

Information meeting




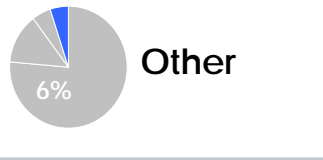


Agenda

- ✦ Full year 2011 results affected by strong rise in fuel bill
- ✦ Transform 2015: immediate measures implemented and negotiations underway on employment conditions
- ✦ Outlook for 2012

Key data by business

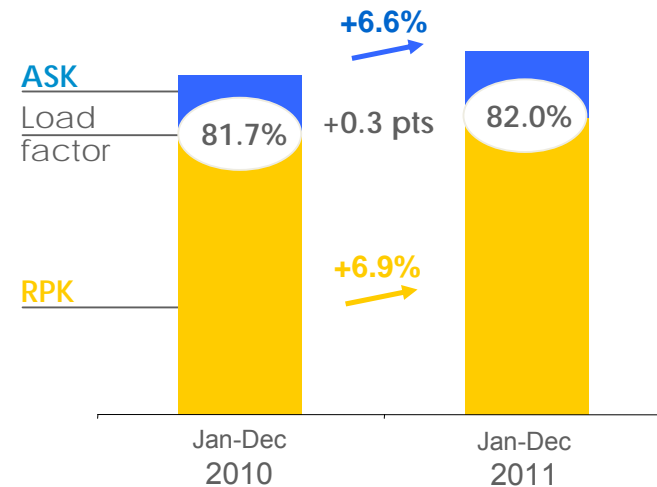
Calendar year

	Revenues		Operating result	
	2011 (€bn)	% ch.	2011(€m)	2010 (€m)
 Passenger	18.83	+5.2%	-375	-58
 Cargo	3.14	+2.6%	-60	15
 Maintenance	1.04	+1.1%	110	118
 Other	1.35	+3.0%	-28	-47
Total	24.36	+4.5%	-353	28

Passenger: traffic holds up but unit revenues down

+ Traffic holds up...

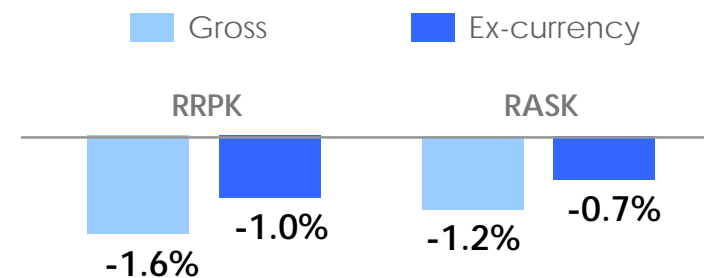
- ▶ Rise in traffic outstrips capacity: load factor up 0.3 pts
- ▶ In spite of crises (Japan, Ivory Coast, Arab spring)



+ ...but unit revenues* down:

- ▶ Long-haul RASK: -0.4%
 - ▶ Premium: +3.5%
 - ▶ Economy: -1.2%
- ▶ Medium-haul RASK: -1.0%

Unit revenues calendar year 2011

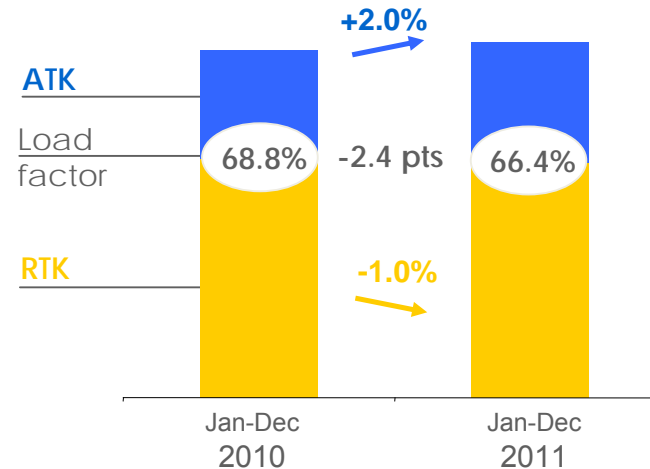


* Ex-currency

Cargo: deterioration in activity levels at the end of the year

+ Activity

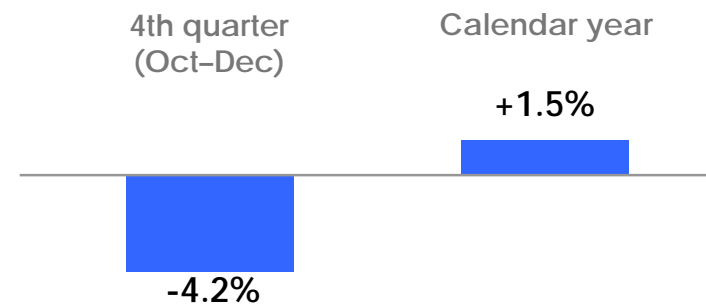
- ▶ Deteriorating market since the summer
- ▶ 1% decline in volumes, acceleration in Q4 (-2.8%)
- ▶ Decline in load factor despite strict capacity control in full freighter



+ Unit revenues

- ▶ Strong decline in Q4 (-4.2%), traditionally a strong period in the sector
- ▶ 1.5% rise over the Full Year

Unit revenues per ATK (ex-currency)



Group results

€m	Calendar year (12 months)		
	2011	2010	% ch.
Revenues	24,363	23,310	+5%
EBITDAR	2,192	2,501	-12%
EBITDA	1,344	1,695	-21%
Income from current operations	-353	28	
Adjusted operating income	-65	302	
<i>Adjusted operating margin</i>	<i>-0.3%</i>	<i>1.3%</i>	<i>-1.6 pt</i>
Net income, group	-809	289*	
Net income, restated**	-709	-405	
Net capex	1,265	983	+29%
Free cash flow	-333	251	
Free cash flow excl. Amadeus	-333	58	
Net debt at end of period	6,515	6,065	+7%

* After capital gain of €1,030 on Amadeus operation

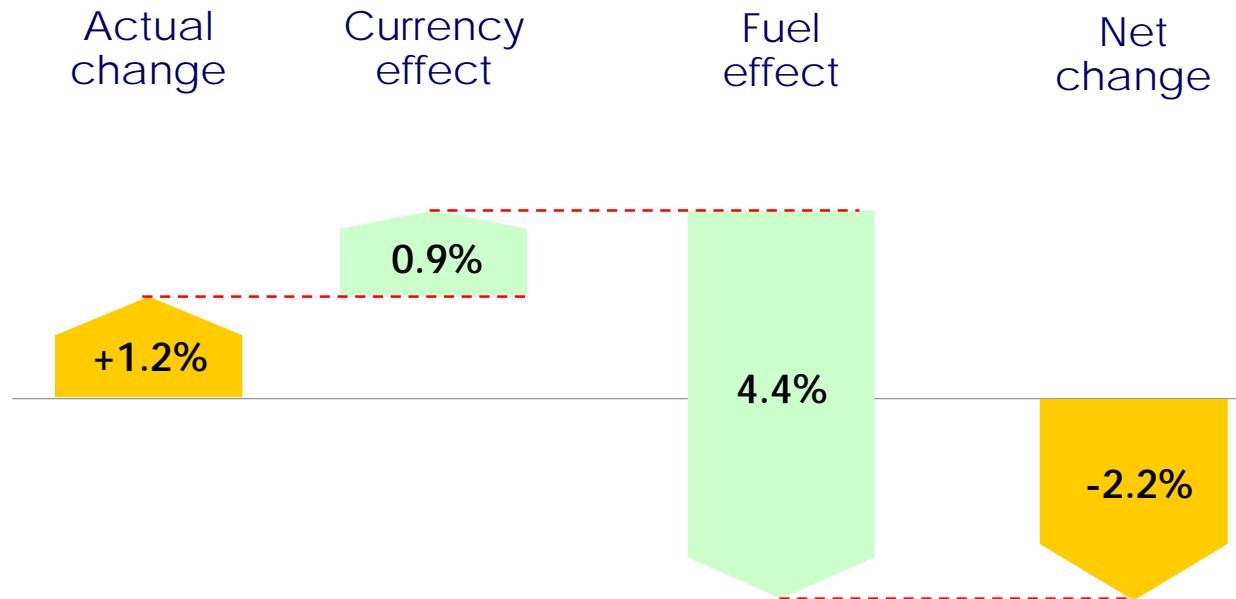
** Definition: see appendices of results presentation

Reduced unit costs

January-December 2011

Unit cost per EASK: **€6.67 cts**

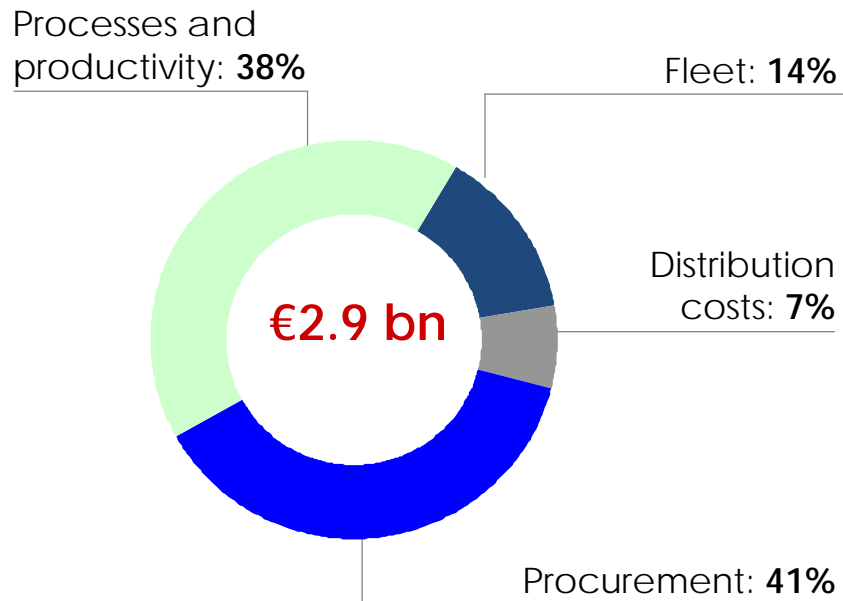
Capacity in EASK: **+5.1%**



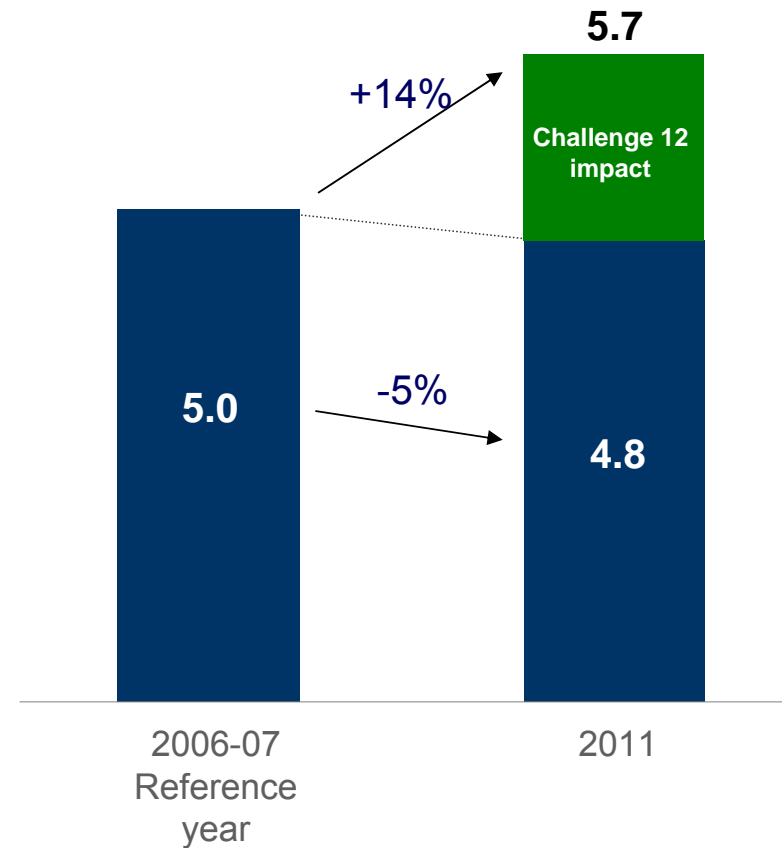
Challenge 12: positive impact on unit costs

€ cts per EASK

Summary of total Challenge 12 program 2007-08 to 2011

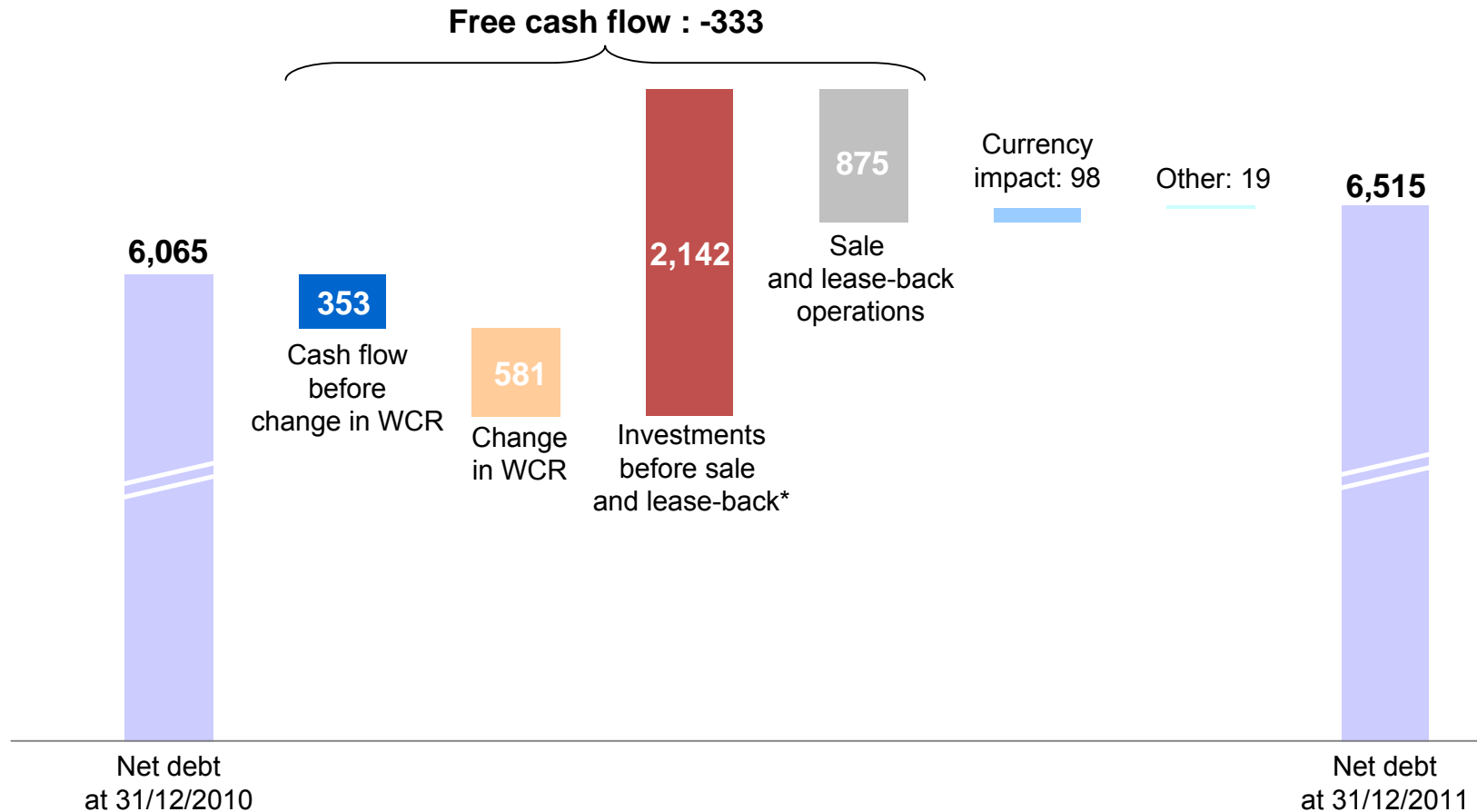


Ex-fuel unit cost



Change in debt

€ millions

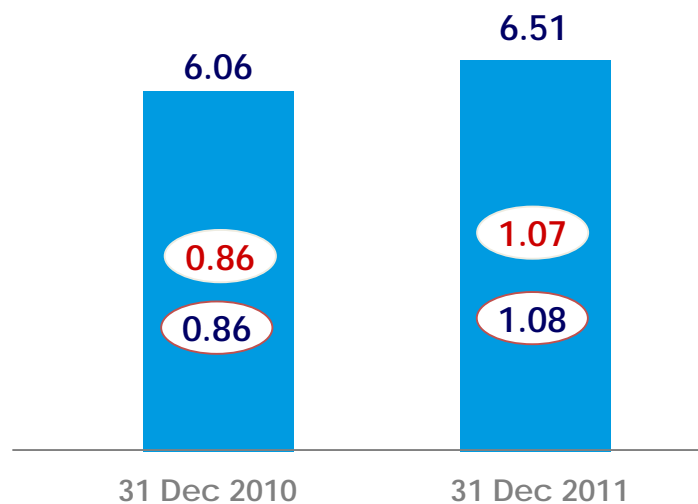


* Including financial investments

Financial position

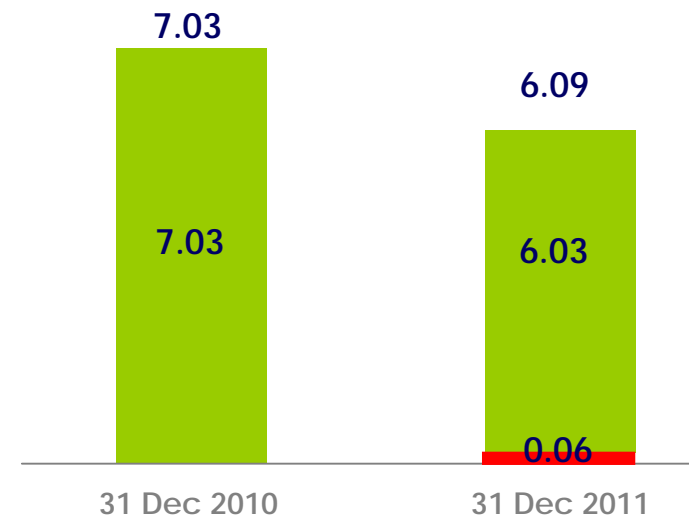
Net financial debt
(€ billion)

- Net debt
- X Gearing ratio
- X Gearing ratio ex hedging instruments



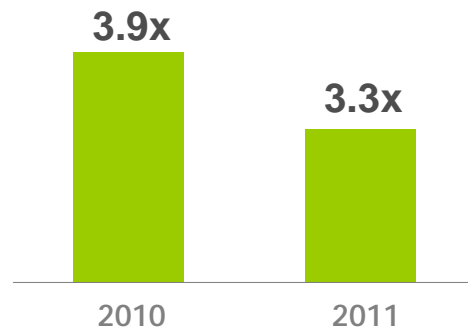
Shareholders' Funds
(€ billion)

- Shareholders' funds
- Hedging instruments

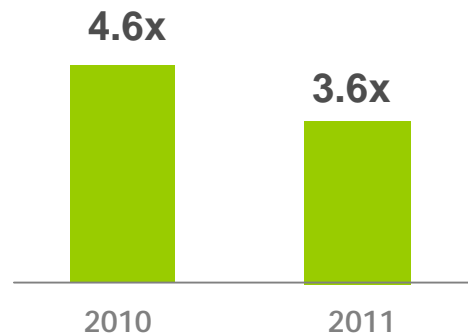


Financial ratios at 31st December

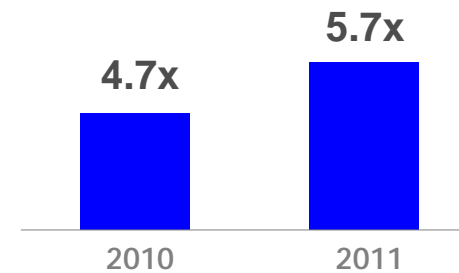
EBITDAR / net adjusted financial costs*



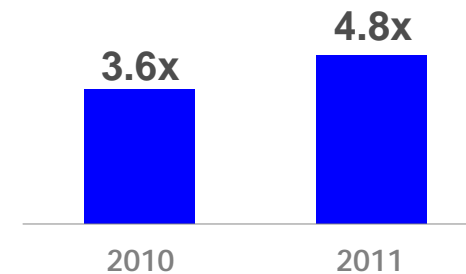
EBITDA / net financial costs



Adjusted net debt** / EBITDAR



Net debt / EBITDA



* Adjusted for the portion of financial charges in operating leases (34%)

** Adjusted for capitalized operating leases (7x yearly charge)

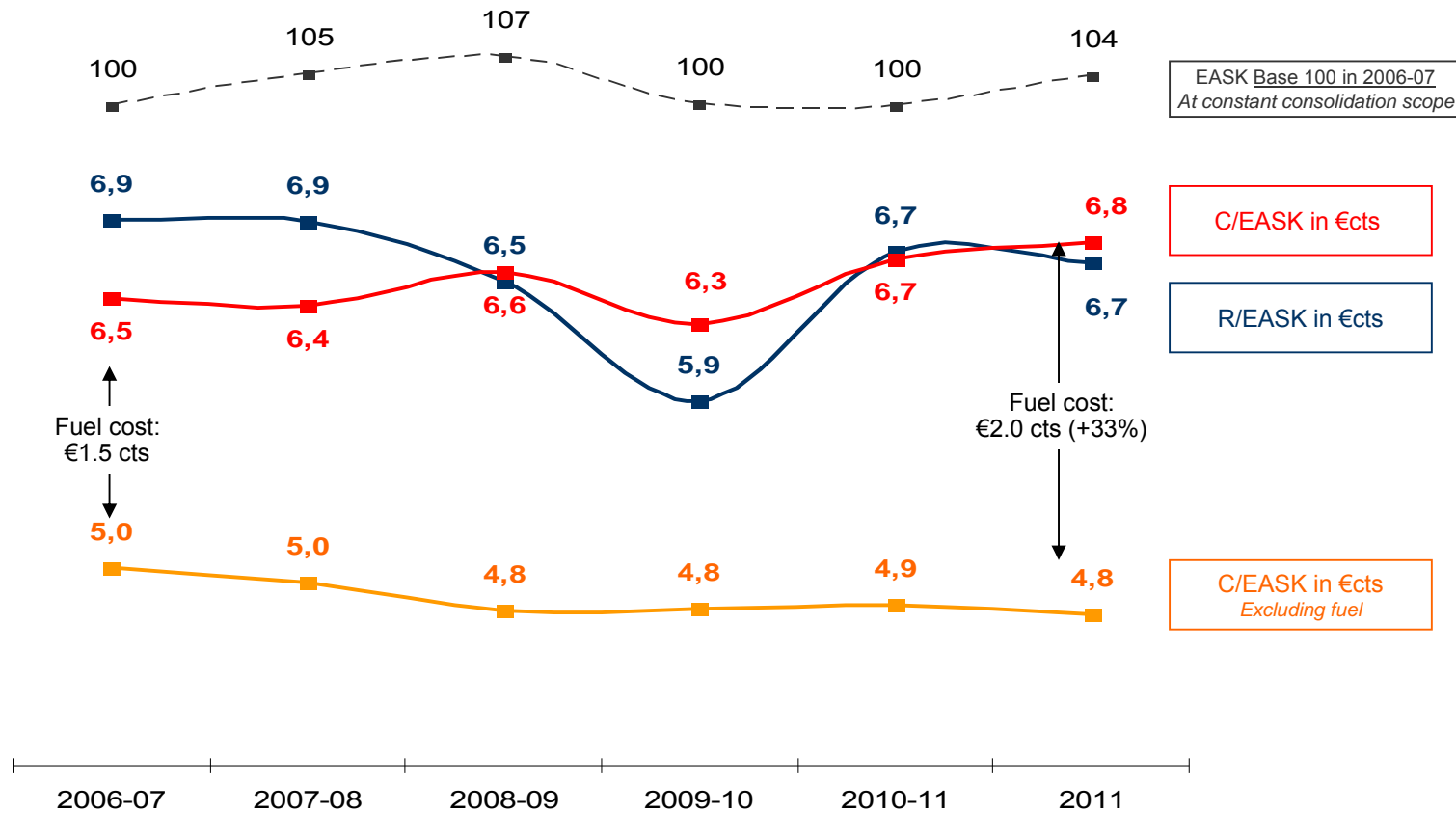
High level of liquidity

- + Cash of €2.9bn at 31st December 2011
 - + After €400m pledged for convertible bond swap operation
- + Partial sale of Amadeus in February 2012: €467m additional cash
- + Undrawn credit lines of €1.85bn
 - ▶ Air France: €1.06bn until 2016
 - ▶ KLM: €540m until 2016
 - ▶ Air France-KLM: €250m until 2017
 - ▶ Covenants respected

Agenda

- ✦ Full year 2011 results affected by strong rise in fuel bill
- ✦ Transform 2015: immediate measures implemented and negotiations underway on employment conditions
- ✦ Outlook for 2012

Unit costs remain too high in current environment



Transform 2015

Phase 1

Immediate measures

- ▶ Limit capacity growth
- ▶ Investments revised down
- ▶ Immediate cost savings

Phase 2

Structural transformation plan

- ▶ Medium-haul return to break-even
- ▶ Cargo turnaround
- ▶ Improvement in profitability at long-haul and maintenance



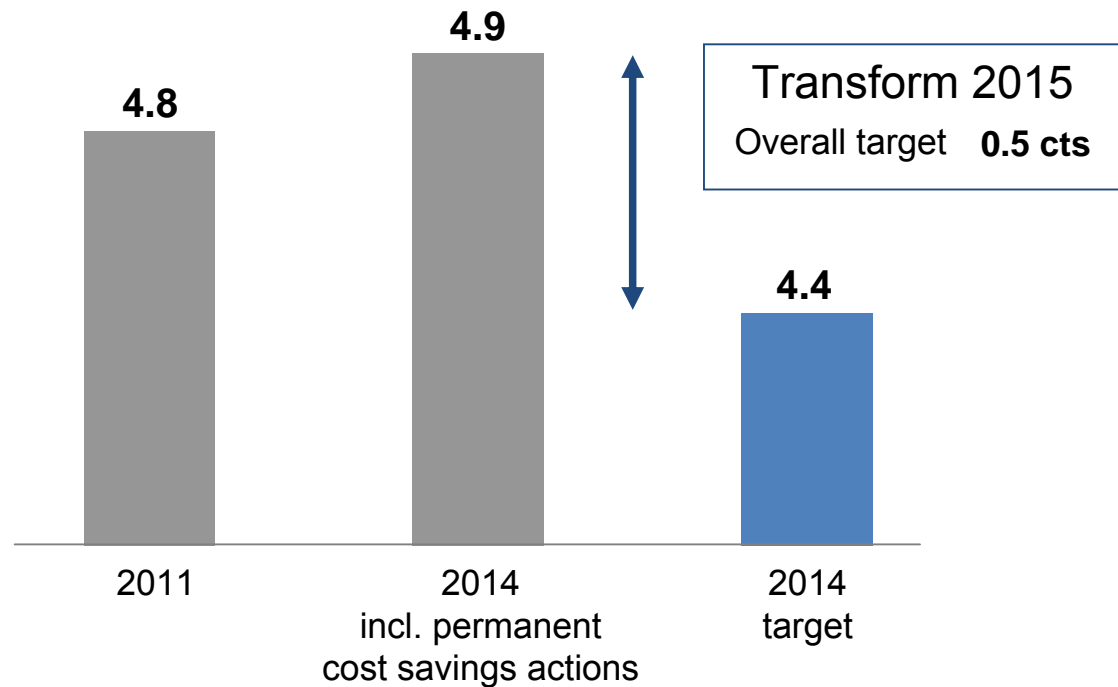
Targets end-2014

Debt reduced by €2bn
Net debt/EBITDA ratio below 2

Estimated 10% reduction in unit costs

€ cts per EASK

Ex-fuel unit cost



Achievements at 20th March 2012

Phase 1

- + Limited capacity growth
- + Investment program revised down
- + Immediate cost savings

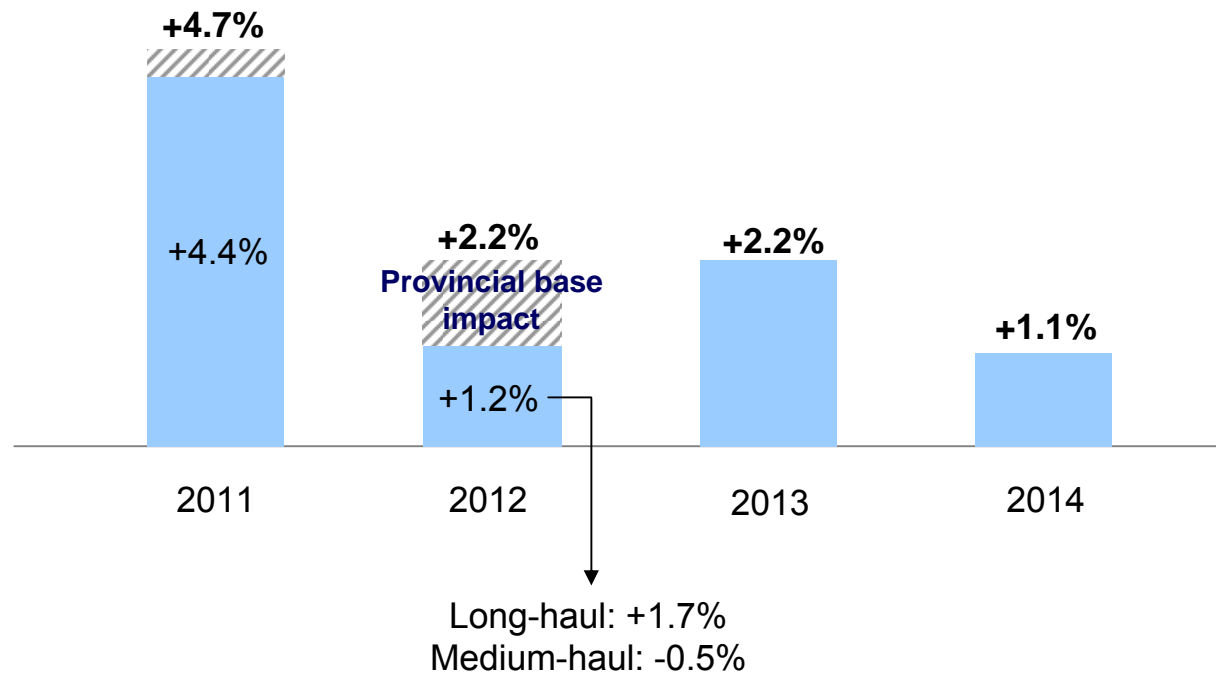
Phase 2

- + Collective labor agreement renegotiations opened
- + Agreements on framework and methodology signed
- + Launch of transformation projects

Limited capacity growth

Phase 1

Capacity in ASK

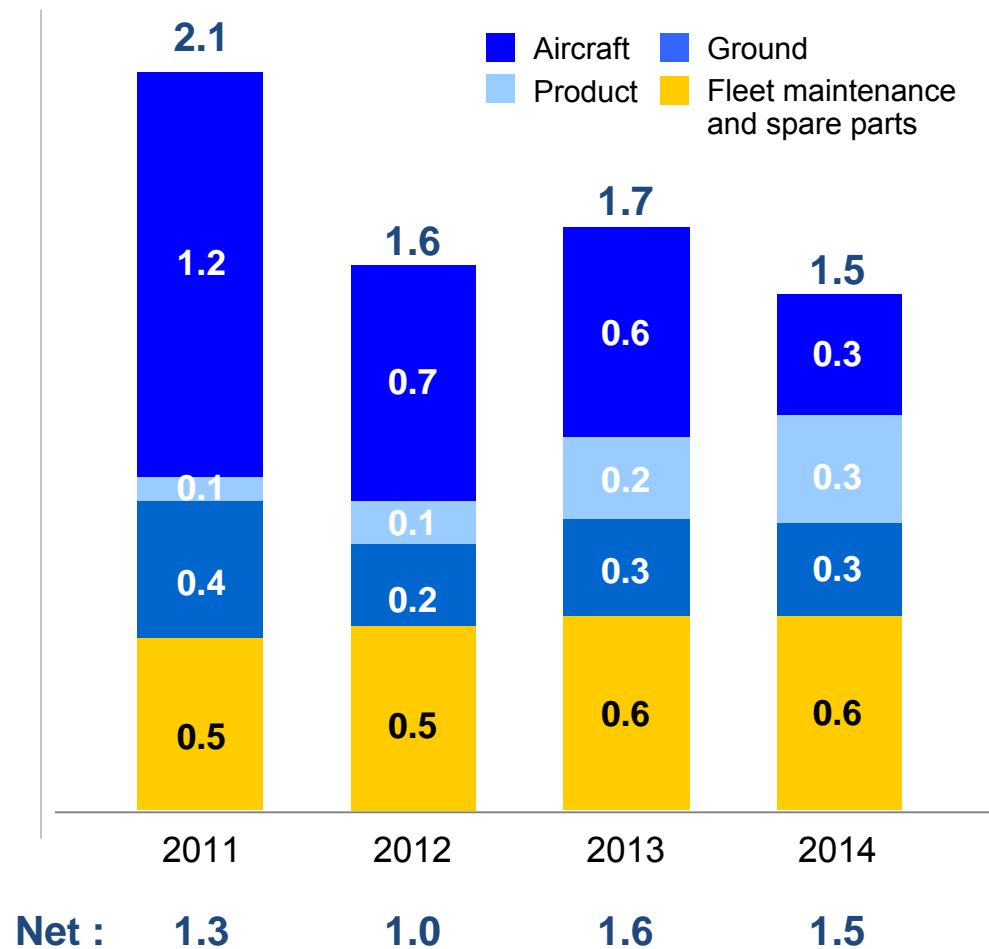


Investment program revised down

Phase 1

- + Sharp reduction in aircraft investments
- + Investments in the product stepped up
- + Ground investments under review
- + Fleet maintenance investments maintained

Investments
before sale & lease-back € billions



Immediate cost savings

Phase 1

€ millions

Main measures

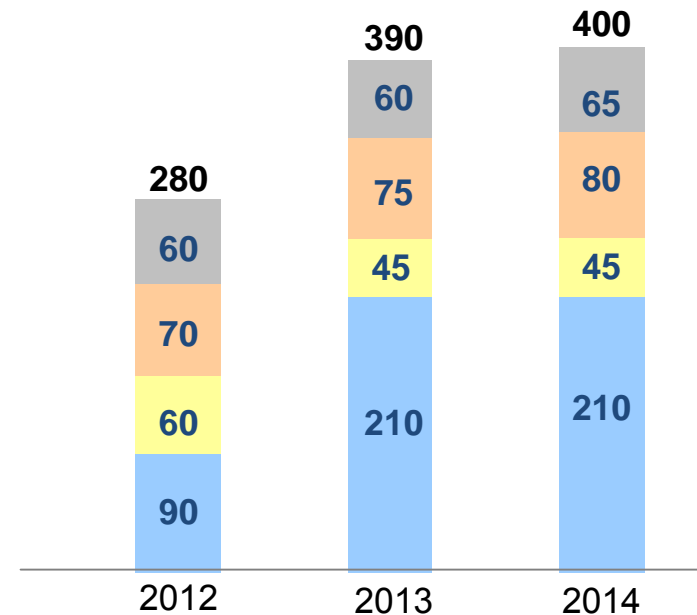
- + Payroll measures: more than €500m
- + Overheads: €150m
- + Productivity and network adaptation: €200m



Target

Over €1bn over 3 years

Impact 2012-14



- Payroll measures
- Overheads
- Productivity and network adaptation
- Other

Three targets

Medium-haul return to break-even
Cargo turnaround
Improvement in profitability at long-haul
and maintenance



One key lever

Significant improvement in productivity
by 2014

Collective labor agreements renegotiations opened

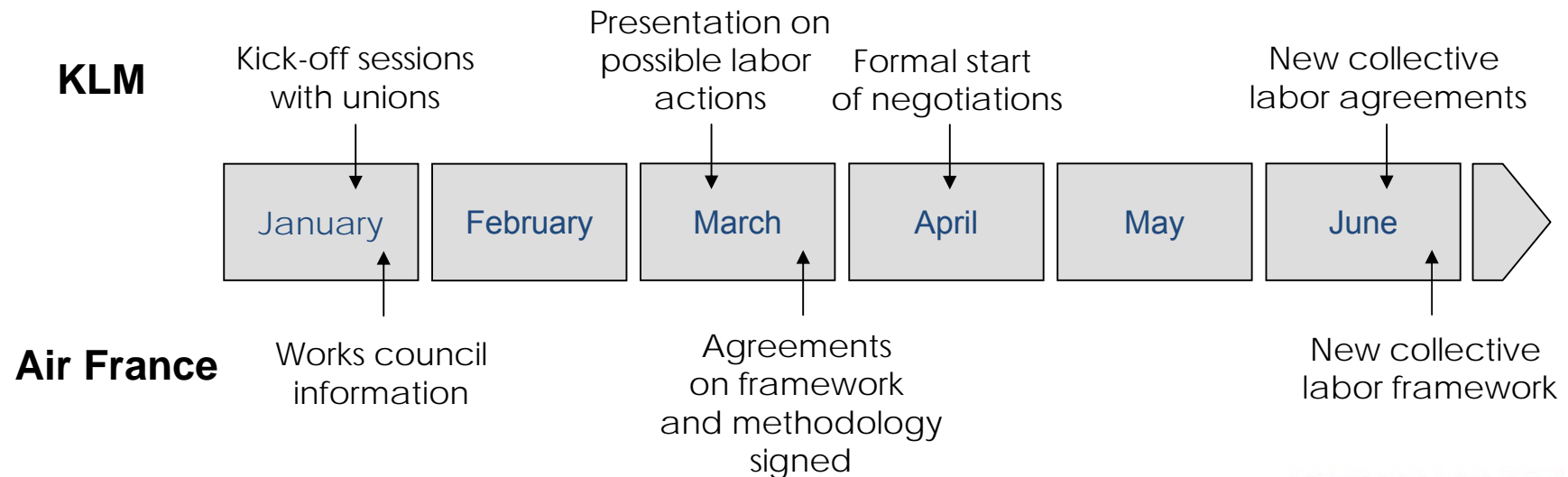
Phase 2

Air France

- ▶ Target: +20% economic efficiency improvement in 2014
- ▶ Several levers: productivity, flexibility in operating modes, operating efficiency
- ▶ Agreements on framework and methodology signed

KLM

- ▶ Transitional CLAs concluded in October 2011 for interim period
- ▶ Program for discussions with the unions launched in January 2012



- ✦ 2011: Operating loss of €700m

- ✦ Projects under consideration
 - ▶ Network restructuring
 - ▶ Product definition
 - ▶ Regional activity rationalization

- ✦ 2014 target: return to break-even
 - ▶ Point to point network at breakeven in 2013, and profitable in 2014
 - ▶ Significant reduction of losses on hub-feeding networks

- ✦ Long-haul: improvement in profitability
 - ▶ Selected route closures
 - ▶ Product positioning

- ✦ Cargo: turnaround
 - ▶ Sizing and organization of full-freighter fleet
 - ▶ Streamlining of product portfolio
 - ▶ Cost reduction

- ✦ Maintenance: improvement in profitability
 - ▶ Sub-contracting of certain airframe activities

	End March	April-June
Employee measures	Preparatory negotiations at Air France and KLM	Collective agreement renegotiation
Transformation projects	Conclusions and first actions	Finalization of transformation plan

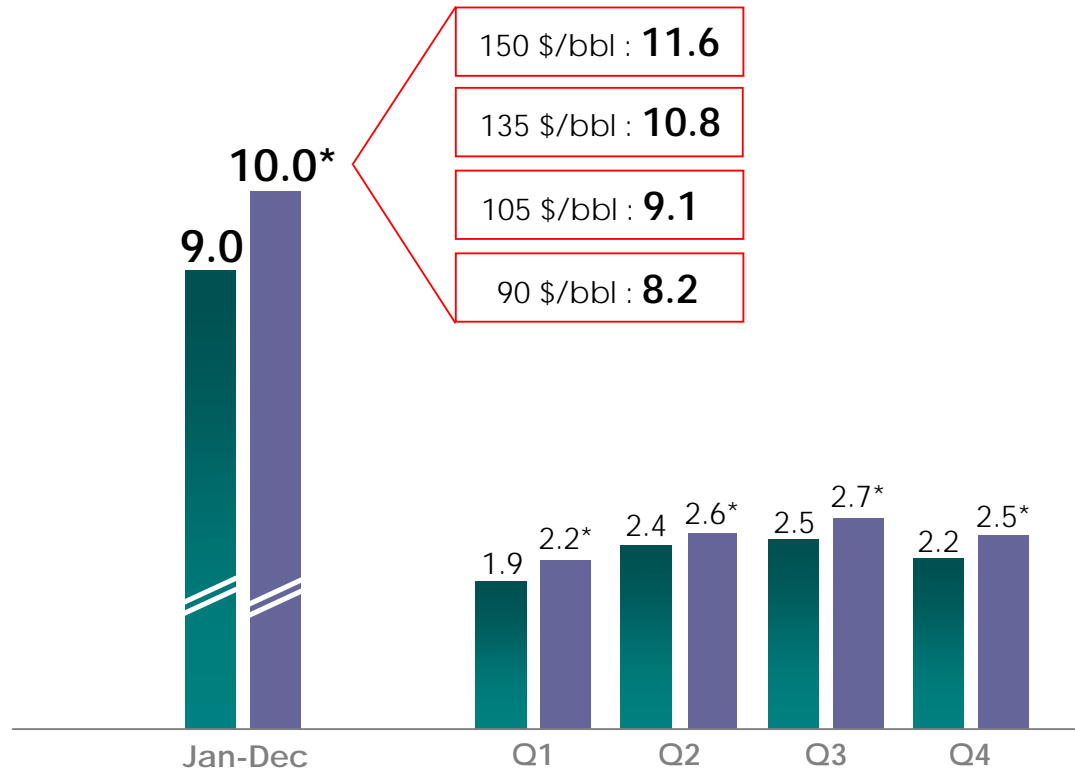
Agenda

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Update on the fuel bill

Fuel bill in billion dollars
after hedging

■ 2011
■ 2012



Market price Brent (\$ per bbl)*	119	118	122	119	117
Jet fuel (\$ per mt)*	1,080	1,055	1,090	1,090	1,090
% of covered consumption	53%	57%	59%	52%	43%

* Forward curve at 2 March 2012

Outlook for 2012

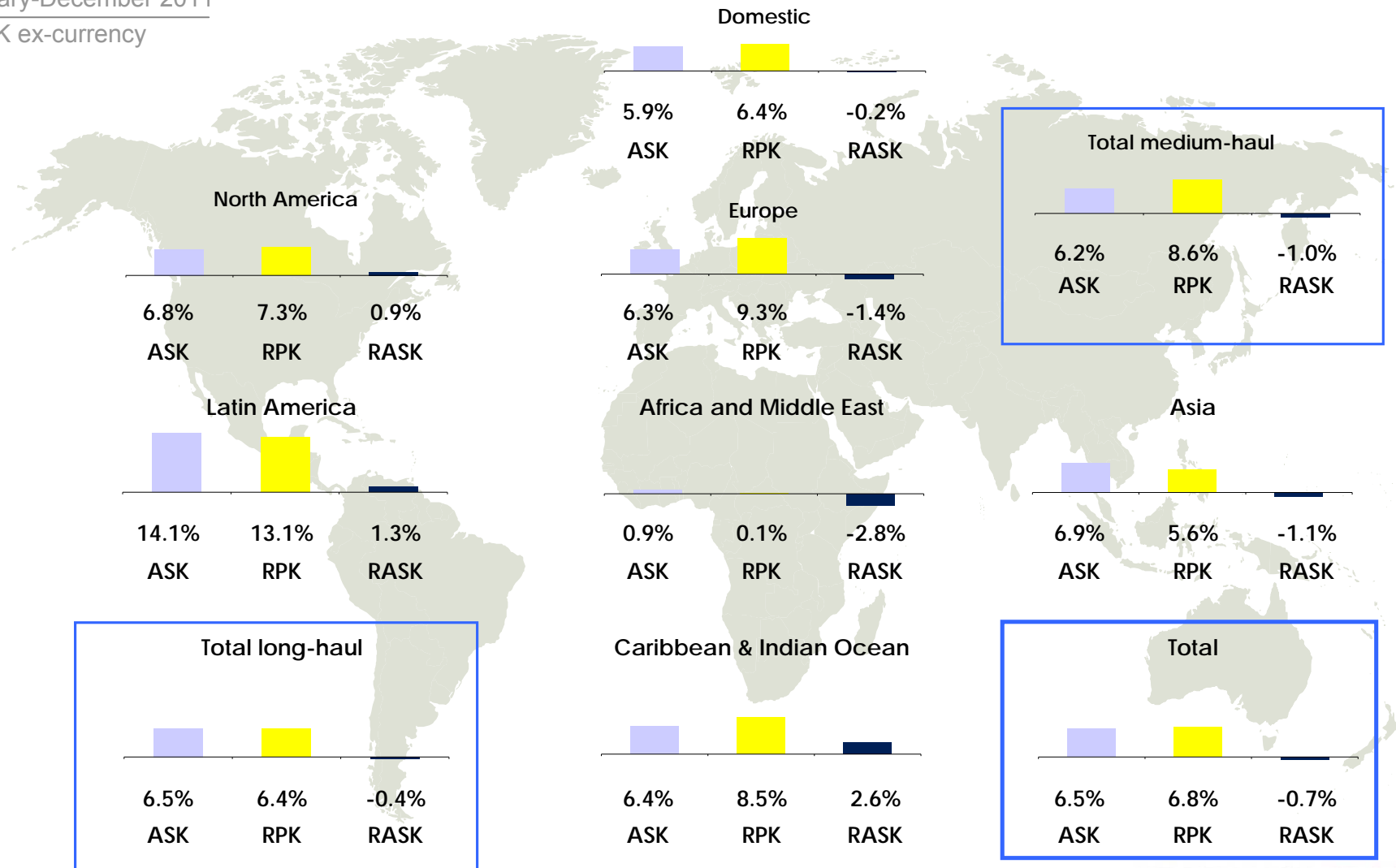
- ✦ Uncertain economic outlook
- ✦ High fuel price
- ✦ First half: operating result below last year's level
- ✦ Second half: first effects of Transform 2015 feeding through
- ✦ Maximum net debt level of €6.5bn at end 2012

Appendices



Unit revenues per region

January-December 2011
RASK ex-currency



Net result

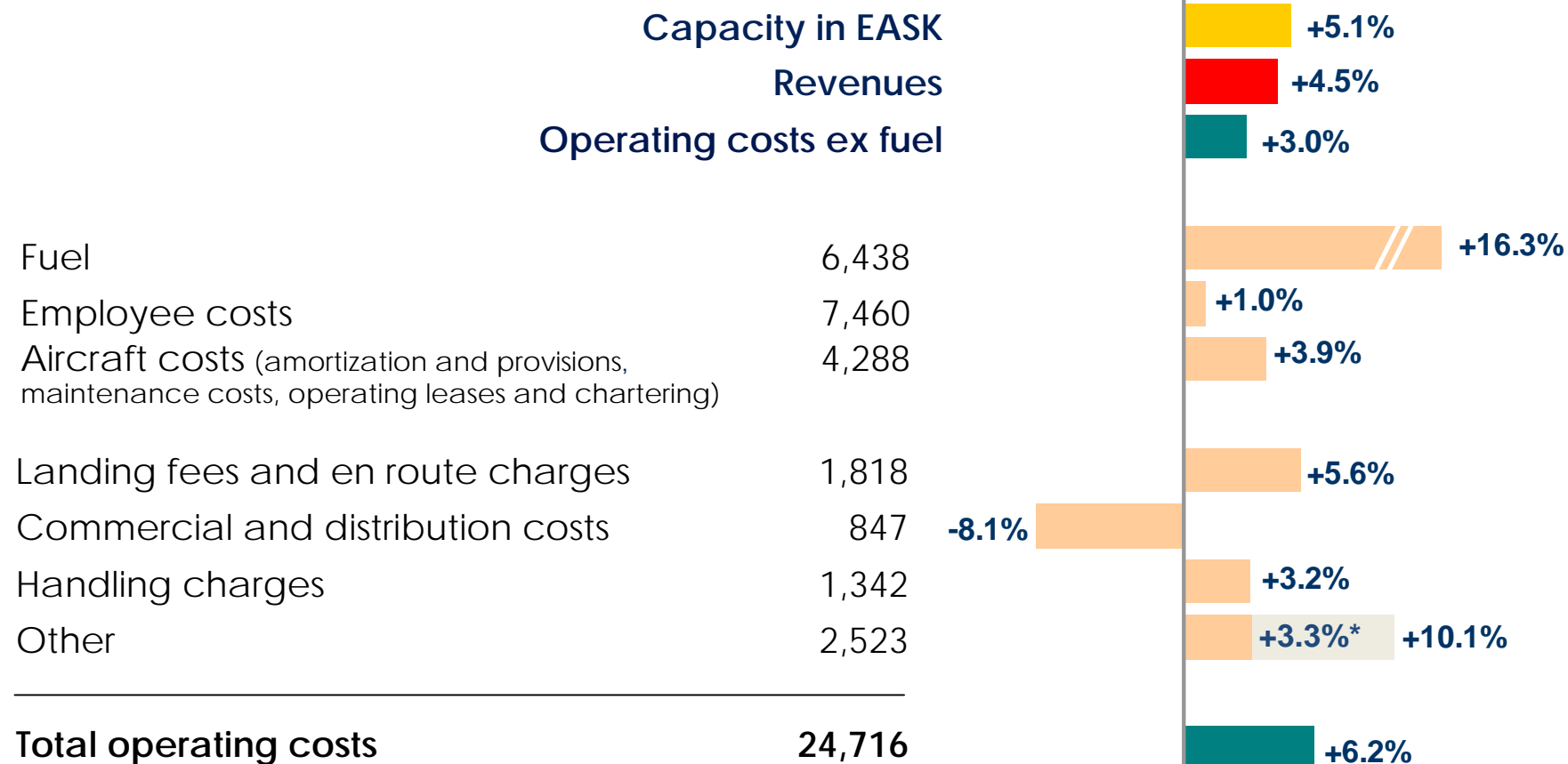
€m	Calendar year (12 months)		
	2011	2010	% ch.
Income from current operations	-353	28	
Non current income and expenses	-127	606	
<i>o/w Amadeus operation</i>	0	1 030	
<i>o/w restructuring</i>	0	-167	
Income from operating activities	-480	634	
Net cost of financial debt	-371	-371	+0%
Net foreign exchange	-116	-191	
Change in fair value of financial assets and liabilities	-66	-53	
Income taxes	245	275	-11%
Share of profit (losses) of associates, minority interest	-19	-13	
Net income, group	-809	289	
Net income, restated*	-709	-405	

* Definition: see appendix of results presentation

Change in operating costs

January-December 2011

€ million pro-forma

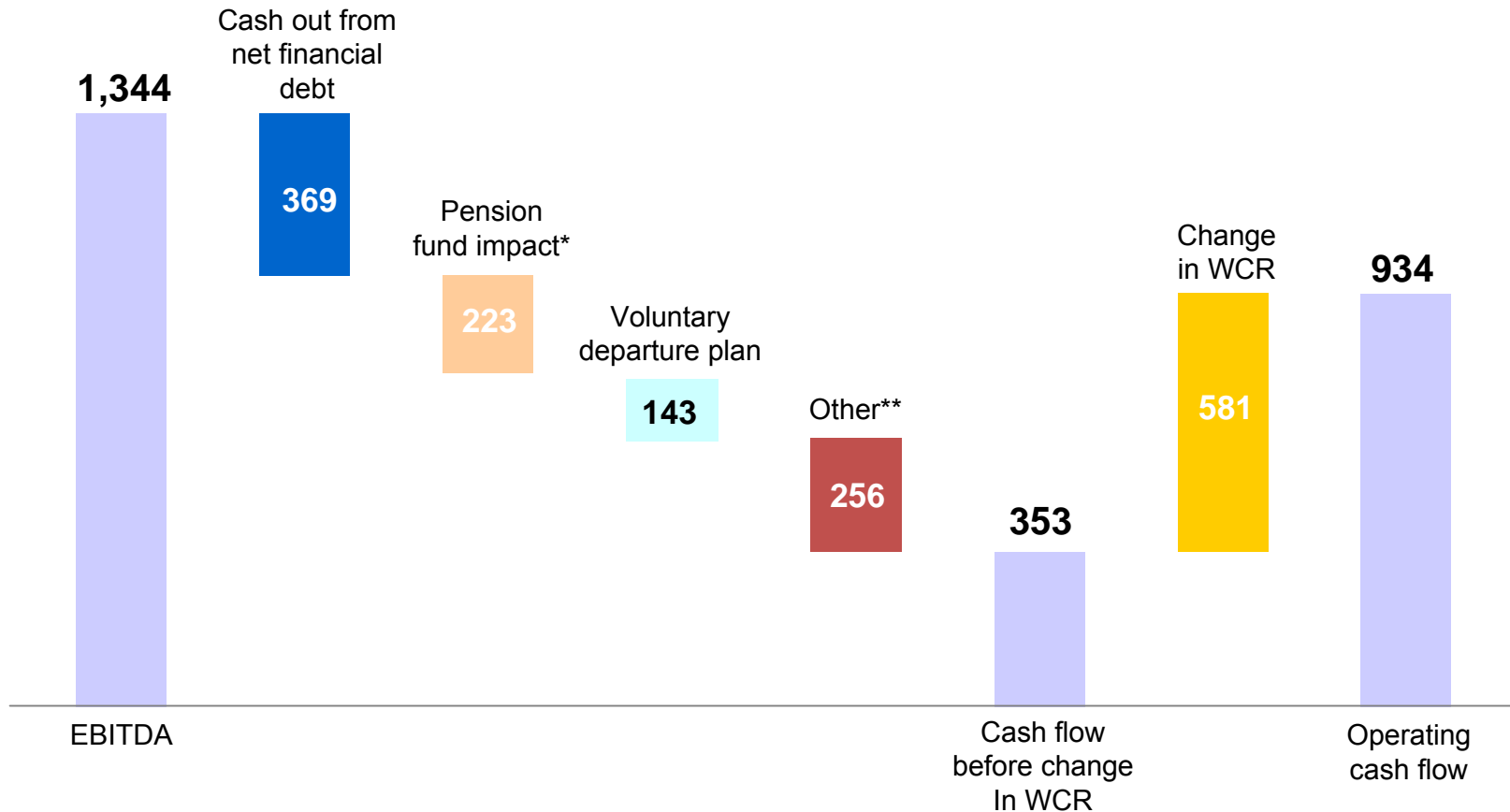


* Excluding currency hedging

Cash flow

January-December 2011

€ million



* Cash contribution of €429m less pension fund cost of €206m already included in EBITDA

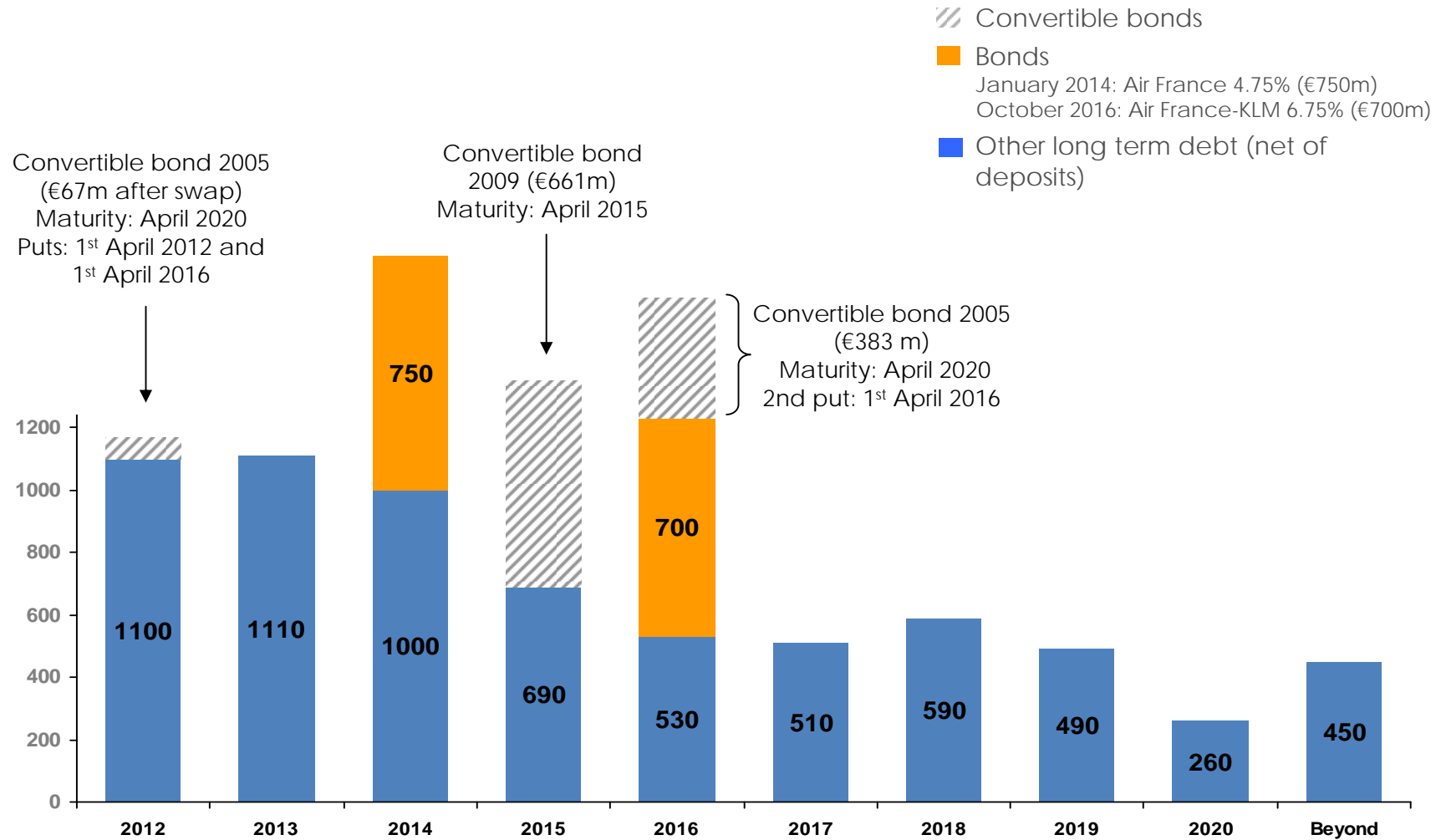
** Of which: Derivatives 93, taxes and reclassification 84

Calculation of net financial debt

€ millions

	31 st Dec 2011	31 st Dec 2010
Current and non current financial debt	10,402	10,647
Deposits on leased aircraft	(491)	(492)
Financial assets pledged (swap for convertible)	(393)	0
Currency hedges on debt	4	38
Interest not yet due	(122)	(146)
= Total financial debt	9,400	10,047
Cash and cash equivalents	2,283	3,496
Investments of over three months	359	424
Available cash pledges	235	0
Deposits (bonds)	165	207
Bank overdrafts	(157)	(145)
= Net cash	2,885	3,982
Net financial debt	6,515	6,065
Consolidated shareholders' funds	6,094	7,032
Net debt / Shareholders' funds	1.07	0.86
<i>Net debt / Shareholders' funds ex hedging instruments</i>	<i>1.08</i>	<i>0.86</i>

Debt reimbursement profile at 1st January 2012*



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