-78	+12	+21

The Group continued to restructure its Cargo activity to address the weak global trade and structural air cargo industry overcapacity. During **Second Quarter 2016**, full-freighter capacity was thus reduced by 16%, leading to a decrease in total Cargo capacity of 3.2%. Revenue per Available Ton Kilometer (ATK) was down by 12.9% like-for-like.

The operating result stood at negative 66 million euros, an improvement of 21 million euros like-for-like resulting from a strong decrease in unit costs (-14.0% like-for-like) due to the restructuring measures taken.

Cargo	**H1 2016**	**H1 2015**	***Change***	***Change like-for-like***
Tons (thousands)	558	596	-6.5%	
Capacity (ATK m)	6,999	7,418	-5.6%	
Traffic (RTK m)	4,121	4,454	-7.5%	
Load factor	58.9%	60.0%	-1.2 pt	
Total Cargo revenues (€m)	1,036	1,229	-15.7%	-15.5%
Scheduled cargo revenues (€m)	957	1,150	-16.8%	-16.7%
Unit revenue per ATK (€ cts)	13.7	15.5	-12.0%	-11.9%
Unit revenue per RTK (€ cts)	23.2	25.9	-10.3%	-10.2%
Unit cost per ATK (€ cts)	15.3	17.4	-12.1%	-12.8%
Operating result (€m)	-116	-141	+25	+38

First Half 2016 Cargo revenues amounted to 1,036 million euros, down 15.5% like-for-like. At -116 million euros, the operating result increased by 38 million like-for-like.

One MD11 freighter was retired during the First Quarter, and two MD11 freighters were phased out during the first week of July 2016 reducing the total number of full freighters in operation to six. This reduction should enable the full-freighter business to return to operating breakeven in 2017. The operating result of the Full Freighter business stood at negative 12 million euros over the first six months of 2016, an improvement of 25 million euros compared to the First Half 2015.

▸ Maintenance business

Maintenance	Q2 2016	Q2 2015	*Change*	*Change like-for-like*
Total revenues (€m)	1,000	999	+0.1%	
Third party revenues (€m)	435	395	+9.8%	12.9%
Operating result (€m)	57	51	+6	+9
Operating margin (%)	5.7%	5.1%	+0.6 pt	+0.9 pt

Second Quarter 2016 third party maintenance revenues amounted to 435 million euros, up by 9.8% and by 12.9% like-for-like. Revenues benefited not only from the strong dollar relative to the euro but also from the contracts gained in previous years.
The operating result stood at 57 million euros, up 6 million euros year-on-year, and up 9 million euros like-for-like.

Maintenance	H1 2016	H1 2015	*Change*	*Change like-for-like*
Total revenues (€m)	2,006	1,959	+2.1%	
Third party revenues (€m)	866	775	+11.6%	9.9%
Operating result (€m)	95	86	+9	+9
Operating margin (%)	4.7%	4.4%	+0.4 pt	+0.3 pt

During the **First Half 2016**, third party maintenance revenues increased by 11.6% and by 9.9% like-for-like. At 95 million euros, the operating result improved by 9 million euros.

Over the period, the maintenance order book recorded a further 10% increase to reach a record high of 9.2 billion dollars, including several new A350 support contracts.

▸ Transavia

Transavia	Q2 2016	Q2 2015	*Change*
Passengers (thousands)	3,764	3,092	+21.7%
Capacity (ASK m)	7,225	6,446	+12.1%
Traffic (RPK m)	6,387	5,819	+9.8%
Load factor	88.4%	90.3%	-1.9 pt
Total passenger revenues (€m)	323	304	+6.3%
Scheduled passenger revenues (€m)	322	302	+6.6%
Unit revenue per ASK (€ cts)	4.46	4.69	-4.9%
Unit revenue per RPK (€ cts)	5.04	5.19	-2.9%
Unit cost per ASK (€ cts)	4.62	4.78	-3.3%
Operating result (€m)	-12	-6	-6

In the **Second Quarter 2016**, Transavia capacity was up by 12.1%, reflecting the accelerated development in France (capacity up by 30%) and the opening of the Munich base on 25th March 2016. Traffic, measured in revenue passenger kilometers (RPK), rose by 9.8%. The load factor remained high (88.4%) despite the increase in capacity.

The unit revenue per ASK decreased by 4.9%, mainly due to geopolitical unrest and intensification of low cost competition. Unit costs per ASK decreased by 3.3% and by 10.0% at constant currency and stage length. The operating result stood at a negative 12 million euros, down 6 million euros but stable like-for-like.

Transavia	H1 2016	H1 2015	*Change*
Passengers (thousands)	5,657	4,748	+19.1%
Capacity (ASK m)	10,943	9,877	+10.8%
Traffic (RPK m)	9,650	8,836	+9.2%
Load factor	88.2%	89.5%	-1.3 pt
Total passenger revenues (€m)	483	450	+7.3%
Scheduled passenger revenues (€m)*	475	443	+7.2%
Unit revenue per ASK (€ cts)	4.34	4.50	-3.5%
Unit revenue per RPK (€ cts)	4.92	5.03	-2.1%
Unit cost per ASK (€ cts)	5.03	5.26	-4.3%
Operating result (€m)	-75	-75	+0

In the **First Half 2016**, Transavia revenues amounted to 483 million euros, up 7.3%. The operating result remained stable at a negative 75 million euros.

The rapid development of Transavia will continue in the Second Half of 2016, a capacity increase, measured in Available Seat Kilometer (ASK), of around 15% for the Full Year 2016, unchanged on the previous outlook.

Financial situation

In € million	**H1 2016**	**H1 2015***	***Change***
Cash flow before change in WCR and Voluntary Departure Plans, continuing operations	+809	+318	+491
Cash out related to Voluntary Departure Plans	-173	-97	-76
Change in Working Capital Requirement (WCR)	+793	+853	-60
Operating cash flow	**+1,429**	**+1,074**	**+355**
Net investments before sale & lease-back	-1,056	-809	-247
Cash received through sale & lease-back transactions	+0	+0	+0
Net investments after sale & lease-back	-1,056	-809	-247
Operating free cash flow	**+373**	**+265**	**+108**

** Servair reclassified as discontinued operation.*

In the First Half 2016, the increase of 463 million euros in EBITDA translated into a 491 million euro increase in cash flow before change in WCR and cash out related to Voluntary Departure Plans. The Group disbursed 173 million euros for Voluntary Departure Plans. The change in Working Capital Requirement contributed 793 million euros to operating cash flow. Net investments before sale & lease-back transactions stood at 1,056 million euros. As a result, operating free cash flow reached 373 million euros, up 108 million euros compared to the First Half of 2015.

Net debt amounted to 4.0 billion euros at 30 June 2016, versus 4.3 billion euros at 31 December 2015, an improvement of 265 million euros. Currencies had a significant negative impact of 142 million euro on net debt.

The trailing 12 months adjusted net debt/EBITDAR ratio stood at 2.9x at 30 June 2016, down 0.5 points compared to 31 December 2015, and down 1.0 points compared to 30 June 2015.

The 80 basis point fall in discount rates (for period > 20 years) during First Half 2016 led to another significant increase in the actuarial valuation of retirement obligations of more than 2.7 billion euros. The change in asset value amounted to 811 million euros during the First Half. The balance sheet pension situation thus moved from a net liability of 177 million euros at 31 December 2015 to a net liability of 1,979 million euros at 30 June 2016.

At 30 June 2016, equity, group share, amounted to negative 733 million euros, down 1,006 million euros over the First Half mainly due to the increase in the net pension liability.

The Group continues to enjoy a good level of liquidity, with net cash of 3.8 billion euros at 30 June 2016, and undrawn credit lines of 1.8 billion euros.

Outlook

The global context in 2016 remains highly uncertain regarding the geopolitical and economic environment in which we operate, fuel prices and the continuation of the overcapacity in the airline industry resulting in an increasing pressure on unit revenues and a special concern about France as a destination.

Under these conditions, the Group is expecting for Full Year 2016:

- **Free operating cash flow generation after disposals is maintained between 0.6 billion euros and 1.0 billion euros. The updated 2016 investment plan (between 1.8 billion euros and 2.0 billion euros, including buying back aircraft under operating lease) and disposals programme (between 0.3 billion euros and 0.6 billion euros) will continue to be adjusted depending on operating cashflow generation**
- **Impact of fuel savings on the P&L expected to be more than offset in the coming quarters by downward pressure on unit revenue and negative currency impacts**
- **Non fuel unit cost reduction target remain around 1% at constant currency**
- **Further significant reduction in net debt**

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Limited review procedures were carried out by the external auditors. Their limited review report was issued following the Board Meeting.

The results presentation is available at **www.airfranceklm.com** on July 27th 2016 from 7:15am CET.

An Analysts' meeting will be hosted by Mr Janaillac (CEO) and Mr Riolacci (CFO) on 27th July 2016 at 8:30am CET at the Pullman Paris Tour Eiffel hotel, 18, avenue de Suffren, Paris (15th arrondissement).

A live broadcast of the Analysts' meeting will be available at **www.airfranceklm.com** (password: AFKL) and by conference call.

To connect to the conference call, please dial:
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- Netherlands: +31(0)20 716 8295
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July 2016 Traffic (press release dated 8 August 2016)

- **Passenger network: activity impacted by Air France cabin crew strike**

Traffic highlights

Passenger network activity (Air France, KLM, HOP!)	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Long-haul	**- 0.3%**	**- 1.0%**	**89.2%**	**- 0.7**
North America	- 0.0%	- 1.6%	89.1%	- 1.4
Latin America	+ 2.8%	+ 3.8%	89.7%	+ 0.8
Asia	- 6.6%	- 7.4%	91.2%	- 0.8
Africa / Middle East	+ 2.3%	+ 3.4%	86.2%	+ 0.9
Caribbean / Indian Ocean	+ 6.5%	+ 4.5%	88.3%	- 1.7
Short and Medium-haul	**- 0.8%**	**- 0.5%**	**85.8%**	**+ 0.3**
Total	**- 0.4%**	**- 0.9%**	**88.5%**	**- 0.5**

- 7.5 million passengers, -0.6%
- Slight decrease in load factor of the long-haul network, while stable in the short and medium-haul network
- Excluding the estimated impact of the Air France cabin crew strike, the unit revenue per available seat kilometer (RASK) ex-currency down mid-single digit compared to July 2015, reflecting the weak supply-demand balance in the different regions of the network and soft local flows to France
- The impact of the seven day Air France cabin crew strike (period July 27th – August 2nd) on the operating result is estimated around € 90million

Transavia activity	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Total	**+ 13.9%**	**+ 12.9%**	**91.0%**	**- 0.8**

- 1.6 million passengers, +23.1%
- Strong increase in capacity driven by Transavia France and the expansion of the Munich base

Total group passenger activity (Air France, KLM, HOP!, Transavia)	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Total	**+ 1.0%**	**+ 0.5%**	**88.8%**	**- 0.5**

- 9.2 million passengers, +2.9%

Cargo activity	**Capacity** (ATK, %ch.)	**Traffic** (RTK, %ch.)	**Load Factor** (%)	**Change** (pts)
Total	**- 3.2%**	**- 6.7%**	**55.5%**	**- 2.1**

- Unit revenue per available ton kilometer (RATK) ex-currency clearly down compared to July 2015

Agenda
8th September: August 2016 traffic
10th October: September 2016 traffic
3rd November: Third Quarter 2016 results

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STATISTICS

Passenger network activity*

	July			**Year to date**		
Total Passenger network*	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Passengers carried (‘000s)	7,539	7,584	(0.6%)	46,163	45,440	1.6%
Revenue pax-kilometers (m RPK)	22,658	22,870	(0.9%)	136,568	135,242	1.0%
Available seat-kilometers (m ASK)	25,594	25,695	(0.4%)	160,236	159,750	0.3%
Load factor (%)	88.5%	89.0%	(0.5)	85.2%	84.7%	0.6
Long-haul						
Passengers carried (‘000s)	2,460	2,483	(0.9%)	14,784	14,651	0.9%
Revenue pax-kilometers (m RPK)	18,370	18,562	(1.0%)	110,742	109,947	0.7%
Available seat-kilometers (m ASK)	20,598	20,661	(0.3%)	128,354	127,806	0.4%
Load factor (%)	89.2%	89.8%	(0.7)	86.3%	86.0%	0.3
North America						
Passengers carried (‘000s)	768	784	(2.1%)	4,293	4,248	1.1%
Revenue pax-kilometers (m RPK)	5,476	5,567	(1.6%)	30,652	30,169	1.6%
Available seat-kilometers (m ASK)	6,146	6,149	(0.0%)	35,143	34,252	2.6%
Load factor (%)	89.1%	90.5%	(1.4)	87.2%	88.1%	(0.9)
Latin America						
Passengers carried (‘000s)	291	280	3.7%	1,804	1,739	3.7%
Revenue pax-kilometers (m RPK)	2,777	2,676	3.8%	17,290	16,723	3.4%
Available seat-kilometers (m ASK)	3,097	3,011	2.8%	19,767	19,338	2.2%
Load factor (%)	89.7%	88.9%	0.8	87.5%	86.5%	1.0
Asia / Pacific						
Passengers carried (‘000s)	562	610	(7.9%)	3,435	3,611	(4.9%)
Revenue pax-kilometers (m RPK)	4,970	5,367	(7.4%)	29,972	31,481	(4.8%)
Available seat-kilometers (m ASK)	5,451	5,833	(6.6%)	34,502	36,469	(5.4%)
Load factor (%)	91.2%	92.0%	(0.8)	86.9%	86.3%	0.6
Africa / Middle East						
Passengers carried (‘000s)	507	489	3.7%	3,126	3,011	3.8%
Revenue pax-kilometers (m RPK)	2,761	2,671	3.4%	17,321	16,716	3.6%
Available seat-kilometers (m ASK)	3,203	3,132	2.3%	21,286	20,988	1.4%
Load factor (%)	86.2%	85.3%	0.9	81.4%	79.6%	1.7
Caribbean / Indian,Ocean						
Passengers carried (‘000s)	333	319	4.3%	2,127	2,043	4.1%
Revenue pax-kilometers (m RPK)	2,386	2,282	4.5%	15,507	14,858	4.4%
Available seat-kilometers (m ASK)	2,701	2,536	6.5%	17,657	16,760	5.4%
Load factor (%)	88.3%	90.0%	(1.7)	87.8%	88.7%	(0.8)
Short and Medium-haul						
Passengers carried (‘000s)	5,079	5,101	(0.4%)	31,379	30,789	1.9%
Revenue pax-kilometers (m RPK)	4,288	4,308	(0.5%)	25,825	25,295	2.1%
Available seat-kilometers (m ASK)	4,996	5,034	(0.8%)	31,882	31,944	(0.2%)
Load factor (%)	85.8%	85.6%	0.3	81.0%	79.2%	1.8

* Air France, KLM, and HOP!

Transavia activity

	July			Year to date		
Transavia	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Passengers carried (‘000s)	1,626	1,321	23.1%	7,283	6,069	20.0%
Revenue pax-kilometers (m RPK)	2,871	2,543	12.9%	12,521	11,378	10.1%
Available seat-kilometers (m ASK)	3,157	2,773	13.9%	14,100	12,649	11.5%
Load factor (%)	91.0%	91.7%	(0.8)	88.8%	90.0%	(1.1)

Total group passenger activity**

	July			Year to date		
Total group**	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Passengers carried (‘000s)	9,164	8,905	2.9%	53,446	51,509	3.8%
Revenue pax-kilometers (m RPK)	25,529	25,413	0.5%	149,089	146,620	1.7%
Available seat-kilometers (m ASK)	28,751	28,467	1.0%	174,336	172,399	1.1%
Load factor (%)	88.8%	89.3%	(0.5)	85.5%	85.0%	0.5

** Air France, KLM, HOP! and Transavia

Cargo activity

	July			Year to date		
Total Group	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Revenue tonne-km (m RTK)	700	750	(6.7%)	4,820	5,205	(7.4%)
Available tonne-km (m ATK)	1,260	1,301	(3.2%)	8,258	8,721	(5.3%)
Load factor (%)	55.5%	57.6%	(2.1)	58.4%	59.7%	(1.3)

Air France and HOP! activity

	July			Year to date		
Total Passenger network activity	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Passengers carried (‘000s)	4,638	4,851	(4.4%)	28,822	29,223	(1.4%)
Revenue pax-kilometers (m RPK)	13,439	14,053	(4.4%)	80,991	82,049	(1.3%)
Available seat-kilometers (m ASK)	15,408	15,918	(3.2%)	96,289	97,625	(1.4%)
Load factor (%)	87.2%	88.3%	(1.1)	84.1%	84.0%	0.1

Long-haul						
Passengers carried (‘000s)	1,490	1,551	(3.9%)	8,892	8,957	(0.7%)
Revenue pax-kilometers (m RPK)	10,829	11,306	(4.2%)	65,015	65,759	(1.1%)
Available seat-kilometers (m ASK)	12,318	12,664	(2.7%)	76,112	76,884	(1.0%)
Load factor (%)	87.9%	89.3%	(1.4)	85.4%	85.5%	(0.1)

Short and Medium-haul						
Passengers carried (‘000s)	3,148	3,301	(4.6%)	19,930	20,266	(1.7%)
Revenue pax-kilometers (m RPK)	2,610	2,747	(5.0%)	15,977	16,290	(1.9%)
Available seat-kilometers (m ASK)	3,090	3,253	(5.0%)	20,178	20,741	(2.7%)
Load factor (%)	84.5%	84.4%	0.0	79.2%	78.5%	0.6

	July			Year to date		
Cargo activity	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Revenue tonne-km (m RTK)	300	297	1.0%	2,022	2,080	(2.8%)
Available tonne-km (m ATK)	614	608	1.0%	3,958	3,991	(0.8%)
Load factor (%)	48.9%	48.9%	(0.0)	51.1%	52.1%	(1.0)

KLM activity

Total Passenger network activity	July 2016	July 2015	July Variation	Year to date 2016	Year to date 2015	Year to date Variation
Passengers carried (‘000s)	2,900	2,733	6.1%	17,341	16,217	6.9%
Revenue pax-kilometers (m RPK)	9,219	8,818	4.6%	55,576	53,193	4.5%
Available seat-kilometers (m ASK)	10,186	9,777	4.2%	63,947	62,125	2.9%
Load factor (%)	90.5%	90.2%	0.3	86.9%	85.6%	1.3
Long-haul						
Passengers carried (‘000s)	969	932	4.0%	5,892	5,695	3.5%
Revenue pax-kilometers (m RPK)	7,540	7,256	3.9%	45,727	44,188	3.5%
Available seat-kilometers (m ASK)	8,280	7,997	3.6%	52,243	50,922	2.6%
Load factor (%)	91.1%	90.7%	0.3	87.5%	86.8%	0.8
Short and Medium-haul						
Passengers carried (‘000s)	1,931	1,800	7.2%	11,449	10,522	8.8%
Revenue pax-kilometers (m RPK)	1,679	1,561	7.5%	9,849	9,005	9.4%
Available seat-kilometers (m ASK)	1,906	1,780	7.0%	11,704	11,203	4.5%
Load factor (%)	88.1%	87.7%	0.4	84.1%	80.4%	3.8

Cargo activity	July 2016	July 2015	July Variation	Year to date 2016	Year to date 2015	Year to date Variation
Revenue tonne-km (m RTK)	399	453	(11.8%)	2,798	3,125	(10.5%)
Available tonne-km (m ATK)	645	693	(6.9%)	4,300	4,730	(9.1%)
Load factor (%)	61.8%	65.3%	(3.4)	65.1%	66.1%	(1.0)

August 2016 Traffic (press release dated 8 September 2016)

- **Passenger activity: strict capacity discipline passenger network, increase in passengers on Group level**

Traffic highlights

Passenger network activity (Air France, KLM, HOP!)	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Long-haul	**+ 0.0%**	**- 1.7%**	**89.4%**	**- 1.6**
North America	+ 0.7%	- 1.8%	88.4%	- 2.2
Latin America	+ 4.1%	+ 3.9%	88.5%	- 0.2
Asia	- 6.7%	- 8.4%	91.7%	- 1.7
Africa / Middle East	+ 1.8%	+ 0.3%	88.5%	- 1.4
Caribbean / Indian Ocean	+ 6.8%	+ 5.5%	88.9%	- 1.1
Short and Medium-haul	**+ 0.5%**	**- 1.8%**	**83.0%**	**- 1.9**
Total	**+ 0.1%**	**- 1.7%**	**88.1%**	**- 1.6**

- 7.2 million passengers, -1.8%
- Slight decrease in load factor, reflecting the increasingly weak supply-demand balance in the different regions of the network and the continuous soft local flows to France
- Excluding the estimated impact of the Air France cabin crew strike, the variation year on year of the unit revenue per available seat kilometer (RASK) ex-currency deteriorated compared to July 2016
- As a reminder, the impact of the seven day Air France cabin crew strike (period July 27th – August 2nd) on the operating result was estimated around € 90 million, including the first 2 days of August

Transavia activity	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Total	**+ 13.9%**	**+ 13.2%**	**92.1%**	**- 0.6**

- 1.7 million passengers, +21.0%
- Strong increase in capacity driven by Transavia France and the expansion of the Munich base

Total group passenger activity (Air France, KLM, HOP!, Transavia)	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Total	**+ 1.5%**	**- 0.2%**	**88.6%**	**- 1.5**

- 8.9 million passengers, +1.9%

Cargo activity	**Capacity** (ATK, %ch.)	**Traffic** (RTK, %ch.)	**Load Factor** (%)	**Change** (pts)
Total	**- 2.7%**	**- 7.7%**	**54.9%**	**- 2.9**

- Unit revenue per available ton kilometer (RATK) ex-currency clearly down compared to August 2015

Agenda
10th October: September 2016 traffic
3rd November: Third Quarter 2016 results
9th November: October 2016 traffic

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STATISTICS

Passenger network activity*

	August			Year to date		
Total Passenger network*	**2016**	**2015**	**Variation**	**2016**	**2015**	**Variation**
Passengers carried (‘000s)	7,219	7,349	(1.8%)	53,382	52,789	1.1%
Revenue pax-kilometers (m RPK)	22,723	23,119	(1.7%)	159,291	158,362	0.6%
Available seat-kilometers (m ASK)	25,780	25,748	0.1%	186,017	185,499	0.3%
Load factor (%)	88.1%	89.8%	(1.6)	85.6%	85.4%	0.3
Long-haul						
Passengers carried (‘000s)	2,488	2,539	(2.0%)	17,272	17,190	0.5%
Revenue pax-kilometers (m RPK)	18,591	18,912	(1.7%)	129,333	128,859	0.4%
Available seat-kilometers (m ASK)	20,801	20,795	0.0%	149,156	148,602	0.4%
Load factor (%)	89.4%	90.9%	(1.6)	86.7%	86.7%	(0.0)
North America						
Passengers carried (‘000s)	772	791	(2.4%)	5,065	5,039	0.5%
Revenue pax-kilometers (m RPK)	5,507	5,606	(1.8%)	36,158	35,775	1.1%
Available seat-kilometers (m ASK)	6,232	6,187	0.7%	41,375	40,440	2.3%
Load factor (%)	88.4%	90.6%	(2.2)	87.4%	88.5%	(1.1)
Latin America						
Passengers carried (‘000s)	289	278	3.9%	2,092	2,016	3.8%
Revenue pax-kilometers (m RPK)	2,773	2,668	3.9%	20,063	19,391	3.5%
Available seat-kilometers (m ASK)	3,132	3,007	4.1%	22,899	22,345	2.5%
Load factor (%)	88.5%	88.7%	(0.2)	87.6%	86.8%	0.8
Asia / Pacific						
Passengers carried (‘000s)	564	621	(9.2%)	3,998	4,232	(5.5%)
Revenue pax-kilometers (m RPK)	5,018	5,480	(8.4%)	34,991	36,960	(5.3%)
Available seat-kilometers (m ASK)	5,472	5,867	(6.7%)	39,973	42,336	(5.6%)
Load factor (%)	91.7%	93.4%	(1.7)	87.5%	87.3%	0.2
Africa / Middle East						
Passengers carried (‘000s)	519	520	(0.2%)	3,645	3,532	3.2%
Revenue pax-kilometers (m RPK)	2,841	2,834	0.3%	20,162	19,550	3.1%
Available seat-kilometers (m ASK)	3,209	3,152	1.8%	24,495	24,139	1.5%
Load factor (%)	88.5%	89.9%	(1.4)	82.3%	81.0%	1.3
Caribbean / Indian,Ocean						
Passengers carried (‘000s)	344	328	4.8%	2,471	2,371	4.2%
Revenue pax-kilometers (m RPK)	2,452	2,325	5.5%	17,959	17,182	4.5%
Available seat-kilometers (m ASK)	2,757	2,582	6.8%	20,414	19,341	5.5%
Load factor (%)	88.9%	90.0%	(1.1)	88.0%	88.8%	(0.9)
Short and Medium-haul						
Passengers carried (‘000s)	4,732	4,811	(1.6%)	36,110	35,600	1.4%
Revenue pax-kilometers (m RPK)	4,133	4,208	(1.8%)	29,958	29,503	1.5%
Available seat-kilometers (m ASK)	4,979	4,953	0.5%	36,861	36,897	(0.1%)
Load factor (%)	83.0%	85.0%	(1.9)	81.3%	80.0%	1.3

* Air France, KLM, and HOP!

Transavia activity

Transavia	August 2016	August 2015	Variation	Year to date 2016	Year to date 2015	Variation
Passengers carried ('000s)	1,679	1,387	21.0%	8,962	7,457	20.2%
Revenue pax-kilometers (m RPK)	2,985	2,637	13.2%	15,507	14,014	10.6%
Available seat-kilometers (m ASK)	3,243	2,846	13.9%	17,343	15,495	11.9%
Load factor (%)	92.1%	92.6%	(0.6)	89.4%	90.4%	(1.0)

Total group passenger activity**

Total group**	August 2016	August 2015	Variation	Year to date 2016	Year to date 2015	Variation
Passengers carried ('000s)	8,899	8,737	1.9%	62,344	60,246	3.5%
Revenue pax-kilometers (m RPK)	25,709	25,756	(0.2%)	174,798	172,376	1.4%
Available seat-kilometers (m ASK)	29,023	28,594	1.5%	203,360	200,994	1.2%
Load factor (%)	88.6%	90.1%	(1.5)	86.0%	85.8%	0.2

** Air France, KLM, HOP! and Transavia

Cargo activity

Total Group	August 2016	August 2015	Variation	Year to date 2016	Year to date 2015	Variation
Revenue tonne-km (m RTK)	701	759	(7.7%)	5,521	5,965	(7.4%)
Available tonne-km (m ATK)	1,276	1,312	(2.7%)	9,535	10,034	(5.0%)
Load factor (%)	54.9%	57.8%	(2.9)	57.9%	59.4%	(1.5)

Air France and HOP! activity

Total Passenger network activity	August 2016	August 2015	Variation	Year to date 2016	Year to date 2015	Variation
Passengers carried ('000s)	4,383	4,622	(5.2%)	33,205	33,845	(1.9%)
Revenue pax-kilometers (m RPK)	13,484	14,181	(4.9%)	94,476	96,230	(1.8%)
Available seat-kilometers (m ASK)	15,590	15,973	(2.4%)	111,879	113,598	(1.5%)
Load factor (%)	86.5%	88.8%	(2.3)	84.4%	84.7%	(0.3)
Long-haul						
Passengers carried ('000s)	1,514	1,588	(4.7%)	10,406	10,545	(1.3%)
Revenue pax-kilometers (m RPK)	10,983	11,520	(4.7%)	75,998	77,280	(1.7%)
Available seat-kilometers (m ASK)	12,519	12,807	(2.3%)	88,630	89,691	(1.2%)
Load factor (%)	87.7%	90.0%	(2.2)	85.7%	86.2%	(0.4)
Short and Medium-haul						
Passengers carried ('000s)	2,869	3,033	(5.4%)	22,799	23,300	(2.2%)
Revenue pax-kilometers (m RPK)	2,501	2,661	(6.0%)	18,478	18,951	(2.5%)
Available seat-kilometers (m ASK)	3,071	3,166	(3.0%)	23,249	23,907	(2.8%)
Load factor (%)	81.4%	84.0%	(2.6)	79.5%	79.3%	0.2

Cargo activity	August 2016	August 2015	Variation	Year to date 2016	Year to date 2015	Variation
Revenue tonne-km (m RTK)	289	299	(3.5%)	2,311	2,380	(2.9%)
Available tonne-km (m ATK)	620	614	1.0%	4,578	4,606	(0.6%)
Load factor (%)	46.6%	48.7%	(2.2)	50.5%	51.7%	(1.2)

KLM activity

Total Passenger network activity	August 2016	August 2015	August Variation	Year to date 2016	Year to date 2015	Year to date Variation
Passengers carried (‘000s)	2,836	2,727	4.0%	20,178	18,944	6.5%
Revenue pax-kilometers (m RPK)	9,239	8,938	3.4%	64,815	62,132	4.3%
Available seat-kilometers (m ASK)	10,191	9,775	4.3%	74,138	71,900	3.1%
Load factor (%)	90.7%	91.4%	(0.8)	87.4%	86.4%	1.0

Long-haul						
Passengers carried (‘000s)	974	950	2.5%	6,866	6,645	3.3%
Revenue pax-kilometers (m RPK)	7,607	7,391	2.9%	53,335	51,579	3.4%
Available seat-kilometers (m ASK)	8,283	7,989	3.7%	60,526	58,911	2.7%
Load factor (%)	91.8%	92.5%	(0.7)	88.1%	87.6%	0.6

Short and Medium-haul						
Passengers carried (‘000s)	1,862	1,777	4.8%	13,311	12,300	8.2%
Revenue pax-kilometers (m RPK)	1,632	1,547	5.5%	11,480	10,552	8.8%
Available seat-kilometers (m ASK)	1,908	1,787	6.8%	13,612	12,990	4.8%
Load factor (%)	85.5%	86.6%	(1.1)	84.3%	81.2%	3.1

Cargo activity	August 2016	August 2015	August Variation	Year to date 2016	Year to date 2015	Year to date Variation
Revenue tonne-km (m RTK)	412	460	(10.4%)	3,210	3,585	(10.5%)
Available tonne-km (m ATK)	656	698	(6.0%)	4,956	5,428	(8.7%)
Load factor (%)	62.8%	65.9%	(3.1)	64.8%	66.0%	(1.3)

KLM Flight Deck Crew plan: Court decides in KLM's favour (press release dated 27 September 2016)

The Amsterdam District Court today ruled in favour of KLM in the pension dispute with the VNV (the Dutch Airline Pilots' Association) concerning KLM's cancellation of the protocol regarding Structural Surpluses and Deficits (*Structureel Overschotten en Tekorten* or STROT) starting 1 December 2016.

The consequences brought about by changes to Dutch pension legislation applicable as of 1 January 2015 combined with low interest rates would force KLM to make a significant additional contribution by the end of the year to achieve indexation of the KLM Flight Deck Crew Plan. As this could impact the company's financial situation, KLM had to take the extreme measure of cancelling the protocol regarding Structural Surpluses and Deficits (STROT) with the VNV (the Dutch Airline Pilots' Association) and the related financing agreement with the Pension Fund.

KLM is confident it will be able to arrive at a suitable solution with the VNV.

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TAXATION

The following is a summary limited to certain tax considerations in France relating to the Notes as of the date of this prospectus and subject to any changes in law, and is included herein solely for information purposes. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

France

The following specifically contains information on withholding taxes levied on the income from the Notes held by Noteholders who do not otherwise hold shares of the Issuer and This summary is based on the laws in force in France as of the date of this Prospectus, as applied and construed by the French tax authorities, subject to any changes in law or in interpretation. Persons who are in any doubt as to their tax position should consult a professional tax adviser.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non- Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*. The 75% withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which may be updated on a yearly basis.

Furthermore, in application of article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income inter alia if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a financial institution located in such a Non- Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as deemed distributions pursuant to Articles 109 et seq. of the French Code *général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis 2 of the French *Code général des impôts*, at a rate of 30% or 75% (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion and the related withholding tax set out in article 119 bis 2 of the French *Code général des impôts* will apply in respect of the issue of the Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the official regulation (*Bulletin Officiel des Finances Publiques-Impôts*)*BOI*-INT-DG-20-50-20140211, n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211, n°70, BOI-IR-DOMIC-10-20-20-60-20150320, n°10, an issue of notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if such notes are, *inter alia*:

(i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(ii) admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non- Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A of the French *Code général des impôts* (i.e. where the paying agent (*établissement payeur*) is located in France), subject to certain limited exceptions, interest and similar income received by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 % withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 % on interest and similar income paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France. Holders of Notes who are French tax resident individuals are urged to consult with their usual tax advisor on the way the 24% levy and the 15.5% social security contributions are collected, where the paying agent is not located in France.

All prospective investors should seek independent advice as to their tax positions.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 10 October 2016 (the "**Subscription Agreement**") entered into between HSBC Bank plc, Société Générale, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Industriel et Commercial S.A. and Goldman Sachs International (the "**Joint Lead Managers**") and the Issuer, the Joint Lead Managers have agreed, subject to satisfaction of certain conditions, to jointly and severally subscribe and pay for the Notes at a price equal to 100 per cent. of their principal amount less the commissions agreed between the Issuer and the Joint Lead Managers. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

General Restrictions

Neither the Issuer nor any Joint Lead Manager has taken or will take any action in any jurisdiction that would, or is intended to, permit a public offering of the Notes or possession or distribution of this Prospectus (in preliminary, proof or final form) or of any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will comply, to the best of its knowledge, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any other material. It will also ensure that no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

France

The Issuer and each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France this Prospectus or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*), to the exclusion of any individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United States

The Notes have not been and will not be registered under the Securities Act or the securities law of any U.S. state, and the Notes may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in compliance with applicable state securities laws. The Notes are being offered and sold solely outside of the United States to non-U.S. persons in reliance on and in accordance with Regulation S. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Each Joint Lead Manager has agreed that (i) except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (x) as part of its distribution at any time or (y) otherwise until 40 days after the completion of the distribution of the Notes (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and (ii) it will have sent to each dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes which are the subject of the offering contemplated by this Prospectus in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

1. Application has been made to the AMF to approve this document as a prospectus and this Prospectus has received visa n°16-473 from the AMF on 10 October 2016. Application has been made for the Notes to be listed on, and admitted to trading on the regulated market (within the meaning of Directive 2004/39/EC, as amended) of Euronext Paris on 12 October 2016.

2. The Notes have been accepted for clearance through Euroclear France (66, rue de la Victoire, 75009 Paris, France), Clearstream (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg) and Euroclear (1, boulevard du Roi Albert II, 1210 Brussels, Belgium) with the Common Code 150410410. The International Securities Identification Number (ISIN) for the Notes is FR0013212958.

3. The issue of the Notes has been authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 15 March 2016 and a decision of its Chairman and Chief Executive Officer (*Président Directeur général*) dated 5 October 2016.

4. The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue of, and performance of the Issuer's obligations under the Notes.

5. The total expenses related to the admission to trading are estimated at €10,500.

6. The yield of the Notes is 3.750 per cent. *per annum*. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

7. Save for any fees payable to the Joint Lead Managers, as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material, including any conflicting interest, to the issue.

8. Save as disclosed in item 11.6 of the cross-reference table on page 11 of this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2016.

9. There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2015.

10. Save as disclosed in item 11.5 of the cross-reference table on page 11 of this Prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

11. There are no material contracts (other than those entered into in the ordinary course of the Issuer's business) which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

12. For so long as any of the Notes are outstanding, copies of the following documents may be inspected during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the registered office of the Issuer, the Fiscal Agent or the Paying Agent:

    (a) this Prospectus;

    (b) the Fiscal Agency Agreement;

    (c) the *statuts* of the Issuer; and

    (d) the Documents Incorporated by Reference.

The Prospectus, the 2014 Registration Document and the 2015 Registration Document are also available on the website of the AMF (www.amf-france.org).

13. Deloitte & Associés and KPMG Audit, department of KPMG S.A. have audited the consolidated financial statements of the Issuer prepared in accordance with IFRS as adopted by the European Union as of and for the financial years ended 31 December 2015 and 31 December 2014. There reports with respect thereto are respectively dated 18 February 2016 and 19 February 2015. Deloitte & Associés and KPMG Audit, department of KPMG S.A. have rendered a report on the condensed half-yearly consolidated financial statements of the Issuer for the half-year ended 30 June 2016.

    Deloitte & Associés (185, avenue Charles de Gaulle, 92524 Neuilly sur Seine Cedex, France) and KPMG Audit, department of KPMG S.A. (Tour EQHO, 2 avenue Gambetta, CS60066, 92066 Paris-La Défense Cedex, France) are members of the *Compagnie régionale des Commisaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*.

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