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Air France-KLM and Apollo sign a definitive agreement for a EUR 500 million investment into an *ad hoc* operating affiliate of Air France owning spare engines

Air France-KLM and Apollo Global Management (NYSE: APO) today announced the signing of a definitive agreement for Apollo-managed funds and entities to make a EUR 500 million investment into an *ad hoc* operating affiliate of Air France that will own a pool of spare engines dedicated to the airline's Engineering and Maintenance activities.

Under this agreement, Apollo affiliated entities will subscribe to perpetual bonds issued by the *ad hoc* operating affiliate, which will be accounted as equity under IFRS. The proceeds of the transaction will enable Air France-KLM and Air France to further redeem the French State perpetual bonds, in accordance with article 77 bis of the European Commission's "Temporary Framework for State aid measures to support the economy in the current Covid-19 outbreak", hence pursuing the redemption of the French State aid.

As a result of the transaction, Air France-KLM will benefit from lower financing costs. The perpetual bonds will bear an interest rate of 6% for the first 3 years, and gradual step ups and caps will be applied thereafter. Air France will have the ability to redeem the bonds at any time after year 3.

This structure will incur no change of ownership, operational and social aspects of Air France Engineering and Maintenance activity. In the future, it could also help finance the acquisition of additional spare engines to support Air France's fleet renewal program. There will be no change in the way Air France uses the spare engines, and no impact on Air France or Air France-KLM employees' contracts.

The transaction, expected to close later in July, is a part of the recapitalization measures announced on February 17th, 2022.

Deutsche Bank AG and Skadden, Arps, Slate, Meagher & Flom LLP are acting as exclusive financial and legal advisors to Air France-KLM. Apollo Global Management was advised by Milbank LLP and Jeantet as legal advisors.