

Prospectus dated 30 March 2015



Air France-KLM

€400,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes Issue Price: 99.482 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 undated deeply subordinated fixed rate resettable notes (the “Notes”) of Air France-KLM (the “Issuer”) will be issued outside the Republic of France on 1 April 2015 (the “Issue Date”).

Each Note will bear interest on its principal amount (i) from (and including) the Issue Date to (but excluding) 1 October 2020 (the “First Call Date”) at a fixed rate of 6.250 per cent. *per annum* payable annually in arrear on 1 October in each year and commencing on 1 October 2015 and (ii) from (and including) the First Call Date to (but excluding) the final redemption of the Notes, at a fixed rate *per annum* which shall be equal to the 5-year Swap Rate determined two Business Days prior to the first day of the relevant Interest Rate Period (as defined herein) plus a Margin of 11.072 per cent. *per annum* (which Margin includes a step-up of 5.00 per cent.) for each Interest Rate Period, payable annually in arrear on 1 October in each year and commencing on 1 October 2021. There will be a short first coupon in respect of the first Interest Rate Period from, and including, the Issue Date to, but excluding, 1 October 2015, as further described in the section “Terms and Conditions of the Notes – Interest” of this Prospectus. Payment of interest on the Notes may be deferred at the option of the Issuer except under certain circumstances, as further described in the section “Terms and Conditions of the Notes – Interest – Interest Deferral” 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”.

The Notes are undated securities with no specified maturity date. The Issuer will have the right to redeem all, but not some only, of the Notes on the First Call Date or on any Reset Date thereafter, as defined and further described in “Terms and Conditions of the Notes – Redemption and Purchase – Optional Redemption”. The Issuer may also, at its option, redeem all, but not some only, of the Notes upon the occurrence of certain events, including a Gross-Up Event, a Tax Deductibility Event, an Accounting Event and a Repurchase Event, and shall be required to redeem the Notes upon the occurrence of a Withholding Tax Event, each as defined and as further described in “Terms and Conditions of the Notes – Redemption and Purchase”.

In addition, the Issuer may at its option, further to the occurrence of a Change of Control Call Event, redeem or procure purchase for all, but not some only, of the Notes as defined and further described in “Terms and Conditions of the Notes – Redemption and Purchase – Redemption following a Change of Control Call Event”. If such option is not exercised, the interest payable on the Notes will be increased by an additional margin of 5.00 per cent. *per annum*, as further described in the section “Terms and Conditions of the Notes – Interest – Rate of Interest following a Change of Control Call Event” of this Prospectus.

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 (*inscriptions 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 depository bank for Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). The Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and are not being offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (“Regulation S”) or pursuant to an exemption from 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 et 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°15-124 on 30 March 2015.

This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-1 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 and the 2013 Registration Document are available on the website of the AMF (www.amf-france.org).

Structuring Advisers to the Issuer, Joint Bookrunners and Global Coordinators

BNP Paribas

Deutsche Bank

Morgan Stanley

Joint Bookrunners and Global Coordinators

Crédit Agricole CIB

NATIXIS

Joint Bookrunners

HSBC

Santander Global Banking &
Markets

Société Générale Corporate &
Investment Banking

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 Bookrunners (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 Bookrunners 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 Bookrunners 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 Bookrunners 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 U.S. Securities Act of 1933, as amended (the “Securities Act”). The Notes may not be offered or sold within the United States, or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)).

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 Bookrunners. 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 and the Group 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 and the Group 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 Bookrunners have not separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Bookrunners 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 Bookrunners 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 Air France and KLM and their respective subsidiaries, unless the context otherwise requires.

In connection with the issue of the Notes, Morgan Stanley & Co. International plc (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 2013 included on pages 250 and 251 of the 2013 Registration Document (as defined in "Incorporation by Reference") contain the following observation: *"Without qualifying our opinion, we draw your attention to the note 2.1 to the consolidated financial statements which sets out the change in accounting policy relating to the application of IAS 19 revised "Employee Benefits" effective as from January 1st, 2013."*

Air France – KLM

2, rue Robert Esnault-Pelterie
75007 Paris
France

Duly represented by:
Alexandre de Juniac
Chairman and Chief Executive Officer

on 30 March 2015

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 Financial Report “*Rapport Financier*” in the French language which was filed with the AMF on 9 March 2015, 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 Financial Report**”); and
- (ii) the Issuer’s 2013 Registration Document “*Document de Référence*” in the French language which was filed with the AMF on 8 April 2014 under number D14-0311, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2013 and the related notes thereto and the related statutory auditors' report (the “**2013 Registration Document**”), except for the third paragraph of the section “*Attestation du responsable*” on page 292.

Free translations in the English language of the 2014 Financial Report and the 2013 Registration Document 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.

Such documents 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. The 2013 Registration Document is available 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

<i>Annex IX of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</i>	Pages of the 2013 Registration Document	Pages of the 2014 Financial Report
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<i>Annex IX of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</i>	Pages of the 2013 Registration Document	Pages of the 2014 Financial Report
together with an explanation of this dependence.		
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<i>Annex IX of the European Regulation 809/2004/EC of 29 April 2004 as amended by Commission Delegated Regulation (EU) 486/2012 of 30 March 2012 and 862/2012 of 4 June 2012</i>	Pages of the 2013 Registration Document	Pages of the 2014 Financial Report
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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 82 to 84 and 174 to 186 of the 2014 Financial Report incorporated by reference in this Prospectus, as described in the section “Incorporation by Reference”.

The objectives of the Perform 2020 strategic plan are subject to uncertainties and investors should refer to the section entitled “Forward-Looking Statements” of this Prospectus.

RISK FACTORS RELATING TO THE NOTES

General Risks 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 any such borrowings and whether other selling restrictions are applicable to them.

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.

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, the value of the reference rate, its volatility, market interest and yield rates and the perpetual nature of the Notes. 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 from time to time 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 10 (“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 Société Air France (“**SAF**”) and Koninklijke Luchtvaart Maatschappij N.V. (“**KLM**”). Accordingly, in addition to the Notes being subordinated obligations of the Issuer themselves, 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 instruments such as the Notes. Certain French and EU tax matters relating to an investment in the Notes are summarized under the section entitled “*Taxation*” below; however, that section does not contain a comprehensive description of the tax impact of an investment in the Notes and the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. 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.

EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the

“**Savings Directive**”). The Savings Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of another Member State details of payments of interest and other similar income paid by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State, or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld). The rate of this withholding tax is currently 35 per cent. Luxembourg operated such a withholding system until 31 December 2014 but the Luxembourg government has elected out of the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. A number of non-EU countries and territories have adopted similar measures. On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the “**Amending Directive**”), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the categories of entities required to provide information and/or withhold tax pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payment, through a “look through” approach. The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive and are required to apply these new requirements from 1 January 2017.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation, pursuant to which Member States other than Austria will be required to apply other new measures on mandatory automatic exchange of information from 1 January 2016. Austria has an additional year before being required to implement the new measures but it has announced that it will nevertheless begin to exchange information automatically in accordance with the timetable applicable to the other Member States.

Investors should inform themselves of, and where appropriate take advice on the impact of the Savings Directive and the Amending Directive on their investment. See also “*Taxation-EU Savings Directive*”.

Pursuant to the Terms and Conditions of the Notes, if a payment were to be made under the Savings Directive (as amended from time to time) and an amount of, or in respect of tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax.

The proposed financial transactions tax

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**”)).

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. The FTT would impose a charge at generally not less than 0.1 per cent. of the sale price on such transactions. Primary market transactions referred to in Article 5(c) of regulation (EC) No 1287/2006 would be exempt.

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. Joint statements issued by the Participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. If the proposed directive or any similar tax were adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

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.

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 order 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) 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.

Potential conflict of interest

Certain of the Joint Bookrunners 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 Bookrunners 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 Bookrunners 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 Bookrunners 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 Bookrunners 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.

Risks relating to the structure of the Notes

The Notes are deeply subordinated obligations of the Issuer

The Issuer's obligations under the Notes are direct, unconditional, unsecured and lowest ranking subordinated obligations (*engagements subordonnés de dernier rang*) of the Issuer and rank and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations of the Issuer. In the event of the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the

Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency), the rights of Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors of the Issuer (including holders of Unsubordinated Notes), of the ordinary subordinated creditors of the Issuer (including holders of Ordinary Subordinated Notes) and of lenders in relation to *prêts participatifs* granted to the Issuer, if and to the extent that there is still cash available for those payments. Thus, the Noteholders face a higher performance risk than holders of unsubordinated and ordinary subordinated obligations of the Issuer.

The claims of the Noteholders under the Notes are intended to be senior only to claims of shareholders. There are currently no instruments of the Issuer other than the ordinary shares of the Issuer that rank junior to the Notes.

The Notes are undated securities

The Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem or repurchase the Notes at any time except as noted otherwise, and the Noteholders have no right to require redemption of the Notes. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period and may not recover their investment in the foreseeable future.

Deferral of interest payment

Interest which accrues during an Interest Period ending on but excluding an Interest Payment Date will be due on that Interest Payment Date unless the Issuer elects to defer such payment in whole (but not in part), and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Notes or for any other purpose. The Issuer shall not be entitled to elect to defer any such payment if a Mandatory Payment Event occurred during the 12 months preceding the Interest Payment Date.

Any interest in respect of the Notes which has been deferred on an Interest Payment Date shall constitute Arrears of Interest and, if due for at least one year, bear interest, and shall be payable, as described in the Terms and Conditions of the Notes.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Risk of early redemption following the occurrence of a Gross-Up Event, a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Change of Control Call Event or a Repurchase Event

The Issuer may, at its option, redeem all, but not some only, of the Notes on the First Call Date and on any Reset Date thereafter, and at any time following the occurrence of a Gross-Up Event, a Tax

Deductibility Event, an Accounting Event, a Change of Control Call Event or a Repurchase Event, as described in the Terms and Conditions of the Notes.

The Issuer shall be required to redeem all the Notes following the occurrence of a Withholding Tax Event, as outlined in the Terms and Conditions of the Notes.

In the event of an early redemption of the Notes following the occurrence of a Gross-Up Event, a Withholding Tax Event, a Change of Control Call Event or a Repurchase Event, such early redemption of the Notes will be made at the principal amount of the Notes together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon), as described in the Terms and Conditions of the Notes. In the event of an early redemption at the option of the Issuer following the occurrence of a Tax Deductibility Event or an Accounting Event, such early redemption of the Notes will be made (i) at the Early Redemption Price, where such redemption occurs before the First Call Date, or (ii) at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) where such redemption occurs on or after the First Call Date, as described in the Terms and Conditions of the Notes.

The redemption at the option of the Issuer might negatively affect the market value of such Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. The Issuer may also be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Notes had they not been redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

There are no events of default or cross default under the Notes

The Terms and Conditions of the Notes do not provide for events of default, including cross default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No limitation on issuing or guaranteeing debt ranking senior to, or pari passu with, the Notes

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries and affiliates may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* or senior to the obligations under and in connection with the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

Interest Rate Risk

Interest on the Notes before the First Call Date, which is calculated at a fixed rate, 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, in this case, during a certain period of time, the current interest rate on the capital markets (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.

Following the First Call Date, interest on the Notes shall be calculated on the basis of the mid swap rates for Euro swap transactions with a maturity of five years plus the margin. These mid swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for Euro swap transactions mean a higher interest and lower mid swap rates for Euro swap transactions with a maturity of five years mean a lower interest.

Risk relating to the Change in the Rate of Interest

The interest rate of the Notes will be reset on each Reset Date. Such rate will be determined two Business Days before the First Call Date (and re-determined every 5 years thereafter) and as such is not pre-defined at the date of issue of the Notes; such re-determined rate may be different from the initial rate and may adversely affect the yield of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €400,000,000 Undated Deeply Subordinated Fixed Rate Resettable Notes (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 18 February 2015 and a decision of its *Président Directeur général* dated 25 March 2015. The Issuer has entered into an agency agreement dated 30 March 2015 as amended and supplemented from time to time (the “Agency Agreement”) with BNP Paribas Securities Services as fiscal agent, principal paying agent and calculation agent. The fiscal agent and principal paying agent, the calculation agent and the paying agents for the time being are respectively referred to in these Conditions as the “Fiscal Agent”, the “Principal Paying Agent”, the “Calculation Agent” and the “Paying Agents” (which expression shall include the Principal Paying Agent and the Fiscal Agent), each of which expression shall, where the context so admits, include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the “Agents”. Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents. 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 (*inscriptions 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, société anonyme (“Clearstream, Luxembourg”).

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

(a) Deeply Subordinated Notes

The Notes (which constitute *obligations*) are Deeply Subordinated Notes. The principal and interest (including for the avoidance of doubt, Arrears of Interest and Additional Interest Amount (as defined below)) on the Notes constitute direct, unconditional, unsecured and Deeply Subordinated Obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations, but shall be subordinated to any *prêts participatifs* granted to the Issuer, to Ordinary Subordinated Obligations and to Unsubordinated Obligations of, or issued by, the Issuer.

“Deeply Subordinated Notes” means any bonds, notes or other securities issued by the Issuer which constitute direct, unconditional, unsecured and lowest ranking subordinated obligations (*titres*

subordonnés de dernier rang) of the Issuer issued pursuant to the provisions of Article L.228-97 of the French *Code de commerce* and which rank and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future Deeply Subordinated Obligations, but junior to any *prêts participatifs* granted to the Issuer, and junior to the Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer.

“**Deeply Subordinated Obligations**” means any Deeply Subordinated Notes or lowest ranking Obligations (*engagements subordonnés de dernier rang*) of the Issuer which rank and will rank *pari passu* without any preference among themselves, or are expressed to rank *pari passu* with the Notes.

“**Obligations**” means, in respect of any person, any financial obligation expressed to be assumed by or imposed on such person under or arising as a result of any contract, agreement, guarantee, document, instrument, conduct or relationship or directly by law.

“**Ordinary Subordinated Obligations**” means any Obligations which constitute direct, unconditional, unsecured and subordinated Obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and *pari passu* with all other present or future Ordinary Subordinated Obligations, behind Unsubordinated Obligations but in priority to any *prêts participatifs* granted to the Issuer and Deeply Subordinated Obligations.

“**Unsubordinated Obligations**” means any Obligations which constitute direct, unconditional and unsubordinated Obligations of the Issuer and rank and will rank *pari passu* without any preference among themselves and (save for certain obligations required to be preferred by French law) *pari passu* with all other present or future Unsubordinated Obligations of the Issuer.

(b) Payment on the Notes in the event of liquidation of the Issuer

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency), the payments of the creditors of the Issuer shall be made in the following order of priority (in each case subject to the payment in full of priority creditors):

- (i) unsubordinated creditors of the Issuer (including creditors in respect of Unsubordinated Obligations);
- (ii) ordinary subordinated creditors of the Issuer (including creditors in respect of Ordinary Subordinated Obligations);
- (iii) lenders in relation to *prêts participatifs* granted to the Issuer, and
- (iv) deeply subordinated creditors of the Issuer (including holders of Deeply Subordinated Notes and creditors in respect of Deeply Subordinated Obligations).

In the event of liquidation of the Issuer, the Notes shall rank in priority only to any payments to holders of Equity Securities.

“**Equity Securities**” means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer’s share capital (including preference shares (*actions de préférence*)).

In the event of incomplete payment of the creditors referred to in (i), (ii) and (iii) above, the obligations of the Issuer in connection with any present or future Deeply Subordinated Obligations (including the Notes) shall be terminated.

3 Negative Pledge

There will be no negative pledge in respect of the Notes.

4 Interest

(a) General

The Notes shall bear interest on their principal amount:

- from, and including, 1 April 2015 (the “**Issue Date**”) to, but excluding, the First Call Date, at the rate of 6.250 per cent. *per annum*; and
- from, and including, the First Call Date to, but excluding, the final redemption of the Notes, at a fixed rate *per annum* which shall be equal to the Reference Rate plus the Margin for each Interest Rate Period.

Each Interest Amount shall be payable annually in arrear on 1 October in each year (each an “**Interest Payment Date**”), commencing on 1 October 2015. There will be a short first coupon in respect of the first Interest Period from, and including, the Issue Date to, but excluding, 1 October 2015.

The Notes will cease to bear interest from and including the due date for redemption unless payment of the principal or Arrears of Interest (as defined below) in respect of the Notes is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment. In such event, the Notes will continue to bear interest at the relevant rate as specified in this Condition 4 on their remaining unpaid amount until the day on which all sums due in respect of the Notes up to that day are received by or on behalf of the relevant Noteholders.

For the purpose hereof:

“**5-year Swap Rate**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which (a) has a term of 5 years commencing on the first day of the relevant Interest Period, (b) is in an amount that is representative of a single transaction, in the swap market with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis) and which appears on Reuters screen “ISDAFIX2” under the heading “EURIBOR BASIS” and above caption “11:00 AM Frankfurt time” (as such headings and captions may appear from time to time) as of 11:00 a.m. (Brussels time) (the “**Screen Page**”). In the event that the 5-year Swap Rate does not appear on the Screen Page on the relevant Determination Date, the 5-year Swap Rate will be the Reference Bank Rate on such Determination Date.

“**5-year Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction (i) has a term of 5 years commencing on the first day of the relevant Interest Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

“**Business Day**” means any day (other than a Saturday or a Sunday) which is a TARGET 2 Settlement Day.

“**First Call Date**” means the Interest Payment Date falling on 1 October 2020.

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Rate**” means the rate of interest described above, applicable to the Notes from time to time.

“**Interest Rate Period**” means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date.

“**Margin**” means 11.072 per cent. *per annum* (which includes a step-up of 5.00 per cent.).

“**Reference Bank Rate**” means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by five leading swap dealers in the interbank market (the “**Reference Banks**”) to the Calculation Agent at approximately 11:00 a.m. (Brussels time), on the Determination Date. If at least three such quotations are provided, the 5-year Swap Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Reference Bank Rate is unavailable or the Calculation Agent determines that no Reference Bank is providing offered quotations, the Interest Rate for the relevant Interest Rate Period shall be the Interest Rate in effect for the last preceding Interest Rate Period.

“**Reference Rate**” means the 5-year Swap Rate determined on the day falling two Business Days prior to each Reset Date (each a “**Determination Date**”).

“**Reset Date**” means the First Call Date and each date which is the 5th anniversary thereof.

“**TARGET 2 Settlement Day**” means any day on which the TARGET 2 System is operating.

“**TARGET 2 System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor thereto.

Promptly after the determination of the Reference Rate, the Calculation Agent shall determine the Interest Rate for each Note and calculate the relevant Interest Amount (as defined in Condition 4(c) below).

The Calculation Agent will cause the Interest Rate and the relevant Interest Amount payable per Note to be notified to the Issuer, each of the Paying Agents and, if required by the rules of Euronext Paris or any other stock exchange on which the Notes are listed from time to time, to such stock exchange, and to the Noteholders in accordance with Condition 11 without undue delay, but, in any case, not later than the fourth Business Day after its determination.

(b) Rate of Interest following a Change of Control Call Event

Further to the occurrence of a Change of Control Call Event described in Condition 5(e) below, if the call option relating to a Change of Control Call Event has not been exercised by the Issuer, the interest payable on the Notes will be increased by an additional margin of 5.00 per cent. *per annum* from (and including) the date of the Change of Control Notice (as defined in Condition 5(e) below) to (but excluding) the redemption of the Notes.

(c) ***Calculation of Interest Amounts***

The amount of interest (the “**Interest Amount**”) payable on each Note on each Interest Payment Date will be the product of the principal amount of such Note and the applicable Interest Rate, multiplied by the Actual/Actual (ICMA) day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

“**Actual/Actual (ICMA)**” means:

- if interest is required to be calculated for a period of less than one year, the number of days in the relevant period divided by the number of days in the Interest Period in which the relevant period falls;
- if interest is required to be calculated for a period of more than one year, the sum of (a) the number of days of the relevant period falling in the Interest Period in which it begins divided by the total number of days in such Interest Period and (b) the number of days of the relevant period falling in the next Interest Period divided by the total number of days in such next Interest Period (including the first such day but excluding the last).

(d) ***Notifications, etc. to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference Banks (or any of them) or the Calculation Agent, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders.

(e) ***Calculation Agent***

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Interest Amount for any Interest Period, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 11 and, so long as the Notes are listed on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

(f) ***Interest Deferral***

(i) **Optional Interest Payment**

Interest which accrues during an Interest Period ending on but excluding an Interest Payment Date will be due on that Interest Payment Date unless the Issuer, by giving notice to the Noteholders pursuant to Condition 4(f)(iii), elects to defer such payment in whole (but not in part), in which event the Issuer shall not have any obligation to make such payment and any such non-payment shall not constitute a default by the Issuer under the Notes or for any other

purpose. The Issuer shall not be entitled to elect to defer any such payment if a Mandatory Payment Event occurred during the 12 months preceding the Interest Payment Date.

Any interest in respect of the Notes which has not been paid in accordance with this paragraph will be deferred and shall constitute “**Arrears of Interest**” and shall be payable as outlined below.

(ii) Payment of Arrears of Interest

Arrears of Interest (together with the corresponding Additional Interest Amount (as defined below)) may at the option of the Issuer be paid in whole (but not in part) at any time, provided that all Arrears of Interest (together with the corresponding Additional Interest Amounts) in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- ten (10) Business Days following a Mandatory Payment Event;
- the Interest Payment Date relating to any Interest Period in respect of which the Issuer does not elect to defer interest accrued in respect of such Interest Period;
- the date on which the Notes are redeemed; or
- the date upon which a judgment is made for the voluntary or judicial liquidation of the Issuer (*liquidation judiciaire* or *liquidation amiable*) or the sale of the whole of the business (*cession totale de l'entreprise*) of the Issuer subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation in the context of an insolvency).

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1154 of the French *Code civil*, as if it constituted the principal of the Notes at a rate which corresponds to the rate of interest from time to time applicable to the Notes (the “**Arrears Interest Rate**”) and the amount of such interest (the “**Additional Interest Amount**”) with respect to Arrears of Interest shall be due and payable pursuant to this paragraph and shall be calculated by the Calculation Agent applying the Arrears Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition.

The Additional Interest Amount accrued up to any Interest Payment Date shall be added in accordance with Article 1154 of the French *Code civil*, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest.

For the purpose hereof:

A “**Mandatory Payment Event**” means that:

- (i) a dividend, other distribution or payment of any nature is validly declared, paid or made in respect of any Equity Securities or any Parity Securities of the Issuer, or
- (ii) the Issuer, or any Subsidiary of the Issuer, has repurchased, redeemed, or otherwise acquired, or procured purchase of, any Equity Securities or any Parity Securities of the Issuer other than, with respect to Equity Securities, in connection with the satisfaction by the Issuer of its obligations under any existing or future buy-back programme, share option, or free share allocation plan reserved for directors,

officers and/or employees of the Issuer or any member of its Group, liquidity agreement (*programme de liquidité*) or any associated hedging transaction,

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption, other acquisition, actions or measures required by the terms of such securities.

“**Parity Securities**” means, at any time, any Deeply Subordinated Notes and any securities or obligations which rank *pari passu* with the Notes. The term Parity Securities shall apply *mutatis mutandis* to any obligations issued by any Subsidiary of the Issuer, where relevant, provided that each such obligation shall qualify as Parity Securities only to the extent such obligation is guaranteed by the Issuer or the Issuer otherwise assumes liability for it, and the Issuer’s obligations under the relevant guarantee or other assumption of liability rank *pari passu* with the Issuer’s obligations under the Notes.

“**Subsidiary**” means, from time to time, any fully consolidated subsidiary of the Issuer.

(iii) Notice of Deferral and Payment of Arrears of Interests

Notice of (i) deferral of any interest under the Notes on any Interest Payment Date and (ii) any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable shall be given to the Noteholders in accordance with Condition 11, and the Paying Agents and the Calculation Agent at least five (5) Business Days, but no more than thirty (30) Business Days, prior to such Interest Payment Date or date. So long as the Notes are listed on Euronext Paris and the rules applicable to such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

5 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition.

(a) **Final Redemption**

Subject to any early redemption described below, the Notes are undated securities with no specified maturity date.

(b) **Optional Redemption**

The Issuer will have the right to redeem all, but not some only, of the Notes on the First Call Date and on any Reset Date thereafter, subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable). Such early redemption of the Notes will be made at their principal amount together with any accrued interest and Arrears of Interest (including any Additional Interest Amounts thereon).

(c) **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 1 April 2015, 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 (a “**Gross-Up Event**”), the Issuer may, at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ prior notice to the Noteholders in

accordance with Condition 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date, 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 and 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 or regulation from making payment to the Noteholders of the full amount then due and payable (a “**Withholding Tax Event**”), 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 11 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date, 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 and interest payable in respect of the Notes without withholding for French taxes or, if such date is past, as soon as practicable thereafter.
- (iii) If an opinion of a recognised law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that 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), or any other change in the tax treatment of the Notes, becoming effective after 1 April 2015, the tax regime of any payments under the Notes is modified and such modification results in that part of the interest payable by the Issuer in respect of the Notes that is tax-deductible being reduced (a “**Tax Deductibility Event**”), the Issuer may, at its option, at any time (subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11), redeem all, but not some only, of the Notes at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Call Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date where such redemption occurs on or after the First Call Date, provided in each case that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date preceding the effective date on which the tax regime of interest payments under the Notes is modified.

(d) *Redemption following an Accounting Event*

If an Accounting Event shall occur after the Issue Date, the Issuer may, at its option, redeem all, but not some only, of the Notes at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days’ notice to Noteholders (which notice shall be irrevocable) in accordance with Condition 11, at (i) the Early Redemption Price (as defined below) where such redemption occurs before the First Call Date, or (ii) their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date where such redemption occurs on or after the First Call Date; provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the last day before the date on which the proceeds of the Notes must not or must no longer be recorded as “equity” pursuant to

IFRS (as defined below) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

“**Accounting Event**” means that an opinion of a recognised accountancy firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that the funds raised through the issue of the Notes must not or must no longer be recorded as “equity” in full pursuant to the International Financial Reporting Standards (“**IFRS**”) or any other accounting standards that may replace IFRS for the purposes of the annual consolidated financial statements of the Issuer.

(e) ***Redemption following a Change of Control Call Event***

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**”), the Issuer may redeem, or procure purchase of, all, but not some only, of the Notes on the Change of Control Call Date (as defined below), at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon). Such option (the “**Change of Control Call Event**”) shall operate as set out below.

In the event of a Change of Control Call Event, the Issuer will inform the Noteholders, no later than thirty (30) calendar days following the effective Change of Control Call Event in accordance with Condition 11 (a “**Change of Control Notice**”) specifying the nature of the Change of Control Call Event, the circumstances giving rise to it and either (i) the date on which redemption or purchase of the Notes (the “**Change of Control Call Date**”) will take place or, as the case may be, (ii) the Issuer’s election not to redeem, or procure purchase of, the Notes.

If the Issuer elects to redeem, or to procure purchase of, the Notes, such redemption or purchase will take place not less than thirty (30), nor more than forty-five (45) calendar days after a Change of Control Notice is given.

For the purposes hereof:

“**Change of Control**” means, for one or more individuals or entities acting alone or in concert, acquiring the control of the Issuer, it 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.

“**KLM**” means Koninklijke Luchtvaart Maatschappij N.V.

(f) ***Purchases***

The Issuer may at any time purchase Notes together with rights to interest and any other amounts relating thereto in the open market or otherwise (including by way of tender or exchange offer) at any price.

In the event that at least eighty (80) per cent. of the initial aggregate principal amount of the Notes has been purchased by the Issuer (a “**Repurchase Event**”), the Issuer may redeem all, but not some only, of the outstanding Notes at any time at their principal amount together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon), subject to the Issuer

having given the Noteholders not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable).

(g) Cancellation

All Notes which are purchased by the Issuer pursuant to this Condition 5 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.

(h) Definitions

For the purposes of this Condition:

“Early Redemption Price” means 101 per cent. of the principal amount of the Notes, together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date of the Notes.

“Early Redemption Date” means the effective date of redemption of the Notes made in accordance with these Conditions.

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 below). 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 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 Payment Business Day (as defined below), 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 Payment Business Day and the relevant Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of these Conditions, **“Payment Business Day”** means any day, not being a Saturday or a Sunday, (i) on which foreign exchange markets and commercial banks are open for business in Paris, (ii) on which Euroclear France, Euroclear and Clearstream, Luxembourg are operating and (iii) which is a TARGET 2 Settlement Day.

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

The name and specified offices of the initial Agents are as follows:

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION 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, Principal Paying Agent or any Paying Agent and/or appoint a substitute Paying Agent and additional or other Paying Agents or approve any change in the office through which such Agent acts, provided that, so long as any Note is outstanding, there will at all times be (i) a Fiscal Agent and a Principal Paying 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 Principal Paying Agent).

Such appointment or termination shall be notified to the Noteholders in accordance with Condition 11.

(d) ***Payments Subject to Fiscal Laws***

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (collectively, “FATCA”).

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 (“**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*)):

- (i) 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
- (ii) 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; or
- (iii) where such deduction or withholding is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003, as amended, on taxation of savings income in the form of interest payments or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives; or
- (iv) where such withholding or deduction is imposed pursuant to FATCA.

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.

(c) *Supply of information*

Each holder of Notes shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC, as amended, or any other European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

8 Enforcement Events, no Events of Default and no Cross Default

There are no events of default, including any cross default, in respect of the Notes.

However, each Note shall become immediately due and payable at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgement is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganisation outside the context of an insolvency). No payments will be made to holders of any Equity Securities of the Issuer before all amounts due, but unpaid, to all Noteholders have been paid by the Issuer.

9 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.

10 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
France

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 €600 (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 11 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 specify¹, 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 11 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 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

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.

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.

11 Notices

Any notice to the Noteholders will be valid if delivered to Euroclear France, Euroclear and Clearstream, Luxembourg 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.

12 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.

13 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 the 2014 Financial Report and the 2013 Registration Document of the Issuer incorporated by reference herein (see the “*Incorporation by Reference*” section set forth above in this Prospectus).

RECENT DEVELOPMENTS

Sale by Air France-KLM of Amadeus shares representing 2.2% of the share capital (Press release dated 15 January 2015)

Not for Distribution, Directly or Indirectly, in the United States, Canada, Australia or Japan

Air France-KLM announces the successful completion of the sale of 9,857,202 shares of the Spanish company Amadeus IT Holding S.A., representing approximately 2.2% of the share capital of the company.

The net proceeds of the transaction amounts to €327 million.

The group continues to hold an exposure to 9,900,000 Amadeus shares in the framework of the hedging transaction that was announced on November 25, 2014.

Amadeus IT Holding S.A. is the parent company of the Amadeus group, a leading provider of IT solutions to tourism and travel industries. The shares of Amadeus IT Holding S.A. are traded on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia.

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Disclaimers

This announcement is for information purposes only and does not constitute an offer to sell or a solicitation to buy any securities, and the offer of Amadeus IT holding S.A. shares by Air France-KLM or its subsidiaries does not constitute a public offering in any jurisdiction, including in France.

In connection with this transaction, with respect to Member States of the European Economic Area (the "Member States") which have implemented the Prospectus Directive (2003/71/CE), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring the publication of a prospectus in one or the other Member State, with the exception of an offer of securities to the public in that Relevant Member State, pursuant to an exemption under the Prospectus Directive.

This communication is for distribution in the United Kingdom only to (i) investment professionals falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons").

This announcement does not constitute an offer of securities for sale in the United States. The securities referred to in this announcement have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offering of the securities in the United States in connection with this transaction.

Any investment decision to buy shares in Amadeus IT Holding S.A. must be made solely on the basis of publicly available information regarding the Amadeus group. Such information is not the responsibility of Air France-KLM nor of its subsidiaries.

Release, publication or distribution of this press release is forbidden in any country where it would violate applicable laws or regulations.

Additional measures at Air France (Press release dated 22 January 2015)

During the meeting of the Air France Corporate Works Council on 22nd January, the Air France management provided an update on the company's situation, the competitive environment in 2015, and the schedule of works linked to the new Perform 2020 strategic plan.

In 2015, Air France will benefit from the impact of the measures taken within the framework of Transform 2015 and from the fall in the fuel price. However, as announced in December 2014, the Group will also have to contend with the weaker unit revenue trend that has developed since the summer of 2014, which requires the implementation of additional measures.

Within this framework, the Air France management presented a number of actions to the Corporate Works Council: downwards revision in fleet and capacity growth, new initiatives to drive revenues, the reinforcement of 'purchasing' initiatives, maintained wage moderation and productivity efforts and further adaptation of headcount to requirements.

In particular, during a meeting of the Corporate Works Council to be held during the first fortnight in February, the Air France management will provide details on proposed new Voluntary Departure Plans. These Voluntary Departure Plans will relate to ground staff and cabin crew and aim at the departure of approximately 800 people.

These measures relate to both the full execution of Transform 2015 and an immediate adaptation to the Group's competitive environment.

In parallel, the Group is pursuing its efforts within the framework of the new Perform 2020 strategic plan. A progress report on this topic will be given during the Full Year 2014 results presentation on 19th February.

All the items shared during this meeting of the Air France Corporate Works Council refer exclusively to Air France and its subsidiary, and not Air France-KLM, whose targets remain unchanged.

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January 2015 Traffic (Press release dated 9 February 2015)

- ▶ Network airlines: continuous strict capacity discipline
- ▶ Ongoing accelerated development of Transavia

Traffic highlights

Network airlines activity (Air France, KLM, HOP!)	Capacity (ASK, %ch.)	Traffic (RPK, %ch.)	Load Factor (%)	Change (pts)
Long-haul	+1.0%	-0.7%	84.6%	-1.5
North America	+2.5%	+1.8%	86.0%	-0.6
Latin America	+0.9%	+1.1%	90.1%	+0.2
Asia	+1.7%	-1.7%	83.1%	-2.9
Africa / Middle East	-1.7%	-5.4%	78.0%	-3.0
Caribbean / Indian Ocean	+0.7%	+0.6%	87.6%	-0.1
Short and Medium-haul	-1.0%	+0.5%	72.3%	+1.1
Total	+0.6%	-0.5%	82.3%	-0.9

- ▶ 5.7 million passengers, +0.5%
- ▶ Resilient performance on North America
- ▶ Last month of strongly negative base effect on Venezuela
- ▶ Demand on Asia affected by timing of Chinese New Year
- ▶ Restructuring of point-to-point supports increase in Short and Medium-haul load factor
- ▶ Unit revenue per available seat kilometer (RASK) ex-currency down compared to January 2014. Softening of demand on Africa and Asia impacting both yield and load factor on these regions

Transavia activity	Capacity (ASK, %ch.)	Traffic (RPK, %ch.)	Load Factor (%)	Change (pts)
Total	+ 5.0%	+ 8.1%	83.9%	+ 2.5

- ▶ 0.5 million passengers, +12.7%
- ▶ Ongoing accelerated development of Transavia: increase in both traffic and load factor

Total group passenger activity	Capacity (ASK, %ch.)	Traffic (RPK, %ch.)	Load Factor (%)	Change (pts)
Total	+ 0.8%	- 0.1%	82.4%	- 0.8

- ▶ 6.2 million passengers, +1.4%

Cargo activity	Capacity (ATK, %ch.)	Traffic (RTK, %ch.)	Load Factor (%)	Change (pts)
Total	-1.7%	-8.0%	56.6%	-3.8

- ▶ Unit revenue per available ton kilometer (RATK) ex-currency down compared to January 2014

Agenda

19th February 2015: FY2014 results
9th March 2015: February 2015 traffic
8th April 2015: March 2015 traffic

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STATISTICS

Network airlines activity*

Total Network airlines*	January			Year to date		
	2015	2014	Variation	2015	2014	Variation
Passengers carried ('000s)	5,705	5,676	0.5%	5,705	5,676	0.5%
Revenue pax-kilometers (m RPK)	18,052	18,147	(0.5%)	18,052	18,147	(0.5%)
Available seat-kilometers (m ASK)	21,926	21,794	0.6%	21,926	21,794	0.6%
Load factor (%)	82.3%	83.3%	(0.9)	82.3%	83.3%	(0.9)
Long-haul						
Passengers carried ('000s)	2,006	2,012	(0.3%)	2,006	2,012	(0.3%)
Revenue pax-kilometers (m RPK)	15,083	15,193	(0.7%)	15,083	15,193	(0.7%)
Available seat-kilometers (m ASK)	17,819	17,646	1.0%	17,819	17,646	1.0%
Load factor (%)	84.6%	86.1%	(1.5)	84.6%	86.1%	(1.5)
North America						
Passengers carried ('000s)	495	485	1.9%	495	485	1.9%
Revenue pax-kilometers (m RPK)	3,527	3,465	1.8%	3,527	3,465	1.8%
Available seat-kilometers (m ASK)	4,101	4,001	2.5%	4,101	4,001	2.5%
Load factor (%)	86.0%	86.6%	(0.6)	86.0%	86.6%	(0.6)
Latin America						
Passengers carried ('000s)	258	255	1.3%	258	255	1.3%
Revenue pax-kilometers (m RPK)	2,484	2,458	1.1%	2,484	2,458	1.1%
Available seat-kilometers (m ASK)	2,758	2,734	0.9%	2,758	2,734	0.9%
Load factor (%)	90.1%	89.9%	0.2	90.1%	89.9%	0.2
Asia / Pacific						
Passengers carried ('000s)	487	485	0.5%	487	485	0.5%
Revenue pax-kilometers (m RPK)	4,213	4,284	(1.7%)	4,213	4,284	(1.7%)
Available seat-kilometers (m ASK)	5,069	4,983	1.7%	5,069	4,983	1.7%
Load factor (%)	83.1%	86.0%	(2.9)	83.1%	86.0%	(2.9)
Africa / Middle East						
Passengers carried ('000s)	438	459	(4.6%)	438	459	(4.6%)
Revenue pax-kilometers (m RPK)	2,455	2,596	(5.4%)	2,455	2,596	(5.4%)
Available seat-kilometers (m ASK)	3,149	3,204	(1.7%)	3,149	3,204	(1.7%)
Load factor (%)	78.0%	81.0%	(3.0)	78.0%	81.0%	(3.0)
Caribbean / Indian,Ocean						
Passengers carried ('000s)	329	328	0.2%	329	328	0.2%
Revenue pax-kilometers (m RPK)	2,403	2,389	0.6%	2,403	2,389	0.6%
Available seat-kilometers (m ASK)	2,742	2,724	0.7%	2,742	2,724	0.7%
Load factor (%)	87.6%	87.7%	(0.1)	87.6%	87.7%	(0.1)
Short and Medium-haul						
Passengers carried ('000s)	3,698	3,665	0.9%	3,698	3,665	0.9%
Revenue pax-kilometers (m RPK)	2,969	2,954	0.5%	2,969	2,954	0.5%
Available seat-kilometers (m ASK)	4,107	4,148	(1.0%)	4,107	4,148	(1.0%)
Load factor (%)	72.3%	71.2%	1.1	72.3%	71.2%	1.1

* Air France, KLM, and HOP!

Transavia activity

Transavia	January			Year to date		
	2015	2014	Variation	2015	2014	Variation
Passengers carried ('000s)	485	430	12.7%	485	430	12.7%
Revenue pax-kilometers (m RPK)	897	829	8.1%	897	829	8.1%
Available seat-kilometers (m ASK)	1,068	1,018	5.0%	1,068	1,018	5.0%
Load factor (%)	83.9%	81.5%	2.5	83.9%	81.5%	2.5

Total group passenger activity**

Total group**	January			Year to date		
	2015	2014	Variation	2015	2014	Variation
Passengers carried ('000s)	6,190	6,107	1.4%	6,190	6,107	1.4%
Revenue pax-kilometers (m RPK)	18,948	18,976	(0.1%)	18,948	18,976	(0.1%)
Available seat-kilometers (m ASK)	22,994	22,812	0.8%	22,994	22,812	0.8%
Load factor (%)	82.4%	83.2%	(0.8)	82.4%	83.2%	(0.8)

** Air France, KLM, HOP! and Transavia

Cargo activity

Total Group	January			Year to date		
	2015	2014	Variation	2015	2014	Variation
Revenue tonne-km (m RTK)	713	774	(8.0%)	713	774	(8.0%)
Available tonne-km (m ATK)	1,260	1,282	(1.7%)	1,260	1,282	(1.7%)
Load factor (%)	56.6%	60.4%	(3.8)	56.6%	60.4%	(3.8)

Full Year 2014 Results (Press release dated 19 February 2015)

FULL YEAR 2014

- ▶ Revenues of 24.9 billion euros, stable (+0.3%) like-for-like¹
- ▶ EBITDA² of 1,589 million euros, down 266 million euros
- ▶ EBITDA of 2,014 million euros excluding the impact of the Air France pilot strike, up 159 million euros
- ▶ Operating result of -129 million euros, up 275 million euros like-for-like
- ▶ Third year of unit cost² reduction, down 1.3% like-for-like
- ▶ Net result, group share of -198 million euros, improvement of more than 1.6 billion euros
- ▶ Adjusted net result, group share² of -535 million euros
- ▶ Net debt² of 5.41 billion euros, up 59 million euros compared to 31 December 2013

FOURTH QUARTER 2014

- ▶ Revenues of 6.2 billion euros, slightly down (-0.5%) like-for-like
- ▶ EBITDA of 316 million euros, down 66 million euros
- ▶ EBITDA of 411 million euros excluding the impact of the Air France pilot strike, up 29 million euros

REINFORCED IMPLEMENTATION OF PERFORM 2020

- ▶ Cost reduction efforts reinforced: 2015-17 unit cost reduction target revised up to an average of 1.5% per year
- ▶ Investment plan revised down by 300 million euros in 2015 and 300 million euros in 2016
- ▶ 2015 targets: unit cost down 1% to 1.3%, net debt around 5 billion euros at end 2015

The Board of Directors of Air France-KLM, chaired by Alexandre de Juniac, met on 18 February 2015 to approve the accounts for Full Financial Year 2014.

Alexandre de Juniac made the following comments: *“The Transform 2015 strategic plan was completed at the end of Full Year 2014, having fully delivered on its objective of an in-depth turnaround in Air France-KLM’s competitiveness. The Full Year 2014 results speak for themselves: despite the challenging economic and competitive context, once corrected for the impact of the Air France pilot strike, EBITDA is up by more than 50% in 3 years, and the operating cash flow³ has more than tripled to reach nearly 1.5 billion euros. This essential step in the turnaround of the Group was only achieved thanks to the full commitment of staff across the Group. With Perform 2020, the new strategic plan launched a few months ago, Air France-KLM is now focusing on the future: while continuing its deep transformation, the Group is investing in products, brands, and growth segments like low-cost and aeronautical maintenance... By deciding today to reinforce its unit cost reduction efforts and adapt its investment plans, the Group is ensuring that it can achieve its key targets of improved competitiveness and deleveraging.”*

¹ Like-for-like: excluding currency, Air France pilot strike impact and Q4 one-offs. Same definition applies in rest of press release unless otherwise stated.

² See definition in appendix

³ Before change in Working Capital Requirement and Voluntary Departure Plans

Key data

	Fourth quarter			Full Year		
	2014	2013*	Change	2014	2013*	Change
Passengers (thousands)	21,047	20,481	+2.8%	87,358	86,224	+1.3%
Capacity (EASK m)	81,565	81,194	+0.5%	332,602	333,480	-0.3%
Revenues (€m)	6,212	6,123	+1.5%	24,912	25,520	-2.4%
<i>Change like-for-like (%)</i>			-0.5%			+0.3%
EBITDA (€m)	316	382	-66	1,589	1,855	-266
Section 1.01 EBITDA excluding strike (€m)	411	382	+29	2,014	1,855	+159
<i>EBITDA margin excluding strike (%)</i>	6.6%	6.2%	+0.4 pt	8.1%	7.3%	+0.8 pt
<i>EBITDA change like-for-like (€m)</i>			-6			+216
Section 1.02 Operating result (€m)	-169	-63	-106	-129	130	-259
Operating result excluding strike (€m)	-74	-63	-11	296	130	+166
<i>Operating margin excluding strike (%)</i>	-1.2%	-1.0%	-0.2 pt	1.2%	0.5%	+0.7 pt
<i>Operating result like-for-like (€m)</i>			+6			+275
Net result, group share (€m)	316	-1,176	+1,492	-198	-1,827	+1,629
Adjusted net result, group share (€m)	-304	-149	-155	-535	-463	-72
Earnings per share (€)	1.07	-3.97	+5.04	-0.67	-6.17	+5.50
Diluted earnings per share (€)	0.78	-3.97	+4.75	-0.67	-6.17	+5.50
Adjusted earnings per share (€)	-1.03	-3.97	+2.94	-1.81	-1.56	-0.25
Diluted adjusted earnings per share (€)	-1.03	-3.97	+2.94	-1.81	-1.56	-0.25
Operating free cash flow ² (€m)				-164	530	-694
Net debt at end of period (€m)				5,407	5,348 ³	+59

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

During the Second Half 2014, activity was affected by a fourteen-day **strike by Air France pilots**, which had an estimated negative impact of 425 million euros on the operating result (330 million euros in the third quarter and 95 million euros in the fourth quarter). Total revenues were reduced by 495 million euros, partly offset by 70 million euros of net savings on costs. The strike led the Group to cancel 4,249 million ASKs and 213 million ATKs resulting in an equivalent cancellation of 4.75 billion EASKs (Equivalent Available Seat Kilometer).

In addition, in the fourth quarter, the Group recorded several **one-off items** for a net positive change of 48 million euros versus the fourth quarter of 2013:

- The Group recognized an unusually high level of revenues on tickets that have been issued but will never be used. This change of 100 million euros compared to Q4 2013 has been removed from the like-for-like computations.
- On the cost side, it recorded 52 million euros of one-off provisions mainly related to the fleet.

On top of these two items, “like-for-like” computations take into account **currency effects**, which had a significant impact on 2014 results, depressing revenues by 279 million euros, and costs by 121 million euros, for a net negative impact of 158 million euros on the operating result.

Full Year 2014 total revenues stood at 24.9 billion euros versus 25.5 billion euros in 2013, down 2.4%, but stable (+0.3%) like-for-like.

Total operating costs were 1.4% lower year-on-year and 0.8% lower on a like-for-like basis. Ex-fuel, they decreased by 0.4% and by 0.5% on a like-for-like basis. Unit cost per EASK was reduced by 1.3%, on a constant currency, fuel price and pension basis, excluding the strike and Q4 one-offs, against capacity measured in EASK up by +1.2%, corrected for the strike. The fuel bill amounted to 6,629 million euros, down 3.9% and 1.5% like-for-like. Total employee costs including temporary staff were down 1.9% to 7,510 million euros. On a constant scope and pension expense basis and adjusted for the strike, they declined by 119 million euros as a result of the Transform 2015 actions.

EBITDA amounted to 1,589 million euros, a decrease of 266 million euros. Strike-adjusted, EBITDA amounted to 2,014 million euros, up 159 million euros. The strike-adjusted EBITDA margin reached 8.1%, up 0.8 points compared to 2013. On a like-for-like basis, EBITDA improved by 216 million euros.

The operating result stood at -129 million euros versus 130 million euros in 2013, a 259 million euro decrease. Like-for-like, the operating result increased by 275 million euros, corrected for the strike (negative impact of 425 million euros), currency effects (negative impact of 158 million euros) and Q4 one-offs (positive impact of 48 million euros).

The net result, group share stood at -198 million euros against -1,827 million euros a year ago. It included notably the non-current result related to the changes in Dutch fiscal rules on pensions (+824 million euros) and the capital gain on the sale of Amadeus shares (+187 million euros), partly offset by impairments in the cargo activity (-113 million euros), the change in value of the fuel hedging portfolio (-92 million euros, the majority of the fall in value of the hedging portfolio being recorded directly in shareholders' equity through "other comprehensive income") and the impact of changes to fiscal rules regarding Dutch pensions on the deferred tax assets (-206 million euros). On an adjusted basis², the net result, group share stood at -535 million euros against -463 million euros in 2013, a 72 million euro decrease.

Earnings and diluted earnings per share stood at -0.67 euros (-6.17 euros in 2013), and at -1.81 euros on an adjusted basis (-1.56 euros in 2013). The Board of Directors decided not to submit a proposed dividend distribution to the next Annual General Meeting.

The return on capital employed² (ROCE) was stable at 1.6% compared to 2013. Strike-adjusted, it reached 5.1%, up 2.2 points.

In the **Fourth Quarter 2014**, total revenues stood at 6.2 billion euros versus 6.1 billion euros in 2013, up 1.5%, but down -0.5% on a like-for-like basis. Unlike in previous quarters, currencies had a positive 98 million euro impact on revenues, primarily due to the strengthening of the dollar against the euro.

EBITDA amounted to 316 million euros, down by 66 million euros. Strike-adjusted, EBITDA amounted to 411 million euros, up 29 million euros. On a like-for-like basis, EBITDA was stable (-6 million euros).

The operating result stood at -169 million euros versus -63 million euros in 2013. Currencies had a 65 million euro negative impact on the operating result in Fourth Quarter 2014.

Passenger business

Passenger	Full Year 2014	Full Year 2013*	Change	Change like-for-like
Passengers (thousands)	77,450	77,328	+0.2%	-
Capacity (ASK m)	270,789	272,416	-0.6%	+1.0%
Traffic (RPK m)	229,347	228,313	+0.5%	-
Load factor	84.7%	83.8%	+0.9 pt	-
Total passenger revenues (€m)	19,570	20,112	-2.7%	-
Total passenger revenues excl. strike (€m)	20,021	20,112	-0.5%	+0.3%
Scheduled passenger revenues (€m)	18,695	19,200	-2.6%	+0.4%
Unit revenue per ASK (€cts)	6.90	7.05	-2.0%	-0.6%
Unit revenue per RPK (€cts)	8.15	8.41	-3.1%	-
Unit cost per ASK (€cts)	6.93	6.98	-0.7%	-1.7%
Operating result (€m)	-83	174	-257	-
Operating result excluding strike (€m)	289	174	+115	+208
<i>Of which long-haul (estimated)</i>	730	800	-70	
<i>Of which medium-haul hub feeding (est.)</i>	-320	-400	+80	
<i>Of which medium-haul point-to-point (est.)</i>	-120	-220	+100	

* Restated for IFRIC 21, CityJet reclassified as discontinued operation, and restated for change in revenue allocation (24 million euros transferred from "other passenger" to "scheduled passenger" revenues in FY 2013)

Full Year 2014 total passenger revenues amounted to 19,570 million euros, down 2.7%. Corrected for the strike, revenues stood at 20,021 million euros, down -0.5% and up 0.3% like-for-like. The operating result of the passenger business stood at -83 million euros, versus 174 million euros over the Full Year 2013. Corrected for the strike, the operating result would have amounted to 289 million euros, an increase of 115 million euros. Like-for-like, the operating result improved by 208 million euros.

The Group maintained its strict capacity discipline, increasing total passenger capacity by only 1.0% excluding the strike impact. Unit revenue per Available Seat Kilometer (RASK) remained volatile, down by 0.6% on a like-for-like basis over the Full Year. In the First Half, RASK was up by +0.5% on a like-for-like basis, but decreased in the Second Half, falling by -1.8% in Q3 and by -1.1% in Q4 on a like-for-like basis.

On the long-haul network, unit revenue was affected by industry overcapacity on certain parts of the network and a weak performance on the Latin American network on the back of a worsening economic situation in several key markets and high comparables in the Second Half. Excluding the strike, the estimated long-haul operating result was down 70 million euros to 730 million euros.

As planned within the framework of Transform 2015, short and medium-haul point-to-point capacity (excluding the Paris and Amsterdam hubs) was further reduced (down 12.8%, excluding strike impact), leading to a significant improvement in unit revenue (estimated at +7.5% like-for-like), whereas for hub-related short and medium-haul traffic, unit revenues remained stable (+0.1% like-for-like). Excluding the strike, the medium-haul estimated operating result was up 180 million euros.

Over the Full Year 2015, the Group will maintain its strict capacity discipline in the passenger business, with planned capacity growth of 1.1% (excluding mechanical rebound in Q3 linked to the strike), including notably stable capacity in the First Quarter of 2015.

As a result of Transform 2015, and despite the low capacity growth, the passenger activity delivered a further decrease in unit cost, with Cost per Available Seat Kilometer (CASK) down by 1.7% like-for-like.

Passenger	Q4 2014	Q4 2013*	Change	Change Like-for-like
Passengers (thousands)	19,095	18,840	+1.4%	-
Capacity (ASK m)	67,019	67,155	-0.2%	-
Traffic (RPK m)	55,763	55,383	+0.7%	-
Load factor	83.2%	82.5%	+0.7 pt	-
Total passenger revenues (€m)	4,861	4,845	+0.3%	-
Total passenger revenues excl. strike (€m)	4,932	4,845	+1.8%	-1.4%
Scheduled passenger revenues (€m)	4,632	4,614	+0.4%	-1.3%
Unit revenue per ASK (€cts)	6.91	6.87	+0.6%	-1.1%
Unit revenue per RPK (€cts)	8.31	8.33	-0.3%	-
Unit cost per ASK (€cts)	7.17	6.96	+3.0%	-0.7%
Operating result (€m)	-171	-59	-112	-
Operating result excluding strike (€m)	-84	-59	-25	-19

* Restated for IFRIC 21, CityJet reclassified as discontinued operation, restated for change in revenue allocation (24 million euros transferred from "other passenger" to "scheduled passenger" revenues in FY 2013, none in Q4 2013)

In the **Fourth Quarter of 2014**, passenger revenues amounted to 4,861 million euros, up 0.3%, but down 1.4% like-for-like. The operating result of the passenger business stood at -171 million euros, versus -59 million euros in the same period last year. Corrected for the strike, the operating result amounted to -84 million euros, down 25 million euros against the same period last year. Like-for-like, it decreased by 19 million euros.

Unit revenue per Available Seat Kilometer (RASK) increased by +0.6% and decreased by 1.1% like-for-like. Unit costs (CASK) were reduced by 0.7% like-for-like.

Cargo business

Cargo	Full Year 2014	Full Year 2013	Change	Change Like-for-like
Tons (thousands)	1,302	1,341	-2.9%	-
Capacity (ATK m)	15,608	15,972	-2.3%	-0.9%
Traffic (RTK m)	9,843	10,089	-2.4%	-
Load factor	63.1%	63.2%	-0.1 pt	-
Total Cargo revenues (€m)	2,681	2,816	-4.8%	-
Total Cargo revenues excluding strike (€m)	2,725	2,816	-3.2%	-2.4%
Scheduled cargo revenues (€m)	2,509	2,619	-4.2%	-1.8%
Unit revenue per ATK (€cts)	16.08	16.40	-2.0%	-0.9%
Unit revenue per RTK (€cts)	25.49	25.96	-1.8%	-
Unit cost per ATK (€cts)	17.43	17.66	-1.3%	-1.9%
Operating result (€m)	-212	-202	-10	-
Operating result excluding strike (€m)	-188	-202	+14	+33

The Group continued to restructure its cargo activity to address the weak global trade and structural air cargo industry overcapacity. During **Full Year 2014**, full-freighter capacity was reduced by more than 7%, leading to a strike-adjusted decrease in total capacity of 0.9%. Revenue per Available Ton Kilometer (ATK) was nevertheless down by 0.9% like-for-like, resulting in a further decrease of Full Year revenues, down 2.4% like-for-like.

Thanks to the good performance on unit costs, the operating result improved by 33 million euros like-for-like, but it remains negative (-188 million euros excluding strike impact).

Within the framework of Perform 2020, the Group is accelerating the phase out of 9 full-freighters and plans to operate only 5 full-freighters by the end of 2016. This reduction should enable the full-freighter business to return to operating breakeven in 2017 (versus a loss of 101 million euros in 2014).

Cargo	Q4 2014	Q4 2013	Change	Change Like-for- like
Tons (thousands)	334	345	-3.2%	-
Capacity (ATK m)	3,944	3,957	-0.3%	-
Traffic (RTK m)	2,546	2,626	-3.0%	-
Load factor	64.6%	66.4%	-1.8 pt	-
Total Cargo revenues (€m)	714	723	-1.2%	-
Total Cargo revenues excluding strike (€m)	722	723	-0.1%	-2.8%
Scheduled cargo revenues (€m)	676	674	+0.3%	-1.3%
Unit revenue per ATK (€cts)	17.14	17.03	+0.6%	-1.2%
Unit revenue per RTK (€cts)	26.55	25.67	+3.4%	-
Unit cost per ATK (€cts)	17.90	17.49	+2.4%	-2.7%
Operating result (€m)	-31	-18	-13	-
Operating result excluding strike (€m)	-23	-18	-5	+10

In the **Fourth Quarter of 2014**, cargo revenues amounted to 714 million euros, down 1.2% but stable excluding the strike, helped by the strengthening of the dollar against the euro. On a like-for-like basis, revenue were down by 2.8%. Unit revenue per Available Ton Kilometer (RATK) decreased by 1.2% on a like-for-like basis.

The Group continued its efforts to reduce unit costs, down 2.7% on a like-for-like basis. The operating result improved by 10 million euros like-for-like.

Maintenance

Maintenance	Full Year 2014	Full Year 2013	Change	Change Like-for-like
Total revenues (€m)	3,392	3,280	+3.4%	-
Third party revenues (€m)	1,251	1,225	+2.1%	+3.5%
Operating result (€m)	174	159	+15	-
Operating result excluding strike (€m)	196	159	+37	+42
Operating margin excluding strike (%)	5.8%	4.8%	+1.0 pt	+1.1 pt

Full Year 2014 third party maintenance revenues amounted to 1,251 million euros, up 2.1% and by 3.5% like-for-like. The Air France pilot strike had a 22 million euro negative impact on the operating result due to lower internal revenues from the maintenance of the Air France fleet. Corrected for this impact, the operating result would have reached 196 million euros, up 37 million euros year-on-year, and up 42 million euros like-for-like.

Over the period, the Group recorded a 28% increase in its order book to 5.6 billion euros, including a major contract with Air China covering the maintenance of GE90 engines.

Maintenance	Q4 2014	Q4 2013	Change	Change Like-for-like
Total revenues (€m)	919	819	+12.2%	-
Third party revenues (€m)	356	298	+19.5%	11.6%
Operating result (€m)	61	48	+13	+9
Operating margin (%)	6.6%	5.9%	+0.8 pt	+0.3 pt

In the **Fourth Quarter of 2014**, third party maintenance revenues were 356 million euros, up 19.5% on the back of the strengthening of the dollar relative to the euro and dynamic activity in engine maintenance. The operating result increased by 13 million euros to 61 million euros.

Other business: Transavia

Transavia	Full Year 2014	Full Year 2013	Change
Passengers (thousands)	9,908	8,896	+11.4%
Capacity (ASK m)	21,299	19,675	+8.3%
Traffic (RPK m)	19,136	17,716	+8.0%
Load factor	89.8%	90.0%	-0.2 pt
Total passenger revenues (€m)	1,056	984	+7.3%
Scheduled passenger revenues (€m)	1,001	948	+5.6%
Unit revenue per ASK (€cts)	4.94	4.98	-0.7%
Unit revenue per RPK (€cts)	5.50	5.53	-0.5%
Unit cost per ASK (€cts)	5.11	5.09	+0.3%
Operating result (€m)	-36	-23	-13

In the **Full Year 2014**, as planned within the Transform 2015 framework, Transavia capacity was up by 8.3%, reflecting the accelerated development in France (capacity up by 21%, with an average load factor above 87%) and the ongoing repositioning in the Netherlands (with scheduled capacity up 11.8% and charter capacity down 4.3%). Traffic rose 8.0% and passengers almost reached 10 million. The load factor remained high (89.8%, down 0.2 point) despite the strong increase in capacity.

Total revenues stood at 1,056 million euros, up 7.3%. Unit revenue per ASK decreased by 0.7% while unit cost per ASK was stable (+0.3%). The operating result was -36 million euros, down by 13 million euros, reflecting the rapid ramp up in France.

In December 2014, Air France and its pilots' unions signed an agreement relating to the development of Transavia in France. This agreement ensures the entirety of the Transavia development plan in France over the next five years:

- Continued strong growth in Summer 2015: 21 aircraft in operation versus 16 in Summer 2014, Transavia to become the number one low cost carrier at Paris-Orly by Summer 2015.
- 37 Boeing 737s in operation by 2019, potentially operating flights from all French airports excluding the Paris-CDG hub, including on destinations already served by Air France.

Transavia will maintain its own operating and remuneration conditions, which are key to achieving its unit cost and operating flexibility objectives.

The development of Transavia will further accelerate in 2015: capacity up 30% in France, operation of a network of 44 destinations from Paris, new brand identity, new web site, order for 20 Boeing 737s, closer ties with Flying Blue, etc.

Transavia	Q4 2014	Q4 2013	Change
Passengers (thousands)	1,952	1,641	+19.0%
Capacity (ASK m)	4,316	3,790	+13.9%
Traffic (RPK m)	3,794	3,308	+14.7%
Load factor	87.9%	87.3%	+0.6 pt
Total passenger revenues (€m)	193	171	+12.9%
Scheduled passenger revenues (€m)	181	162	+11.7%
Unit revenue per ASK (€cts)	4.52	4.49	+0.7%
Unit revenue per RPK (€cts)	5.14	5.14	+0.0%
Unit cost per ASK (€cts)	5.31	5.41	-1.9%
Operating result (€m)	-34	-35	+1

In the **Fourth Quarter of 2014**, Transavia capacity was up 13.9%. Traffic rose 14.7% resulting in a load factor increase of 0.6 point to 87.9%. Unit revenue per ASK was up 0.7%. Transavia's total revenue stood at 193 million euros, up 12.9%. The operating result was -34 million euros, up 1 million euros year-on-year.

Other business: Catering

Catering	Full Year 2014	Full Year 2013	Change	Change Like-for-like*
Total revenues (€m)	871	915	-4.8%	+2.1%
Third party revenues (€m)	311	341	-8.8%	+5.9%
Operating result (€m)	18	24	-25.0%	+20.8%

* Like-for-like: 2013 restated for sale of Air Chef and excluding strike impact

In **Full Year 2014**, third party catering revenues amounted to 311 million euros, down 8.8%. At constant scope (excluding the impact of the sale of Air Chef occurring in Q2 2013), third party revenues increased by 5.9%, reflecting the signature of new contracts and the launch of new operations, including in Brazil. The operating result stood at 18 million euros, up 20.8% at constant scope and corrected for the impact of the Air France pilot strike on internal revenues. Catering increased its profitability while continuing to reduce costs for its internal customers.

Catering	Q4 2014	Q4 2013	Change	Change Like-for-like
Total revenues (€m)	216	216	+0.0%	-
Third party revenues (€m)	77	75	+2.7%	-
Operating result (€m)	6	5	+20.0%	-

In the **Fourth Quarter of 2014**, third party catering revenues amounted to 77 million euros, up 2.7%. The operating result was up 20%.

Financial situation

In €million	Full Year 2014	Full Year 2013*	Change
Cash flow before change in WCR and Voluntary Departure Plans, continued operations	+1,039	+1,311	-272
Cash out related to Voluntary Departure Plans	-154	-183	+29
Change in Working Capital Requirement (WCR)	+113	+343	-230
Operating cash flow	+998	+1,471	-473
Net investments before <i>sale & lease-back</i>	-1,360	-1,064	-296
Cash received through <i>sale & lease-back</i> transactions	+198	+123	+75
Net investments after <i>sale & lease-back</i>	-1,162	-941	-221
Operating free cash flow	-164	+530	-
Operating free cash flow, excluding strike	+261	+530	-

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

In **Full Year 2014**, the fall of 266 million euros in EBITDA, primarily due to the Air France pilot strike, translated into a 272 million euro reduction in cash flow before change in WCR and cash out related to Voluntary Departure Plans.

The Group disbursed 154 million euros for Voluntary Departure Plans. The change in Working Capital Requirement contributed 113 million euros to operating cash flow. Net investments before *sale & lease-back* transactions stood at 1,360 million euros, up 296 million euros against the low level achieved in 2013.

As a result, operating free cash flow amounted to minus 164 million euros, versus a positive 530 million euros a year earlier. Strike-adjusted, operating free cash flow would have been positive by 261 million euros.

Operating free cash flow does not include free cash flow from financial investments, including the cash-in of 339 million euros from the sale of Amadeus shares in September.

Net debt amounted to 5.41 billion euros at 31 December 2014, versus 5.35 billion euros at 31 December 2013. The 12 months trailing net debt / EBITDA ratio stood at 3.4x at 31 December 2014 compared to 2.9x at 31st December 2013. Corrected for the strike impact on EBITDA, it would have fallen to 2.7x.

Despite the returns on the pension plan assets and the positive impact of the changes in Dutch fiscal rules on pensions, the 130 basis point fall in discount rate led to a significant increase in the actuarial valuation of the retirement obligations. The balance sheet pension situation thus moved from a net asset of 601 million euros at 31 December 2013 to a net liability of 710 million euros. Combined with the lower value of the fuel hedging portfolio, this evolution led to shareholder's equity becoming a negative 671 million euros at 31 December 2014. This accounting situation has no consequence on Group operations and liabilities.

The Group continues to enjoy a good level of liquidity, with net cash² of 3.5 billion euros at 31 December 2014, and undrawn credit lines of 1.77 billion euros. This compares with short term debt of 1.8 billion euros. In January 2015, the Group received net proceeds of 327 million euros on the sale of Amadeus shares.

Outlook

After three years of implementation, Transform 2015 has reached its cost reduction target, with ex-fuel unit cost down 7% compared to 2011. Nevertheless, the momentum in net debt reduction was slowed by the Air France pilot strike and the weaker unit revenues observed since Summer 2014.

The Group is currently deploying all the operational initiatives planned within the framework of the new strategic plan Perform 2020:

- The development of the passenger hub business based on an upgraded product offer, an increased customer focus, a stronger positioning of brands, and the reinforcement of strategic partnerships.
- The further optimization of its point-to-point operations, with the creation of a single business unit, aiming at a return to operating breakeven by 2017.
- A new step in the accelerated development of Air France-KLM in the European leisure market, under the Transavia brand, growing by 30% on the French market in 2015 and carrying more than 16 million passengers by 2017.
- The finalisation of the cargo repositioning
- The development of the maintenance business

In parallel, a structured approach to achieving unit cost reduction is being deployed across all entities of the Group. Negotiations with KLM unions are ongoing, and will start in the second quarter of 2015 with Air France unions.

The global context in early 2015 remains uncertain, with a significant drop in fuel prices, the continuation of the overcapacity situation on several long-haul markets, and a negative currency impact on results. In consequence, the Group believes that almost all of the expected savings on the fuel bill⁴ could be offset by unit revenue pressure and negative currency impacts.

Under these conditions, the Group has decided to reinforce the measures planned within the framework of Perform 2020:

- **2015-16 investment plan scaled back by 600 million euros: 300 million euros in 2015 and 300 million euros in 2016**
- **Immediate implementation of further measures at Air France including new Voluntary Departure Plans targeting 800 Full-Time Equivalents**
- **2015-17 unit cost reduction target revised up from “between 1% and 1.5% per year” announced in September 2014 to “an average of 1.5% per year”**

For Full Year 2015, the Group targets a unit cost reduction of 1% to 1.3%, equivalent to 250 to 350 million euros of savings, and net debt around 5 billion euros at the end of 2015, taking into account the financial impact of the pilot strike.

The Group is updating its medium-term (2017) financial targets to take into account the significant fall in fuel prices, the increased volatility of currencies and unit revenues, and the impact of the pilot strike:

- **The target on debt ratio becomes: an adjusted net debt²/EBITDAR ratio of around 2.5 in 2017**

⁴ Based on the forward curve at 9 February 2015, the 2015 fuel bill is expected to reach 6.3 billion euros (7.4 billion dollars at 1.15 dollars per euro) against 6.6 billion euros (8.9 billion dollars) in 2014.

- **The group maintains its free cash-flow target: base businesses to consistently generate annual positive free cash flow**

The medium-term 8 to 10% EBITDAR growth target issued in September 2014 was based on a constant fuel price but not constant unit revenues. The current context of a significant fall in fuel prices accompanied by a fall in unit revenue is making the achievement of this target challenging. In consequence, the Group will focus for now on its reinforced average 1.5% annual unit cost reduction efforts.

The audit procedures for the consolidated accounts have taken place. The certification report will be published following the completion of procedures necessary for the filing of the Registration Document.

The results presentation is available at www.airfranceklm-finance.com on 19 February 2015 from 7:15am CET.

An Analysts' Meeting will be held on 19 February 2015 at 09.00 CET at the Pullman Paris Tour Eiffel hotel, 18, avenue de Suffren (75015 Paris).

A live webcast of the Analysts' Meeting will also be available on the website (password AKH).

To connect to the conference call, please dial:

- France: +33 1 70 99 32 12 (Password: AKH)
- Netherlands: +31 20 7965 012 (Password: AKH)
- UK: +44 207 162 0125 (Password: AKH)
- US: +1 334 323 6203 (Password: AKH)

To listen to a recording of the conference in English, dial:

- France: +33 1 70 99 35 29 (code : 951014)
- Netherlands: +31 20 7965 345 (code : 951014)
- UK: +44 20 7031 4064 (code: 951014)
- US: 1 954 334 0342 (code: 951014)

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INCOME STATEMENTS

<i>In million euros</i>	Fourth Quarter			Full Year		
	2014	2013*	Change	2014	2013*	Change
Sales	6,212	6,123	1.5%	24,912	25,520	-2.4%
Other revenues	1	1	0.0%	18	10	80.0%
External Expenses	-4,043	-3,894	3.8%	-15,791	-15,997	-1.3%
Aircraft fuel	-1,703	-1,652	3.1%	-6,629	-6,897	-3.9%
Chartering costs	-109	-104	4.8%	-438	-455	-3.7%
Aircraft operating lease costs	-227	-221	2.7%	-873	-913	-4.4%
Landing fees and en route charges	-455	-442	2.9%	-1,840	-1,839	0.1%
Catering	-147	-143	2.8%	-591	-589	0.3%
Handling charges and other operating costs	-377	-349	8.0%	-1,476	-1,405	5.1%
Aircraft maintenance costs	-377	-328	14.9%	-1,356	-1,303	4.1%
Commercial and distribution costs	-205	-200	2.5%	-870	-852	2.1%
Other external expenses	-443	-455	-2.6%	-1,718	-1,744	-1.5%
Salaries and related costs	-1,810	-1,791	1.1%	-7,316	-7,482	-2.2%
Taxes other than income taxes	-39	-49	-20.4%	-169	-186	-9.1%
Amortization	-433	-403	7.4%	-1,589	-1,566	1.5%
Depreciation and provisions	-52	-42	23.8%	-129	-159	-18.9%
Other income and expenses	-5	-8	-37.5%	-65	-10	550%
Income from current operations	-169	-63	168%	-129	130	na
Sales of aircraft equipment	5	-7	na	0	-12	-100%
Sales of subsidiaries	0	-2	-100%	185	7	2542%
Other non-current income and expenses	805	-111	na	695	-352	na
Income from operating activities	641	-183	na	751	-227	na
Income from cash and cash equivalents	19	17	11.8%	76	77	-1.3%
Cost of financial debt	-109	-122	-10.7%	-446	-481	-7.3%
Net cost of financial debt	-90	-105	-14.3%	-370	-404	-8.4%
Foreign exchange gains (losses), net	-8	30	na	-158	74	na
Change in fair value of financial assets and liabilities	54	72	-25.0%	-92	57	na
Other financial income and expenses	-31	-18	72.2%	-68	-28	142%
Income before tax	566	-204	na	63	-528	na
Income taxes	-220	-889	-75.3%	-209	-957	-78.2%
Net income of consolidated companies	346	-1,095	na	-146	-1,485	90.2%
Share of profits (losses) of associates	-24	-1	-2300%	-39	-211	81.5%
Income from continuing operations	322	-1,096	na	-185	-1,696	89.1%
Net income from discontinued operations	0	-81	100%	-4	-122	96.7%
Net income for the period	322	-1,175	na	-189	-1,818	89.6%
Minority interest	-6	-1	500%	-9	-9	0.0%
Net income for the period - Group	316	-1,176	na	-198	-1,827	89.2%

* Restated for IFRIC 21, CityJet reclassified as discontinued

CONSOLIDATED BALANCE SHEET

Assets <i>In million euros</i>	December 31, 2014	December 31, 2013*
Goodwill	243	237
Intangible assets	1,009	896
Flight equipment	8,728	9,391
Other property, plant and equipment	1,750	1,819
Investments in equity associates	139	177
Pension assets	1,409	2,454
Other financial assets	1,502	1,963
Deferred tax assets	1,031	434
Other non-current assets	243	113
Total non-current assets	16,054	17,484
Assets held for sale	3	91
Other short-term financial assets	787	1,031
Inventories	538	511
Trade accounts receivables	1,728	1,775
Other current assets	961	845
Cash and cash equivalents	3,159	3,684
Total current assets	7,176	7,937
Total assets	23,230	25,421

* Restated for IFRIC 21, CityJet reclassified as discontinued

Liabilities and equity <i>In million euros</i>	December 31, 2014	December 31, 2013*
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(86)	(85)
Reserves and retained earnings	(3,856)	(941)
Equity attributable to equity holders of Air France-KLM	(671)	2,245
Non-controlling interests	39	48
Total Equity	(632)	2,293
Provisions and retirement benefits	3,491	3,102
Long-term debt	7,994	8,596
Deferred tax liabilities	14	178
Other non-current liabilities	536	397
Total non-current liabilities	12,035	12,273
Liabilities relating to assets held for sale	-	58
Provisions	731	670
Current portion of long-term debt	1,885	2,137
Trade payables	2,444	2,369
Deferred revenue on ticket sales	2,429	2,371
Frequent flyer programs	759	755
Other current liabilities	3,330	2,329
Bank overdrafts	249	166
Total current liabilities	11,827	10,855
Total liabilities	23,862	23,128
Total equity and liabilities	23,230	25 421

* Restated for IFRIC 21, CityJet reclassified as discontinued

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>In million euros</i>	2014	2013*
Net income from continuing operations	(185)	(1 696)
Net income from discontinued operations	(4)	(122)
Amortization, depreciation and operating provisions	1,725	1,735
Financial provisions	68	28
Gain on disposals of tangible and intangible assets	(19)	12
Loss / (gain) on disposals of subsidiaries and associates	(184)	(6)
Derivatives – non monetary result	73	(61)
Unrealized foreign exchange gains and losses, net	122	(114)
Share of (profits) losses of associates	39	211
Deferred taxes	172	916
Impairment	113	79
Other non-monetary items	(1,041)	127
Subtotal	879	1 109
Of which discontinued operations	(6)	(19)
(Increase) / decrease in inventories	(24)	1
(Increase) / decrease in trade receivables	98	59
Increase / (decrease) in trade payables	29	55
Change in other receivables and payables	10	228
Change in working capital from discontinued operations	20	27
Net cash flow from operating activities	1 012	1 479
Acquisition of subsidiaries, of shares in non-controlled entities	(43)	(27)
Purchase of property plants, equipments and intangible assets	(1,431)	(1,186)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	354	27
Proceeds on disposal of property, plant and equipment and intangible assets	269	245
Dividends received	20	17
Decrease / (increase) in net investments, more than 3 months	285	5
Net cash flow used in investing activities of discontinued operations	(20)	(5)
Net cash flow used in investing activities	(566)	(924)
Increase in capital	-	6
Issuance of debt	1,583	1,887
Repayment on debt	(2,024)	(1,480)
Payment of debt resulting from finance lease liabilities	(565)	(588)
New loans	(10)	(98)
Repayment on loans	36	119
Dividends paid	(3)	(4)
Net cash flow from financing activities	(983)	(158)
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(77)	(36)
Effect of exchange rate on cash and cash equivalent and bank overdrafts of discontinued operations	-	1
Change in cash and cash equivalents and bank overdrafts	(614)	362
Cash and cash equivalents and bank overdrafts at beginning of period	3,518	3,160
Cash and cash equivalents and bank overdrafts at end of period	2,910	3,518
Change in cash of discontinued operations	(6)	4

* Restated for IFRIC 21, CityJet reclassified as discontinued

KEY FINANCIAL INDICATORS

EBITDA and EBITDAR

<i>In million euros</i>	Q4 2014	Q4 2013*	FY 2014	FY 2013*
Income/(loss) from current operations	(169)	(63)	(129)	130
Amortization	433	403	1,589	1,566
Depreciation and provisions	52	42	129	159
EBITDA	316	382	1,589	1,855
Aircraft operating lease costs	(227)	(221)	(873)	(913)
EBITDAR	543	603	2,462	2,768

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

Restated net income

	Q4 2014	Q4 2013*	FY 2014	FY 2013*
Net income/(loss), Group share (in €m)	316	(1,176)	(198)	(1,827)
Net income/(loss) from discontinued operations (in €m)	0	81	4	122
Deferred tax linked to legal modification pension plan Netherlands	206	0	206	0
Unrealized foreign exchange gains and losses, net (in €m)	(26)	(39)	122	(114)
Change in fair value of financial assets and liabilities (derivatives) (in €m)	(54)	(72)	92	(57)
Non-current income and expenses (in €m)	(810)	120	(880)	357
Depreciation of shares available for sale (in €m)	1	0	30	119
Cargo deferred tax assets (in €m)	63	937	89	937
Restated net income/(loss) (in €m)	(304)	(149)	(535)	(463)
Restated net income/(loss) per share (in €)	(0.67)	(6.17)	(1.81)	(1.56)

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

Return on capital employed (ROCE)

<i>In million euros</i>	31 Dec. 2014	31 Dec. 2013*	31 Dec. 2013*	31 Dec. 2012**
Goodwill and intangible assets	1,252	1,133	1,133	1,094
Flight equipment	8,728	9,391	9,391	10,048
Other property, plant and equipment	1,750	1,819	1,819	1,932
Investments in equity associates, <i>excluding Alitalia</i>	139	177	177	174
Other financial assets excluding shares available for sale, marketable securities and financial deposits	152	128	128	132
Provisions, excluding pension, cargo litigation and restructuring	(1,403)	(1,105)	(1,105)	(952)
WCR, excluding market value of derivatives	(4,928)	(4,905)	(4,905)	(4,535)
Capital employed on balance sheet	5,690	6,638	6,638	7,893
Average capital employed on balance sheet	6,164		13,758	
Capital employed related to flight equipment under operating leases (operating leases x7)	6,111		6,391	
Average capital employed (A)	12,276		13,655	
Operating result, adjusted for operating leases	167		440	
- Dividends received	(17)		(9)	
- Share of profits (losses) of associates, <i>excluding Alitalia</i>	(39)		(10)	
- Tax recognized in the adjusted net result	86		(20)	
Adjusted result after tax, <i>excluding Alitalia</i> (B)	197		401	
ROCE (B/A)	1.6%		2.9%	
Adjusted result after tax, <i>excl. Alitalia</i> , excluding strike (C)	623		401	
ROCE excluding (C/A)	5.1%		2.9%	

* Restated for IFRIC 21, CityJet reclassified as discontinued operation - ** Restated IAS19 revised

Net debt

Balance sheet at (In million euros)	31 December 2014	31 December 2013
Current and non-current financial debt	9,879	10,733
Deposits on aircraft under finance lease	(584)	(626)
Financial assets pledged (OCEANE swap)	(196)	(393)
Currency hedge on financial debt	(21)	8
Accrued interest	(123)	(144)
Gross financial debt (A)	8,955	9,578
Cash and cash equivalents	3,159	3,684
Marketable securities	73	126
Cash pledges	399	432
Deposits (bonds)	166	154
Bank overdrafts	(249)	(166)
Net cash (B)	3,548	4,230
Net debt (A) – (B)	5,407	5,348

Adjusted net debt and adjusted net debt/EBITDAR ratio

	31 December 2014	31 December 2013
Net debt (in €m)	5,407	5,348
Aircraft operating leases x 7 (in €m)	6,111	6,391
Adjusted net debt (in €m)	11,518	11,739
EBITDAR (in €m)	2,462	2,768
Adjusted net debt/EBITDAR ratio	4.7x	4.2x

Operating free cash flow

In million euros	2014	2013*
Net cash flow from operating activities	998	1,471
Investment in property, plant, equipment and intangible assets	(1,431)	(1,186)
Proceeds on disposal of property, plant, equipment and intangible assets	269	245
Operating free cash flow excluding discontinued operations	(164)	530

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

Net cost per EASK

	Q4 2014	Q4 2013*	FY 2014	FY 2013*
Revenues (in €m)	6,212	6,123	24,912	25,520
Income/(loss) from current operations (in €m)	(169)	(63)	(129)	130
Total operating expense (in €m)	(6,381)	(6,186)	(25,041)	(25,390)
Passenger business – other passenger revenues** (in €m)	229	231	875	912
Cargo business – other air freight revenues (in €m)	38	49	172	197
Third-party revenues in the maintenance business (in €m)	356	298	1,251	1,225
Other businesses – revenues other than Transavia transportation (in €m)	100	95	409	419
Net cost (in €m)	5,658	5,513	22,334	22,637
Capacity produced, reported in EASK	81,565	81,194	332,602	333,480
Net cost per EASK (in €cents per EASK)	6.94	6.79	6.71	6.79
Gross change	+2.2%		-1.1%	
Net cost, excluding strike (in €m)	5,642		22,404	
Capacity produced, reported in EASK, excluding strike	81,565		337,352	
Net cost per EASK, excluding strike (in €cents per EASK)	6.92	6.79	6.64	6.79
Currency effect on net costs (in €m)		135		(90)
Change at constant currency		-0.6%		-1.8%
Fuel price effect (in €m)		(73)		(160)
Change on a constant currency and fuel price basis		+0.7%		-1.1%
Defined pension benefit expense included in salaries and related costs (in €m)	93	61	388	379
Q4 one-off effect		-0.9%		-0.2%
Net cost per EASK on a constant currency, fuel price and defined benefit pension expense basis, excluding Q4 one-offs (in €cents per EASK)	6.94	6.99	6.64	6.73
Change on a constant currency, fuel price and defined benefit pension expense basis		-0.7%		-1.3%

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

** Restated for change in revenue allocation (24 million euros transferred from “other passenger” to “scheduled passenger” revenues in FY 2013, zero in Q4 2013)

INDIVIDUAL AIRLINE RESULTS

Air France

	2014	2013*	Change	Change like-for-like
Revenue (€m)	15,582	16,129	-3.4%	-
Revenue excluding strike (€m)	16,065	16,129	-0.4%	+0.1%
EBITDA (€m)	845	1,014	-169	-
EBITDA excluding strike (€m)	1,258	1,014	+244	+237
Operating result (€m)	-314	-174	-140	-
Operating result excluding strike (€m)	99	-174	+273	+302

* Restated for IFRIC 21, CityJet reclassified as discontinued operation

KLM

	2014	2013	Change	Change like-for-like
Revenue (€m)	9,643	9,689	-0.5%	+0.7%
EBITDA (€m)	734	846	-112	-36
Operating result (€m)	175	301	-126	-34

NB: Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level.

GROUP FLEET AT 31 DECEMBER 2014

Air France fleet

Aircraft type	AF	Hop!	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/13
B747-400	7			3	1	3	7	6	-1
B777-300	37			9	11	17	37	37	
B777-200	25			14	3	8	25	25	
A380-800	10			1	4	5	10	10	1
A340-300	13			4	6	3	13	13	
A330-200	15			4	1	10	15	15	
Total long-haul	107			35	26	46	107	106	
B747-400ERF	2					2	2	2	
B777-F	2			2			2	2	
Total cargo	4			2		2	4	4	
B737-800			14			14	14	14	3
A321	25			6	6	13	25	24	-1
A320	46			9	2	35	46	45	1
A319	41			15	10	16	41	41	
A318	18			11	7		18	18	
Total short and medium-haul	130		14	41	25	78	144	142	3
ATR72-500		11		1	3	7	11	11	3
ATR72-200									-1
ATR42-500		13		4	4	5	13	13	
Canadair Jet 1000		13		13			13	13	
Canadair Jet 700		15		13	2		15	13	
Canadair Jet 100		11		11			11	4	-3
Embraer 190		10		4		6	10	10	
Embraer 170		16		8	2	6	16	16	
Embraer 145		19		17	2		19	15	-3
Embraer 135		5		4	1		5	1	-1
Total regional		113		75	14	24	113	96	-5
TOTAL*	241	113	14	153	65	150	368	348	-2

* At constant scope. CityJet and VLM were disposed, resulting in an additional decrease of -34 aircraft of which -31 in operation

KLM fleet

Aircraft type	KLM	KLM Cityhopper	Transavia	Martinair	Owned	Finance lease	Operating lease	Total	In operation	Change / 31/12/13
B747-400	22				15	2	5	22	22	
B777-300	8					8		8	8	
B777-200	15					6	9	15	15	
A330-300	5						5	5	5	+1
A330-200	12					6	6	12	12	
MD11	1				1			1	0	-4
Total long-haul	63				16	22	25	63	62	-3
B747-400ERF				4		3	1	4	3	
B747-400BCF				3			3	3	1	
MD-11-CF				3	3			3	3	
MD-11-F				3		2	1	3	3	
Total cargo				13	3	5	5	13	10	
B737-900	5				1	1	3	5	5	
B737-800	25		22		7	10	30	47	47	2
B737-700	18		9		2	9	16	27	27	
Total short and medium-haul	48		31		10	20	49	79	79	2
Embraer 190		28				13	15	28	28	4
Fokker 70		20			20			20	19	-7
Total Regional		48			20	13	15	48	47	-3
KLM	111	48	31	13	49	60	94	203	198	-4
TOTAL Air France-KLM*					202	125	244	571	546	-6

* At constant scope. CityJet and VLM were disposed, resulting in an additional decrease of -34 aircraft, of which -31 in operation

Decision from the AMF Enforcement Committee (Press release dated 6 March 2015)

On 6 March 2015, Air France-KLM was informed of the decision from the Enforcement Committee of the Autorité des Marchés Financiers (AMF) relating to elements of the Group's financial communication during the period from April 2010 to May 2011.

This period had been impacted by a series of exceptional and unforeseeable events which made financial communication particularly difficult: closure of the air space following the eruption of an Icelandic volcano, major disruption of activity at Paris airports following heavy snowfall ('glycol' crisis), rapid rebound in the oil price, Arab spring, tsunami in Japan, etc.

Air France-KLM, which cooperated fully in this investigation, notes that the Enforcement Committee decided to dismiss a number of the grievances submitted by the investigators but regrets that its other arguments were not upheld particularly in view of the fact that, during the hearing, the Rapporteur had noted no prejudice to investors. The Group will thus not be filing an appeal regarding this decision.

Since the opening of this procedure and without awaiting its conclusions, Air France-KLM, which has regularly won awards recognizing the clarity and transparency of its investor relations, has further reinforced its management procedures regarding financial disclosure.

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February 2015 Traffic (Press release dated 9 March 2015)

- ▶ **Network airlines: continued strict capacity discipline, contrasting trends**
- ▶ **Ongoing accelerated development of Transavia**

Traffic highlights

Network airlines activity (Air France, KLM, HOP!)	Capacity (ASK, %ch.)	Traffic (RPK, %ch.)	Load Factor (%)	Change (pts)
Long-haul	+ 0.4%	- 0.1%	83.9%	- 0.4
North America	+ 2.2%	+ 4.0%	83.1%	+ 1.5
Latin America	- 0.0%	- 1.6%	85.4%	- 1.4
Asia	+ 1.8%	+ 0.4%	85.7%	- 1.2
Africa / Middle East	- 1.7%	- 5.6%	76.2%	- 3.1
Caribbean / Indian Ocean	- 1.7%	+ 0.6%	89.1%	+ 2.0
Short and Medium-haul	- 1.5%	+ 0.6%	73.6%	+ 1.6
Total network airlines	+ 0.0%	- 0.0%	81.9%	- 0.0

- ▶ 5.4 million passengers, +0.8%
- ▶ Unit revenue per available seat kilometer (RASK) ex-currency down compared to February 2014, reflecting the expected capacity-demand balances: good performance on North America, the Caribbean/ Indian Ocean region and point-to-point, unit revenues under pressure on Asia, Africa/Middle East and Latin America

Transavia activity	Capacity (ASK, %ch.)	Traffic (RPK, %ch.)	Load Factor (%)	Change (pts)
Total	+ 8.4%	+ 10.9%	89.6%	+ 2.0

- ▶ 0.5 million passengers, +14.8%
- ▶ Ongoing accelerated development of Transavia: strong traffic growth combined with increased load factor

Total group passenger activity	Capacity (ASK, %ch.)	Traffic (RPK, %ch.)	Load Factor (%)	Change (pts)
Total	+ 0.4%	+ 0.6%	82.3%	+ 0.1

- ▶ 5.9 million passengers, +1.9%

Cargo activity	Capacity (ATK, %ch.)	Traffic (RTK, %ch.)	Load Factor (%)	Change (pts)
Total	- 3.1%	- 8.2%	62.8%	- 3.4

- ▶ Unit revenue per available ton kilometer (RATK) ex-currency down compared to February 2014, impacted notably by the change in business mix (13% reduction in full-freighter capacity)

Agenda

8 April 2015: March 2015 traffic
30 April 2015: Results of the First Quarter of 2015
11 May 2015: April 2015 traffic

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STATISTICS

Network airlines activity*

Total Network airlines*	February			Year to date		
	2015	2014	Variation	2015	2014	Variation
Passengers carried ('000s)	5,386	5,343	0.8%	11,091	11,020	0.6%
Revenue pax-kilometers (m RPK)	16,219	16,220	(0.0%)	34,271	34,367	(0.3%)
Available seat-kilometers (m ASK)	19,809	19,806	0.0%	41,735	41,600	0.3%
Load factor (%)	81.9%	81.9%	(0.0)	82.1%	82.6%	(0.5)
Long-haul						
Passengers carried ('000s)	1,771	1,765	0.3%	3,778	3,777	0.0%
Revenue pax-kilometers (m RPK)	13,332	13,350	(0.1%)	28,415	28,542	(0.4%)
Available seat-kilometers (m ASK)	15,888	15,825	0.4%	33,707	33,471	0.7%
Load factor (%)	83.9%	84.4%	(0.4)	84.3%	85.3%	(1.0)
North America						
Passengers carried ('000s)	424	406	4.5%	918	891	3.1%
Revenue pax-kilometers (m RPK)	3,017	2,900	4.0%	6,544	6,365	2.8%
Available seat-kilometers (m ASK)	3,628	3,552	2.2%	7,730	7,553	2.3%
Load factor (%)	83.1%	81.6%	1.5	84.7%	84.3%	0.4
Latin America						
Passengers carried ('000s)	215	222	(2.9%)	473	477	(0.6%)
Revenue pax-kilometers (m RPK)	2,079	2,113	(1.6%)	4,563	4,570	(0.2%)
Available seat-kilometers (m ASK)	2,435	2,436	(0.0%)	5,193	5,169	0.5%
Load factor (%)	85.4%	86.7%	(1.4)	87.9%	88.4%	(0.5)
Asia / Pacific						
Passengers carried ('000s)	453	441	2.7%	940	926	1.6%
Revenue pax-kilometers (m RPK)	3,913	3,898	0.4%	8,126	8,182	(0.7%)
Available seat-kilometers (m ASK)	4,565	4,486	1.8%	9,634	9,468	1.7%
Load factor (%)	85.7%	86.9%	(1.2)	84.3%	86.4%	(2.1)
Africa / Middle East						
Passengers carried ('000s)	381	400	(4.9%)	819	859	(4.7%)
Revenue pax-kilometers (m RPK)	2,154	2,281	(5.6%)	4,609	4,878	(5.5%)
Available seat-kilometers (m ASK)	2,825	2,874	(1.7%)	5,974	6,078	(1.7%)
Load factor (%)	76.2%	79.4%	(3.1)	77.2%	80.2%	(3.1)
Caribbean / Indian,Ocean						
Passengers carried ('000s)	298	297	0.6%	627	624	0.4%
Revenue pax-kilometers (m RPK)	2,171	2,158	0.6%	4,574	4,548	0.6%
Available seat-kilometers (m ASK)	2,435	2,478	(1.7%)	5,177	5,202	(0.5%)
Load factor (%)	89.1%	87.1%	2.0	88.3%	87.4%	0.9
Short and Medium-haul						
Passengers carried ('000s)	3,615	3,578	1.0%	7,313	7,243	1.0%
Revenue pax-kilometers (m RPK)	2,887	2,870	0.6%	5,857	5,824	0.6%
Available seat-kilometers (m ASK)	3,921	3,981	(1.5%)	8,028	8,129	(1.2%)
Load factor (%)	73.6%	72.1%	1.6	73.0%	71.6%	1.3

* Air France, KLM, and HOP!

Transavia activity

Transavia	February			Year to date		
	2015	2014	Variation	2015	2014	Variation
Passengers carried ('000s)	535	466	14.8%	1,020	896	13.8%
Revenue pax-kilometers (m RPK)	982	886	10.9%	1,879	1,715	9.5%
Available seat-kilometers (m ASK)	1,096	1,011	8.4%	2,165	2,029	6.7%
Load factor (%)	89.6%	87.6%	2.0	86.8%	84.5%	2.3

Total group passenger activity**

Total group**	February			Year to date		
	2015	2014	Variation	2015	2014	Variation
Passengers carried ('000s)	5 921	5 809	1,9%	12 111	11 916	1,6%
Revenue pax-kilometers (m RPK)	17 202	17 105	0,6%	36 150	36 081	0,2%
Available seat-kilometers (m ASK)	20 905	20 817	0,4%	43 900	43 629	0,6%
Load factor (%)	82,3%	82,2%	0,1	82,3%	82,7%	(0,4)

** Air France, KLM, HOP! and Transavia

Cargo activity

Total group	February			Year to date		
	2015	2014	Variation	2015	2014	Variation
Revenue tonne-km (m RTK)	726	791	(8.2%)	1,439	1,565	(8.1%)
Available tonne-km (m ATK)	1,157	1,194	(3.1%)	2,417	2,476	(2.4%)
Load factor (%)	62.8%	66.2%	(3.4)	59.5%	63.2%	(3.7)

Renewal of Alexandre de Juniac, Air France-KLM Chairman and Chief Executive Officer, and reinforced Group governance (Press release dated 20 March 2015)

During its 20 March meeting, the Air France-KLM Board of Directors approved the draft resolutions to be submitted to the forthcoming Annual General Shareholders' Meeting.

Amongst these resolutions, as proposed by its Appointments Committee, the Board has decided to submit a resolution to renew, for a further four-year term, the mandate of Alexandre de Juniac, Air France-KLM's Chairman and Chief Executive Officer.

In addition, the Board has launched a process to strengthen the Air France-KLM Group's governance to enable more interaction and consistency between Air France-KLM, Air France and KLM. To this end, Mr. Hans Smits, Chairman of the KLM Supervisory Board, will be systematically invited to attend Air France-KLM Board meetings; Mr. Pierre-Francois Riolacci, Air France-KLM's Chief Financial Officer, will be systematically invited to attend meetings of the KLM Supervisory Board; and Mr. Alexandre de Juniac, Chairman and CEO of Air France-KLM, will be systematically invited to attend meetings of the Air France Board of Directors.

Lastly, the Board expressed its full support for Alexandre de Juniac and his ambitions for Air France-KLM, which include improving competitiveness within the framework of Perform 2020, enhancing the quality of customer service, involving all the Group's teams in these projects, and pursuing Air France-KLM's development as a major player in the global airline industry.

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Air France-KLM successfully places a perpetual subordinated bond issue raising 400 million euros (Press release dated March 26, 2015)

This announcement is not an offer of securities in the United States or in any other country. The Bonds may not be offered or sold in the United States unless they are registered or exempt from registration under the U.S. Securities Act of 1933, as amended. Air France-KLM does not intend to register any portion of the proposed offering in the United States or to conduct an offering of securities in the United States.

Air France-KLM has successfully placed yesterday an issue of perpetual subordinated bonds for an amount of 400 million euros. Investors indicated a very high level of interest for this issue, with an order book amounting to more than 1.1 billion euros.

These securities, which have no maturity date, have a first repayment option in 2020 at the issuer's discretion. They pay an annual coupon of 6.25% until that date. In accordance with IFRS, they are booked as equity.

This issue enables the consolidation of the Group's financial structure during the Perform 2020 implementation period. It will thus contribute to the achievement of the adjusted net debt/EBITDAR ratio target of around 2.5 in 2017.

In view of this transaction, the Group is updating its net debt target for end 2015 from around 5 billion euros to around 4.6 billion euros.

On the occasion of this issue, Alexandre de Juniac said: *This transaction testifies to the markets' confidence in Air France-KLM's strategy. It reinforces the Group in its financing of operations and growth, within the framework of the Perform 2020 plan.*

This issue was managed by BNP Paribas, Deutsche Bank AG and Morgan Stanley & Co. International plc acting as Structuring Advisers, Global Coordinators and Bookrunners, by Crédit Agricole Corporate and Investment Bank and Natixis, acting as Global Coordinators and Bookrunners, and by Banco Santander, S.A., HSBC Bank plc and Société Générale acting as Joint Bookrunners.

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Warnings

This press release is for information purposes only and is not an offer to sell securities or a solicitation to buy securities in any jurisdiction. The securities mentioned in this press release were not and will not be offered through a public offering and no related documents will be distributed to the public in any jurisdiction.

The circulation, publication or distribution of this press release is forbidden in any country where such circulation, publication or distribution would be an infringement of applicable laws and regulations.

This press release cannot be published, distributed or transmitted in the United States (including its territories and dependencies, any State of the United States and the District of Columbia). This press release is not an offer for the sale of the securities of Air France-KLM in the United States or any other jurisdiction. The securities mentioned in this press release may not be offered or sold in the United States of America absent registration or an exemption from registration from the U.S. Securities Act of 1933, as amended (the "Securities Act"). Air France-KLM does

not intend to register the offering, in whole or in part, in the United States or to conduct a public offering in the United States.

TAXATION

The following is a summary limited to certain tax considerations in France and, as the case may be, the European Union 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.

EU savings directive

On 3 June 2003, the European Council of Economic and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to so-called residual entities established in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of the beneficial owner.

However, throughout a transitional period, Austria, instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withholds an amount on interest payments. The current withholding tax rate is 35 per cent. Luxembourg operated such a withholding system until 31 December 2014 but the Luxembourg government has elected out of the withholding system with effect from 1 January 2015, in favour of the Disclosure of Information Method under the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 24 March 2014, the Council of European Union adopted a directive amending the Savings Directive (the “**Amending Directive**”), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the amending directive aims at extending the scope of the Savings Directive to new types of savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive and are required to apply these new requirements from 1 January 2017.

The Savings Directive may, however, be repealed in due course in order to avoid overlap with the amended Council Directive 2011/16/EU on administrative cooperation in the field of taxation, pursuant to which Member States other than Austria will be required to apply other new measures on mandatory automatic exchange of information from 1 January 2016. Austria has an additional year before being required to implement the new measures but it has announced that it will nevertheless begin to exchange information automatically in accordance with the timetable applicable to the other Member States.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the Amending Directive on their investment.

France

The Notes are novel instruments and contain a number of features that are not present in other securities issued regularly in the market. There is no judicial or administrative interpretation relating to the application of French tax laws and regulations to instruments such as the Notes.

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. 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.

The Savings Directive has been implemented in French law under Article 242 ter of the French *Code général des impôts* and Articles 49 I ter to 49 I sexies of Annex 3 to the French *Code général des impôts*, which impose on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and certain detailed information on the different categories of interest paid to that beneficial owner.

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 is 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 or other revenues may be recharacterised as deemed distribution pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest or 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 withholding tax set out in article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of such Deductibility Exclusion) 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**”).

In addition, pursuant to the BOI-INT-DG-20-50-20140211, n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211, n°70, BOI-IR-DOMIC-10-20-20-60-20140211, n°10 and BOI-ANNX-000364-20120912, n°20, 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*:

- (x) 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
- (xi) admitted, at the time of their issue, to the clearing operations of a central depository 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 depositories or operators provided that such depository 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*.

Pursuant to Article 125 A of the French *Code général des impôts* subject to certain 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.

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

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 30 March 2015 (the “**Subscription Agreement**”) entered into between BNP Paribas, Deutsche Bank AG, London Branch, Morgan Stanley & Co. International plc, Banco Santander, S.A., Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, NATIXIS and Société Générale (the “**Joint Bookrunners**”) and the Issuer, the Joint Bookrunners have agreed, subject to satisfaction of certain conditions, to jointly and severally subscribe and pay for the Notes at a price equal to 99.482 per cent. of their principal amount less the commissions agreed between the Issuer and the Joint Bookrunners. The Subscription Agreement entitles the Joint Bookrunners to terminate it in certain circumstances prior to payment being made to the Issuer.

General Restrictions

Neither the Issuer nor any Joint Bookrunner 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 Bookrunner 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 Bookrunner in any such jurisdiction as a result of any of the foregoing actions.

France

The Issuer and each Joint Bookrunner 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, and the Notes may not be offered or sold 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. 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 Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the “**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons, and 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.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on 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 that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Bookrunner has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 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°15-124 from the AMF on 30 March 2015. 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 1 April 2015.
2. The Notes have been accepted for clearance through Euroclear France (66, rue de la Victoire, 75009 Paris, France), Clearstream, Luxembourg (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg) and Euroclear (1, boulevard du Roi Albert II, 1210 Brussels, Belgium) with the Common Code 121155109. The International Securities Identification Number (ISIN) for the Notes is FR0012650281.
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 18 February 2015 and a decision of its Chairman and Chief Executive Officer (*Président Directeur général*) dated 25 March 2015.
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 €10,000.
6. The yield of the Notes is 6.375 per cent. *per annum* from the Issue Date to the First Call Date. 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 Bookrunners, 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 9 of this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2014.
9. There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2014.
10. Save as disclosed in item 11.5 of the cross-reference table on page 8 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 Agency Agreement;
 - (c) the *statuts* of the Issuer; and

(d) the Documents Incorporated by Reference.

The Prospectus and the 2013 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 2013 and 31 December 2012. Their reports with respect thereto are respectively dated 24 February 2014 and 28 February 2013.

Deloitte & Associés (185, avenue Charles de Gaulle, 92524 Neuilly sur Seine Cedex, France) and KPMG Audit, department of KPMG S.A. (1, cours Valmy, 92923 Paris-La Défense Cedex, France) are members of the *Compagnie régionale des Commissaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*.

ISSUER

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