

Setting the scene

Pierre-Henri Gourgeon

Aligning our businesses to the new environment

All our air transportation businesses affected by the economic crisis; each requires an adapted response

Long-haul

A growth business temporarily set back by the crisis

Adapt

Medium-haul

Structural decline accelerated by the crisis

Transform

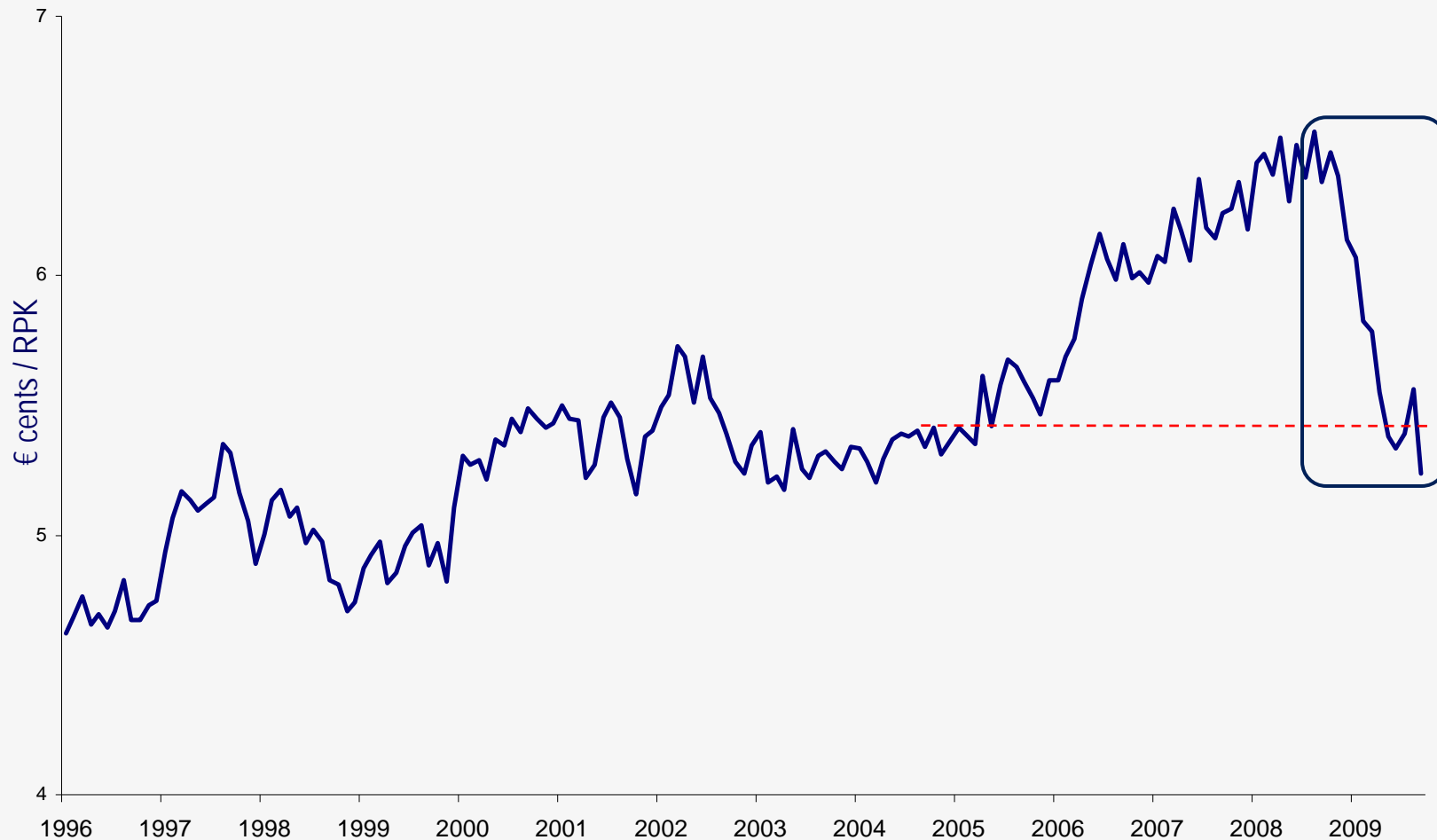
Cargo

A tough business, severely impacted by the crisis

Restructure

Long-haul: fundamentally a growth business, temporarily set back by the crisis

Air France-KLM* long-haul RRPK
excl. currency and seasonality



* Addition of Air France and KLM before 2004 merger

Our business model remains valid...

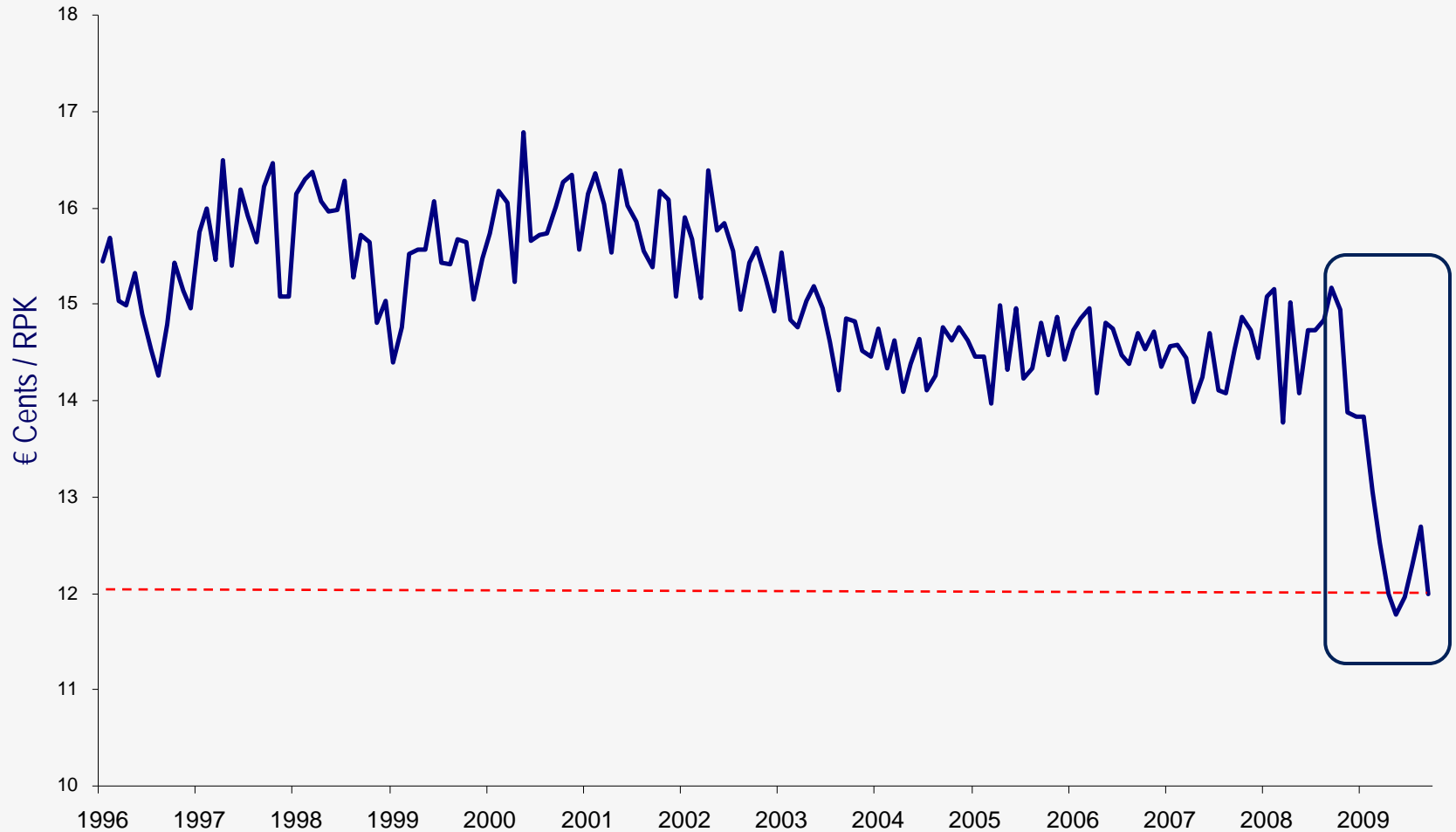
- ✦ Focused on the business traveler
- ✦ Powerful dual-hubs and balanced network
- ✦ Pioneering organization on the North Atlantic
- ✦ Complemented by SkyTeam, the world's number two alliance

...but we must nevertheless adapt

- ✦ Significant reduction in capacity since the onset of the crisis
- ✦ Schedules rationalized
 - ▶ North Atlantic joint venture
 - ▶ A380 arrival
- ✦ Accelerated roll-out of new products
 - ▶ 'Premium Voyageur' class at Air France
 - ▶ 'Economy Comfort' at KLM
- ✦ Revamping new approach to corporate travel

Medium-haul: long-term structural decline in unit revenues...

Air France-KLM* medium-haul RRPK
excl. currency and seasonality



* Addition of Air France and KLM before 2004 merger

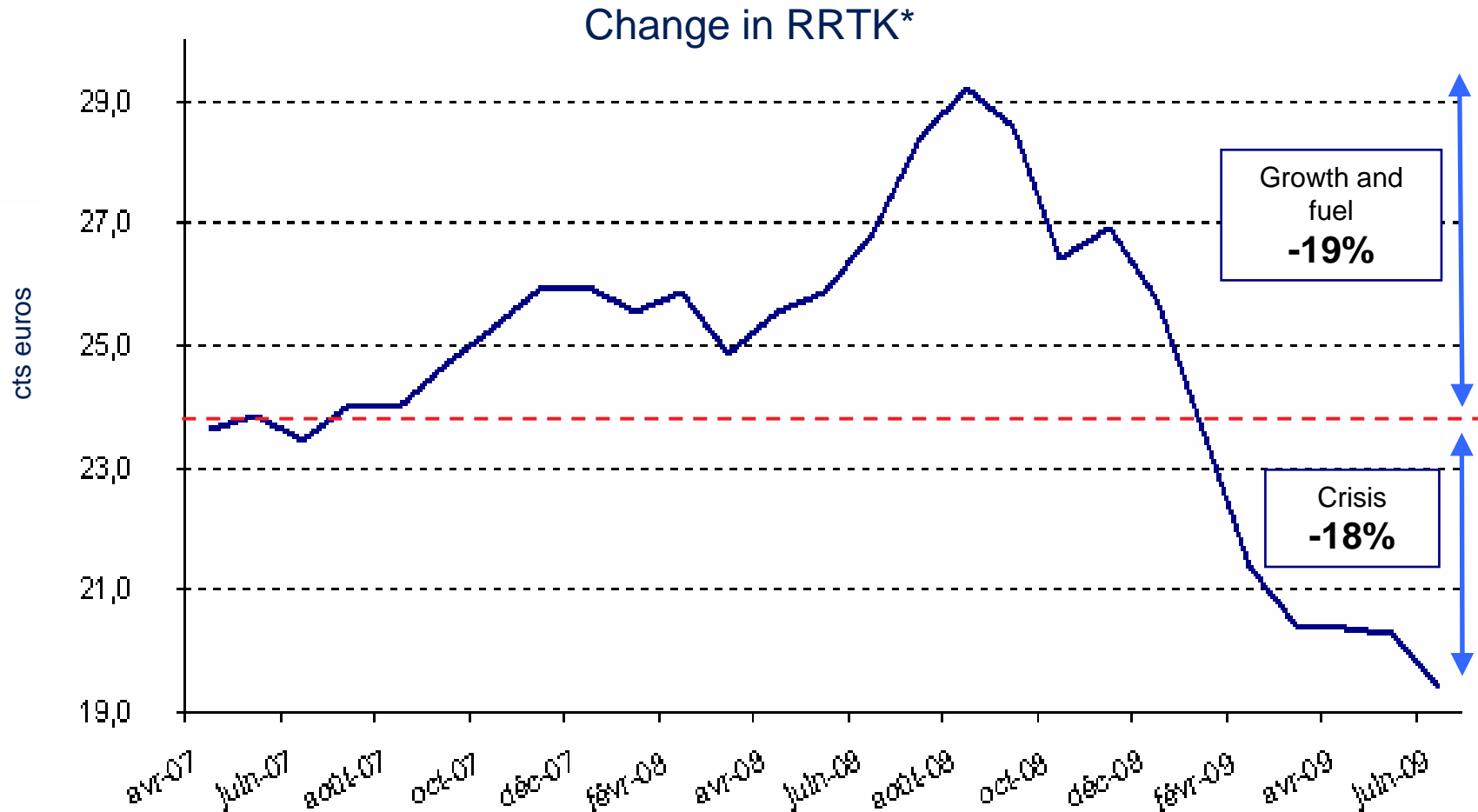
...accelerated by the crisis...

- ✦ Change in customer behavior and attitudes, especially towards price/service relationship
- ✦ Sharp decline in medium-haul business travel
- ✦ Increased appeal of cheaper alternatives
 - ▶ Low Cost Carriers
 - ▶ High Speed Train

...requiring a transformation of the business model

- ✦ Repositioning of the product
- ✦ Processes reviewed to generate productivity gains
- ✦ Network adjusted

Cargo: an already tough market...



* Excl Martinair

...severely impacted by the crisis

- ✦ Air France-KLM the world's largest cargo operator...
 - ▶ Strong network with presence on all major flows
 - ▶ Balanced portfolio of customers in most resilient sectors
 - ▶ Leading position on two of Europe's main hubs

- ✦ ...feels the full force of the collapse in world trade
 - ▶ Significant overcapacity
 - ▶ Intensified competition, especially from shipping
 - ▶ Customers repatriating production

Significant restructuring measures already underway

- ✦ Rapid rationalization between the three group companies
- ✦ Over 20% capacity reduction since the onset of the crisis, mainly focused on full freighters
- ✦ Rationalize the network
 - Maximize the contribution of bellies and combis
 - Complement with downsized full freighter activity
- ✦ Adapt commercial policy
- ✦ Increase interchangeability between the two hubs

First Half 2009-10 Results

Highlights of the First Half

- ✦ Very difficult First Quarter followed by a much better performance in the Second...
- ✦ ... with underlying results masked by negative impact of pre-2009 fuel hedging
- ✦ Excellent progress achieved in cost reduction
- ✦ Funding secured via €661m convertible in June, followed by €700m bond issue in October

Key data

	Q2 2009-10	H1 2009-10
✦ Revenues: <i>Change on same consolidation basis*</i>	€5.61bn (-19.2%) (-16.1%)	€10.78bn (-19.9%) (-16.9%)
✦ EBITDAR:	€555m (-42.5%)	€667m (-63.5%)
✦ Operating income/(loss):	€(47)m (nm)	€(543)m (nm)
✦ Adjusted operating income/(loss):	€15m (-96.6%)	€(419)m (nm)
✦ Net income/(loss):	€(147)m (nm)	€(573)m (nm)

* Excluding Martinair in 2008-09

Activity

Peter Hartman

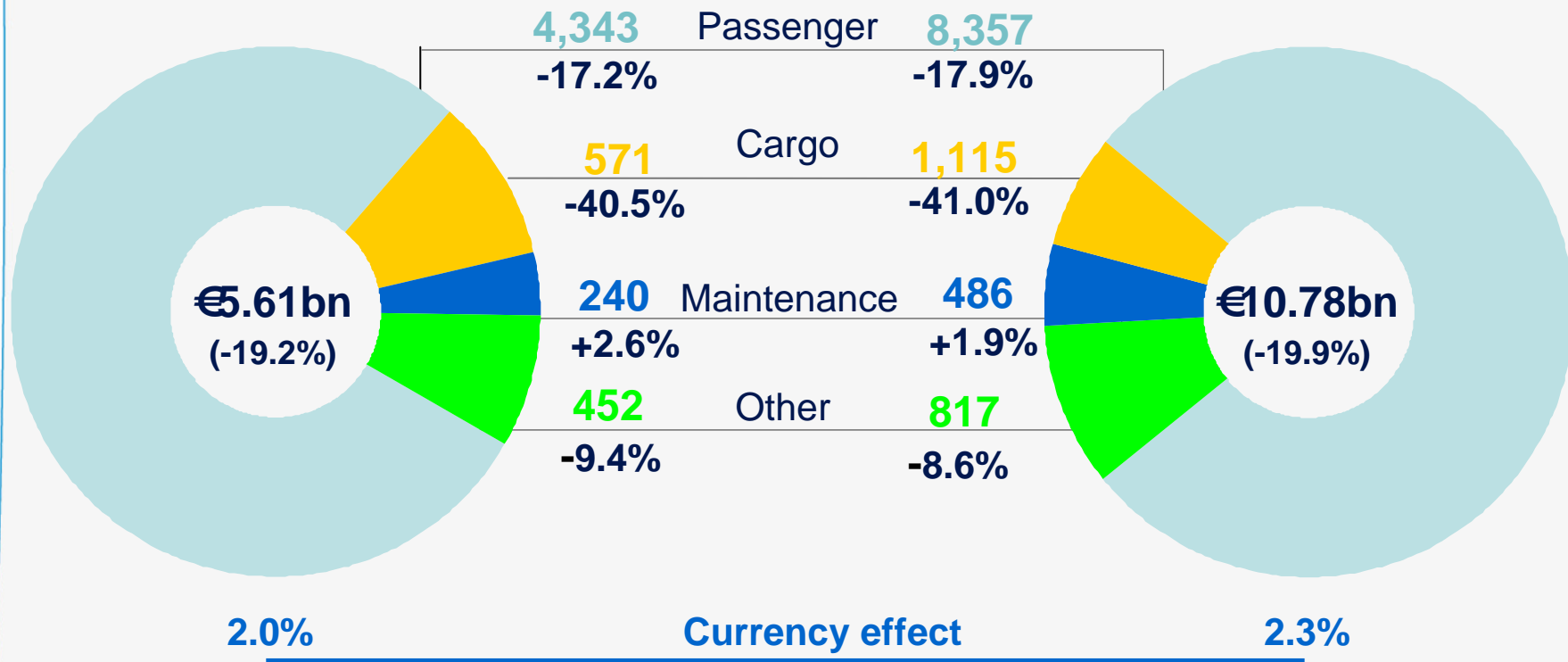
Revenues

Second Quarter 2009-10

€ millions

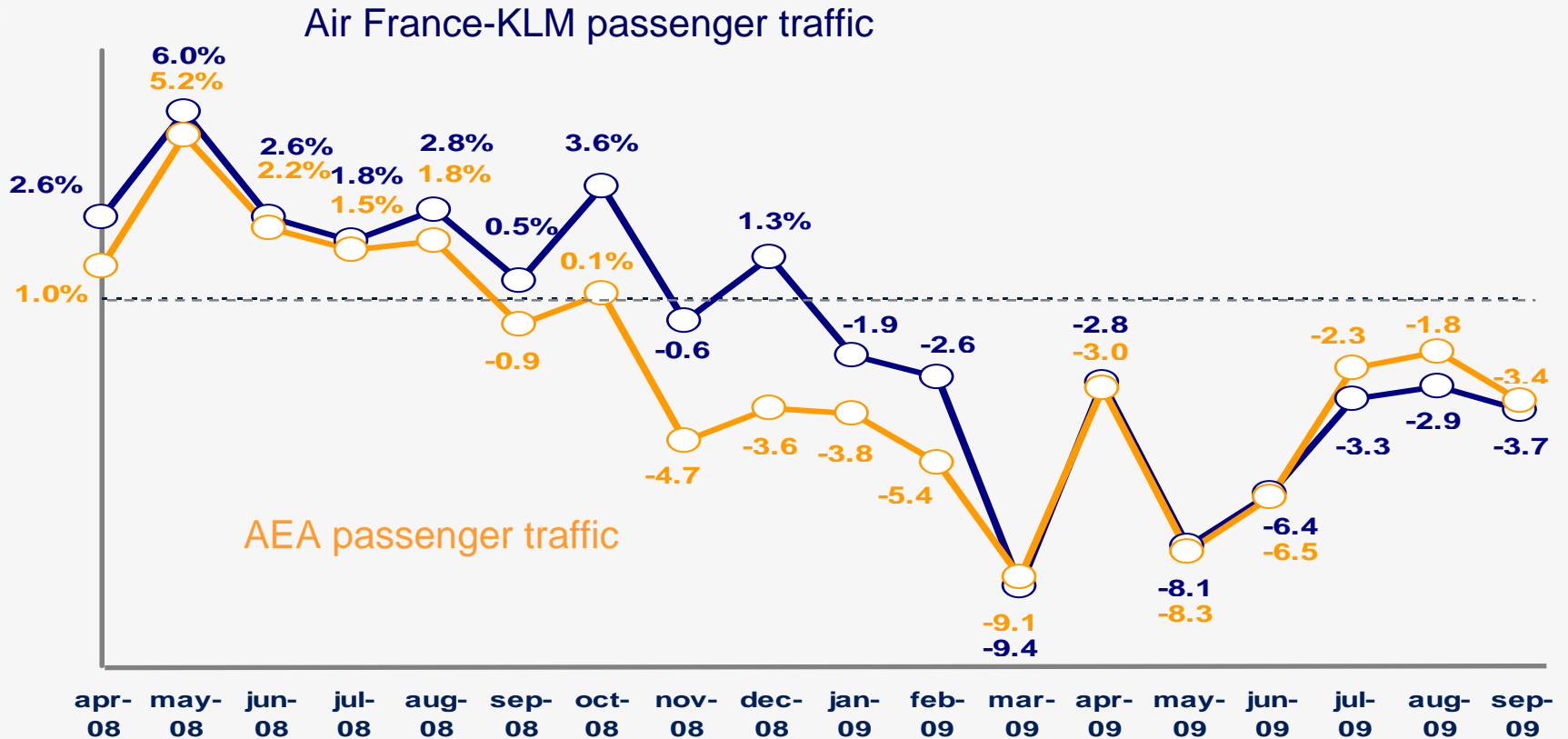
First Half 2009-10

€ millions



Passenger market remains challenging

RPK variation %

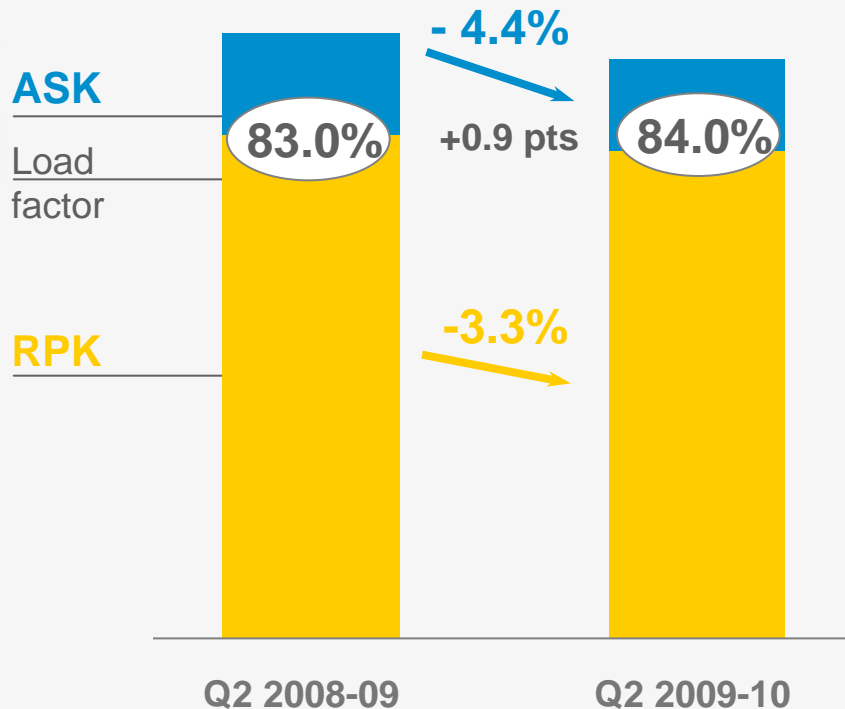


* Based on same number of days

Air France-KLM: improved load factor in Q2

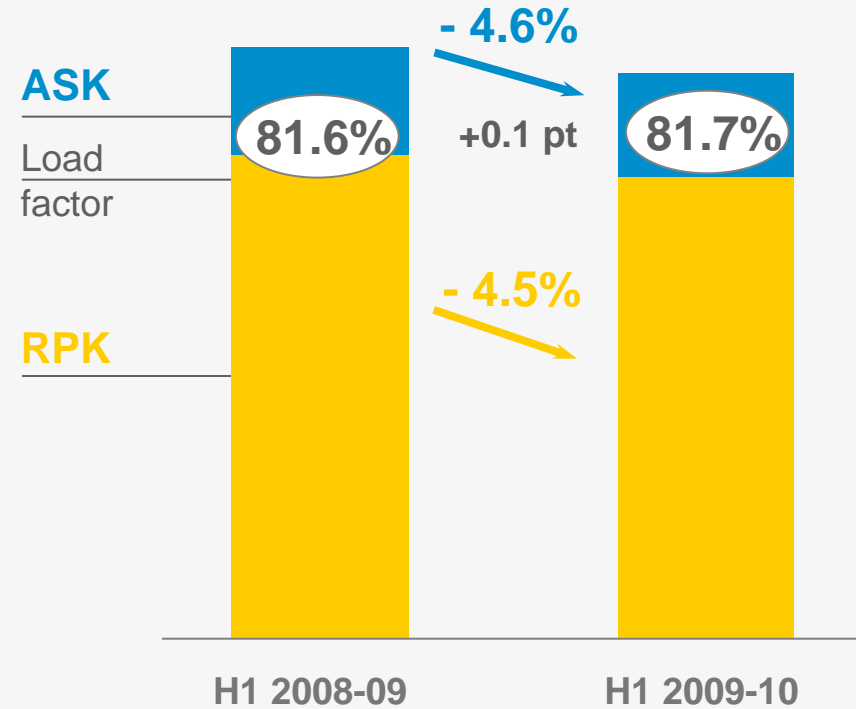
Second Quarter

19.7 million passengers (-4.5%)



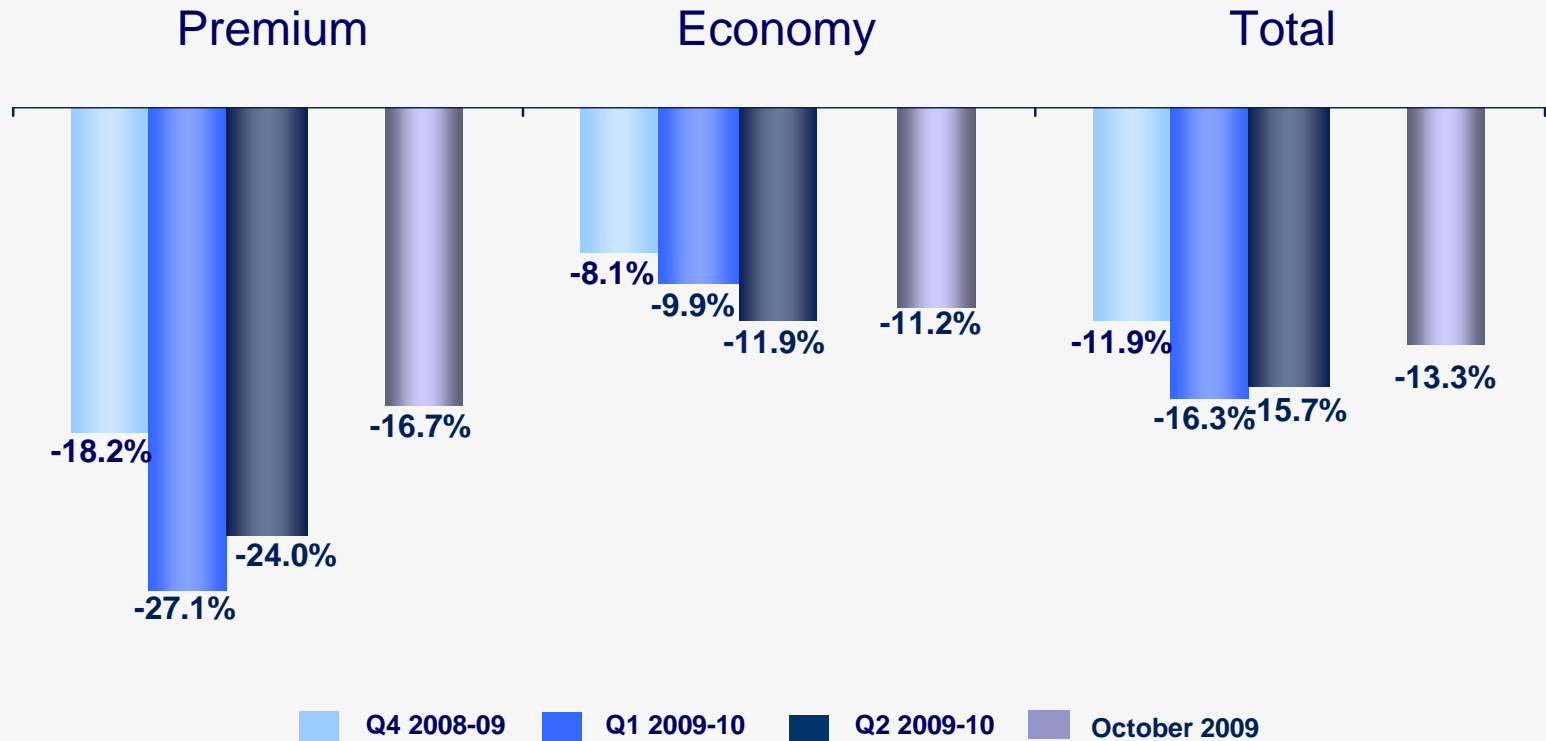
First Half

38.4 million passengers (-5.3%)



Unit revenues still under pressure...

Long-haul RASK (excl. currency impact)

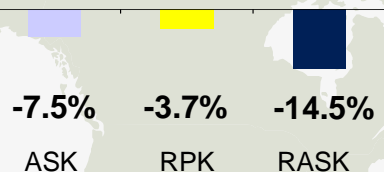


...on all networks

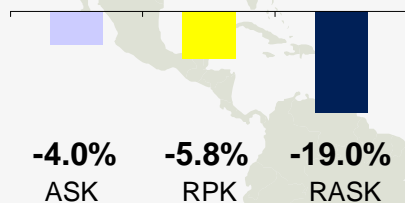
Second Quarter 2009-10

RASK excl. currency

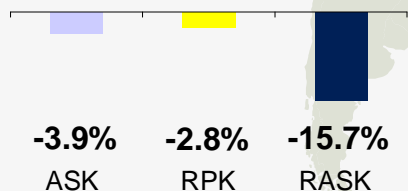
North America



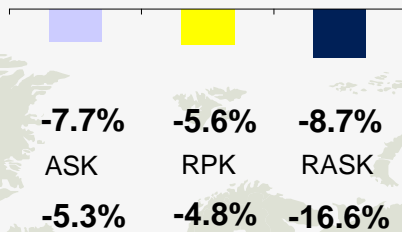
Latin America



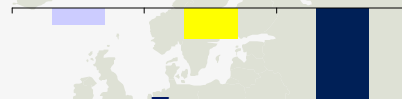
Total long-haul



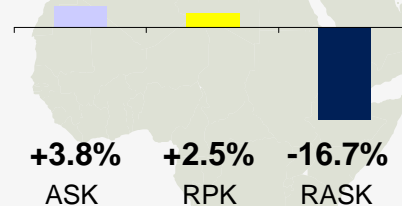
Domestic



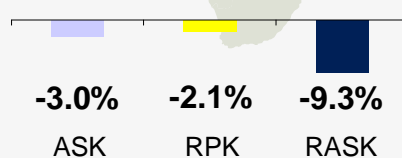
Europe



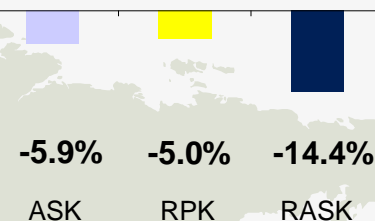
Africa & Middle East



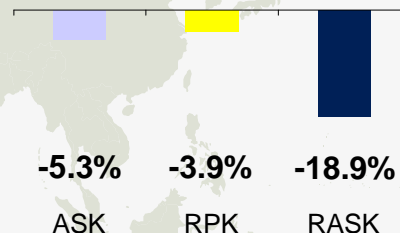
Caribbean & Indian Ocean



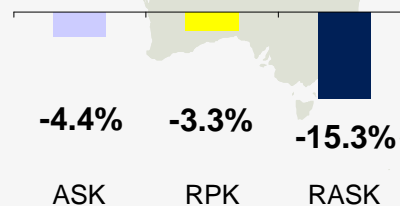
Total medium-haul



Asia



Total

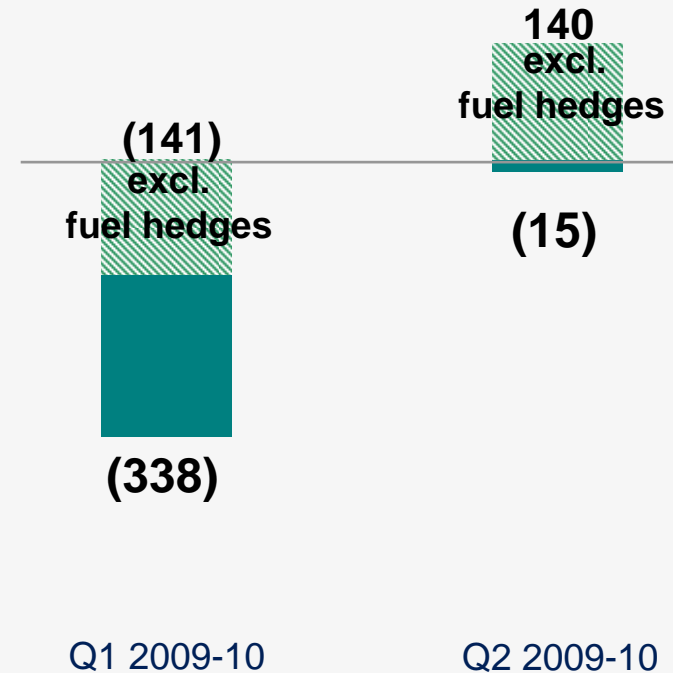


Passenger: Q2 almost at break-even

- ✦ Decline in unit revenues partly offset by:
 - ▶ Better volumes
 - ▶ Significant reduction in operating costs
- ✦ In profit excluding hedging impact

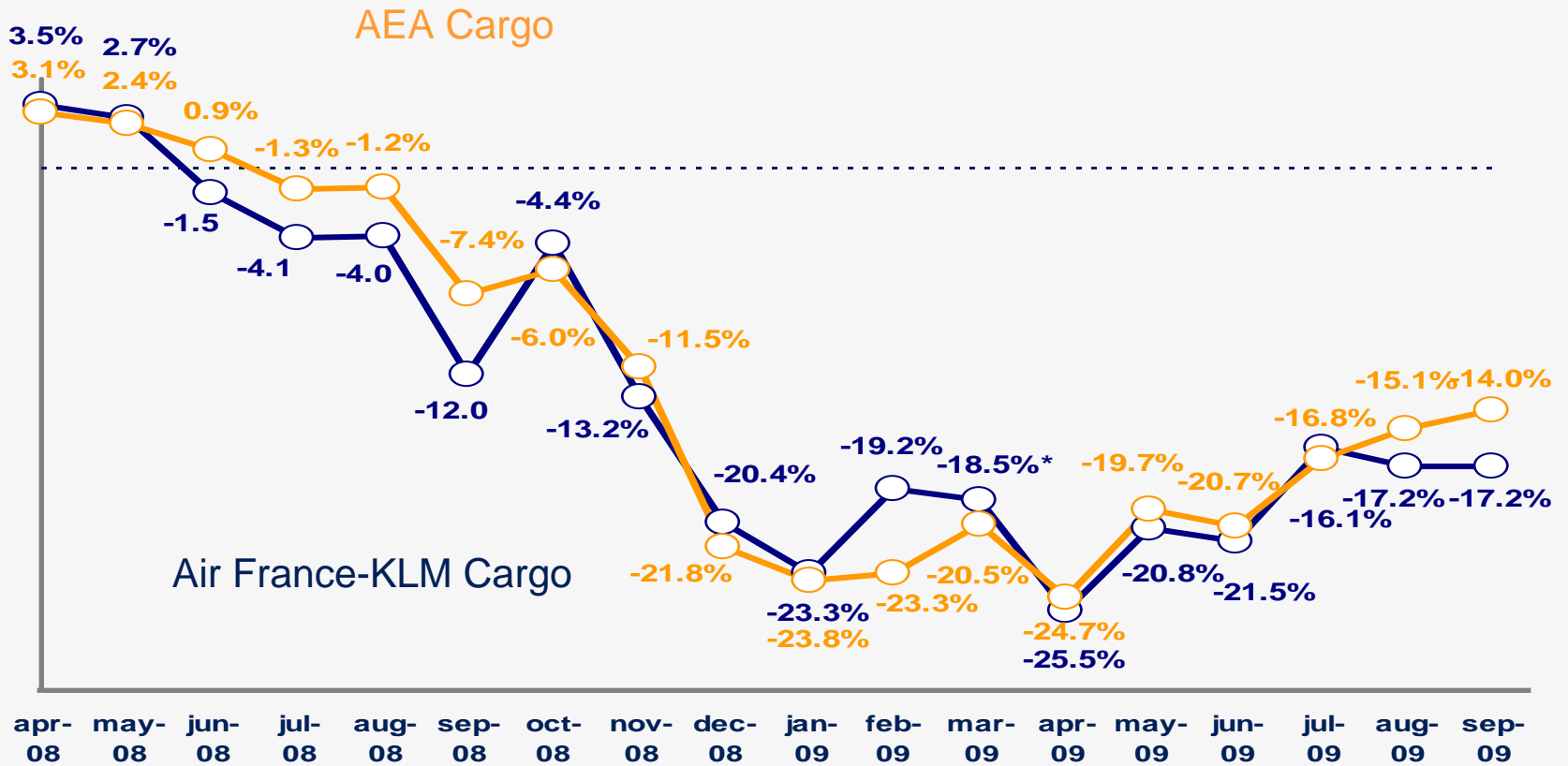
Passenger operating result

€ millions



Cargo market: stabilisation at a low level

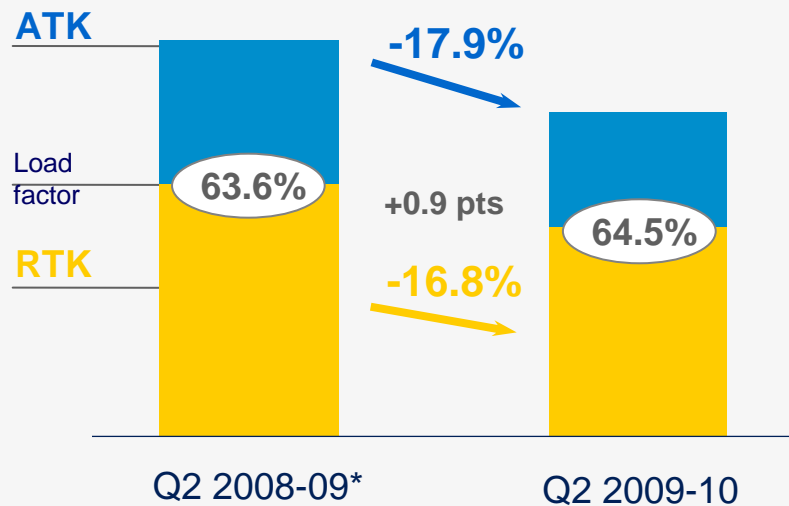
RTK variation %



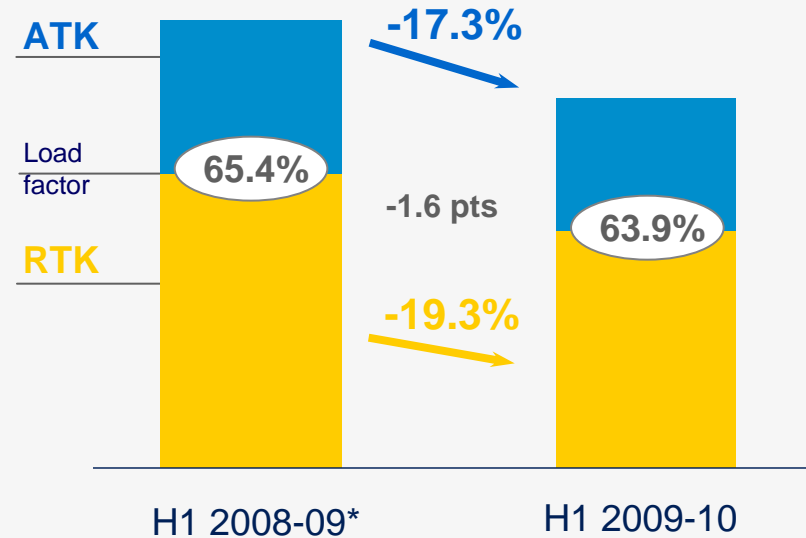
* Based on same number of days

Air France-KLM: Firmer cargo volumes in Q2

Second Quarter

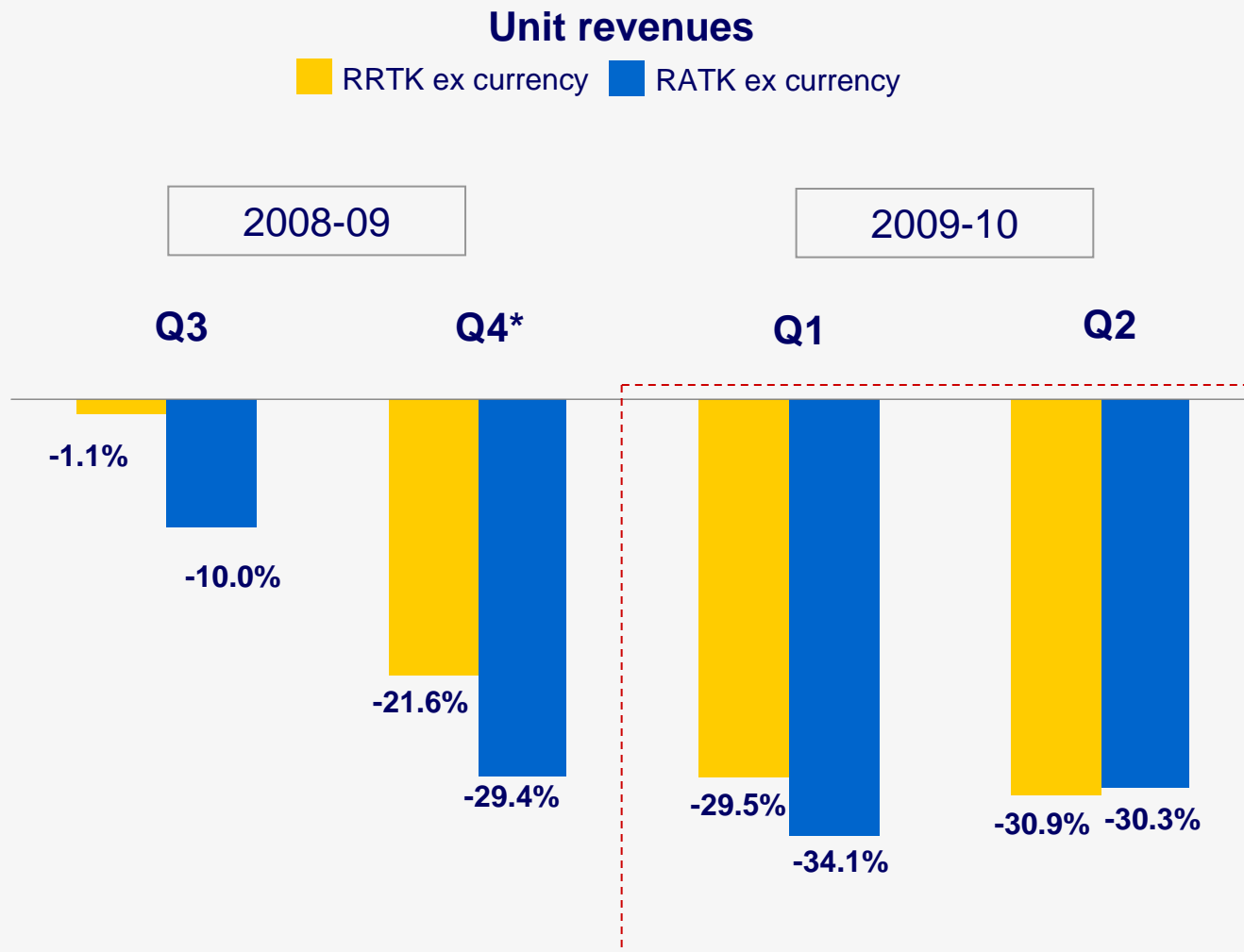


First Half



* Including Martinair

Unit revenues bottom out



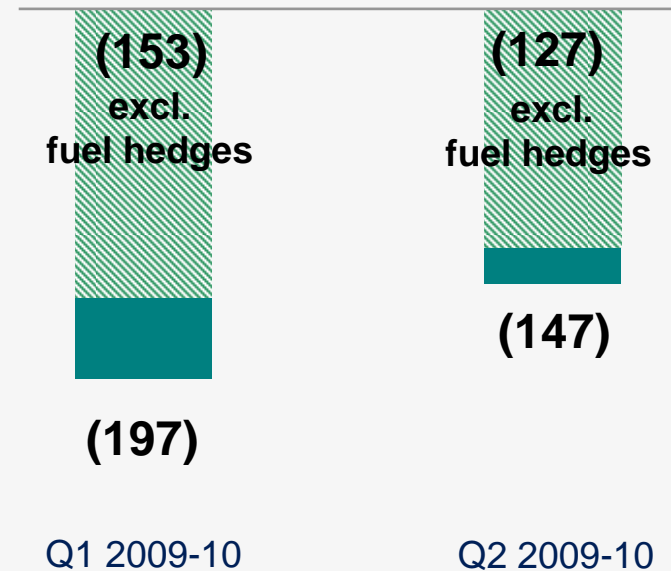
* Including Martinair

Cargo environment remains challenging

- ✦ Slight improvement in operating result in Q2 compared with Q1
 - ▶ Higher volumes
 - ▶ Lower fuel costs
 - ▶ Ongoing reduction in other operating costs

Cargo operating result

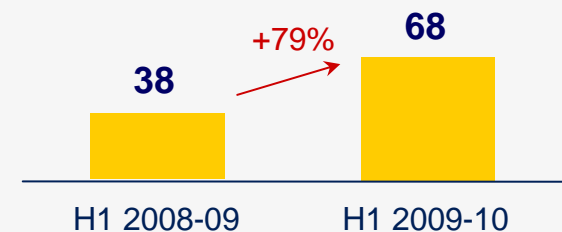
€ millions



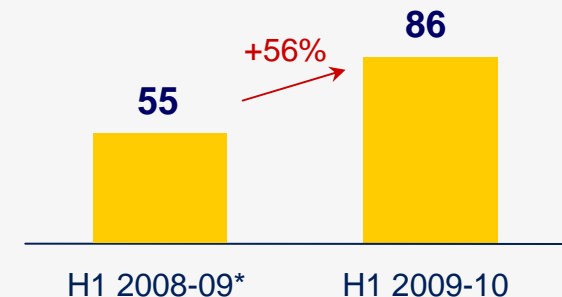
Maintenance and other activities: a solid First Half

- ★ Strong performance from maintenance
 - ▶ Revenues up 1.9% to €486m
 - ▶ Dynamic engines and components activities
- ★ Other businesses
 - ▶ Leisure resilient: operating income up 12% to €64m (€78m excluding fuel hedging)
 - ▶ Good performance in catering: stable operating income of €18.5m despite 6.8% drop in revenues

Maintenance operating income
(€ millions)



Other businesses operating income
(€ millions)



* Including Martinair leisure business

Results

Philippe Calavia

Second Quarter results

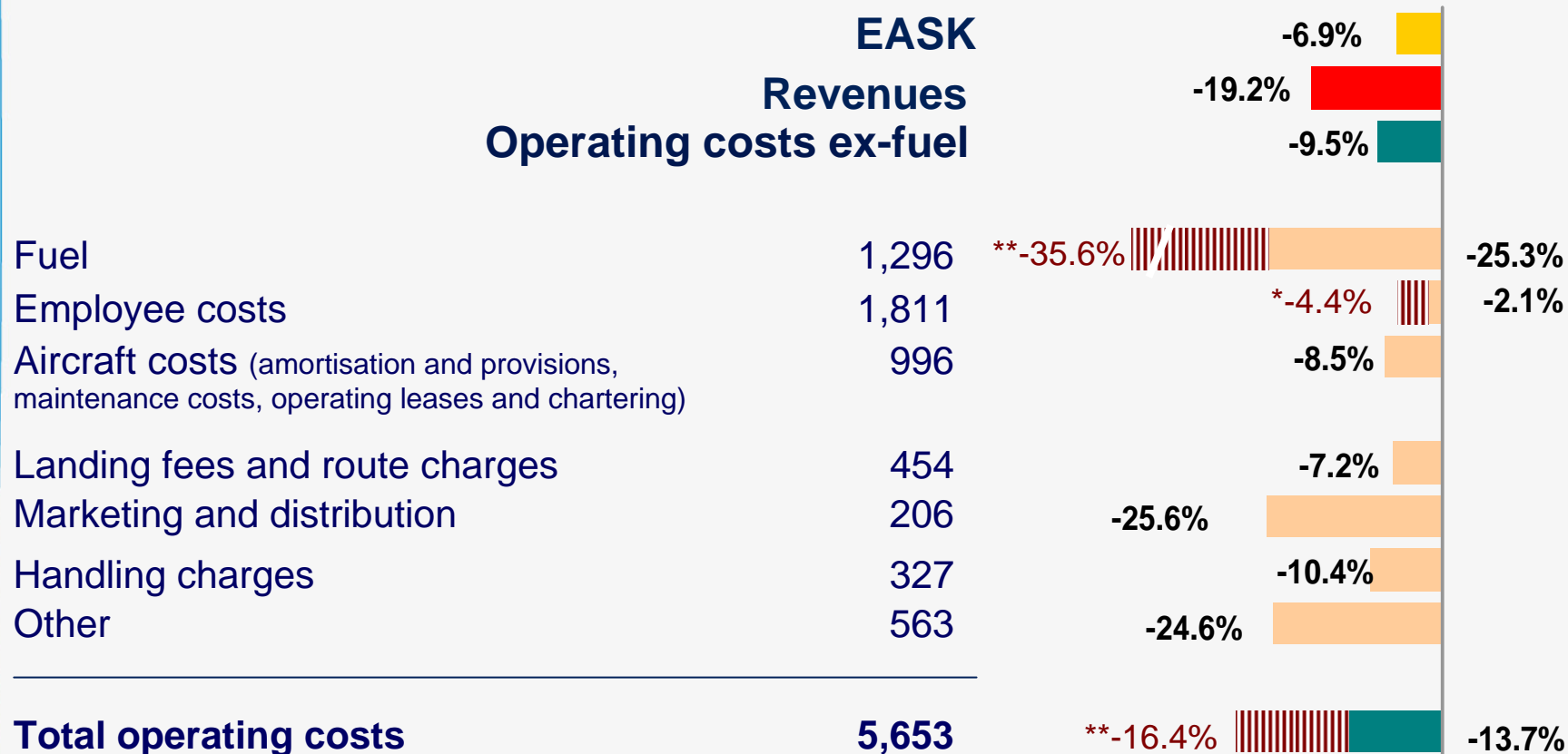
€ millions	Q2 2009-10	Q2 2008-09 Pro forma*	% ch
Revenues	5,606	6,940	(19.2)
Operating costs	(5,653)	(6,549)	(13.7)
EBITDAR	555	1,012	(45.2)
Operating income/(loss)	(47)	391	nm
<i>Adjusted operating income/(loss)**</i>	15	445	<i>(96.6)</i>
Income/(loss) from operating activities	(122)	415	nm
Net interest charge	(70)	(11)	nm
Other financial income and costs	9	(441)	nm
Income tax	46	62	nm
Other	(10)	2	nm
Net income/(loss), group share	(147)	27	nm

*Restated for application of IFRIC 13 and Martinair proforma

**Adjusted for the share of financial charges within operating leases (34%)

Breakdown of Q2 operating costs

Second Quarter 2009-10
€ millions



* Excl; pension funds impact

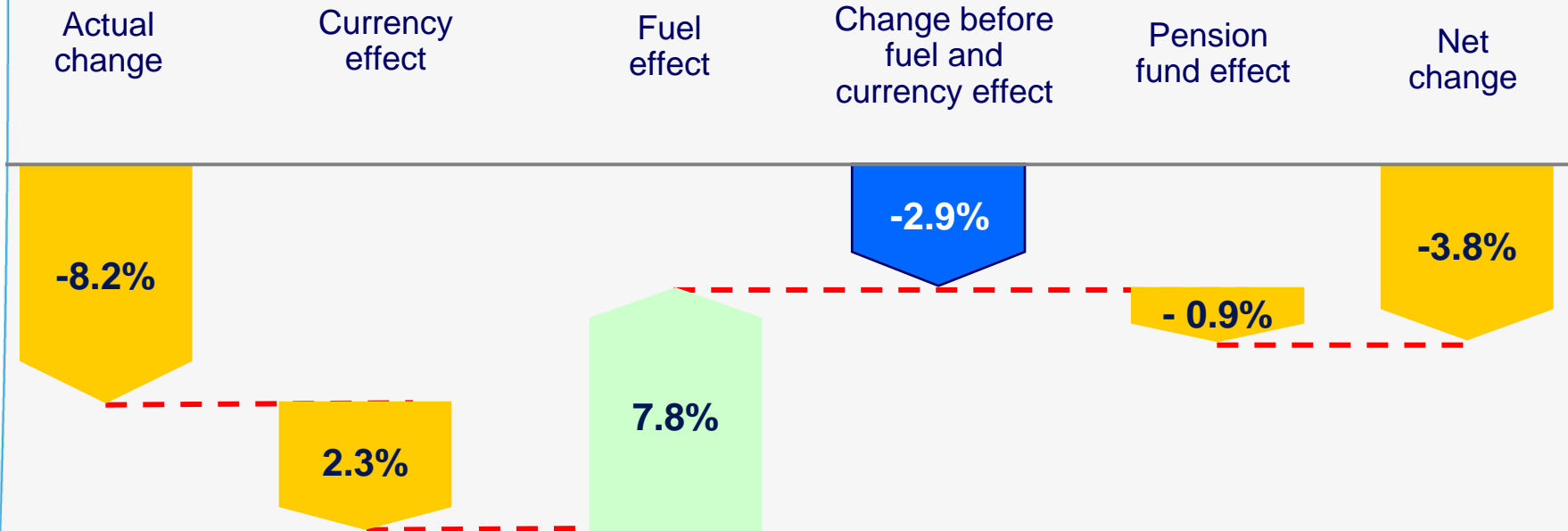
** Excl; fuel hedge impact

Unit costs lowered as capacity is reduced

Second Quarter 2009-10

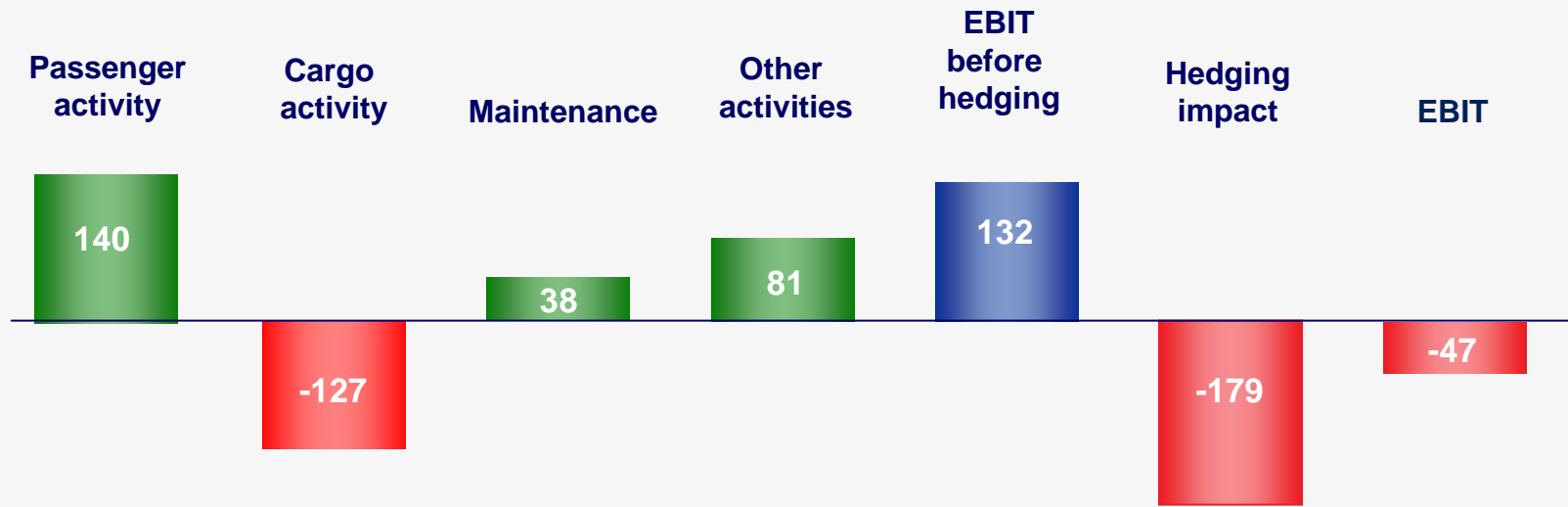
Unit cost per EASK: **5.87 €cts**

EASK: -6.9%



Analysis of Q2 operating result

Second Quarter 2009-10
€ millions



First Half results

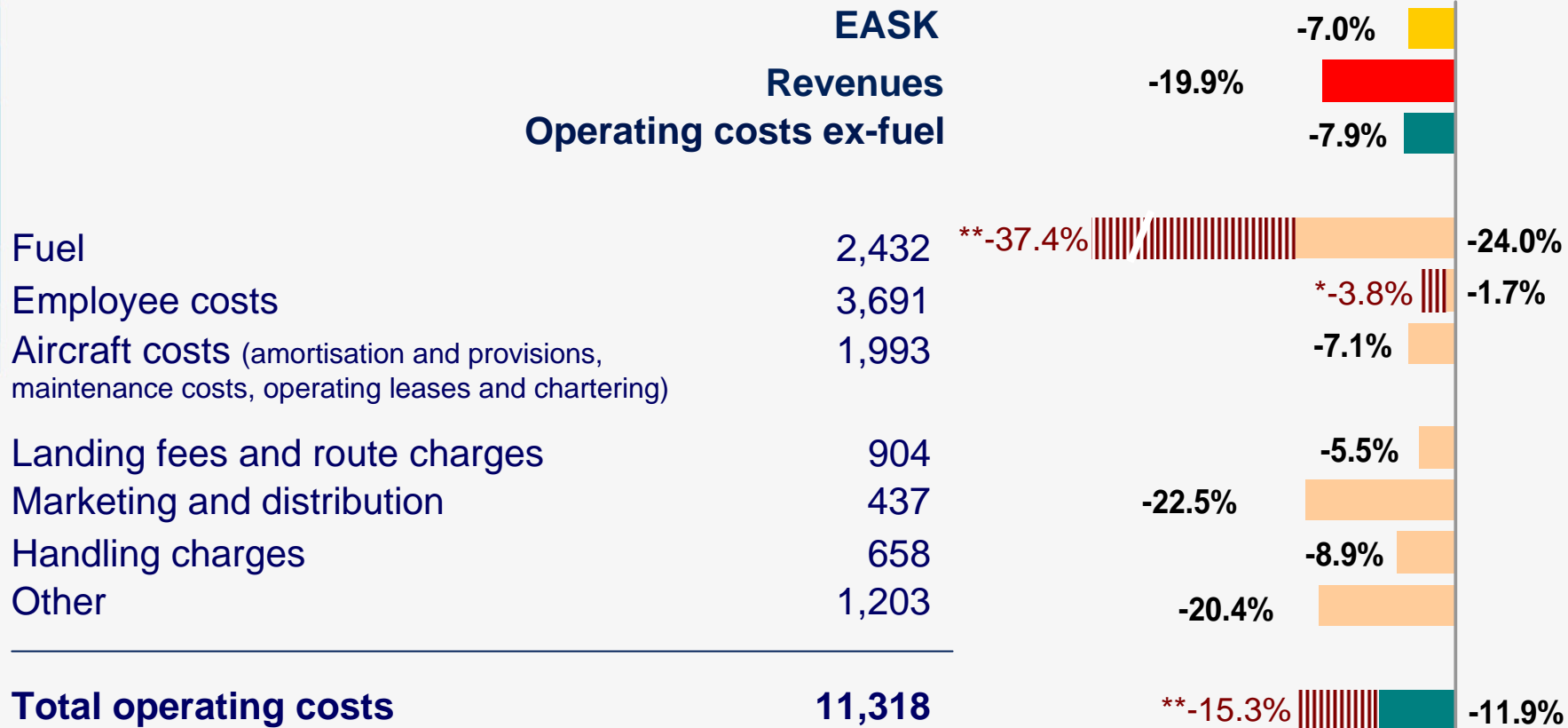
€ millions	H1 2009-10	H1 2008-09 Pro forma*	% ch
Revenues	10,775	13,445	(19.9)
Operating costs	(11,318)	(12,851)	(11.9)
EBITDAR	667	1,826	(63.5)
Operating income/(loss)	(543)	592	nm
<i>Adjusted operating income/(loss)**</i>	<i>(419)</i>	<i>701</i>	<i>nm</i>
Income/(loss) from operating activities	(618)	632	nm
Net interest charge	(126)	(22)	nm
Other financial income and costs	(51)	(436)	nm
Income tax	241	(2)	nm
Other	(19)	4	nm
Net income/(loss), group share	(573)	176	nm

* Restated for application of IFRIC 13 and Martinair proforma

** Adjusted for the share of financial charges within operating leases (34%)

Breakdown of H1 operating costs

First Half 2009-10
€ millions



* Excl. pension funds impact

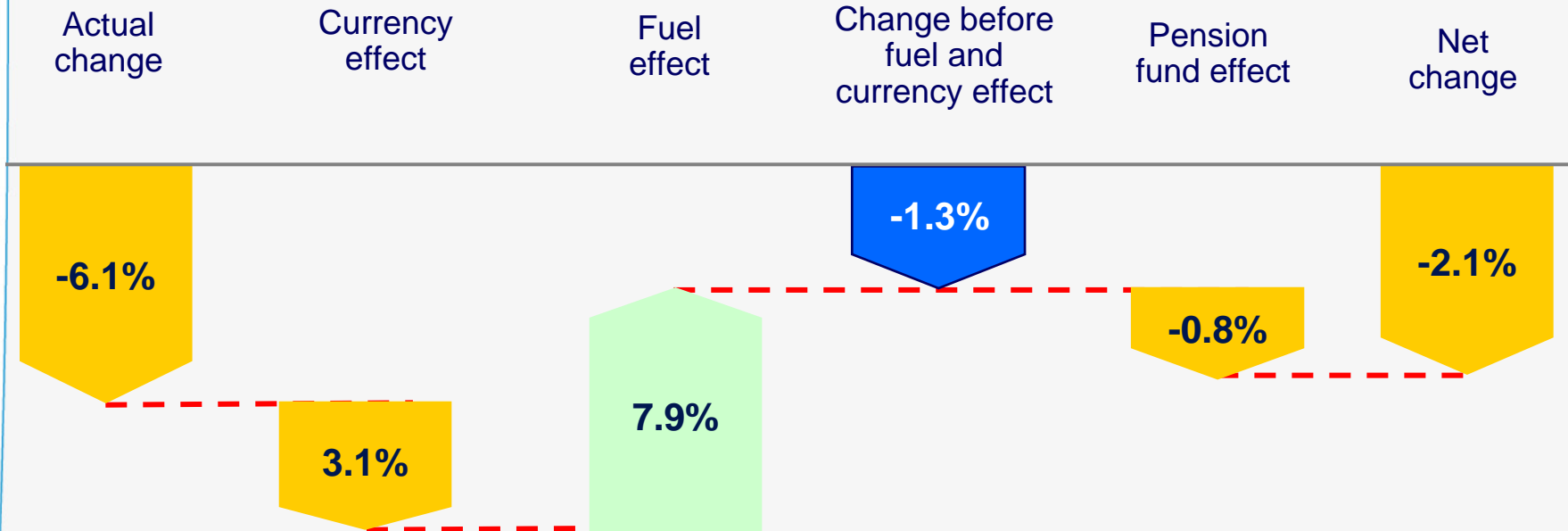
** Excl. fuel hedge impact

Unit costs contained as capacity is reduced

First Half 2009-10

Unit cost per EASK: 6.03 €cts

EASK: -7.0%

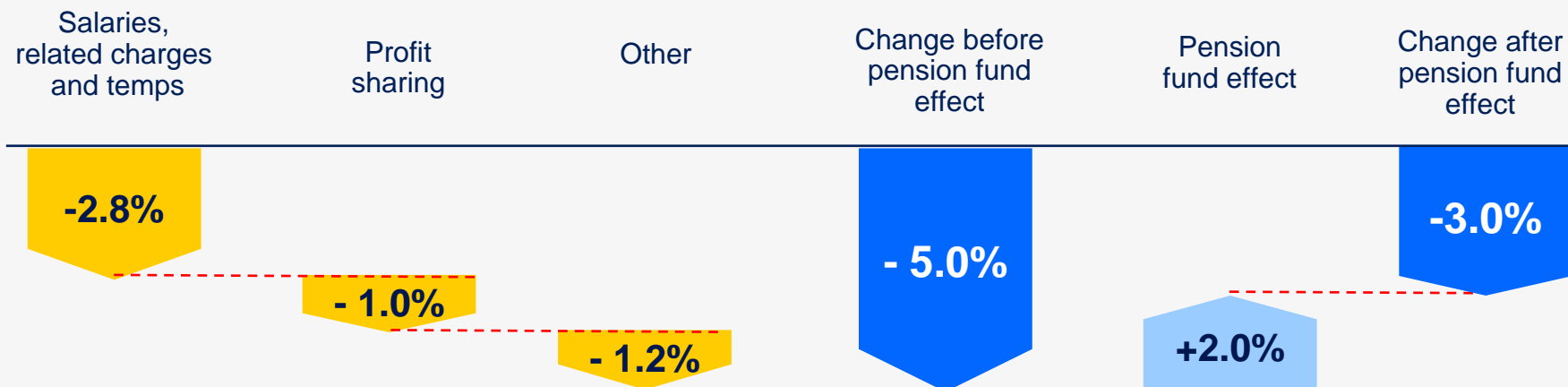


Analysis of change in employee costs

First Half 2009-10

€ millions

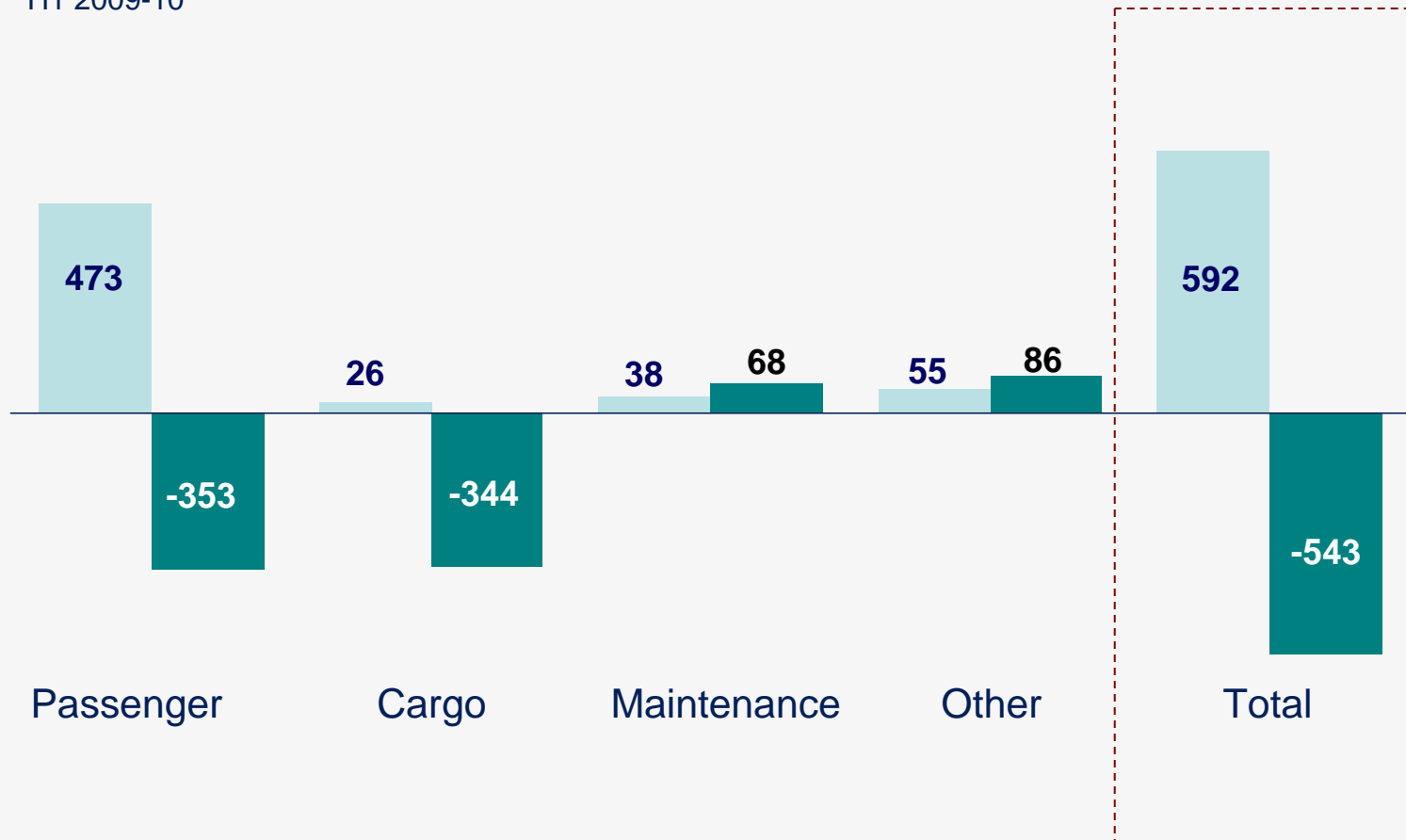
Employee costs (including temporary employees)



Breakdown of H1 operating result by business

€ millions

■ H1 2008-09*
■ H1 2009-10

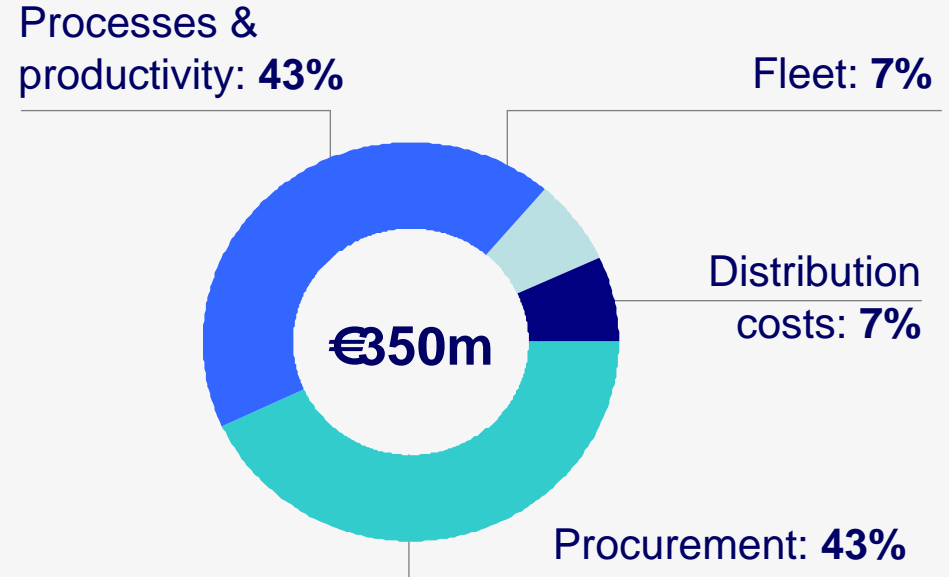


* H1 2008-09 restated for the application of IFRIC 13 and proforma Martinair

Update on 'Challenge 12'

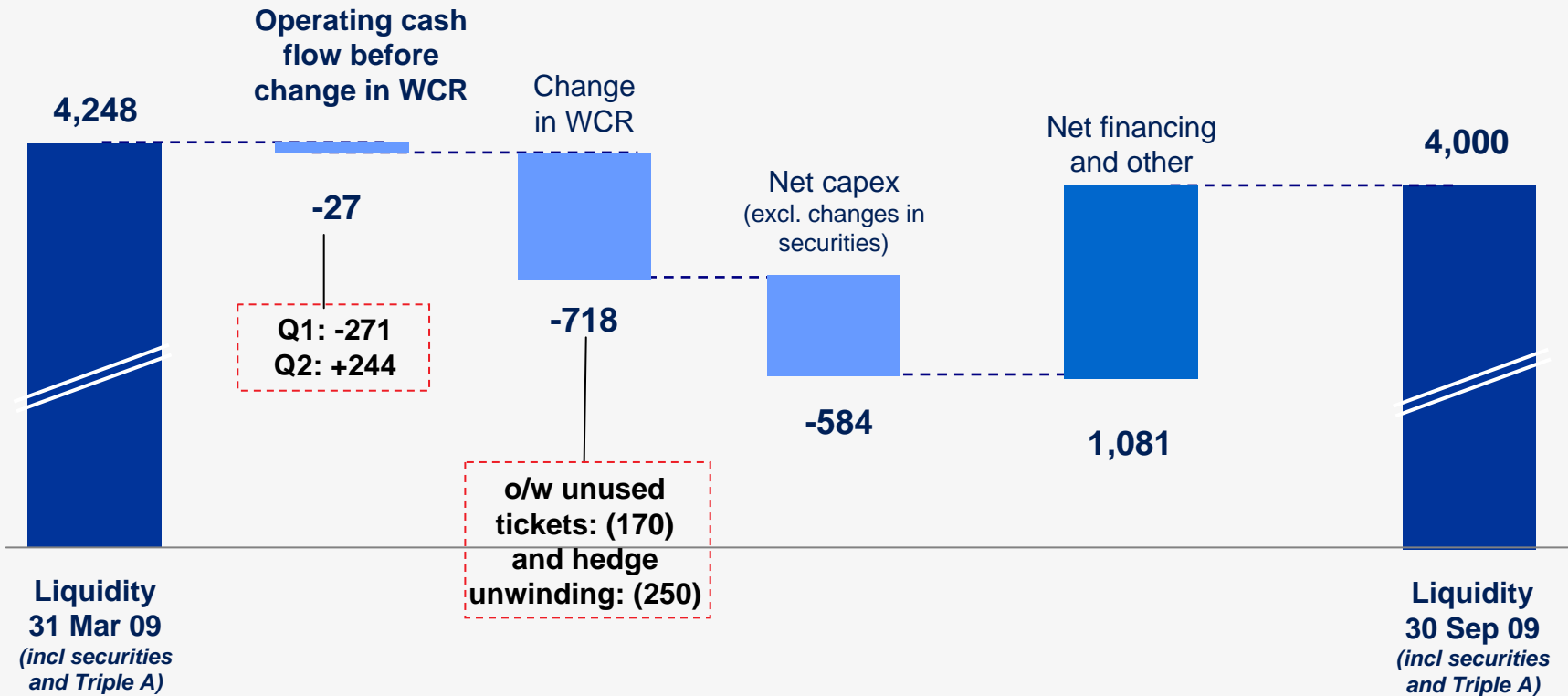
- ★ **€202m** in savings achieved in Second Quarter
- ★ **€350m** in savings achieved in the First Half

Breakdown of savings at 30th September 2009



High level of liquidity

€ millions



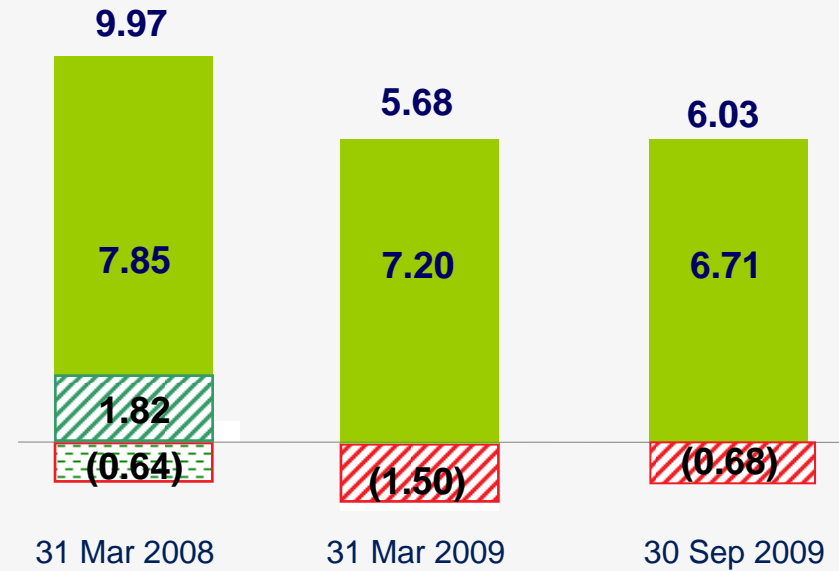
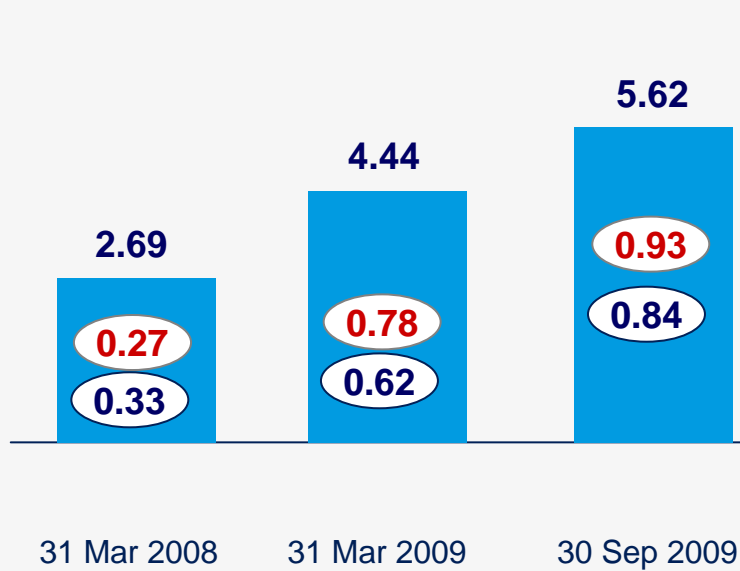
Gearing ratio

Net debt
(€ billions)

Shareholders' funds
(€ billions)

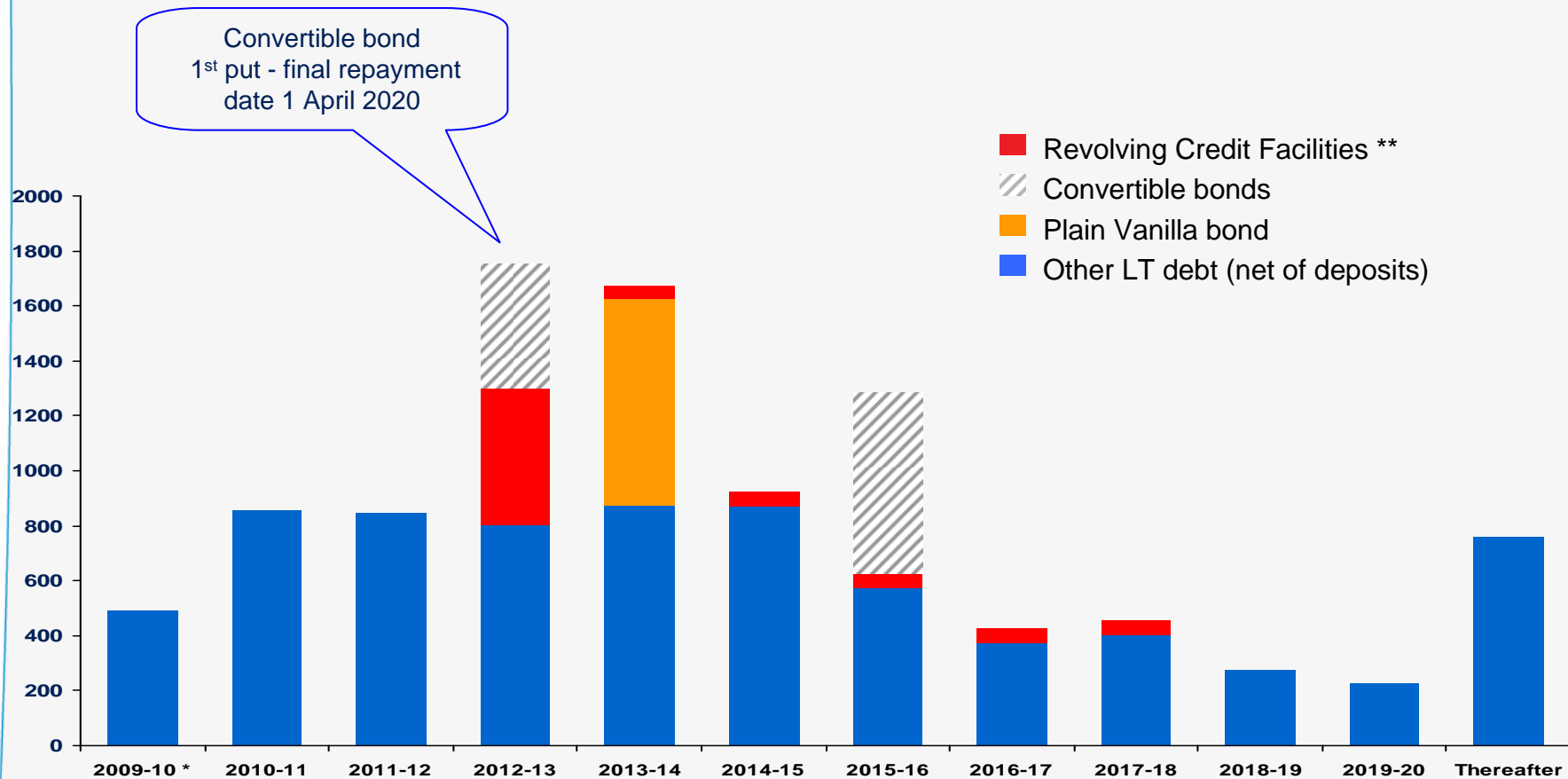
- Net debt
- X Gearing ratio
- X Gearing ratio excl. hedging instruments

- Shareholders' funds excl. hedging instruments
- Hedging instruments
- IFRIC 13 FFP



Debt repayment schedule

AF-KLM debt repayment schedule at 30/09/09 in €m, net of financial lease deposits



* as at 30 September 2009

** Drawn portion of the liquidity facilities, final repayment date

High level of financial resources

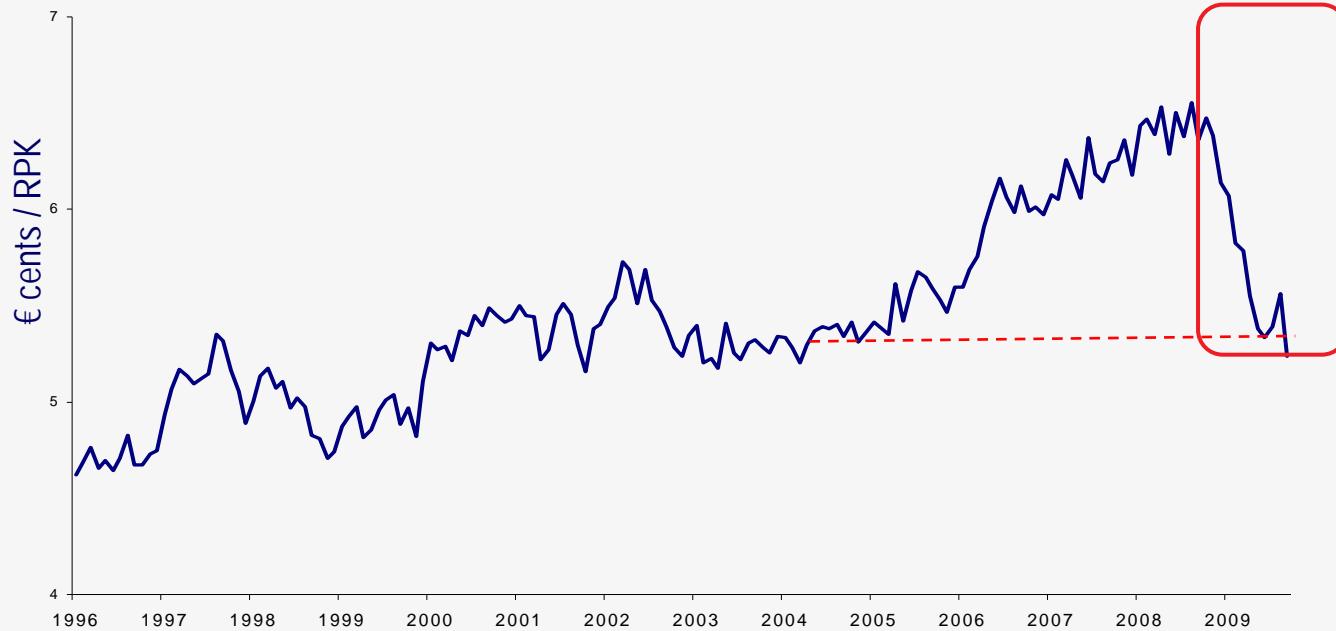
- ✦ Cash of 4.0 billion euros at 30 September 2009
- ✦ Available credit facilities of 1.2 billion euros
- ✦ Debt repayment schedule: 800 million euros per annum in current and next two years
- ✦ Successful 700 million euros bond issue in October 2009

Passenger

Bruno Matheu

Long-haul: fundamentally a growth business, currently impacted by the crisis

Air France-KLM* long-haul RRPK excl. currency and seasonality

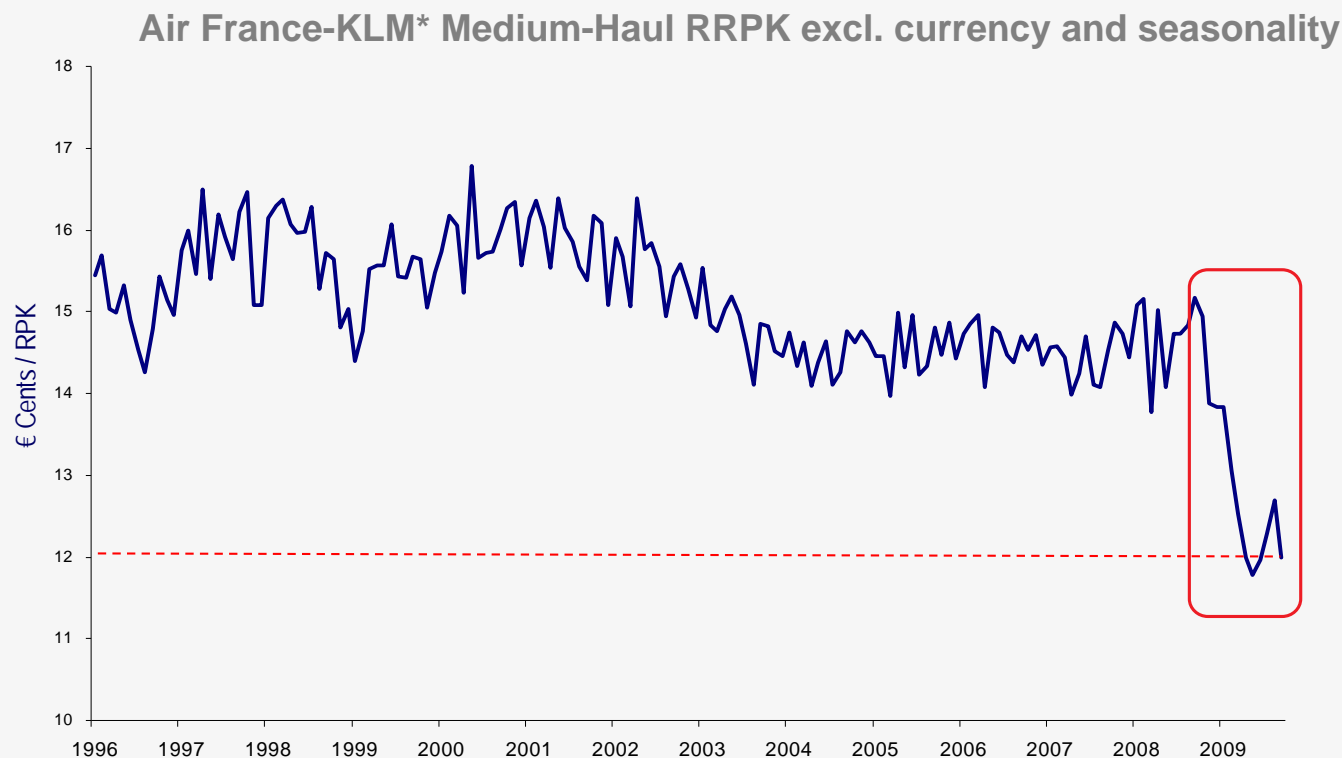


Sharp decline in Premium demand, but economics still primarily driven by demand / supply balance

Adapt to the current environment

*Sum of Air France and KLM before 2004 merger

Medium-haul unit revenue already declining before the crisis



Existing trends accelerated by the crisis. Product becoming commoditized with the development of low cost carriers and high speed train

Structural transformation

*Sum of Air France and KLM before 2004 merger

Long-haul network adaptation

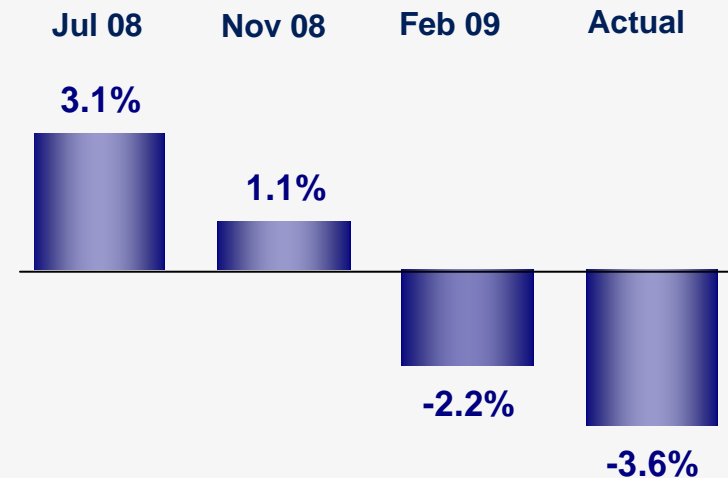
Adjusting to the impact of the crisis

- ✦ Significant reduction in capacity since the onset of the crisis
- ✦ Schedules rationalized
 - ▶ North Atlantic joint venture
 - ▶ A380 arrival
- ✦ Accelerated roll-out of new products
 - ▶ 'Premium Voyageur' class at Air France
 - ▶ 'Economy Comfort' at KLM
- ✦ Revenue enhancement initiatives
- ✦ New approach to corporate travel

Careful capacity management

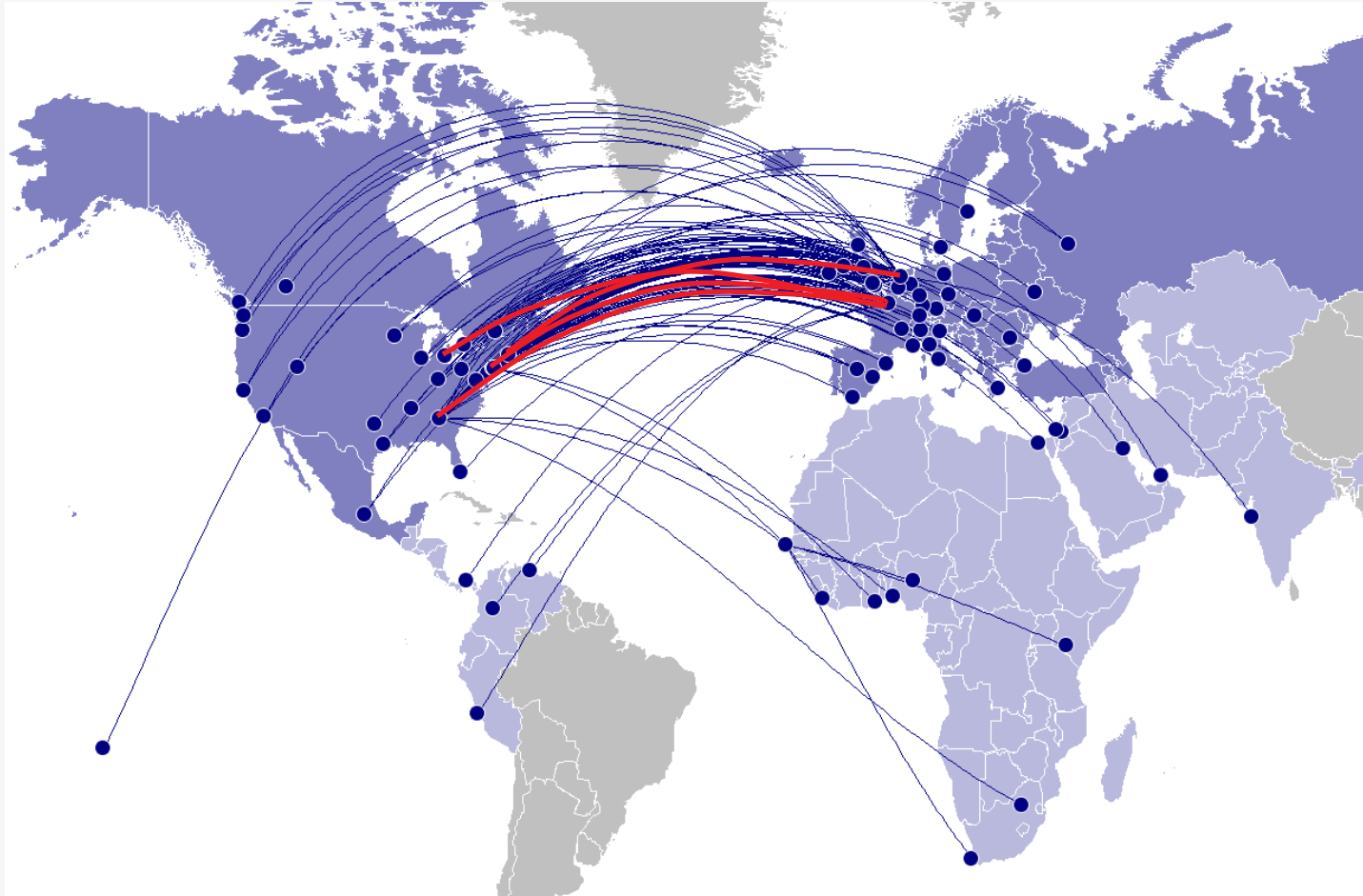
- ✦ Adapt capacity to demand
- ✦ Strengthen our partnerships in BRIC countries
- ✦ Maintain focus on oil related areas
- ✦ Defend AFKL position in Africa
- ✦ Rationalize frequencies through North Atlantic JV and A380

Long-haul capacity adjustment
for IATA 09-10



Schedule rationalization facilitated by our North Atlantic JV with Delta...

Examples: CDG-Atlanta, CDG-Detroit, CDG-Philadelphia, AMS-New York JFK



...and entry in service of the A380



Economically efficient...

...but only for the largest hubs

$$1 \text{ A380} = 1 \text{ A340-300} + 1 \text{ B777-200}$$

- ✦ Cost per seat 22% lower
- ✦ €15m in cost savings per year and per aircraft

✦ Replacing flights on high-frequency destinations:

- ▶ From 5 to 4 daily flights to New York JFK (1st aircraft)
- ▶ From 2 to 1 daily flight on Johannesburg (2nd and 3rd aircraft)

Long-haul product upgraded at both Air France and KLM

PREMIUM VOYAGEUR

- ✦ A new cabin with new seats
- ✦ Covers growing gap between business and economy class
- ✦ Well adapted to customer demands in times of crisis
- ✦ Operating since October 25 on New York-JFK
- ✦ Accelerated roll-out: fleet to be fully equipped by end 2010 (excluding A380s)
- ✦ €120m improvement in full year EBIT from end of 2010

Economy Comfort

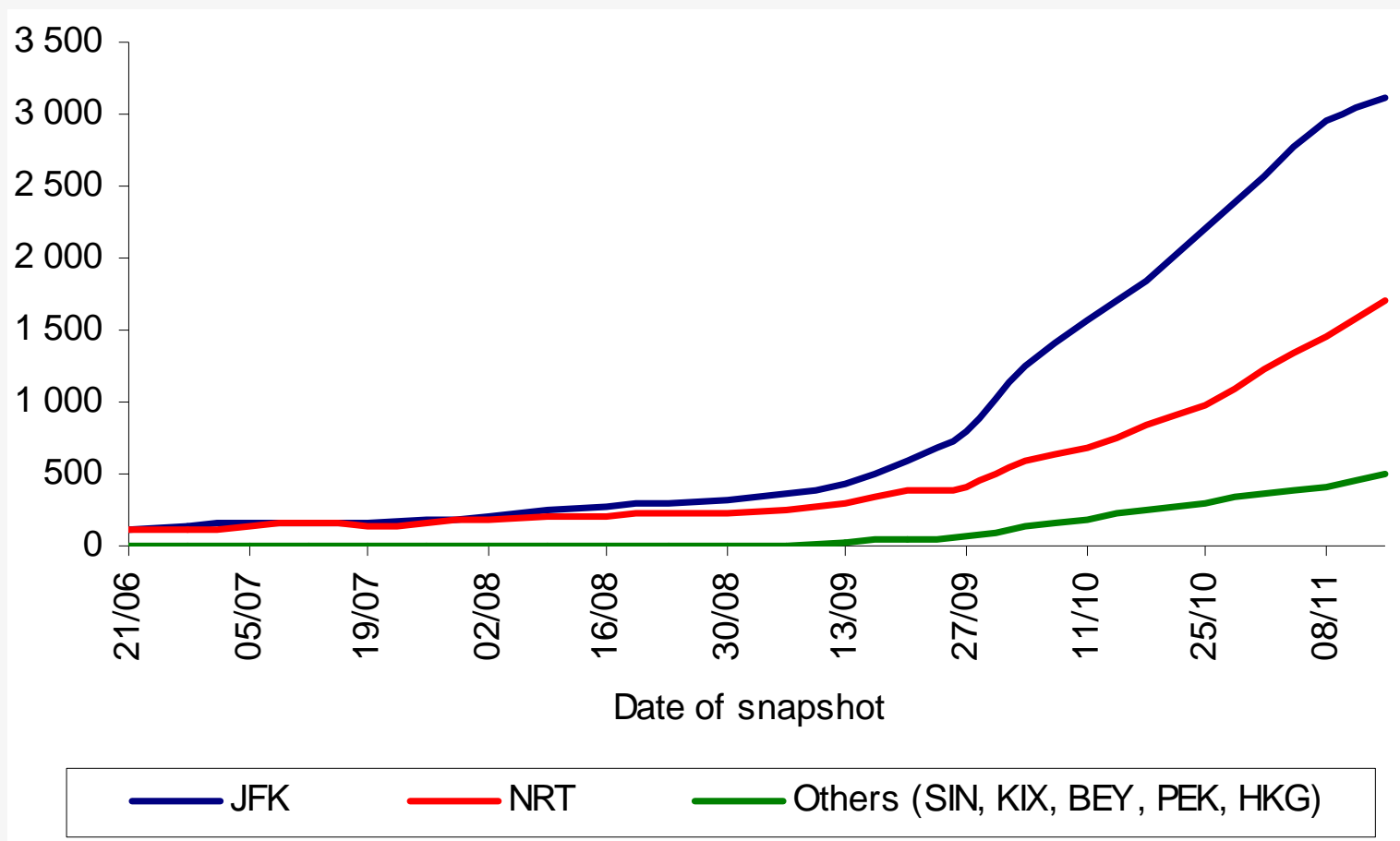
- ✦ Dedicated front section in economy on long-haul flights (34-40 seats)
- ✦ Enhanced seat product (35"/7")
- ✦ Answers growing for premium economy seat solutions
- ✦ Sold as a paid option
- ✦ All 61 wide body aircraft fully equipped by 1 December '09
- ✦ Additional €20m revenues per year

PREMIUM VOYAGEUR



Initial bookings suggest rapid take-up of 'Premium Voyager'

Growth in 'Premium Voyager' bookings for a journey in the next 14 weeks*




*Snapshot at November 15, 2009


Revenue enhancement initiatives

Increase fares whenever possible

- ✦ Raise our fares, especially entry levels, to boost our yields
- ✦ Several increases in Summer and October '09, all matched by competition

Develop ancillary revenues

 Vous pouvez acheter une franchise bagages supplémentaire.

 Sur ce vol, vous pouvez acheter un siège avec plus d'espace.



A new approach to corporate travel

Redesign of corporate contract policy

- ✦ Extended offer
- ✦ More competitive and responsive
- ✦ Simpler
- ✦ Better displayed in self-booking tools

Targeting small and mid-sized companies

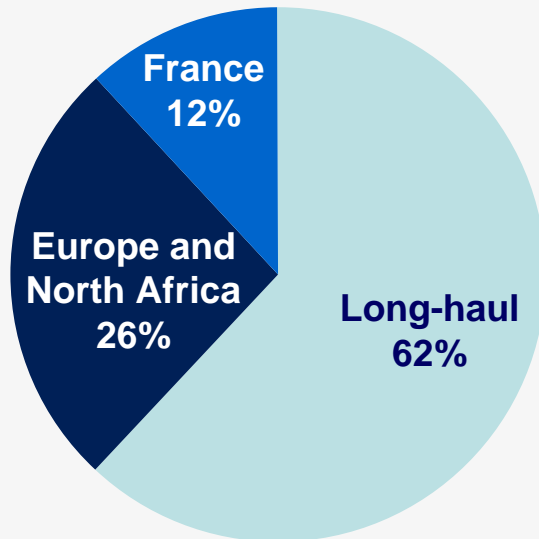
- ✦ More competitive public fares
- ✦ New sales tools
- ✦ Communication partnerships

Medium-haul network transformation

Medium-haul network: an essential component of our portfolio

Significant share of revenues and customers

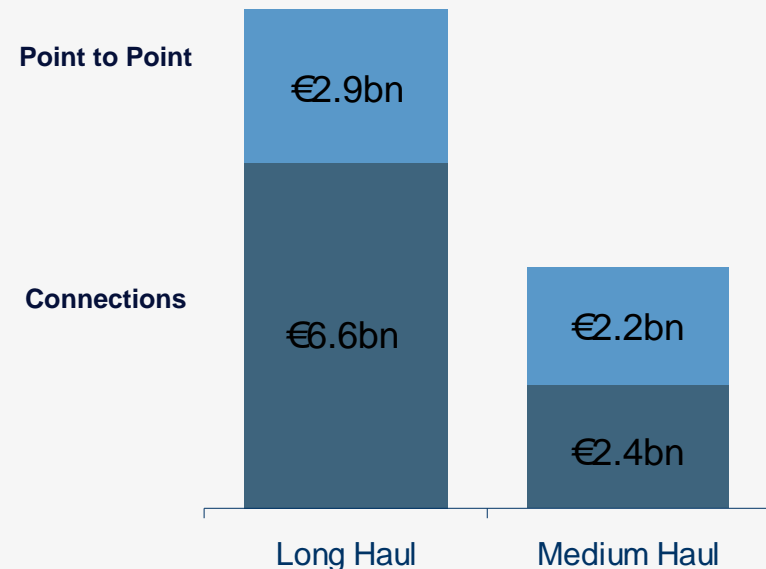
Air France-KLM revenues (incl. franchisees) 2008-09



Medium-haul essential to our key marketing tools: Flying Blue, corporate contracts and travel agent contracts

Supporting competitive long-haul network

Air France - KLM revenues from CDG and AMS – 2008-09



Cost efficient long-haul requires large feed

Medium-haul under pressure from three market trends

**Low Cost Carrier
and
High Speed Train
development**

+31% per year

96-07 LCC traffic
growth, Europe-wide

**Buy-down behavior
by
business
travelers**

34% in 1996 to
9% in 2007

Share of point-to-point
business passengers
traveling in business
class on Paris
medium-haul flights
(all carriers)

**Recession leads
to a sharp drop in
business travel
volumes**

-32%

YoY decline in AF-KL
premium medium-haul
traffic (Apr-Aug 09)

Three strategic options

Adopt

- Create a low cost operator to address markets attacked by Low Cost competitors and not well served
- Remove traditional offer from these markets

Development of Transavia

Take advantage

- Purchase or partner with low cost operator
- Coordinate development to maximize value creation

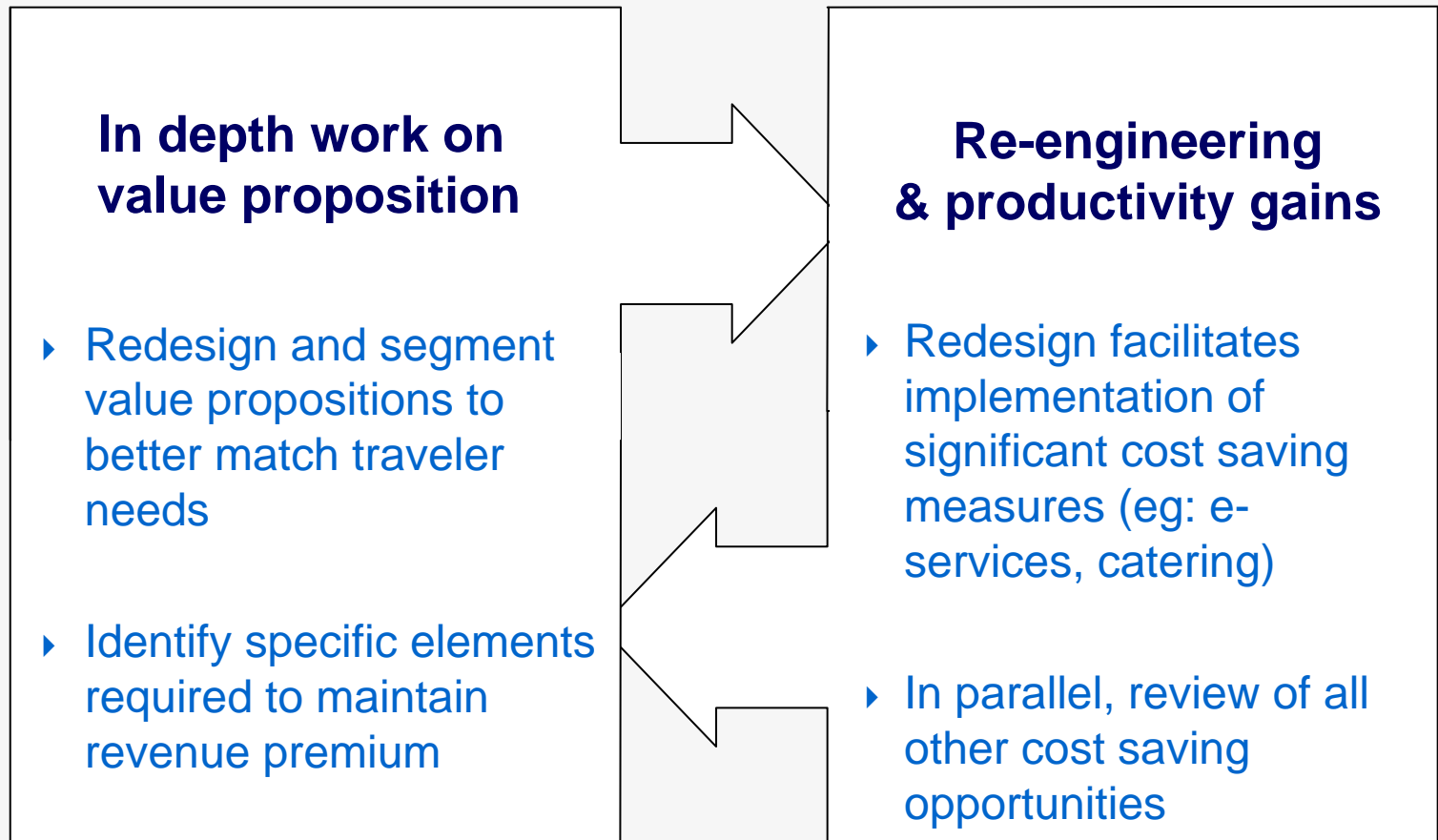
Expansion of partnerships in local European markets

Compete

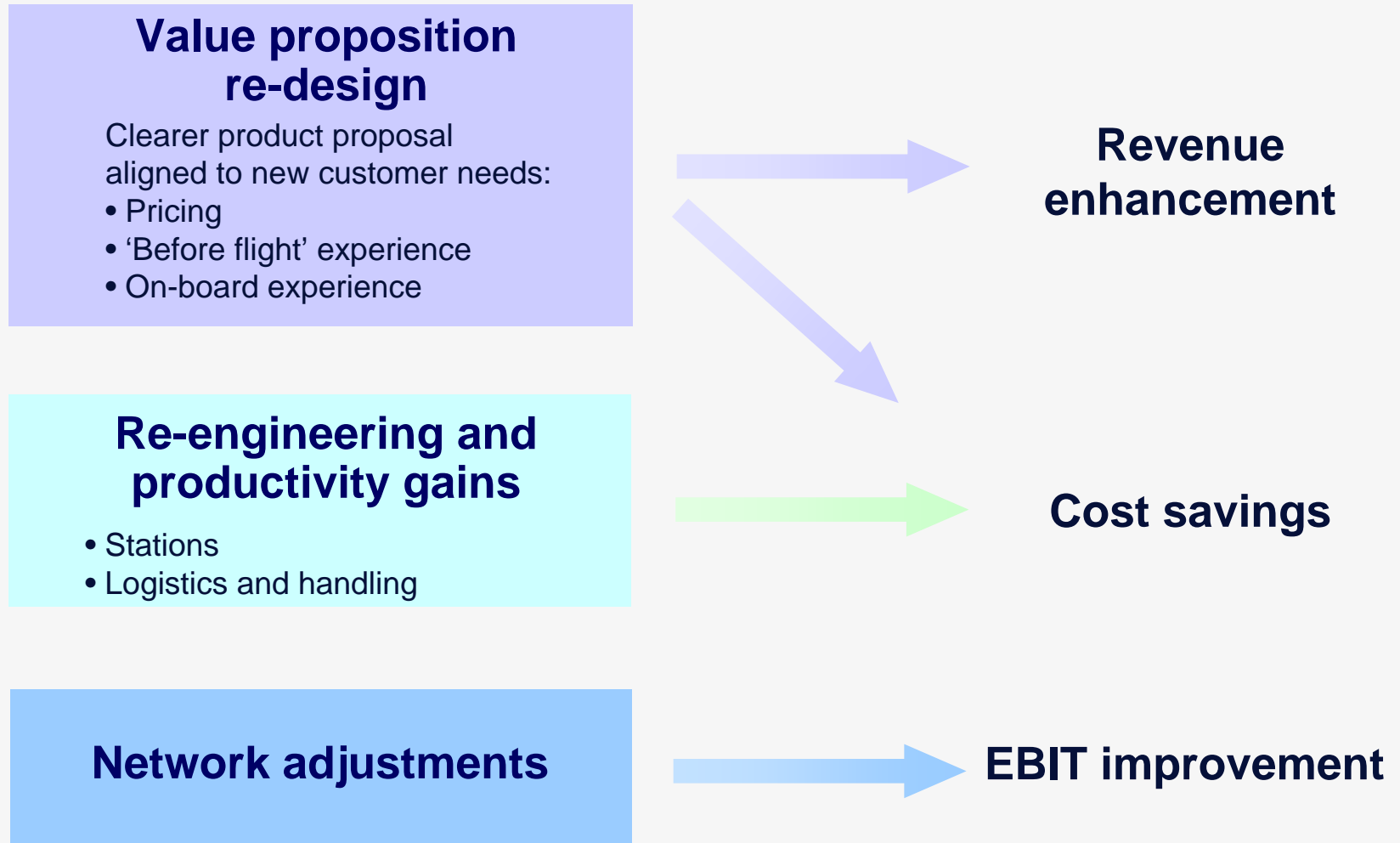
- Focus efforts on cost improvement
- Redesign value proposition
- Reduce prices on markets attacked by low cost carriers

Medium-haul transformation project

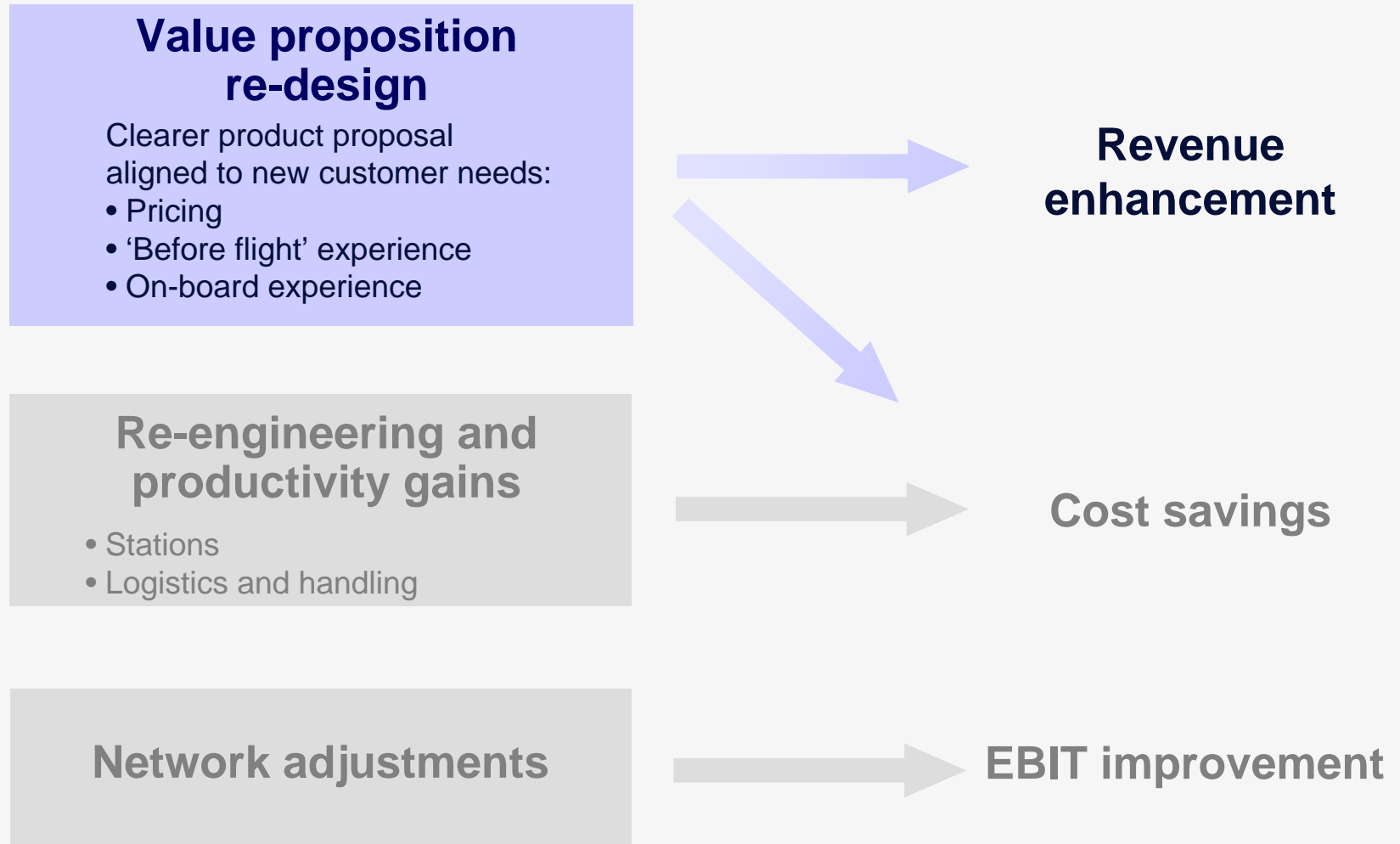
Redesign of value proposition facilitates identification of cost saving opportunities



Transformation project based on three pillars



Transformation project based on three pillars



Clearer product proposal

Passengers, travel managers, travel agents all point to the need for two major types of air transport in Europe

Air France responds with two offers, two highly differentiated products:

‘Voyageur’

For those looking for a simple and inexpensive product, with all the "essentials" of the Air France service

‘Premium’

For those requiring additional flexibility, more services, greater efficiency and time-saving, at more affordable fares than the current ‘Business’ and ‘Tempo Challenge’

The 'Voyageur' product

Simple and inexpensive product while maintaining differentiation with Low Cost Carriers

Product includes all 'essentials'



New services to make life easier



'Voyageur': new pricing structure enabling yield optimization

A pricing strategy adapted to customer expectations...

Simplicity

- ▶ A single fare per flight / date
- ▶ Return fares displayed on the same page at airfrance.com

Attractiveness

- ▶ Reduction of entry and highest fare levels
- ▶ Promotional fares displayed in 'one way'

... but designed to maximize our revenues

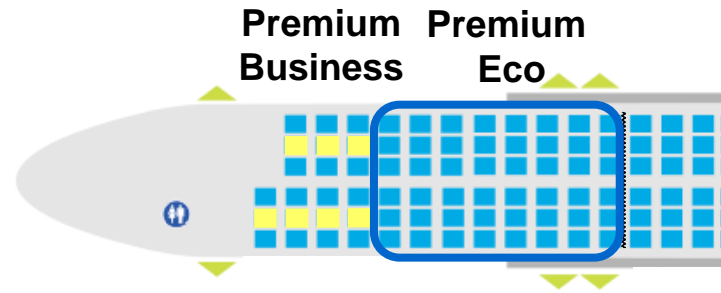
Yield optimization

- ▶ Reduced fare range to stimulate 'buy-up'
- ▶ Promotional fares always higher than marginal cost per seat; stock monitored through a dedicated booking class

'Premium': adapted to customer needs to win market share, notably on the SME segment

Freedom and flexibility

- ▶ Fully flexible fares
- ▶ Choice between 2 offers:



Time-saving, especially at the airport



Lower public fares

- ▶ Average 20% reduction in Premium Eco public fares to attract companies without corporate contracts
- ▶ Reduced discounts for corporate contracts

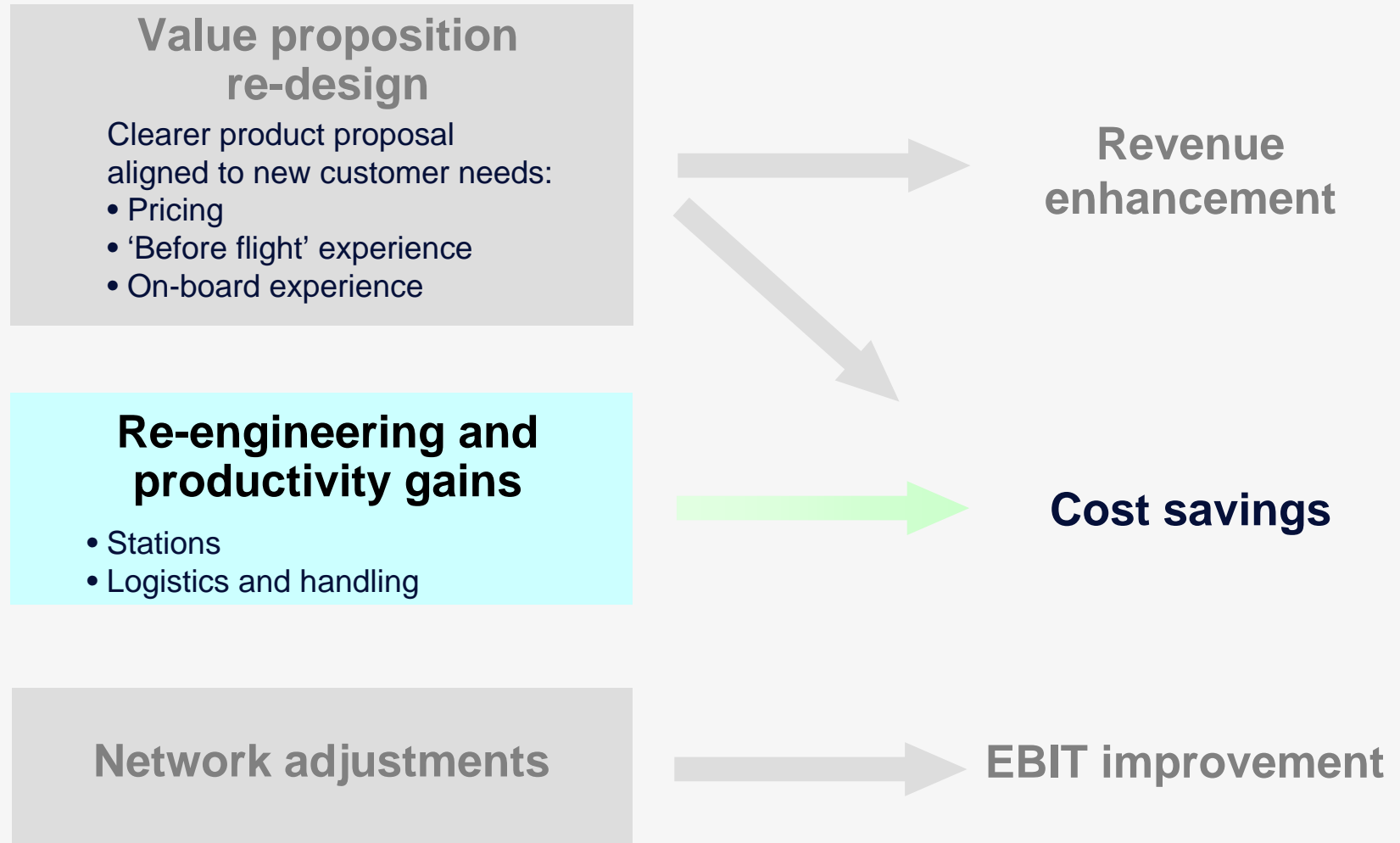
Implementation

- ✦ Air France domestic product adapted to specific customer needs
 - ▶ Single cabin maintained
 - ▶ Several innovations duplicated on domestic routes

- ✦ New product on Air France routes on sale as of January 2010 for flights as of April 2010

- ✦ KLM targeting maximum alignment while taking into account market and product specificities
 - ▶ Deployment Winter 2010/11

Transformation project based on three pillars



Productivity opportunities in all divisions

- ✦ Acceleration of ground service processes overhaul
- ✦ Catering offer revised and logistics processes re-designed to reduce handling costs
- ✦ New generation seats, mainly on domestic routes
- ✦ Efficiency gains in crew operations

The new product enables savings on ground and handling costs

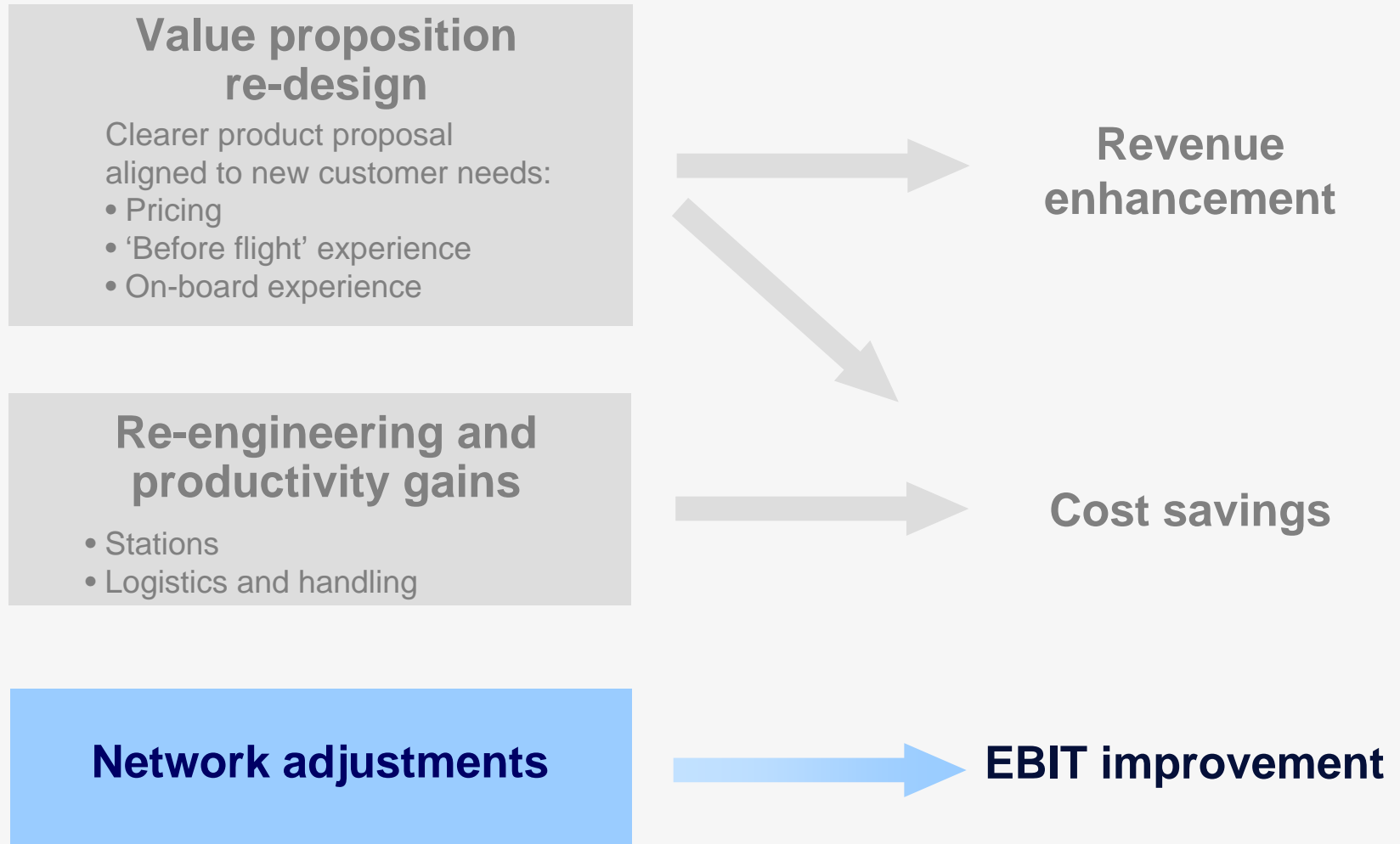
- ✦ Important productivity gains at French stations
 - ▶ Example: finalization of the e-service revolution with implementation of a 100% e-services policy wherever cost effective
- ✦ Additional gains at European stations under review
- ✦ Logistics process redesign:
 - ▶ Handling represents a large share of medium-haul catering costs that is not seen by travelers
 - ▶ Value proposition redesign enables identification of most valued catering elements, and those which can be cut
 - ▶ More efficient aircraft loading/un-loading adds to cost savings

New generation seats offer multiple gains

- ✦ More comfort, lower costs and seating densification
- ✦ Deployment
 - ▶ 2010: 40 aircraft operating on AF domestic routes
 - ▶ 2011: A318 fleet (18 aircraft)
- ✦ Up to 6% reduction in unit costs



Transformation project based on three pillars



Network adjustment driven by changing demand

Customers becoming more price-sensitive and less time-sensitive




Bigger aircraft (lower costs)
Fewer frequencies
More productive schedule

- ✦ **CDG**: reduce frequencies/increase gauge (to lower costs) on stations with more flights than needed to cover all hub banks, saving 6 aircraft
- ✦ **Schiphol**: reduce capacities while improving the hub system
- ✦ **Regional network**: additional capacity reduction, saving 7 aircraft

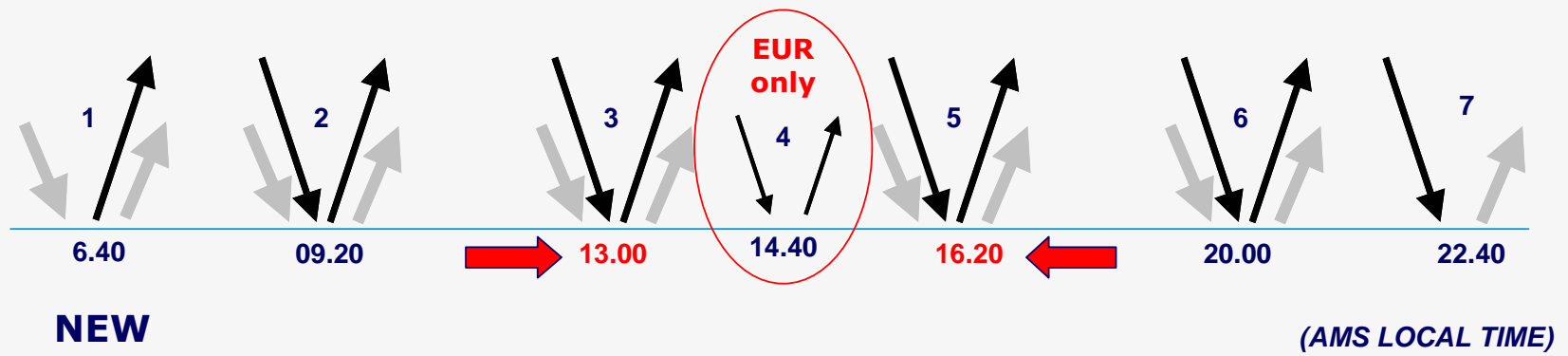
CDG: rationalize frequencies to build a less expensive schedule, focused on core business

- ✦ Only 6 daily flights required to cover all hub banks
 - ▶ Except Amsterdam (12 flights) and Rome (8 flights) to also cover partners hub banks
- ✦ Additional frequencies maintained depending on specific features of each market



15 daily frequencies cancelled, equivalent to 5% of capacity, and increased aircraft utilization, partly implemented as at Winter 09-10

Schiphol: reduce European capacity while improving the hub system



★ Seven-wave hub system maintained but adjusted

- ▶ Wave No. 4 limited to medium-haul flights
- ▶ Timing of waves No. 3 and 5 shifted

12 daily frequencies cancelled, equivalent to 6% of capacity, and increased aircraft utilization, partly implemented at Winter 09-10

Regional network: reduce our unit costs

- ✦ Rationalization: closing routes with lowest growth potential
 - ▶ Example: restructuring of Clermont-Ferrand network
 - ▶ Summer 2009: closure of Biarritz and Brussels
 - ▶ January 2010: closure of 4 additional routes: Strasbourg, Marseille, Lille and Toulouse
 - ▶ Impact : -2 aircraft

- ✦ Gauge / frequency ratio: increase gauge and lower frequencies
 - ▶ Acceleration of the phasing out of the smallest aircraft (especially 50-seater)

Target overall improvement of €500m by 2011/12

Value proposition re-design

- More competitive economy class product
- Front cabin product better tailored to business traveler needs
- Development of ancillary revenues

Re-engineering and productivity gains

- Productivity gains in French stations
- Logistics process redesign
- Seating densification

Network adjustments

- CDG frequency rationalization
- Capacity reduction at Amsterdam
- Regional frequency reductions

Revenue enhancement

~ €90m

Cost savings

~ €220m

EBIT improvement

~ €190m

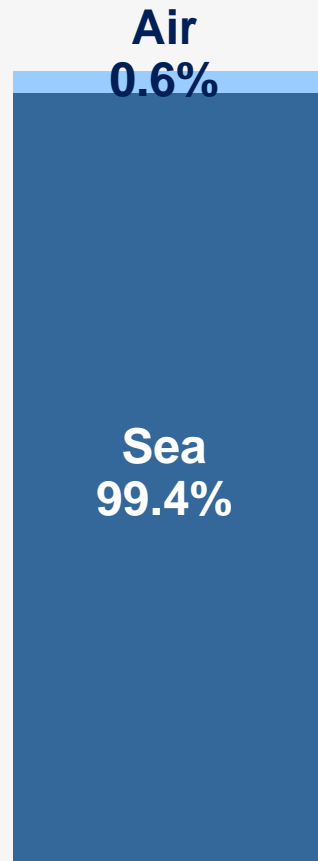
Cargo

Michael Wisbrun
Florence Parly

The global air and sea cargo market

2007 global market estimates

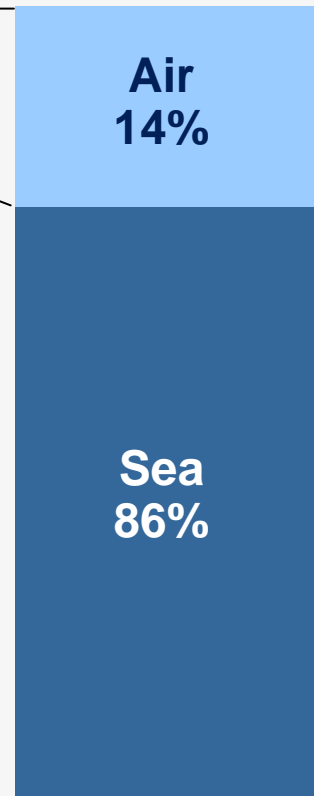
7,370m metric tons



Air
0.6%

Sea
99.4%

\$670bn



Air
14%

Sea
86%

2003-07
CAGR:
+7.6%

2003-07
CAGR:
+5.1%

Source: BCG

By weight

By value

Air cargo market characteristics

Imbalanced flows

- ✦ All goods transported one-way, leading to imbalances on major trade flows
 - ▶ Asia-Europe volumes 1.4x size of Europe-Asia
 - ▶ Hong Kong 5 kT to Europe p. week at 2.18 €/ct/kg, 2.8 from Europe at 1 €/ct/kg

High cyclicality

- ✦ Strongly dependent on international trade
 - ▶ High growth during times of economic expansion
 - ▶ But high impact of economic crises

Agile B2B customers (forwarders) and shippers

- ✦ Continuous arbitrage and optimization by forwarders
 - ▶ Air cargo a key lever to optimize performance
 - ▶ Limited brand loyalty that commands price premium

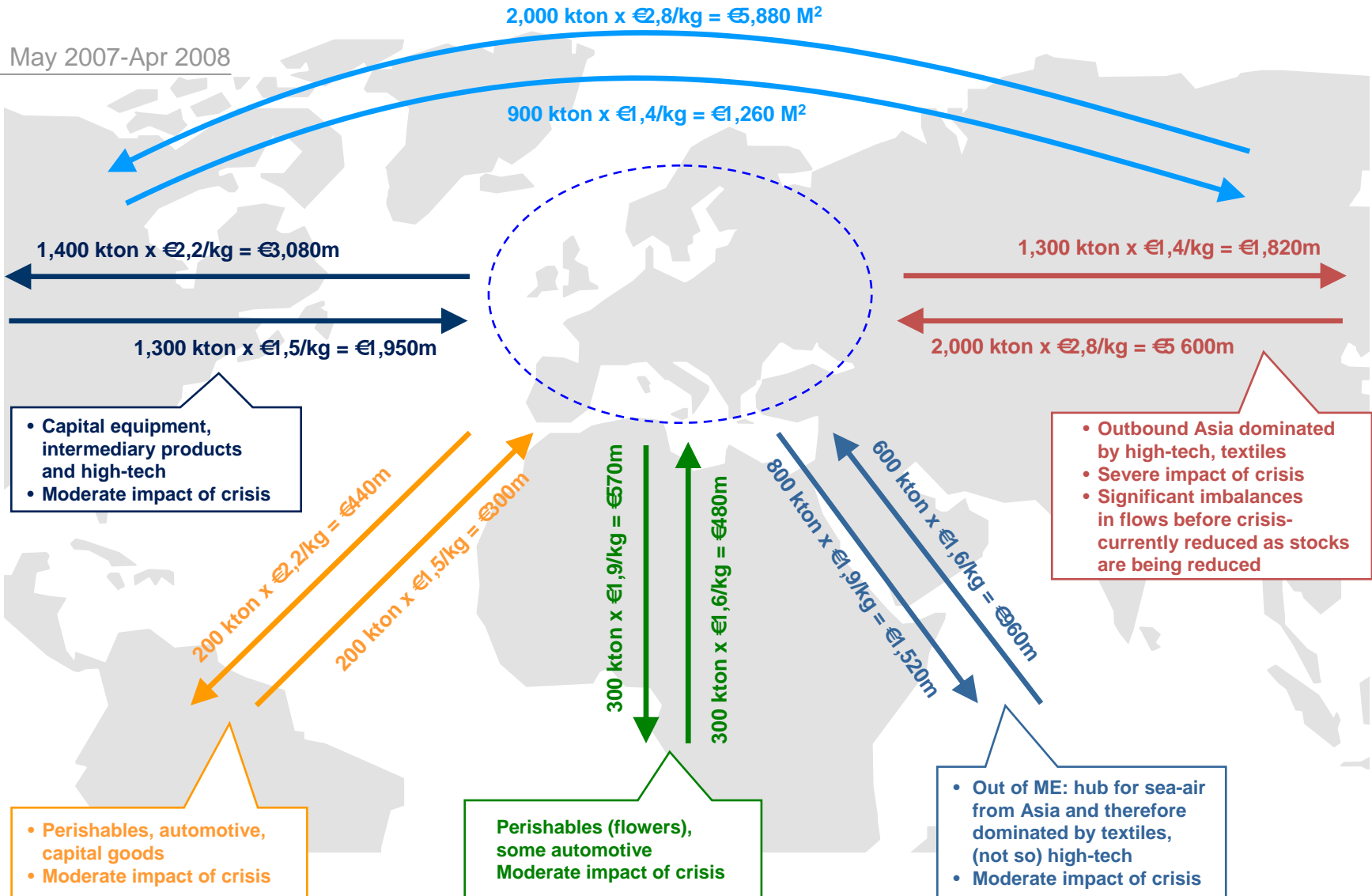
Interchangeability of gateways

- ✦ Most transported goods can be trucked onward, making it difficult for airlines to command a premium for their own hubs

Ample supply of low cost belly capacity

- ✦ Bellies make up 40-60% of worldwide capacity
- ✦ Many airlines treat cargo as a marginal business, offering belly capacity at marginal rates

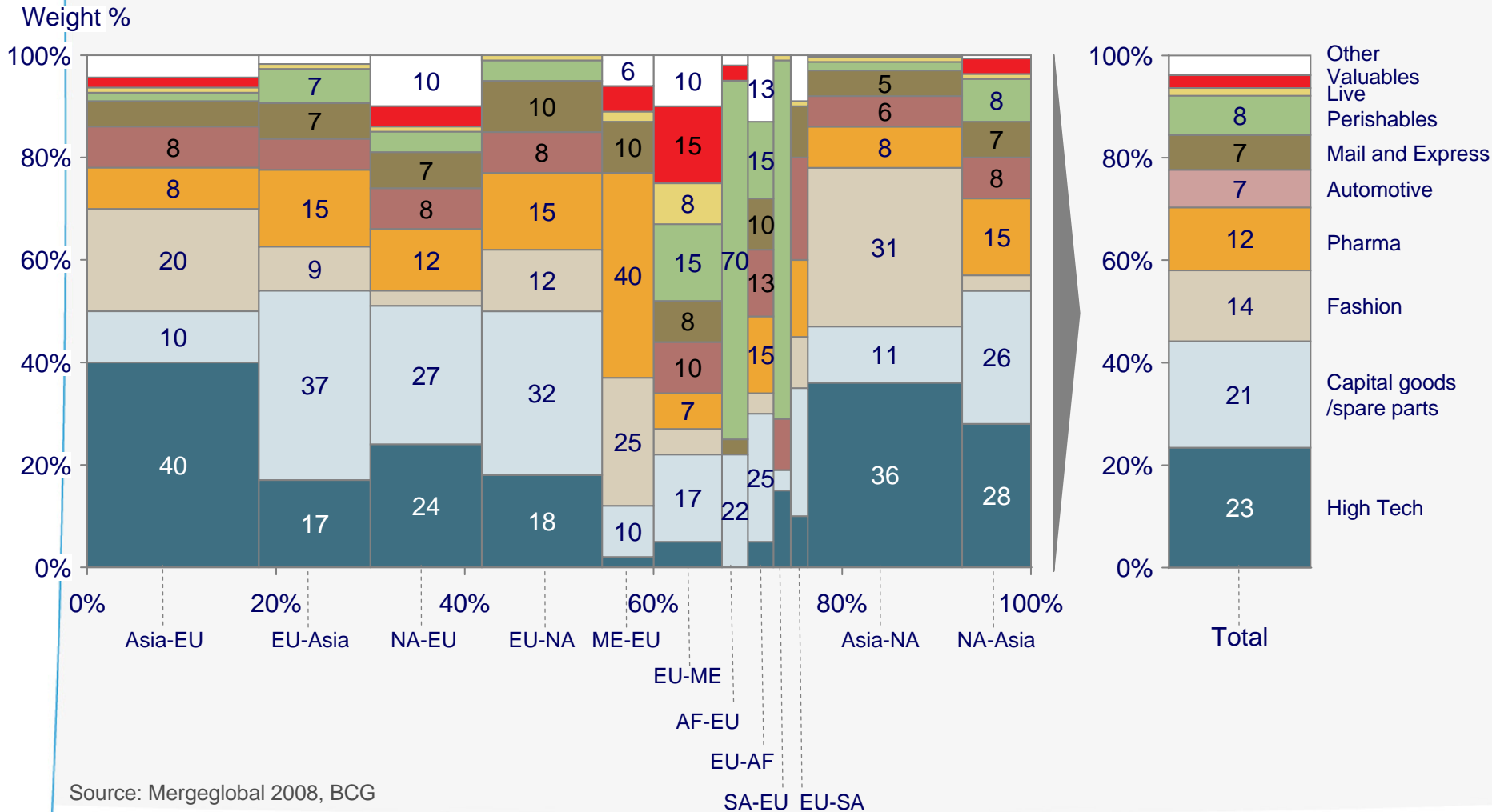
Six main geographic flows



Source: AF-KL EU filing 2006/2007; AEA 2007/2008; IATACass; World ACD; Mergeglobal 2008, Air France - KLM Cargo, BCG

Dominated by three or four industries

Percentage of total transported weight per industry per flow

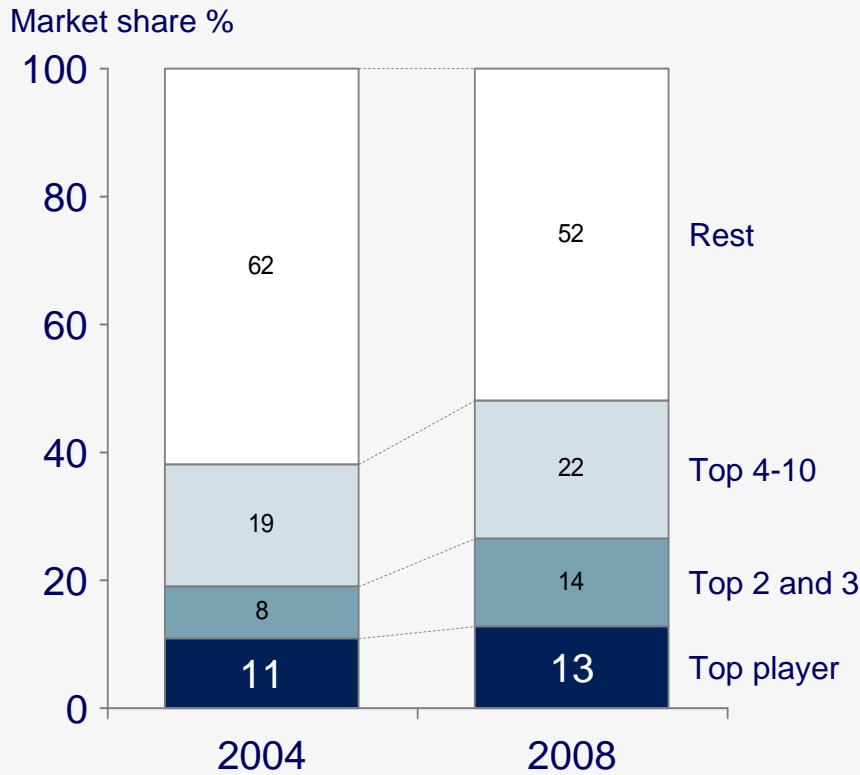


Source: Mergeglobal 2008, BCG

www.airfranceklm-finance.com

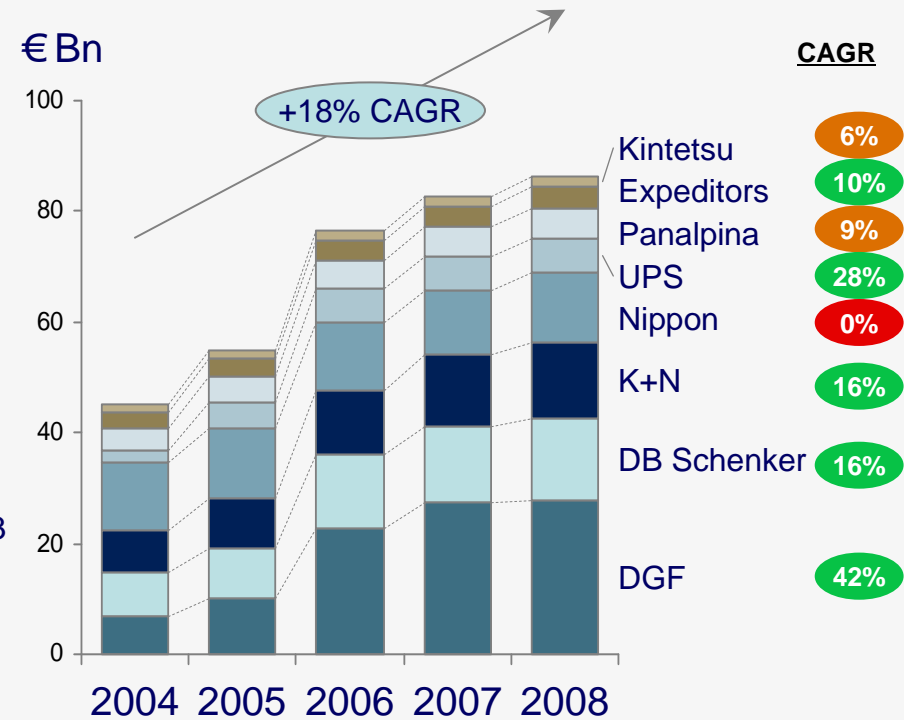
Global forwarders increasingly powerful

Market concentration



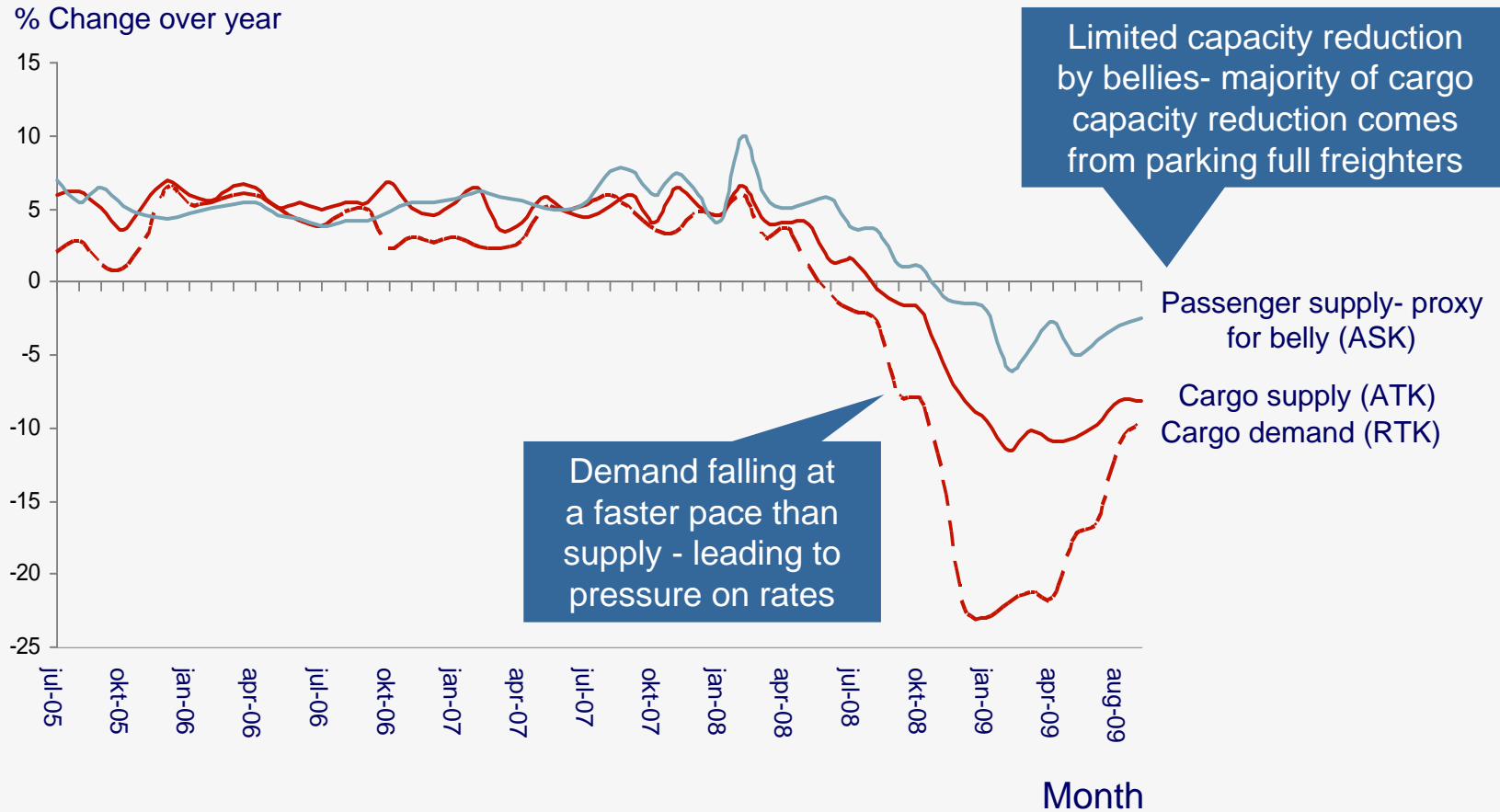
10 pp market share growth for main forwarders 2004-08

Large forwarders pursuing external growth



Source: Company information and CASS data

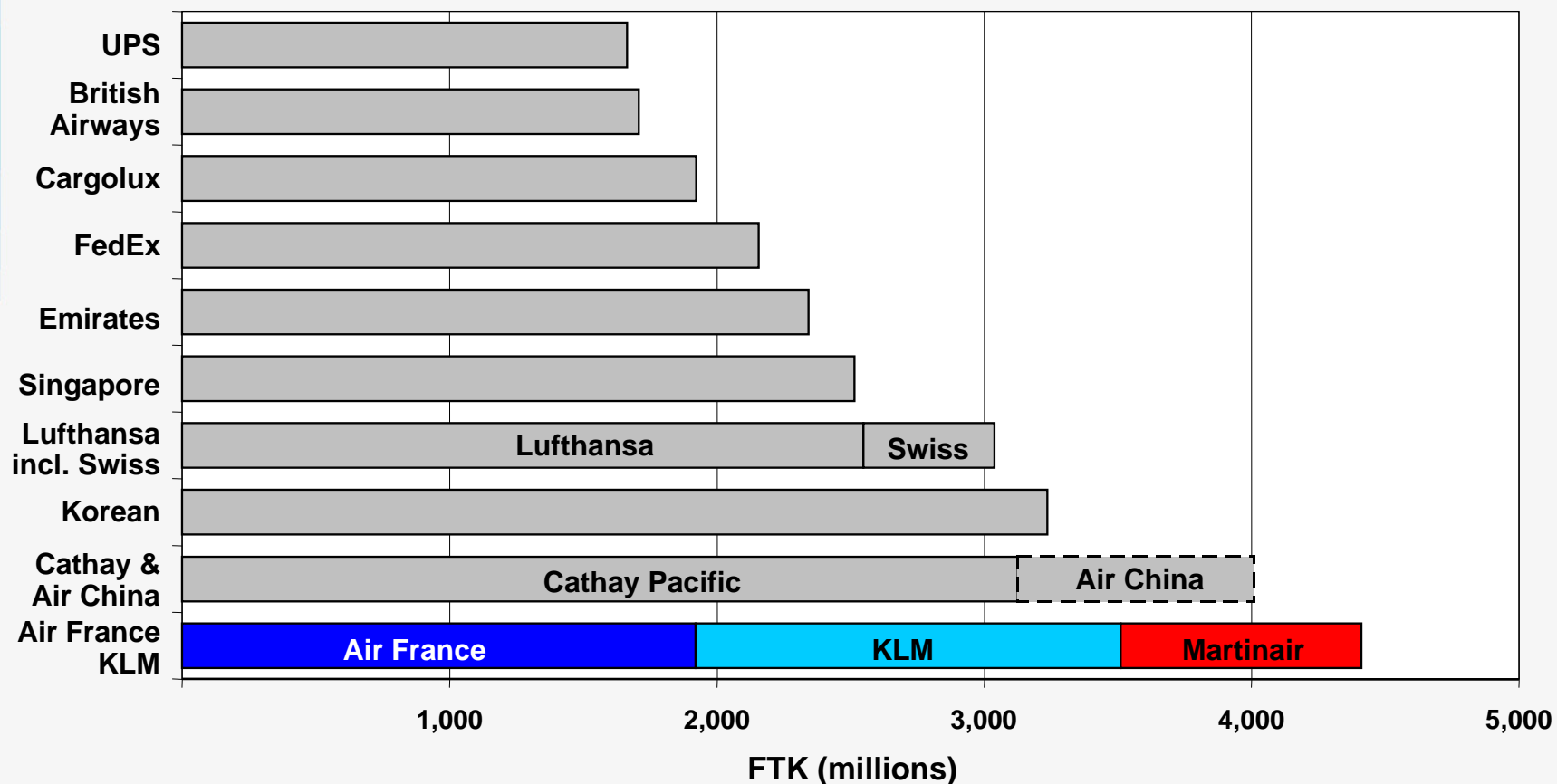
Overcapacity in the market



Source: IATA

Air France-KLM: the world leader in terms of traffic

Top 10 carriers in FTK
Jan-Jun 2009



Source: IATA

Our key operating strengths

Network & fleet footprint

- ✦ Strong network with leading high-frequencies on major trade flows
- ✦ Leading position in 2 of Europe's top 4 hubs, with high interchangeability
- ✦ Modern, diverse fleet with unique combi offering at KLM
- ✦ Flexibility of Martinair operating model

Commercial proposition & pricing

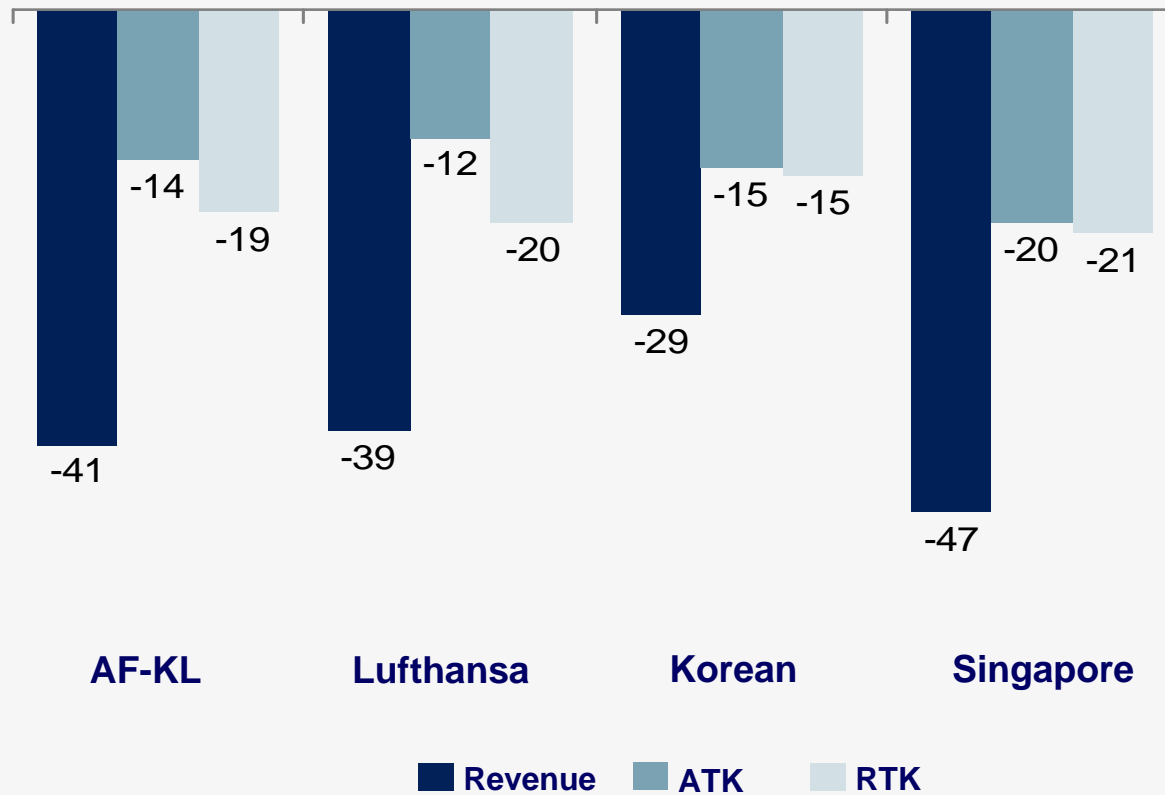
- ✦ Balanced portfolio of clients
- ✦ Strong relations with most large forwarders
- ✦ Strong distribution network, relations with forwarders and tripartite with key shippers

Operational performance

- ✦ Recognized operational excellence at Schiphol
- ✦ Dedicated express handling at both hubs
- ✦ No of capacity constraints in warehouses of either hub

All operators impacted by the crisis

Air cargo development (in %)
Apr-Jun 09 vs. Apr-Jun 08



Decisive actions already underway

- ✦ Capacity reduction
- ✦ Network restructuring
- ✦ Cost base reduction
- ✦ Revenue enhancement
- ✦ Focus on cash management

Key drivers behind our restructuring decisions

Cargo an integral part of the group

- ✦ Capacity generation and capacity increases primarily driven by passenger aircraft
 - ▶ B777-300 has boosted belly capacity

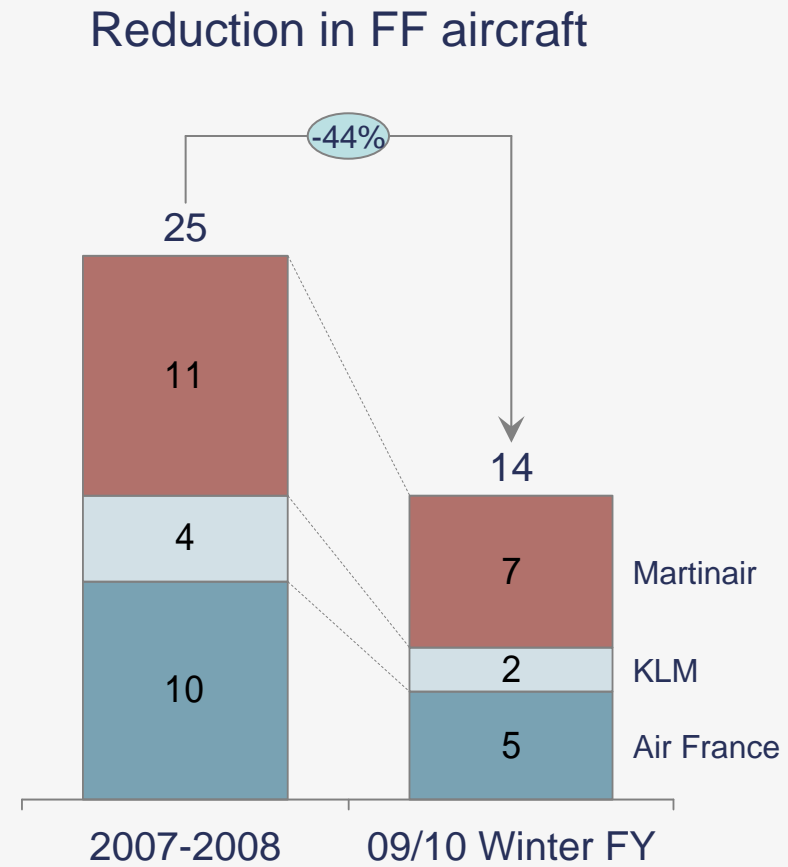
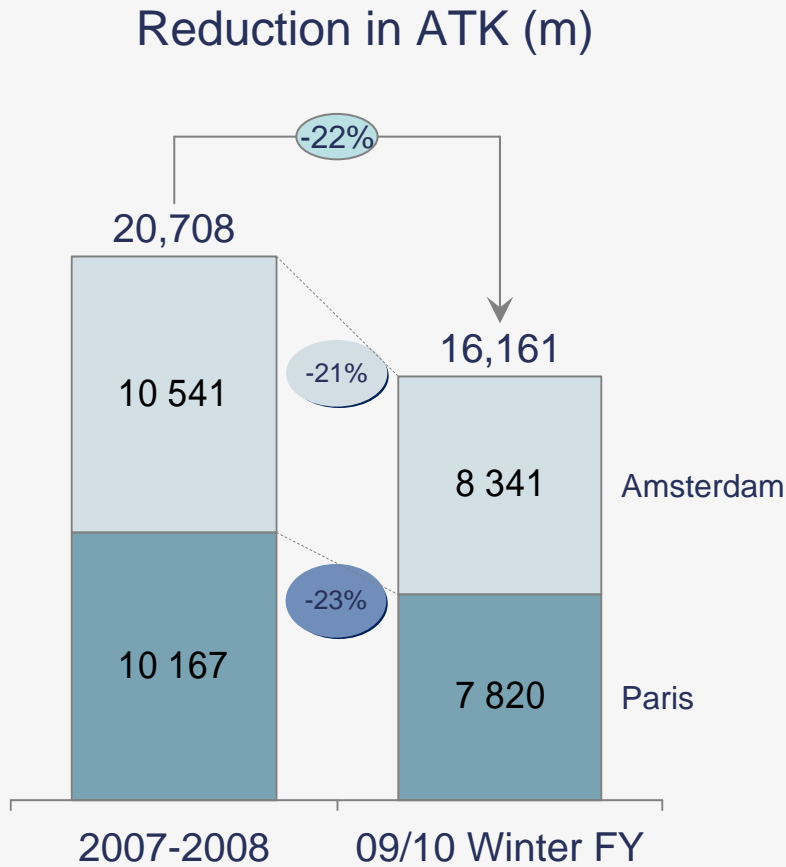
Bellies and combis first, complemented with full Freight

- ✦ Bellies and combis already make Air France-KLM a major player
- ✦ Bellies and combis enjoy lower cost
- ✦ Main capacity flexibility comes from full freighters
- ✦ Focus full freighter operations on markets where they have most value

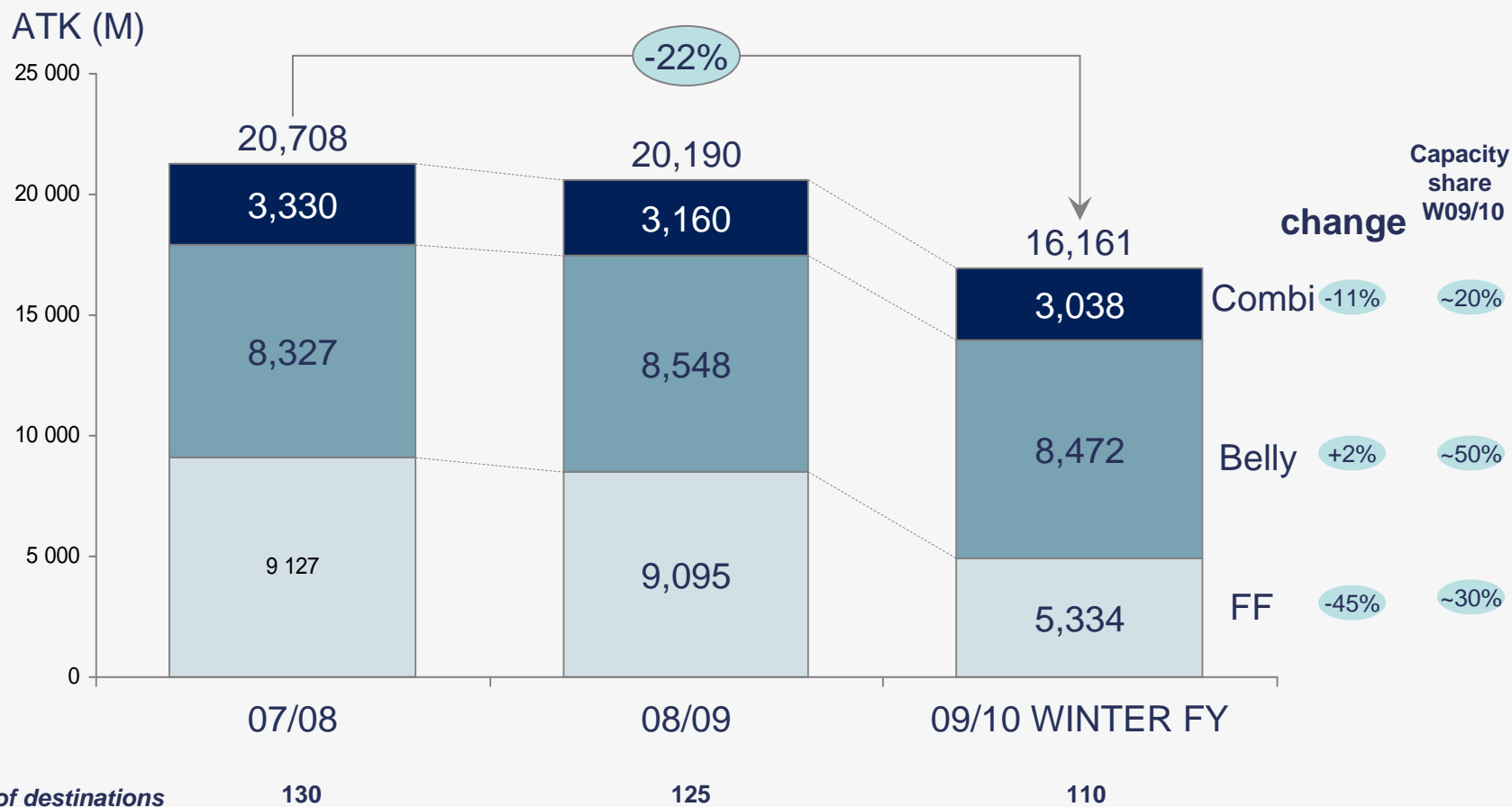
Integration of Martinair

- ✦ Reorganization of the network while maintaining market presence
- ✦ Complementarity between the three players

Capacity reduction mainly via full freighters...



...restores belly and combi capacity as the core of our operations

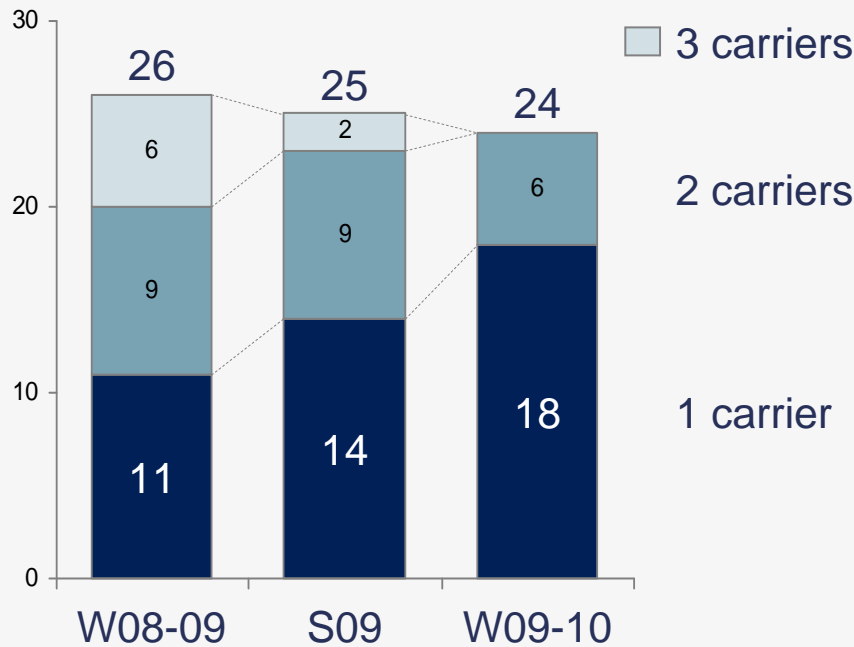


1. 09/10 forecast is full year extrapolation of Winter schedule including planned Full Freighter capacity reduction as of Oct 25 2009;

Network restructuring: reduced overlap and improved load factor

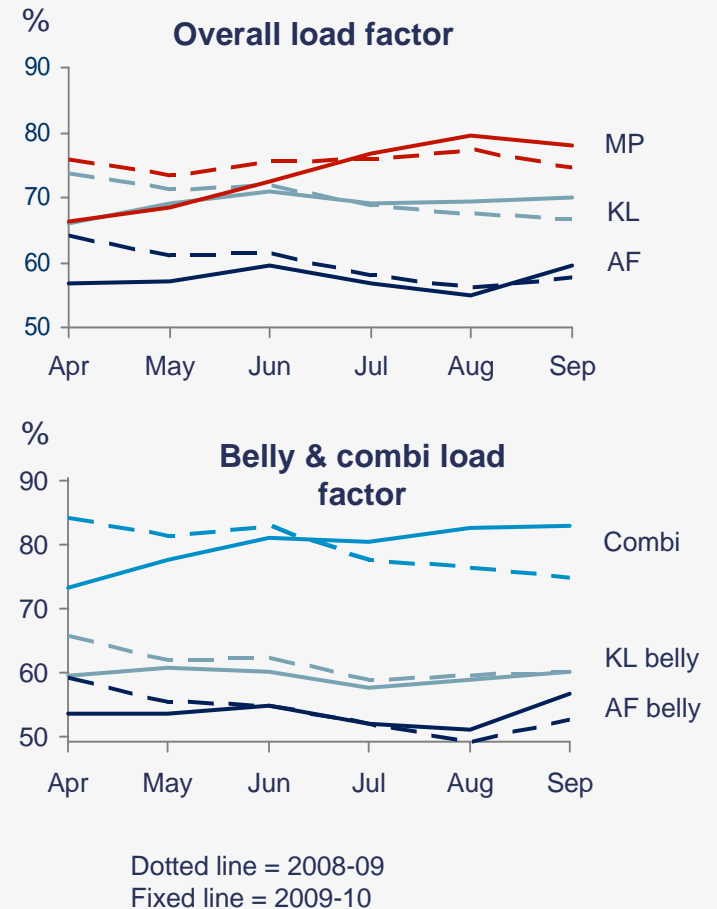
Reduced overlap in destinations served by three carriers

Main deck destinations operated by:

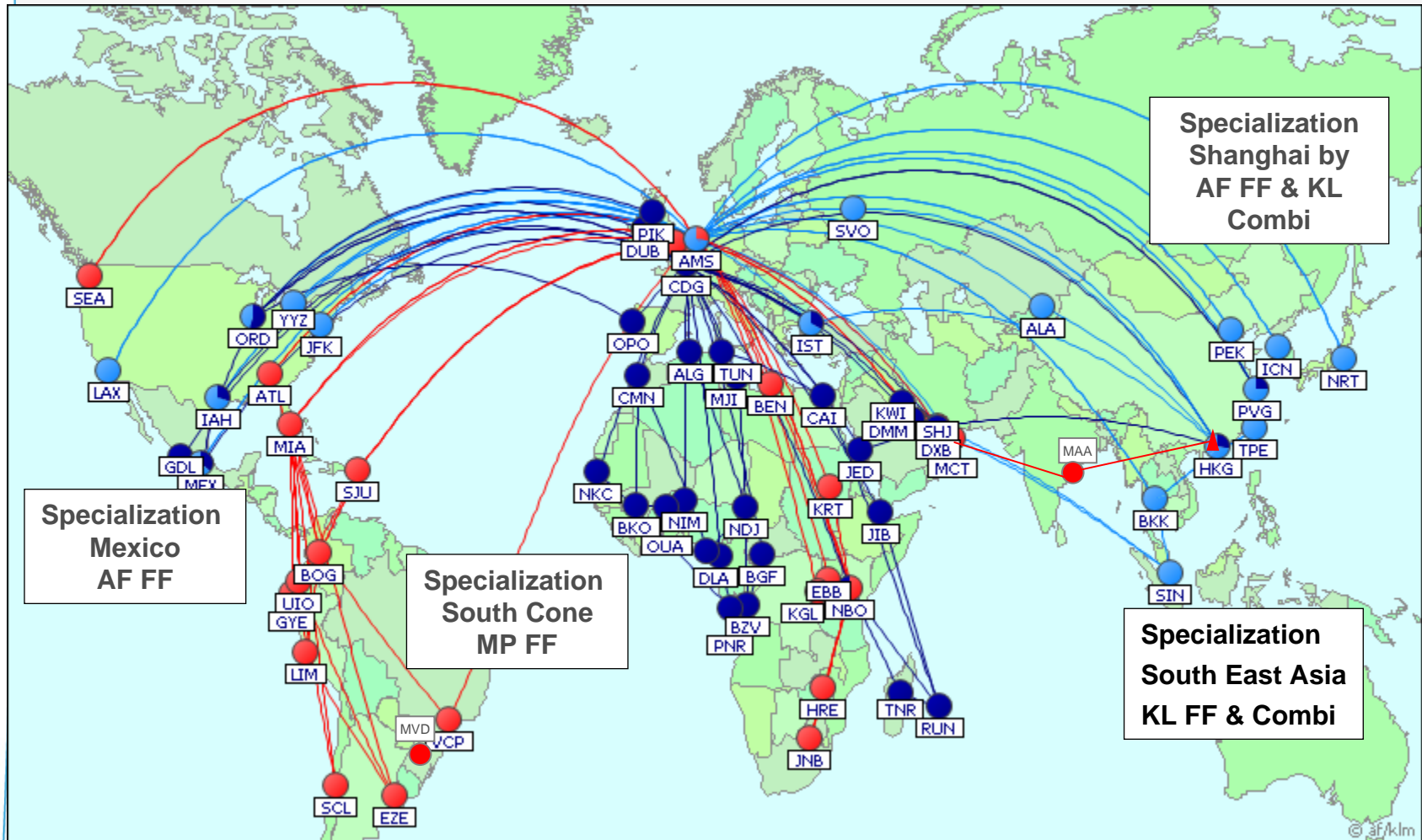


75% of main deck destinations now served by one airline, from 40%

Load factor improved



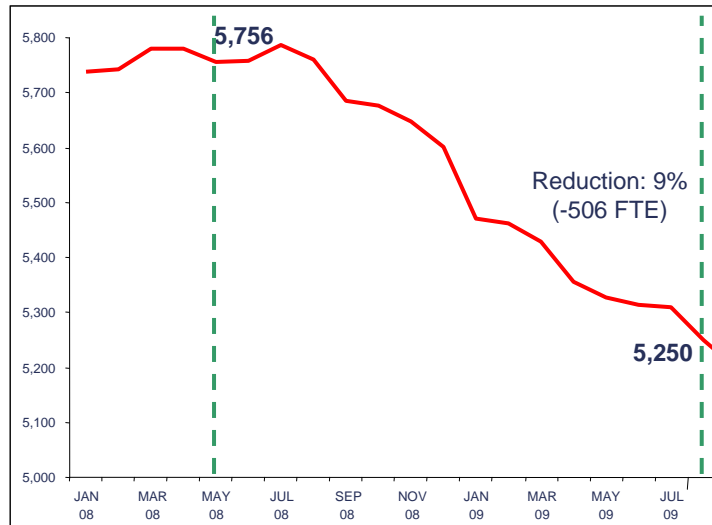
Full freighter network rationalized and specialized



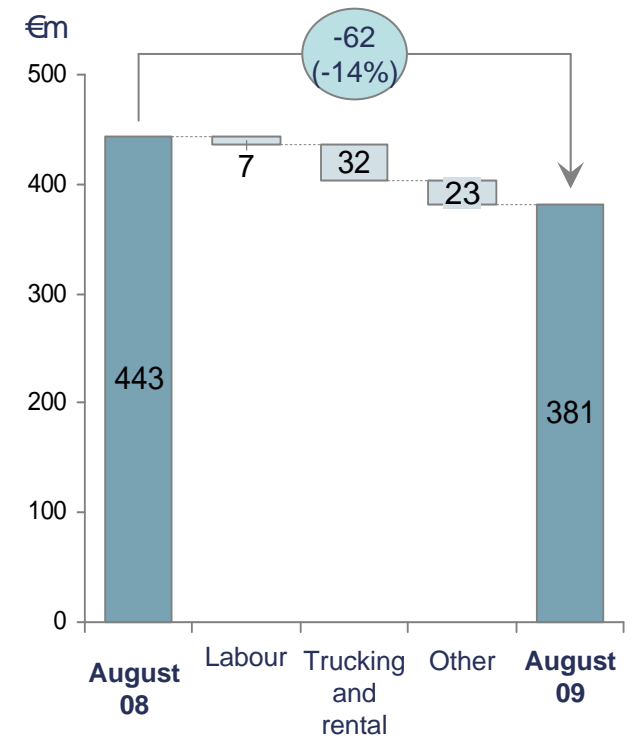
Manageable costs significantly reduced

As of August 2009

Headcount down 9%*



Manageable costs down 14%**



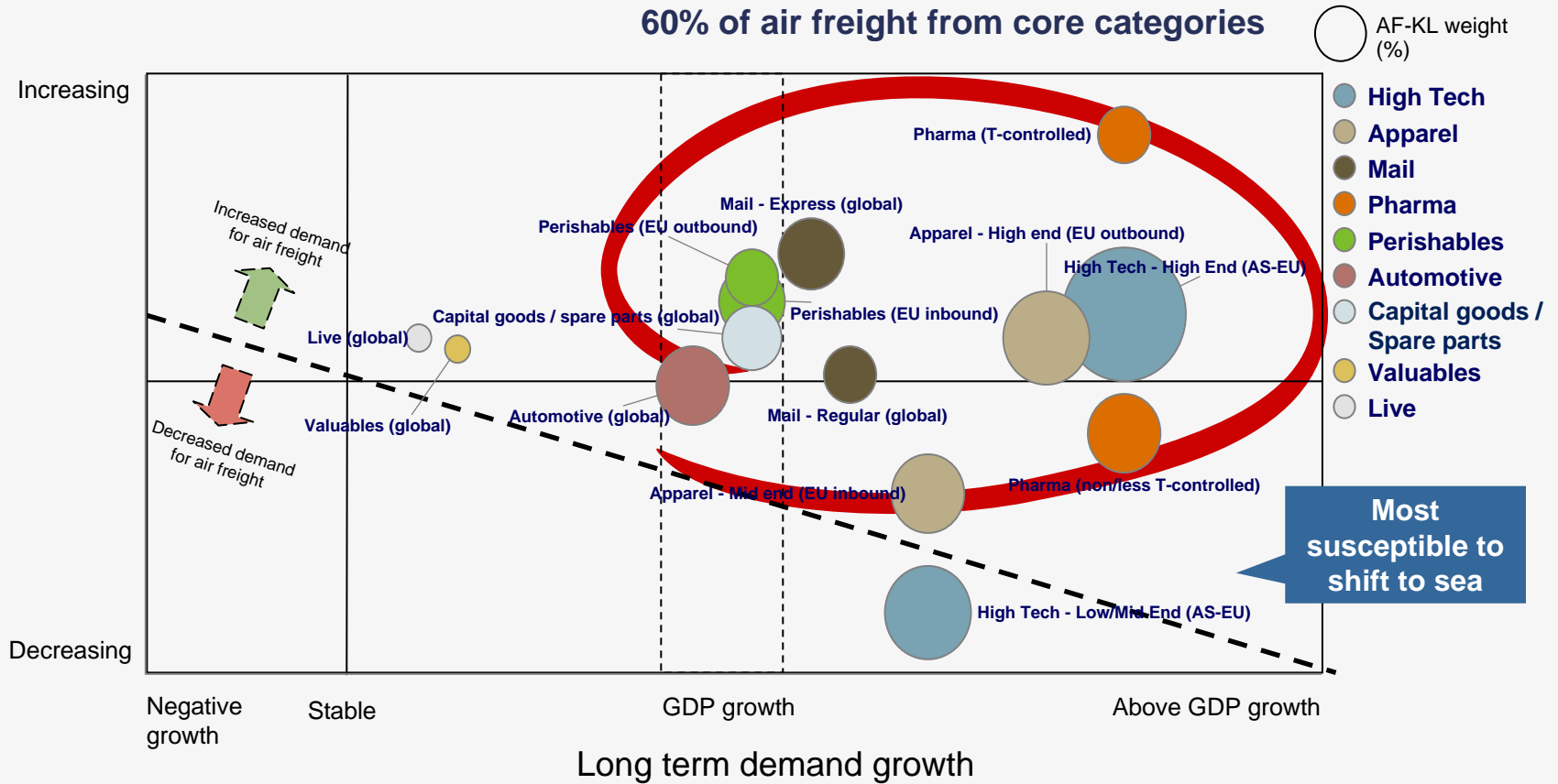
* Air France + KLM

** Air France + KLM + Martinair

Demand for air freight is expected to recover

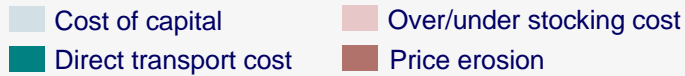
- ✦ Demand for end products should resume growth
 - ▶ Based on economic recovery
- ✦ Air cargo demand driven by 'trading up' to high-end consumer electronics and revisions in value chains
 - ▶ 60% of air cargo not in competition in these core categories
- ✦ Substitution to sea limited to low-end products
 - ▶ Relevant for low end of high-tech, apparel, pharma, and locally grown perishables

60% of air cargo not in competition in core categories...



Source: BCG

..and still brings value to core category customers



High-tech

Apparel

Pharma

Premium laptop (€800)

Low-end laptop (€300)

Mobile phone (€200)

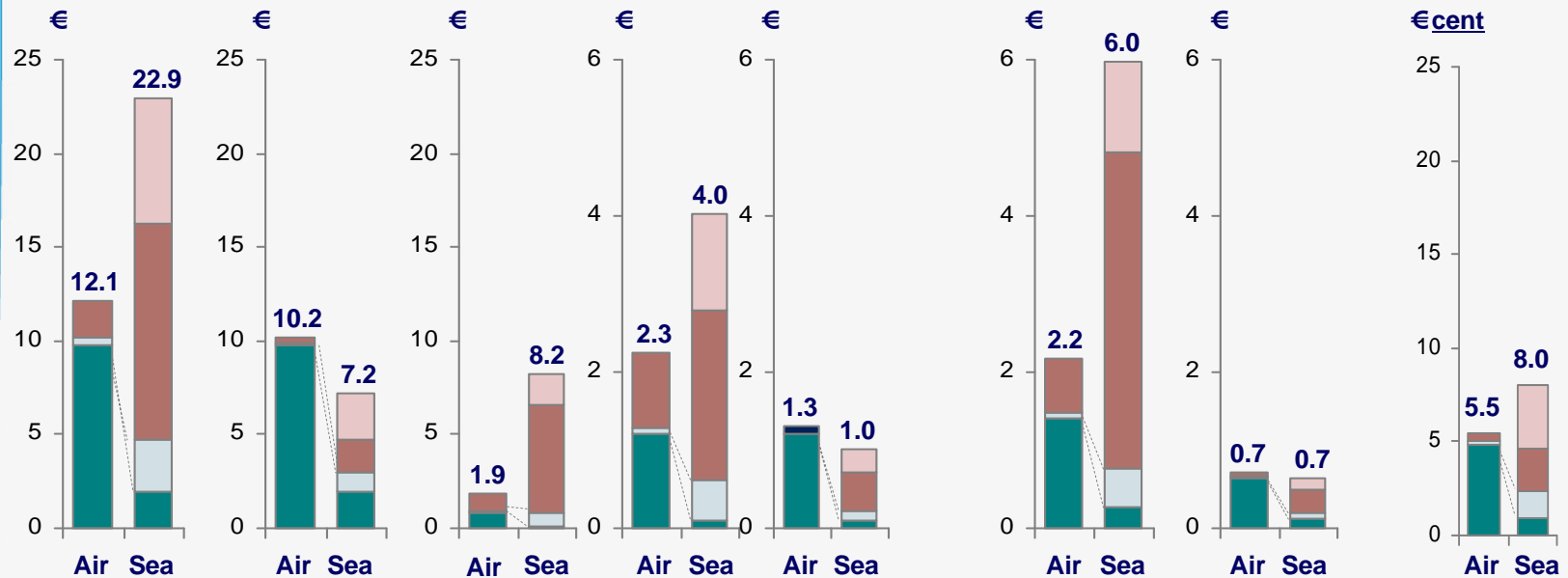
Premium MP3 (€150)

Low end MP3 (€35)

High-end clothing (€140)

Mid-end clothing (€20)

Packet of aspirin (€)



Transport cost as % of price

2-3%

2-3%

1-4%

1-3%

2-3%

3-4%

2-4%

1-2%

Source: Direct transportation cost by air based on AF-KL analysis, BCG analysis

But pressure will remain

- ✦ Imbalances and cyclicalities likely to persist, leading to sustained pressure on rates
- ✦ Forwarders will continue to grow and consolidate
- ✦ Challenging competitive environment will remain on key trade lanes
 - ▶ To/from Asia ('toxic environment')
 - ▶ North America (belly dominant)
- ✦ Environmental issues and CO₂ pricing may drive modality shifts
- ✦ Barriers to entry remain low

Existing measures therefore pursued...

Capacity reduction & Network restructuring

- ✦ Further reduction in capacity
 - ▶ Further capacity reduction in H2, with -5% ATK impact in full year
 - ▶ Continue network optimization

Reducing the cost base

- ✦ Further headcount reductions
 - ▶ 200 FTEs in Q3/Q4, giving total of 700 for FY 09-10
- ✦ Optimize handling
- ✦ Limit non-quality costs
- ✦ Further reduction in manageable costs including labor
 - ▶ €54m in H2, giving year-end reduction of €116m

Revenue enhancement

- ✦ Price increases effective from October
- ✦ Increased fuel surcharge effective 12 November
- ✦ Full coordination on key accounts AFKL and MP

Full year impact of €150m

Focus on cash management

- ✦ Continue optimization of flight schedule, so long as cash contribution is positive

...complemented by further restructuring

Maximize contribution of bellies and combis

- ✦ CDG installation to handle more loose/mix volumes
- ✦ Re-engineer supply chain to/from CDG

Complement by optimizing full freighter operations

- ✦ Focus network where Full Freighters add value
 - ▶ Maintaining unique operating capabilities of Martinair
- ✦ Fully integrate network design between the hubs and airlines
 - ▶ Closer co-ordination with passenger network
 - ▶ Progressive move to a single sales organization between Air France, KLM and Martinair

Develop a more effective and efficient organisation

- ✦ Upgrade commercial policy
 - ▶ Adapt customer segmentation
 - ▶ Improve pricing strategy, steering belly/main deck
 - ▶ Simplify product portfolio
- ✦ Operational excellence at both hubs
 - ▶ Common processes and tools to achieve operational interchangeability of hubs
 - ▶ Optimize logistic chain-related costs around CDG and Amsterdam

To sum up

- ✦ Cargo activity is strongly affected by cyclical crisis
- ✦ Structural market pressure will remain
- ✦ We enjoy strong assets and are positioned on high growth sectors
- ✦ We are implementing significant restructuring measures to redress performance



**Objective: return to break-even
in FY 2011-12**

Strategy and Outlook

Pierre-Henri Gourgeon

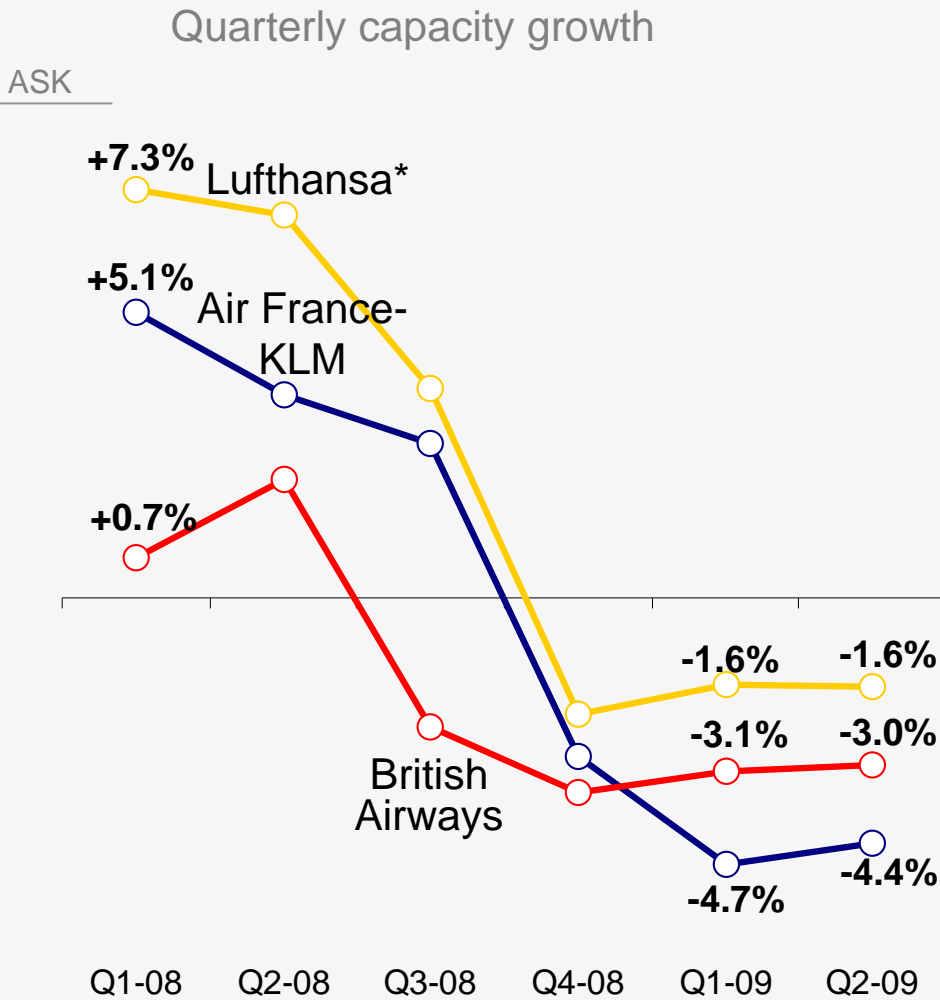
Our priorities

- ✦ Continue to respond to the crisis
- ✦ Reduce our costs
- ✦ Align our businesses with the new environment
- ✦ Leverage our strengths
- ✦ Focus on our customers

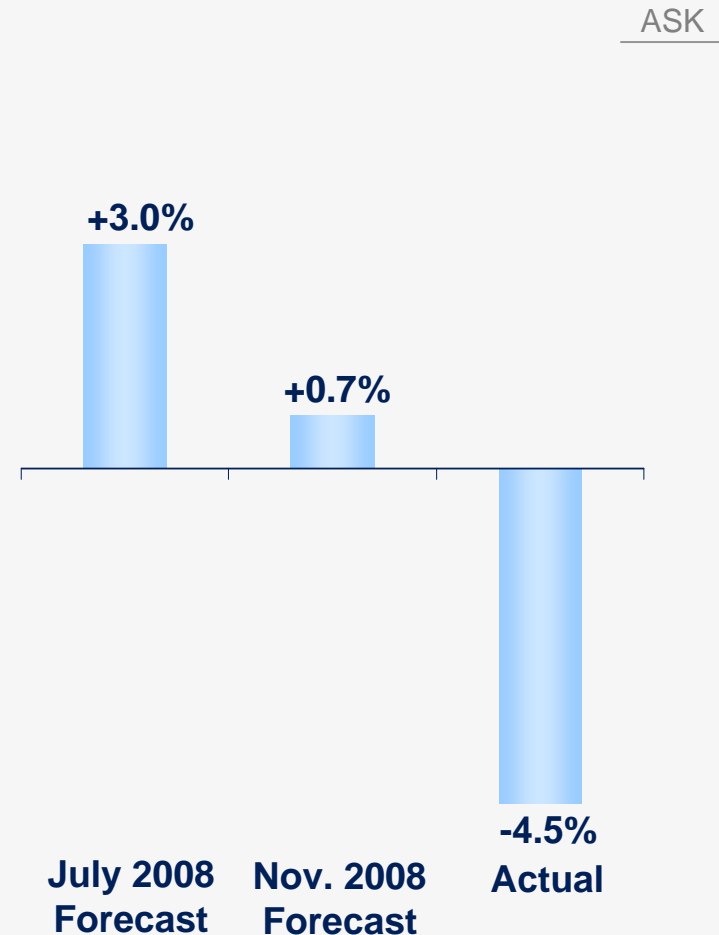
Our priorities

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Capacity: early and rapid adjustment...



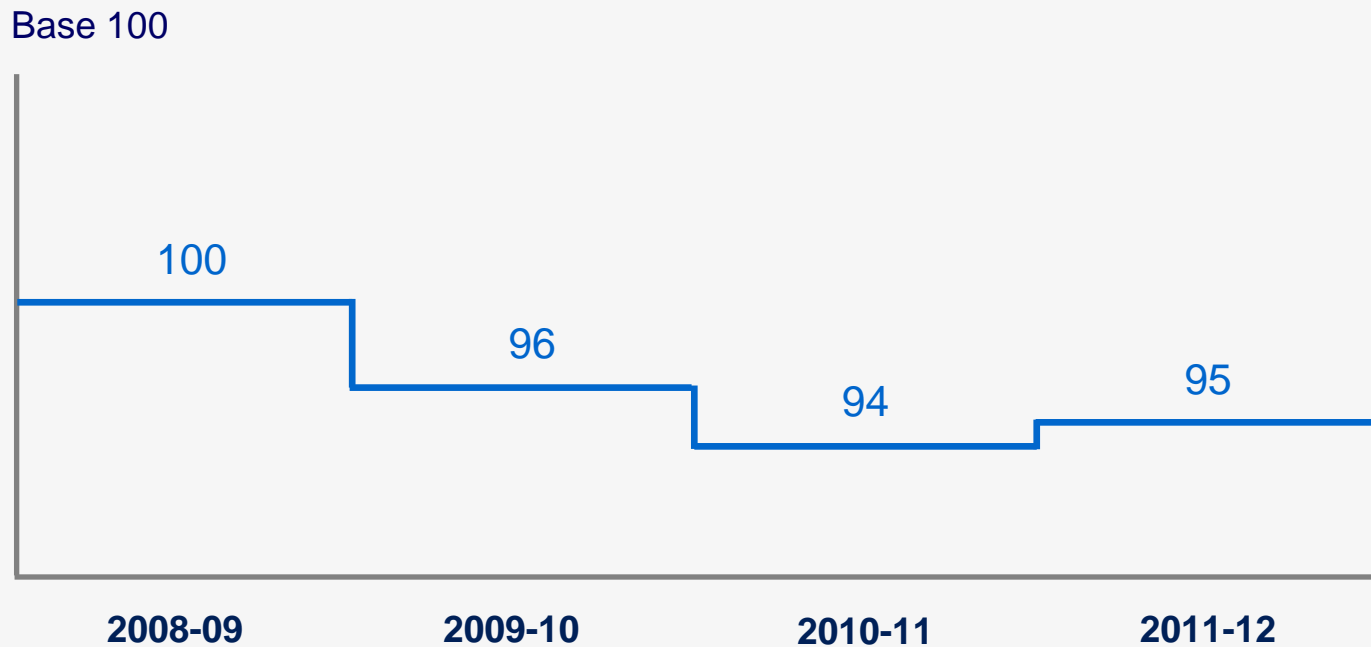
Revision of Summer 2009 long-haul capacity growth forecasts



Source: companies - * Lufthansa including Swiss

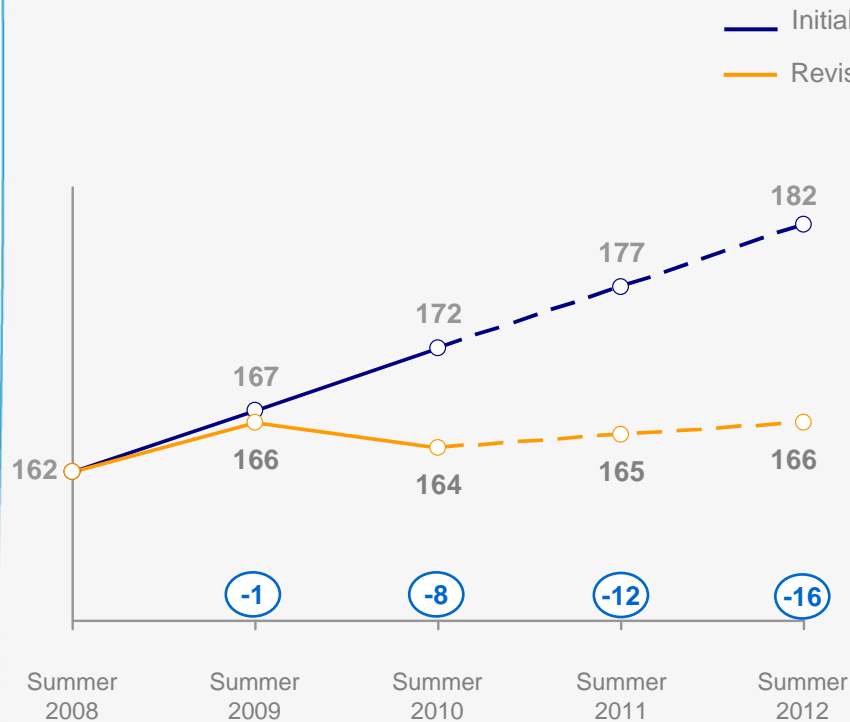
...continues into 2010 and beyond

ASK Summer season

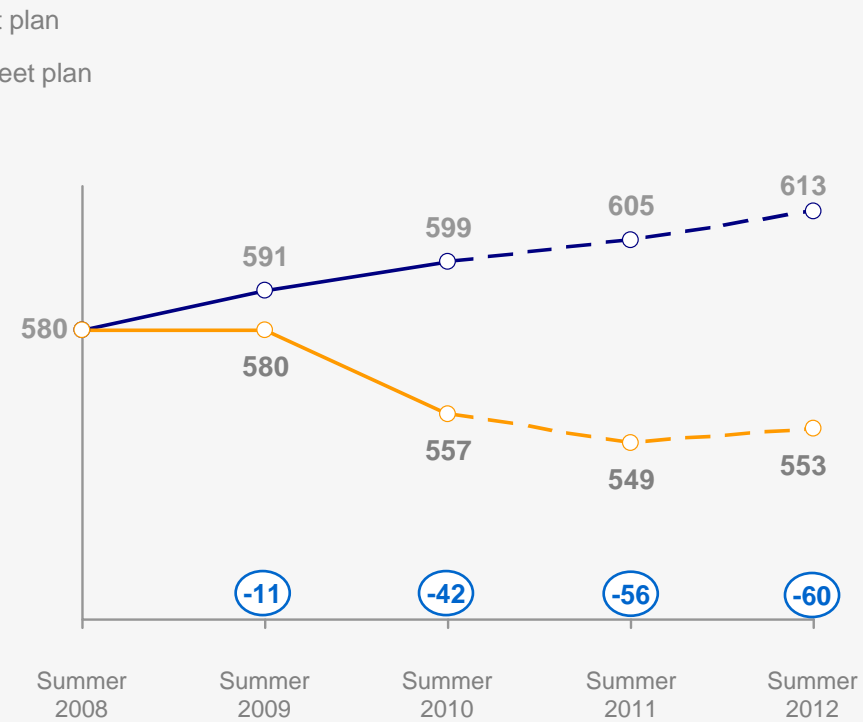


Investments: aircraft delivery program adjusted...

Long-haul passenger fleet



Total Air France-KLM fleet*



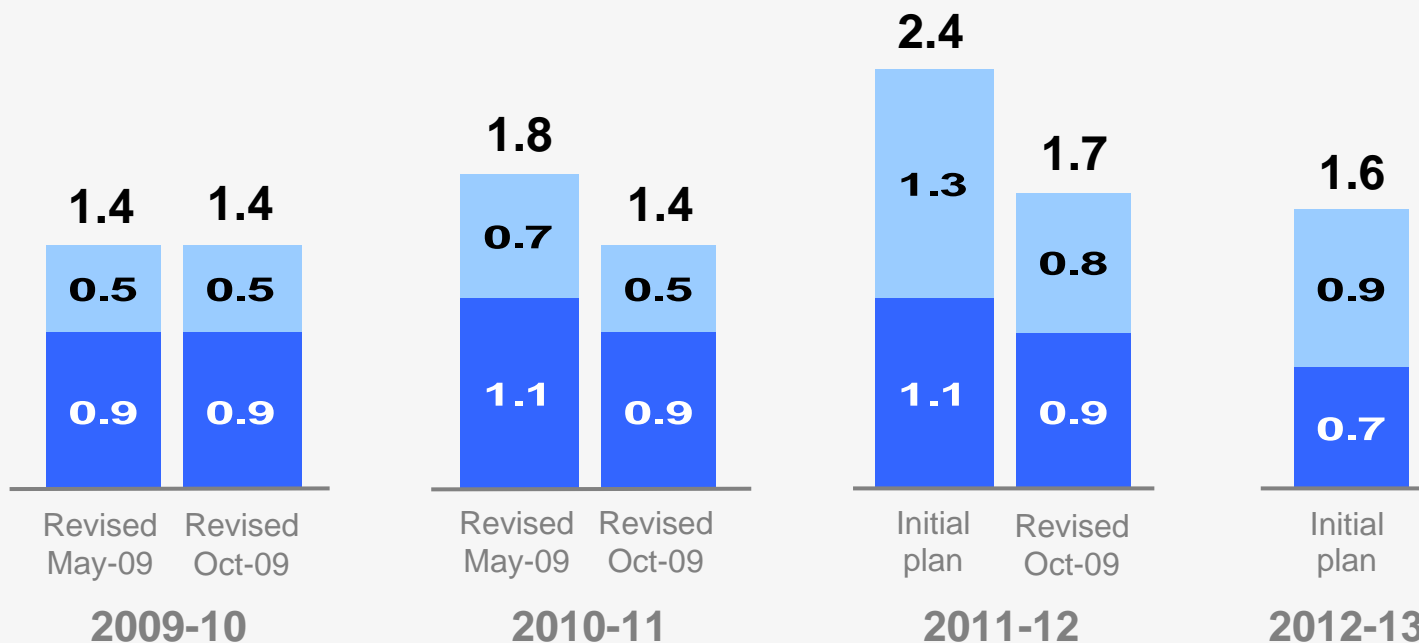
* Excl. Transavia

...and investment plan revised down further

€ millions

- Fleet investments net of disposals
- Other investments

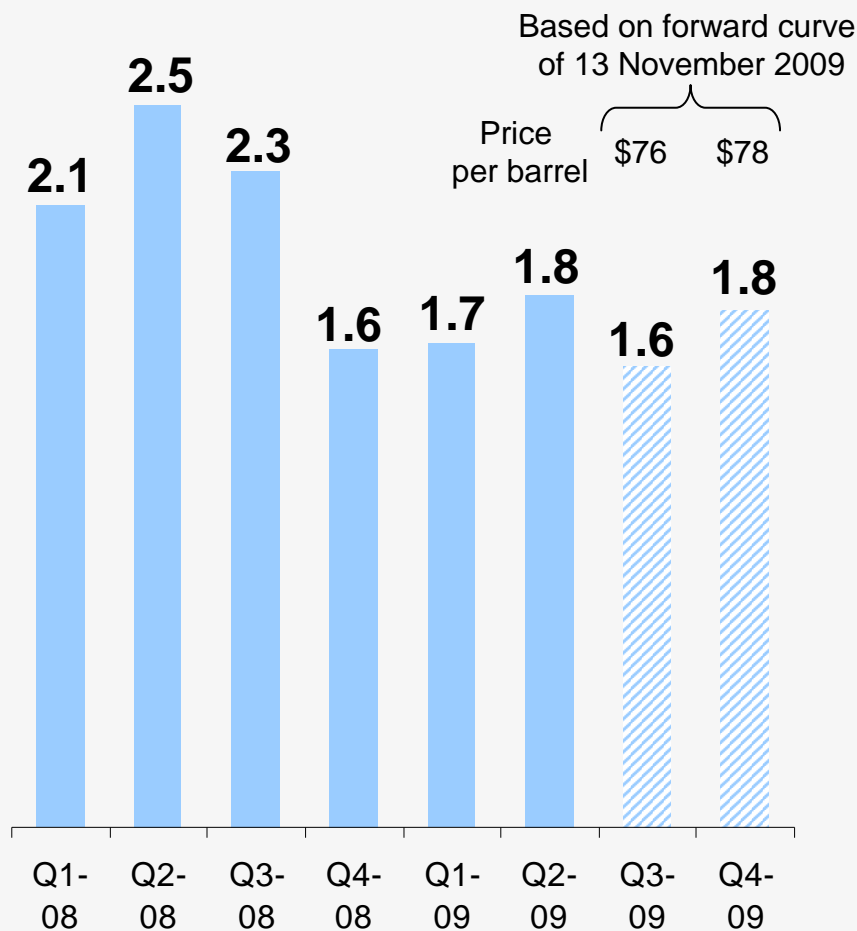
- **1.1** billion euros over the next two years
for a total of - **4.2** billion euros since 2008



Fuel hedging: new policy adapted to a more volatile oil market

\$bn

Quarterly fuel bill

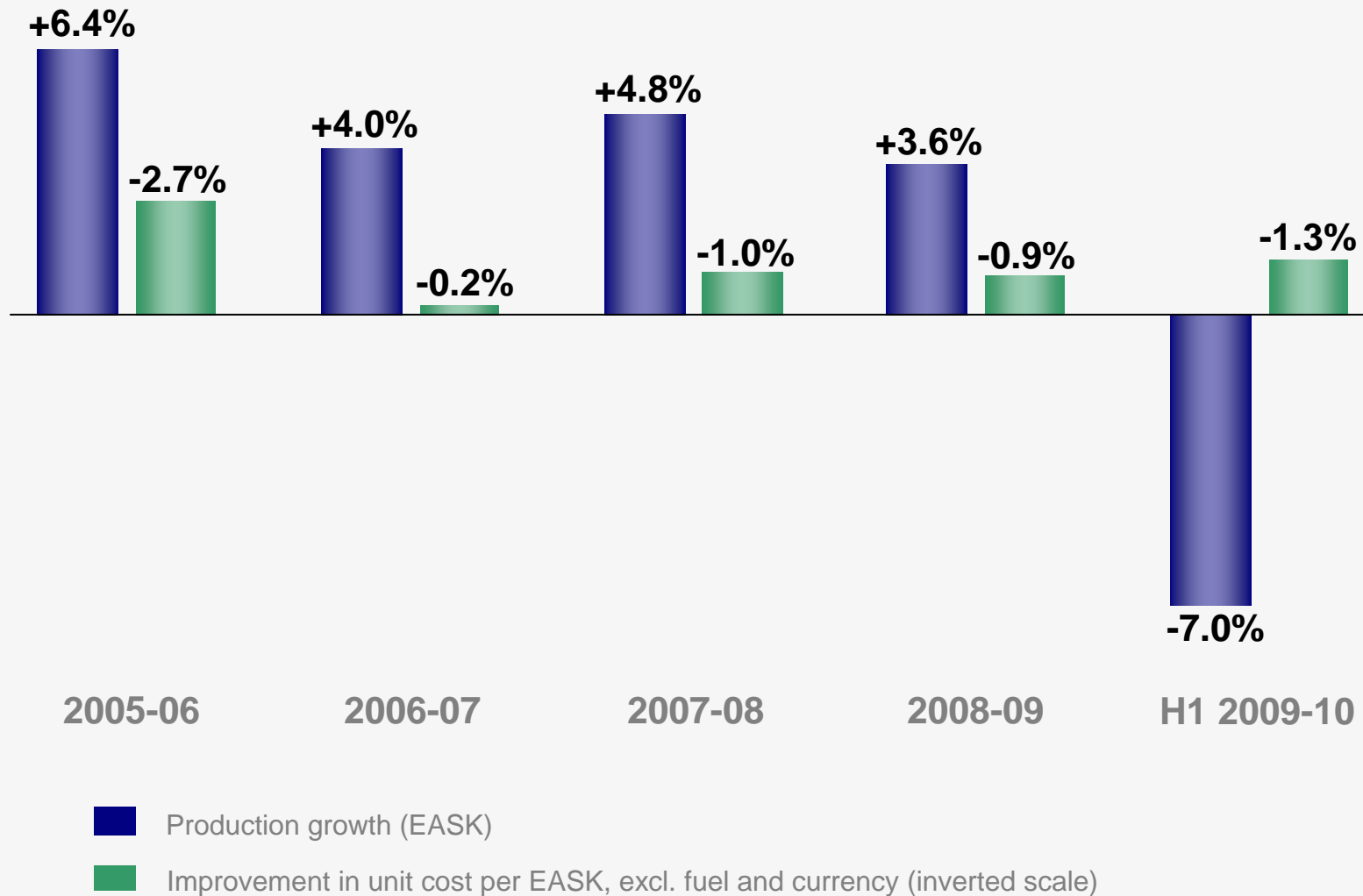


- ✦ Smaller volumes (80% of annual consumption)
- ✦ Shorter time horizon (2 years)
- ✦ Simpler products
- ✦ Dynamically managed, based on theoretical 'maximum loss' level, maximum mark-to-market gain, and 'value at risk' measure
- ✦ Effective September 2009

Our priorities

- ✦ Continue to respond to the crisis
- ✦ **Reduce our costs**
- ✦ Align our businesses with the new environment
- ✦ Leverage our strengths
- ✦ Focus on our customers

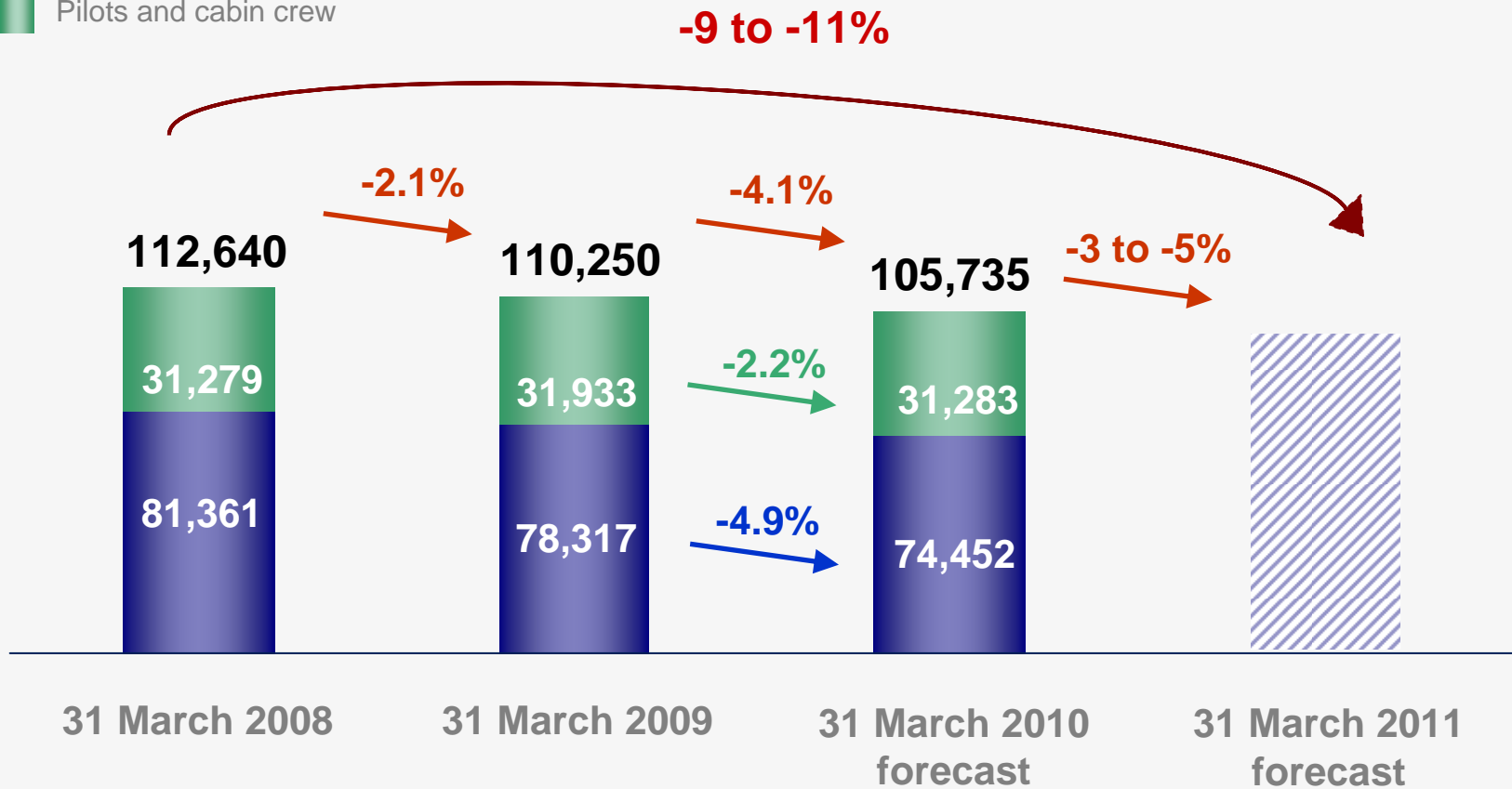
Costs decline, even in a context of lower capacity



Headcount reduced further

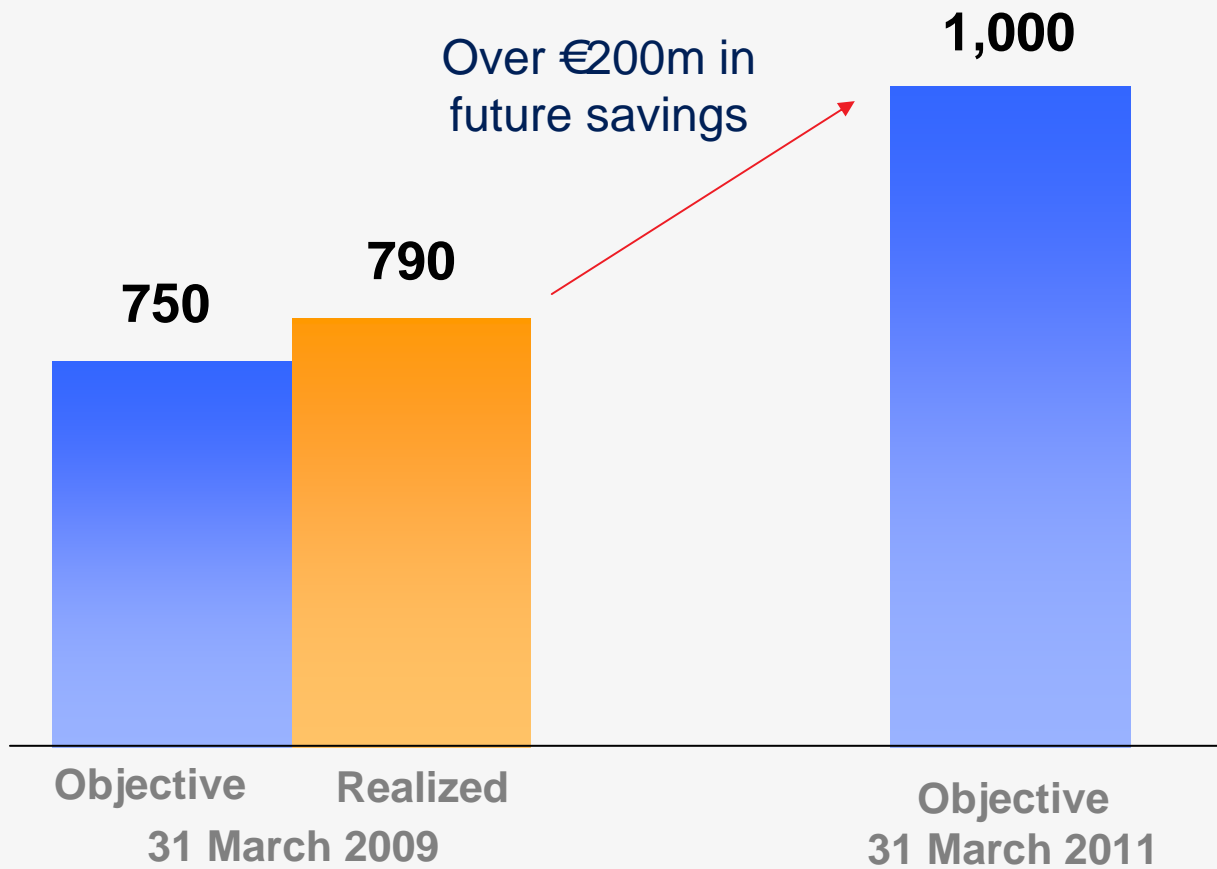
Equivalent full time employees

- Ground staff (incl. temps)
- Pilots and cabin crew



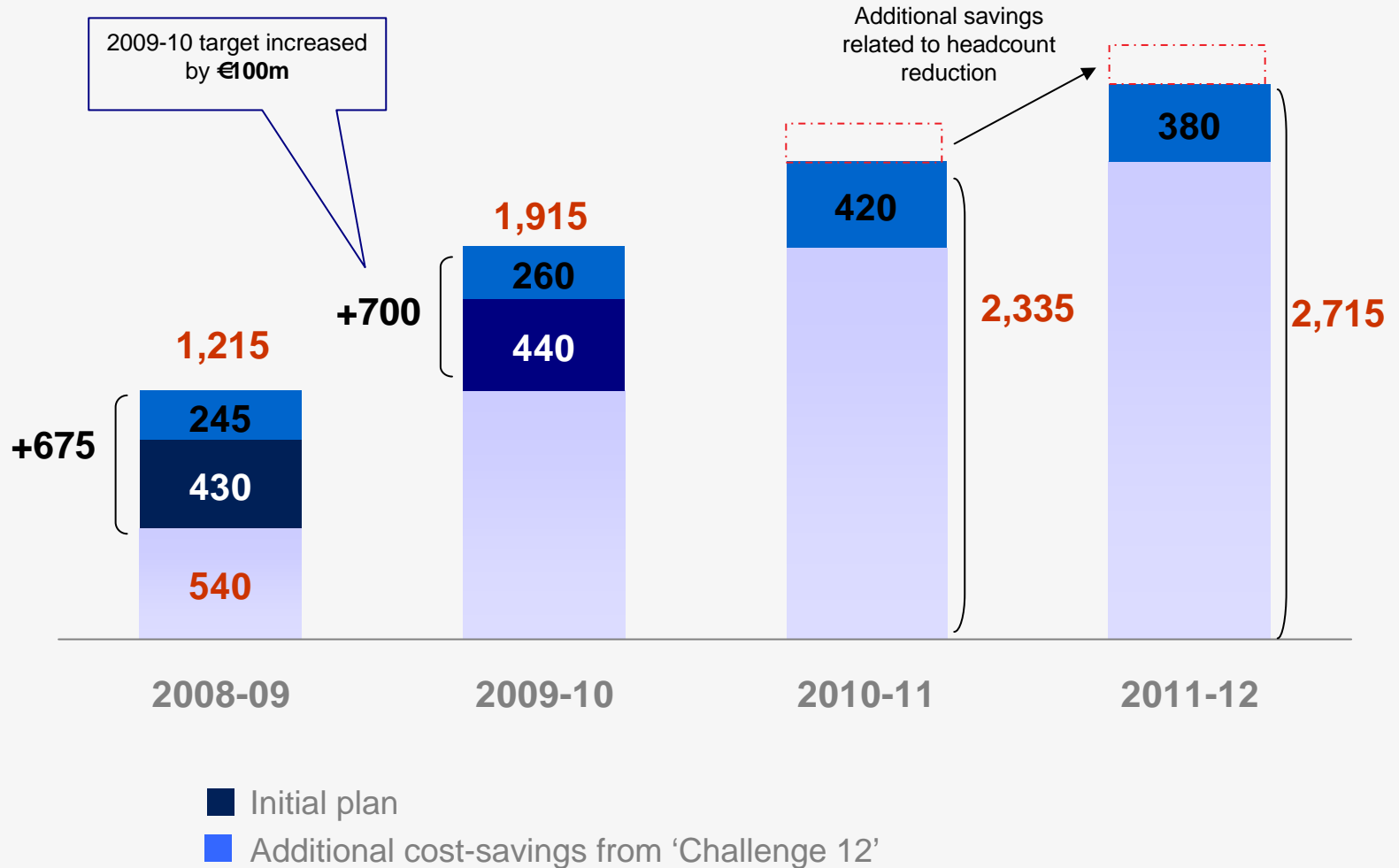
Synergies: further benefits from integration...

Total synergies since merger (€millions)



...will boost 'Challenge 12' cost savings program

€ millions



Our priorities

- ✦ Continue to respond to the crisis
- ✦ Reduce our costs
- ✦ **Align our businesses with the new environment**
- ✦ Leverage our strengths
- ✦ Focus on our customers

Long-haul adaptation

- ✦ Reduction in capacity
- ✦ Schedules rationalized
 - ▶ North Atlantic joint venture
 - ▶ Helped by arrival of A380
- ✦ Accelerated roll-out of new products
 - ▶ 'Premium Voyageur' class at Air France
 - ▶ 'Economy Comfort' at KLM
- ✦ New approach to corporate travel

Medium-haul transformation

- ✦ Innovative product positioning
- ✦ Wide-ranging network changes
- ✦ Significant cost savings and productivity gains



€500m
EBIT improvement
by 2011-12

Cargo restructuring

- ✦ Rationalization between three companies
- ✦ Significant capacity cuts: -18% in First Half
- ✦ Clear operational philosophy behind commercial action: maximizing belly and combi contribution, complemented by full freighters



Break-even
by 2011-12

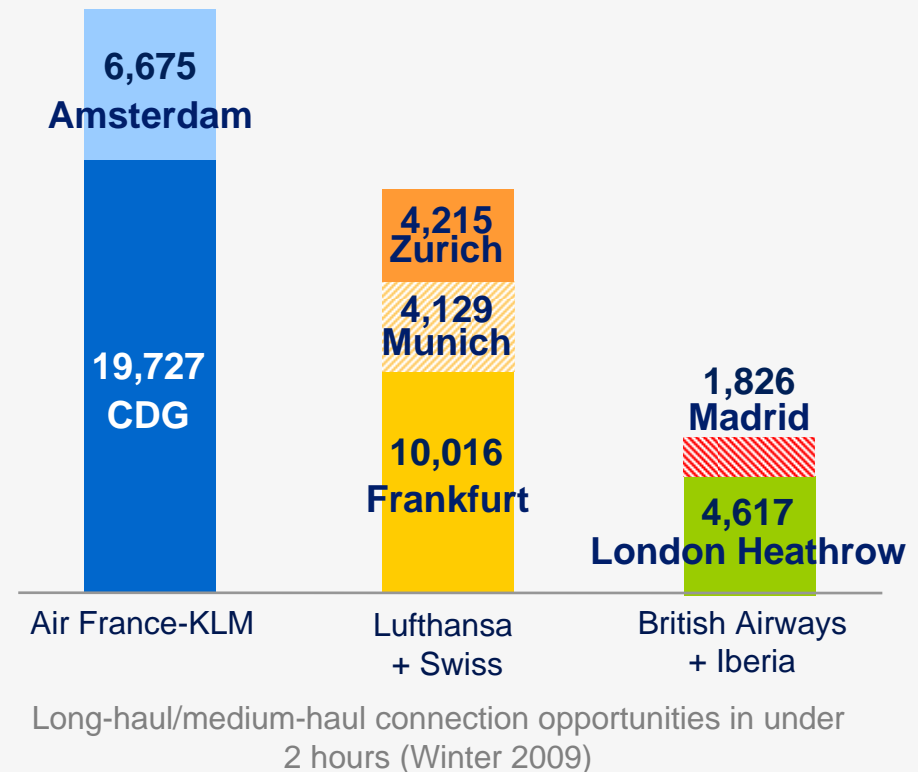
Our priorities

- ✦ Continue to respond to the crisis
- ✦ Reduce our costs
- ✦ Align our businesses with the new environment
- ✦ **Leverage our strengths**
- ✦ Focus on our customers

Powerful hub system...

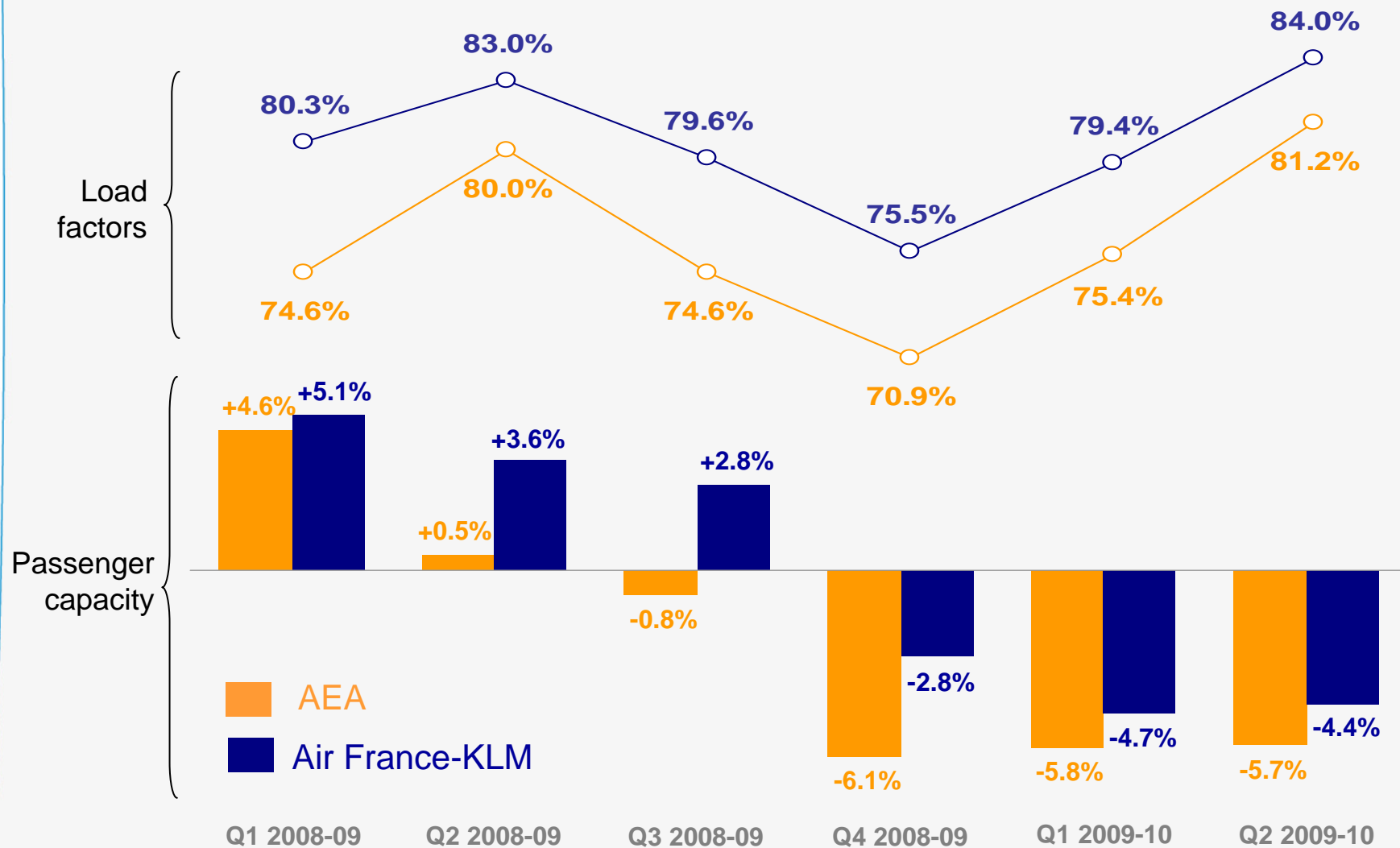
- ✦ Large hub system enables concentration of traffic on larger aircraft
 - ▶ Lower costs
 - ▶ Lower CO₂ emissions
- ✦ Example: A380
 - ▶ Save costs by combining frequencies on a single route
 - ▶ Grow on slot or time-constrained routes
 - ▶ 20% less CO₂ per passenger kilometer
 - ▶ €15m in savings per annum per aircraft

The greatest number of flight connection opportunities in Europe



Source : OAG Winter 2009

...proves its resilience in the downturn



Pioneering organization on the North Atlantic...

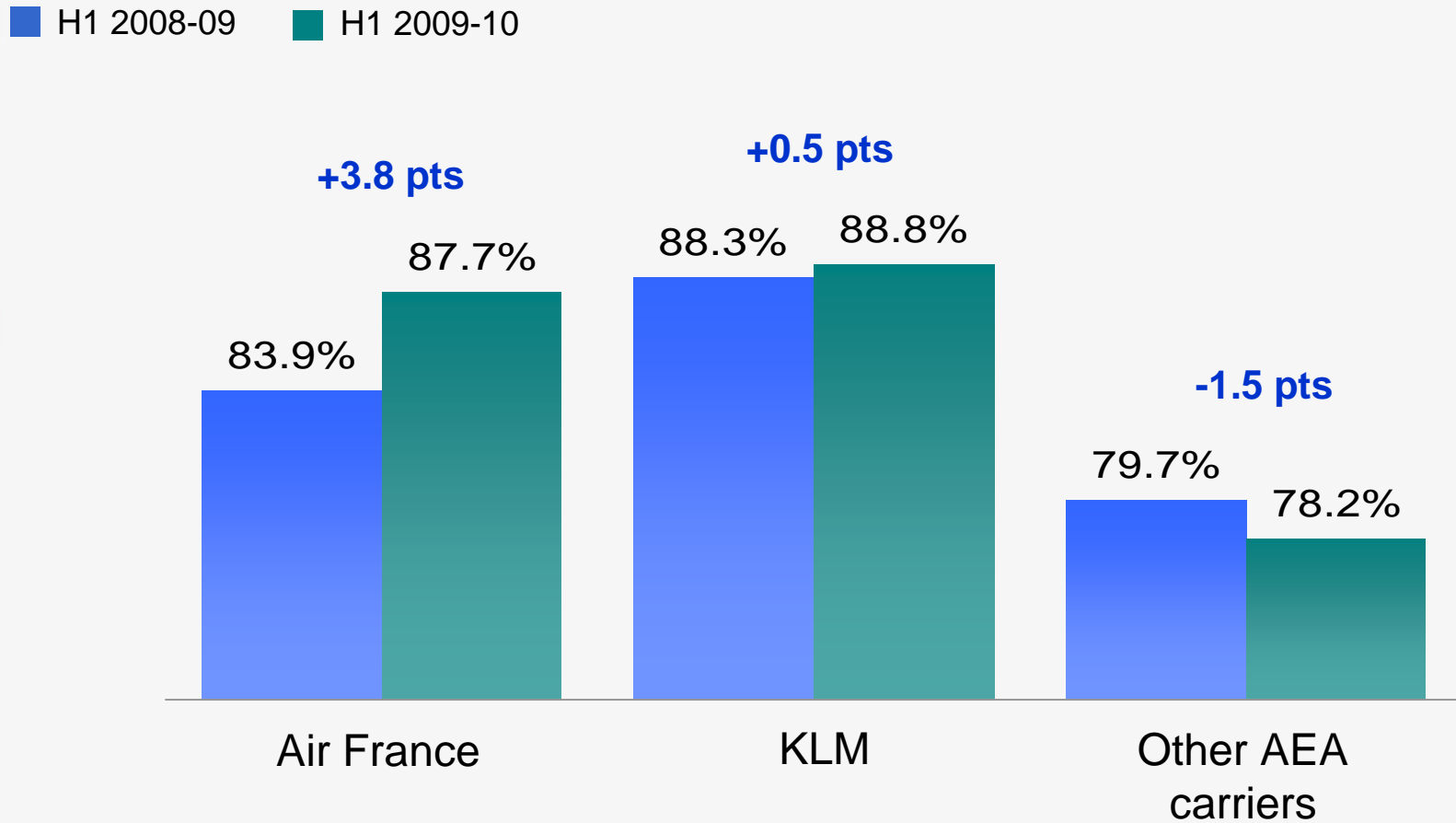
- ✦ JV between the European and US market leaders
 - ▶ Operational April 2009
 - ▶ 50/50 share of economic result
- ✦ The most extensive North Atlantic network
 - ▶ Market share of 23%
 - ▶ 240 daily flights
 - ▶ Fully co-ordinated networks and sales



€145m profitability improvement in year 3

...already leading to significant increase in load factor

North Atlantic load factor



Source: AEA

Alitalia: deepening our cooperation

- ✦ Largest operator on the fourth European market
- ✦ Alitalia business plan still on target
- ✦ Synergies for Air France-KLM:
 - ▶ Direct synergies of €90m
 - ▶ 25% of Alitalia synergies of €280m



€160m synergies
for Air France-KLM
by 2012-13

SkyTeam alliance reinforcing the strength of our network



- ✦ Nine members and two associates
- ✦ Centralized management
- ✦ Shared facilities at London Heathrow and Barcelona

Our priorities

- ✦ Continue to respond to the crisis
- ✦ Reduce our costs
- ✦ Align our businesses with the new environment
- ✦ Leverage our strengths
- ✦ Focus on our customers

Arrival of the A380

- ✦ First European airline to operate the A380
- ✦ Attractive to customers, with a promising level of forward bookings
- ✦ Launched on November 23rd to New-York JFK, followed by Johannesburg



Long-haul: completing the product offer

Air France

PREMIUM VOYAGEUR



KLM

Economy
Comfort



€120m improvement in full year
EBIT from end of 2010

€20m additional revenues

Medium-haul: transformation of the product in line with customer needs

- ✦ Dynamic commercial policy
 - ▶ Time-saving, especially at the airport
 - ▶ Streamlined service on board
 - ▶ Flexibility at lower fares
- ✦ Appealing to small and medium-sized companies
- ✦ Maintaining differentiation with low cost carriers



‘Moving closer to the passenger, not the low cost model’

To sum up

- ✦ Industry emerging from a difficult First Half, but recovery in revenues is proving slower than expected
- ✦ Cost reduction measures already showing results
- ✦ Appropriate actions to adapt our businesses to the new environment while remaining focused on the customer



Air France-KLM: a strengthened
business model, well adapted
to a challenging environment



Outlook

✦ 2009-10: remains a difficult year

- ▶ Deterioration in unit revenues started by the crisis in September 2008 will be less marked in H2 than in H1

✦ 2010-11: Improvement stemming from

- ▶ Reinforcement of 'Challenge 12'
- ▶ Impact of both cargo and medium-haul adaptation measures



Break even before impact of pre-2009 fuel hedges
by the beginning of financial year 2010-11