

## Compensation of the Executive and Non-executive officers in respect of the 2018 financial year

### General principles

Based on the recommendations of the Remuneration Committee, the compensation of the Chairman of the Board of Directors and the Chief Executive Officer is set by the Board of Directors, pursuant to the provisions of the AFEP-MEDEF Code.

Pursuant to the Internal Rules, as recommended by the Remuneration Committee, the Board of Directors also approves the compensation of the Chief Executive Officers of the principal subsidiaries (Air France and KLM). Furthermore, the Remuneration Committee makes recommendations to the Chief Executive Officer regarding the compensation of the Group's Chief Financial Officer and reviews the compensation of the members of the KLM Management Board.

The Remuneration Committee formulates and reviews these compensation policies linked to performance targets on an annual basis.

These compensation policies establish the principles and criteria for determining, distributing and granting the fixed, variable and extraordinary components of the total compensation and benefits of any kind awarded, firstly, to the Chairman of the Board of Directors and, secondly, to the Chief Executive Officer. All of these elements are detailed in this section (see Sections 2.5.2.2 and following), pursuant to the provisions of Article L. 225-37-2 of the *Code de Commerce* (French Commercial Code).

Given the adoption of the new Group governance during 2018 and in view of the profile and international experience of Mr. Smith, Chief Executive Officer of Air France-KLM from September 17, 2018, the Air France-KLM Board of Directors considered it necessary to modify the framework for the compensation of the Group's Chief Executive Officer which had been approved by the Shareholders' Meeting of May 15, 2018 and which had de facto become inapplicable. Within the framework of the legislation applicable to the senior executives of French listed companies, the Air France-KLM shareholders will be asked to vote on all the elements of Mr. Smith's compensation during the Annual General Shareholders' Meeting of May 28, 2019, in respect of both 2018 (Say on Pay *ex-post*) and the compensation policy set by the Board of Directors in early 2019 (Say on Pay *ex-ante*). Note that the payment of the variable elements of this 2018 compensation remains conditional on the result of this vote.

### Elements of 2018 compensation

The elements of compensation paid or granted to Air France-KLM's different company officers in respect of the 2018 financial year, to be submitted to the vote by shareholders at the Annual General Shareholders' Meeting of May 28, 2019 in application of Article L. 225-100 of the *Code de Commerce* are detailed below:

- compensation paid or granted to Mr. Jean-Marc Janaillac, Chairman and Chief Executive Officer of Air France-KLM until May 15, 2018;
- compensation paid or granted to Ms. Anne-Marie Couderc, Chairman of the Board of Directors from May 15, 2018;
- compensation paid or granted to Mr. Frédéric Gagey, Chief Executive Officer from May 15 to September 17, 2018; and
- compensation paid or granted to Mr. Benjamin Smith, Chief Executive Officer from September 17, 2018.

### Compensation of Mr. Jean-Marc Janaillac, Chairman and Chief Executive Officer of Air France-KLM until May 15, 2018

#### Compensation structure

The compensation for Mr. Janaillac, Chairman and Chief Executive Officer of Air France-KLM in respect of the period from January 1 to May 15, 2018, is composed of the following three elements:

1. fixed compensation;
2. short-term variable compensation linked to the performance for the previous financial year; and
3. long-term variable compensation.

#### Annual fixed compensation

In his capacity as Chairman and Chief Executive Officer of Air France-KLM in respect of the period from January 1 to May 15, 2018, Mr. Jean-Marc Janaillac's annual fixed compensation stood at €225,000 in 2018 (corresponding to fixed annual compensation of €600,000).

#### Annual variable compensation

The variable portion represents a percentage of the fixed portion, the amount being determined based on performance criteria. As recommended by the Remuneration Committee, these performance criteria are set and their achievement evaluated by the Board of Directors.

As proposed by the Remuneration Committee, during its meeting of March 14, 2018 the Board of Directors set the performance criteria for the 2018 financial year that were subsequently approved by the Annual General Shareholders' Meeting of May 15, 2018 within the framework of Article L. 225-37-2 of the *Code de Commerce* (Say on Pay *ex ante*). These criteria are as follows:

	Breakdown of the variable portion	
	Target: 70% of fixed compensation	Maximum: 100% of fixed compensation
<b>Quantitative performance:</b>		
<b>Air France - KLM COI</b> ( <i>Current Operating Income</i> )	35%	50%
<b>Quantitative performance: Adjusted Net Debt</b> <sup>(1)</sup> (Adjusted Net Debt before divestments and excluding impact of the euro/dollar exchange rate on aircraft operating leases)	7%	10%
<b>Qualitative performance</b>		
– definition of a new Air France-KLM medium-term strategic plan and unit cost reduction	12%	17%
– successful implementation of new international strategic alliances in line with the targets defined in the business plan	6%	9%
– improvement in the effectiveness of the Group's governance	10%	14%

(1) The definition will take into account the adoption by the Group of IFRS 16.

#### **Evaluation of the 2018 performance criteria in respect of the period from January 1 to May 15, 2018:**

The quantitative criteria relating to the financial criteria (COI and adjusted net debt) were evaluated based on the following rules, which remained unchanged on the previous year:

COI - % achievement relative to the budget	% achievement of the criteria
Level 1. < 80% of budget	0%
Level 2.	proportionate
Level 3. 100% of the budget	100%
Level 4.	proportionate
Level 5. > 120% of budget	143%

Adjusted net debt (€ million)	% achievement of the criteria
Level 1. > amount set in the budget +€300 million	0%
Level 2.	proportionate
Level 3. = amount set in the budget	100%
Level 4.	proportionate
Level 5. < amount set in the budget: -€300 million	143%

In addition to the rules outlined above, the performance of competitors in terms of current operating margins and share prices are also taken into account in the final evaluation of the achievement of the quantitative criteria. The achievement rate of the quantitative criteria may thus be adjusted depending on the performance gap relative to IAG and Lufthansa.

The qualitative performance is evaluated based on the following rules:

Qualitative performance criteria	% achievement of the criteria
1. Target not achieved	0%
2. Target partially achieved	50%
3. Target achieved	100%
4. Target exceeded	110%
5. Target comfortably exceeded	125%

## Compensation of the Executive and Non-executive officers in respect of the 2018 financial year

Based on these rules, the achievement of the criteria for 2018 in respect of the period from January 1 to May 15, 2018 was set as follows:

	Achievement of the performance criteria in 2018	
	Performance realized in 2018 <sup>(1)</sup>	Evaluation of the performance criteria
<b>Quantitative performance:</b> <b>Air France - KLM operating result</b> <i>(Current Operating Income - COI)</i>	3%	This percentage takes into account the level of COI achieved by the Group and the performance relative to competitors.
<b>Quantitative performance: Adjusted Net Debt</b> (Adjusted Net debt before divestments and excluding impact of euro/dollar exchange rate on aircraft operating leases)	10%	The targets on this criterion were exceeded. Thus, the amount granted in respect of this criterion was set at the maximum, i.e. 10% of the fixed compensation.
<b>Qualitative performance</b>		
– definition of a new medium-term strategic plan for Air France-KLM and reduction in unit costs	6%	A medium-term strategic plan was established and a presentation on the results of the teams' work was made at the Board of Directors' strategy meeting on June 26 and 27, 2018. However, due to the departure of Mr. Janaillac, this strategic plan was neither presented to the market nor formally approved by the Board of Directors. The level of achievement of the cost-reduction criterion was set at 0%, this target announced to the market not having been achieved.
– successful implementation of new international strategic alliances in line with the targets defined in the business plan	9%	The amount granted in respect of this criterion was set at 9% of the fixed compensation. The agreements enabling the implementation of the transatlantic alliance between Delta Air Lines, Inc., Virgin and Air France-KLM were signed. The initial results of the alliance with Jet Airways are positive.
– improved effectiveness of the Group's governance	0%	Given the circumstances of Mr. Janaillac's departure, the performance on this criterion was set at zero.

(1) The achievement of these performance criteria enables the percentage of fixed compensation to be determined for the period from January 1 to May 15, 2018.

On the basis of the above, during its meeting of February 19, 2019, the Air France-KLM Board of Directors set Jean-Marc Janaillac's annual variable compensation in his capacity as Chairman and Chief Executive Officer of Air France-KLM for the period from January 1 to May 15, 2018 at €63,000, on the basis of the performance level achieved.

Payment of Mr. Janaillac's annual variable compensation is subject to prior approval of the aforementioned elements of compensation by the Air France-KLM Annual General Shareholders Meeting of May 28, 2019, in the conditions stipulated in Article L. 225-100 of the *Code de Commerce*.

### Long-Term Incentive Plan

During its meeting of March 14, 2018, as proposed by the Remuneration Committee, the Board of Directors granted performance units (phantom shares) to the Chairman and Chief Executive Officer whose vesting was subject to a presence condition and performance conditions evaluated over a three-year vesting period. The plan was approved by the Annual General Shareholders' Meeting of May 15, 2018 within the framework of Article L. 225-37-2 of the *Code de Commerce* (Say on Pay *ex-ante*).

In that Mr. Janaillac stepped down as Chairman and Chief Executive Officer on May 15, 2018, the performance units granted to him in respect of the 2018 financial year became null and void and Mr. Janaillac did not benefit from any long-term variable compensation.

### Summary of Mr. Jean-Marc Janaillac's compensation for the 2018 financial year in respect of the period from January 1 to May 15, 2018

In his capacity as Chairman and Chief Executive Officer until May 15, 2018, the Air France-KLM Board of Directors awarded Jean-Marc Janaillac fixed compensation of €225,000 *pro rata temporis* and variable compensation of €63,000, i.e. total compensation of €288,000 received in respect of the 2018 financial year, for the period from January 1 until May 15, 2018. Following his resignation on May 15, 2018, Mr. Janaillac received no performance units.

Mr. Janaillac did not receive a severance payment.

### Presentation of the compensation structure for Mr. Frédéric Gagey, Chief Executive Officer of Air France-KLM from May 15 to September 17, 2018

Pursuant to the Board of Directors resolutions of May 15, 2018 and October 29, 2018, in respect of his duties as Chief Executive Officer of Air France-KLM during the interim period from May 15 to September 17, 2018, Mr. Gagey received an amount of fixed compensation equivalent to his fixed compensation as Chief Financial Officer *pro rata temporis* for the transitional governance period (from May 15 to September 17), increased by a total sum of €50,000, i.e. total fixed compensation of €250,000.

Mr. Gagey benefited from no variable compensation in respect of his duties as Chief Executive Officer during the transitional governance period.

### Presentation of the compensation structure for Ms. Anne-Marie Couderc, Chairman of the Board of Directors from May 15, 2018

Pursuant to the Board of Directors resolutions of May 15, 2018 and October 29, 2018, the annual fixed compensation of the Chairman of the Board of Directors was set at €200,000. No directors' fees or variable compensation is paid in addition to this compensation.

Ms. Couderc thus received fixed compensation of €125,000 calculated *pro rata temporis* on the basis of her annual fixed compensation in respect of her duties as Chairman of the Board of Directors for the period from May 15 to December 31, 2018.

### Presentation of the compensation structure for Mr. Benjamin Smith, Chief Executive Officer of Air France-KLM from September 17, 2018

#### Compensation structure

Given the adoption of the new Group governance during 2018 and in view of the profile and international experience of Mr. Smith, Chief Executive Officer of Air France-KLM from September 17, 2018, the Air France-KLM Board of Directors considered it necessary to modify the framework for the compensation of the Group's Chief Executive Officer, which had been approved by the Shareholders' Meeting of May 15, 2018 and which had de facto become inapplicable.

Within this context, the Board of Directors reviewed the compensation practices for similar functions at competitor airline companies internationally and took into account the compensation paid to Mr. Smith in respect of his duties at Air Canada, as well as his residency of Canada which required him to relocate to France. During its meeting of August 16, 2018, the Board of Directors thus set Mr. Smith's compensation in his capacity as Chief Executive Officer as follows.

Element	Payment modalities	Amounts	Comments
Annual fixed compensation	100% in cash	€900,000	<p>This compensation was set by the Board of Directors during its meeting of August 16, 2018.</p> <p>In that Mr. Smith took up his duties on September 17, 2018, a <i>pro rata</i> has been applied to this amount.</p>
Annual variable compensation	100% in cash paid after approval by the Shareholders' Meeting of May 28, 2019	€366,667	<p>As proposed by the Remuneration Committee, in his capacity as Chief Executive Officer, Mr. Smith's variable compensation was set at €366,667 by the Board of Directors during its meeting of August 16, 2018. Given the date on which he took up his duties (September 17, 2018), this amount is not subject to performance criteria.</p> <p>Payment of the €366,667 is subject to prior approval by the Annual General Shareholders' Meeting of May 28, 2019.</p>
Long-term variable compensation	Performance units granted subject to a three-year presence condition.	The maximum amount of performance units granted represents €333,000.	<p>In his capacity as Chief Executive Officer, Mr. Smith was granted performance units equivalent to €333,000, payable in 2021 subject to fulfilment of a three-year presence condition except in the event of death or disability, or in some cases of forced termination.</p> <p>The number of performance units granted in 2018 will be calculated on the basis of Air France-KLM's opening share price on August 17, 2018, and their vesting in 2021 (subject to a presence condition) will be calculated based on the share price following the announcement of the annual results for the 2020 financial year.</p>

### Annual fixed and variable compensation

For the 2018 financial year, in his capacity as Chief Executive Officer, Mr. Smith's gross annual fixed compensation was set at €900,000 by the Board of Directors during its meeting of August 16, 2018. Mr. Smith thus received fixed compensation *pro rata temporis* for the period from September 17 to December 31, 2018 amounting to €262,500.

As announced on September 17, 2018, Mr. Smith has invested nearly half of his annual fixed compensation in the purchase of 50,000 Air France-KLM shares.

Mr. Smith benefits from variable compensation of €366,667, which was not made subject to performance conditions given the date on which he took up his duties (September 17, 2018).

Note that it was not possible to submit the structure of Mr. Smith's 2018 compensation, including the principle of his variable compensation and decided by the Air France-KLM Board of Directors on August 16, 2018, to a prior vote by the shareholders of Air France-KLM. His variable compensation will, however, be subject to a so-called Say on Pay *ex post* vote at the Annual General Shareholders' Meeting of May 28, 2019 with its payment remaining conditional on the result of this vote.

### Long-Term Incentive Plan

During its meeting of August 16, 2018, in respect of the 2018 financial year for the period from September 17 to December 31, 2018, the Board of Directors awarded Mr. Smith performance units equivalent to an amount of €333,000, payable in 2021 subject to a three-year presence condition, except in the event of death or disability, or in some cases of forced termination. This long-term compensation, which was not made subject to performance conditions (unlike the long-term compensation for 2019 outlined in section 2.5.2.6) corresponds to deferred fixed compensation subject to Mr. Smith continuing to perform his duties at the time this compensation is paid.

The number of performance units awarded in 2018 will be calculated on the basis of the Air France-KLM opening share price on August 17, 2018 and their vesting in 2021 (subject to a presence condition) will be calculated based on the share price following the announcement of the annual results for the 2020 financial year.

Pursuant to law, payment of the variable component for 2018 and the performance units will be subject to approval by the Shareholders' Meeting.

### Severance payment

In some cases of forced termination (namely dismissal, non-renewal of his mandate as Chief Executive Officer or forced resignation), the Board of Directors granted Mr. Smith a severance payment, pursuant to Article L. 225-42-1 of the *Code de Commerce*.

In accordance with the recommendations of the AFEP-MEDEF Code, the basis of such a severance payment will be two years of his annual fixed and variable compensation (based, as applicable, on the target variable compensation in the event of a termination during the first 24 months).

A coefficient (between 0% and 100%) will be applied to such an amount on the basis of the achieved performance criteria relative to the annual variable component of his compensation over the preceding two financial years of his mandate (or since his appointment, in the event of termination during the first two years). The Board will assess the achievement of the performance criteria.

This severance payment will be submitted for approval by the Air France-KLM Annual General Shareholders' Meeting on May 28, 2019.

In accordance with Article L. 225-42-1 of the *Code de Commerce*, the Board resolution evaluating the achievement of the performance criteria, at the time of termination, will be disclosed pursuant to the modalities and periods set by the regulation in force.

### Benefits in kind

During the period from September 17 to December 31, 2018, Mr. Smith also enjoyed the usual benefits in kind (company car with chauffeur, supplementary pension scheme benefitting all Group personnel, supplementary health insurance and disability coverage, provision of free airline tickets, Group CEO civil liability insurance – D&O) and benefits consistent with the policies applied within the Group for senior manager expatriation and mobility (accommodation, relocation costs, school fees, and certain advisor fees).

### Other

Mr. Smith does not benefit from an employment contract nor from a top-up pension plan, non-compete clause, stock options, or bonus shares.

## Elements of compensation for the executive officers pursuant to AMF Recommendation No.2009-16, as amended on April 13, 2015

## Summary table of the compensation, options and shares granted to each executive officer

(in €)	Financial year 2018	Financial year 2017
<b>Mr. Janaillac, Chairman and Chief Executive Officer until May 15, 2018</b>		
Compensation due in respect of the financial year	288,000 <sup>(1)</sup>	1,110,000
Multi-year variable compensation granted during the financial year	N/A	N/A
Stock options granted during the financial year	N/A	N/A
Performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>288,000<sup>(1)</sup></b>	<b>1,110,000</b>

(1) For the period from January 1 to May 15, 2018.

(in €)	Financial year 2018	Financial year 2017
<b>Mr. Gagey, Chief Executive Officer from May 15 to September 17, 2018</b>		
Compensation due in respect of the financial year	250,000 <sup>(1)</sup>	N/A
Multi-year variable compensation granted during the financial year	N/A	N/A
Stock options granted during the financial year	N/A	N/A
Performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>250,000<sup>(1)</sup></b>	<b>N/A</b>

(1) For the period from May 15 to September 17, 2018.

(in €)	Financial year 2018	Financial year 2017
<b>Ms. Couderc, Chairman of the Board of Directors from May 15, 2018</b>		
Compensation due in respect of the financial year	125,000 <sup>(1)</sup>	N/A
Multi-year variable compensation granted during the financial year	N/A	N/A
Stock options granted during the financial year	N/A	N/A
Performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>125,000<sup>(1)</sup></b>	<b>N/A</b>

(1) For the period from May 15 to December 31, 2018.

(in €)	Financial year 2018	Financial year 2017
<b>Mr. Smith, Chief Executive Officer from September 17, 2018</b>		
Compensation due in respect of the financial year	629,167 <sup>(1)</sup>	N/A
Multi-year variable compensation granted during the financial year	333,000 <sup>(2)</sup>	N/A
Stock options granted during the financial year	N/A	N/A
Performance shares granted during the financial year	N/A	N/A
<b>Total</b>	<b>962,167</b>	<b>N/A</b>

(1) Fixed and variable compensation for the period from September 17 to December 31, 2018.

(2) Performance units payable in 2021 subject to a three-year presence condition.

**Summary table of the compensation for each executive officer**
**Jean-Marc Janailac**
**Chairman and Chief Executive Officer until May 15, 2018**

	2018 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	225,000 <sup>(1)</sup>	225,000 <sup>(2)</sup>	600,000	600,000
Variable compensation	63,000 <sup>(1)</sup>	510,000 <sup>(3)</sup>	510,000	252,167
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
<b>Total</b>	<b>288,000</b>	<b>735,000</b>	<b>1,110,000</b>	<b>852,167</b>

(1) For the period from January 1 to May 15, 2018.

(2) Payment of fixed compensation in respect of the 2018 financial year for the period from January 1 to May 15, 2018.

(3) Payment of the variable compensation in respect of the 2017 financial year.

**Frédéric Gagey,**
**Chief Executive Officer from May 15 to September 17, 2018**

	2018 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	250,000 <sup>(1)</sup>	250,000 <sup>(2)</sup>	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
<b>Total</b>	<b>250,000</b>	<b>250,000</b>	<b>N/A</b>	<b>N/A</b>

(1) For the period from May 15 to September 17, 2018.

(2) Payment of the fixed compensation in respect of the 2018 financial year for the period from May 15 to September 17, 2018.

**Anne-Marie Couderc,**
**Chairman of the Board of Directors from May 15, 2018**

	2018 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	125,000 <sup>(1)</sup>	125,000 <sup>(2)</sup>	N/A	N/A
Variable compensation	N/A	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
<b>Total</b>	<b>125,000</b>	<b>125,000 <sup>(1)</sup></b>	<b>N/A</b>	<b>N/A</b>

(1) For the period from May 15 to December 31, 2018.

(2) Payment of the fixed compensation in respect of the 2018 financial year from the period from May 15 to December 31, 2018.

## Compensation of the Executive and Non-executive officers in respect of the 2018 financial year

Benjamin Smith, Chief Executive Officer from September 17, 2018	2018 financial year		2017 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed compensation	262,500 <sup>(1)</sup>	262,500 <sup>(2)</sup>	N/A	N/A
Variable compensation	366,667 <sup>(1)</sup>	N/A	N/A	N/A
Long-term variable compensation	333,000 <sup>(1)</sup>	N/A	N/A	N/A
Multi-year variable compensation	N/A	N/A	N/A	N/A
Extraordinary compensation	N/A	N/A	N/A	N/A
Directors' fees	N/A	N/A	N/A	N/A
Benefits in kind	N/A	N/A	N/A	N/A
<b>Total</b>	<b>962,167</b>	<b>262,500</b>	<b>N/A</b>	<b>N/A</b>

(1) For the period from September 17 to December 31, 2018.

(2) Payment of the fixed compensation in respect of the 2018 financial year for the period from September 17 to December 31, 2018.

### Summary table of the situation of the executive officers

	Employment contract		Supplementary pension scheme (see above)		Indemnities or benefits due or potentially due on a cessation or change in function		Indemnities relating to a non-competence clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Executive officers</b>								
<b>Jean-Marc Janailiac, Chairman and Chief Executive Officer</b>								
Initiation of mandate: July 4, 2016		X		X		X		X
End of mandate: May 15, 2018		X		X		X		X
<b>Frédéric Gagey, Chief Executive Officer</b>								
Initiation of mandate: May 15, 2018		X <sup>(1)</sup>		X		X		X
End of mandate: September 17, 2018		X <sup>(1)</sup>		X		X		X
<b>Anne-Marie Couderc, Chairman of the Board of Directors</b>								
Initiation of mandate: May 15, 2018		X		X		X		X
<b>Benjamin Smith, Chief Executive Officer</b>								
Initiation of mandate: September 17, 2018		X		X	X			X

(1) Mr. Gagey's employment contract relating to his Chief Financial Officer duties was suspended for the period during which he performed his duties as Chief Executive Officer, i.e. from May 15 to September 17, 2018, the period during which he nonetheless continued to perform his duties as Chief Financial Officer.

### Loans and guarantees granted to the company officers

None.

### Stock subscription or purchase options granted to the company officers of Air France - KLM

Air France-KLM did not put in place any stock subscription or purchase option schemes to the benefit of its company officers during the financial year, nor during the preceding financial years.

### Stock subscription or purchase option schemes granted to the company officers of Air France - KLM and employees of the Air France - KLM Group by the subsidiaries

Air France and KLM have not recently put in place any stock subscription or purchase option schemes to the benefit of their employees. The last option plan implemented by KLM in 2007 became null and void in 2012.

**Information on stock subscription or purchase option schemes granted to the employees of the Air France - KLM Group and exercised by them during the financial year**

None.

**Performance shares granted to the company officers of Air France - KLM**

Air France-KLM and its subsidiaries did not establish a performance share scheme to the benefit of the Air France-KLM company officers during the financial year or previous financial years.

**Elements of compensation submitted for approval by the Shareholders' Meeting**

Pursuant to the provisions of Article L. 225-100 of the *Code de Commerce*, the elements of compensation paid or granted in respect of the 2018 financial year to:

- Mr. Janaillac, in his capacity as Chairman and Chief Executive Officer until May 15, 2018;
- Mr. Gagey, in his capacity as Chief Executive Officer from May 15 to September 17, 2018;
- Ms. Couderc in her capacity as Chairman of the Board of Directors from May 15, 2018; and
- Mr. Smith, in his capacity as Chief Executive Officer since September 17, 2018;

will be submitted to the vote by shareholders at the Annual General Shareholders' Meeting of May 28, 2019.

**Compensation of Mr. Jean-Marc Janaillac in respect of the 2018 financial year, for the period from January 1 to May 15, 2018**

*The relevant elements of compensation are presented in the following table:*

**Elements of compensation paid or granted to Mr. Jean-Marc Janaillac, Chairman and Chief Executive Officer in respect of the 2018 financial year,**

**for the period from January 1 to May 15, 2018**

**Amounts or book value submitted to the vote**

**Presentation**

Fixed compensation

Officer, Mr. Janaillac's gross annual fixed compensation was set at €600,000 (unchanged on 2017) by the Board of Directors during its meetings of February 15 and March 14, 2018, for the third consecutive year.

€225,000 (amount paid)

In his capacity as Chairman and Chief Executive

In that Mr. Janaillac stepped down on May 15, 2018, a *pro rata* has been applied to this amount.

Annual variable compensation

Remuneration Committee, in his capacity as Chairman and Chief Executive Officer, Mr. Janaillac's annual variable compensation was set at €63,000 by the Board of Directors during its meetings of February 15 and March 14, 2018. This amount corresponds to:

- 3% of the fixed compensation in respect of the quantitative performance linked to Air France-KLM's COI;
- 10% of the fixed compensation in respect of the quantitative performance linked to the adjusted net debt;
- 6% of the fixed compensation in respect of the qualitative performance linked to the definition of a new medium-term strategic plan for Air France-KLM and a reduction in unit costs;
- 9% of the fixed compensation in respect of the qualitative performance linked to the strengthening and development of the Group's international alliances;
- 0% of the fixed compensation in respect of the qualitative performance linked to the effectiveness of the Group's governance.

€63,000

As proposed by the

Elements of compensation paid or granted to Mr. Jean-Marc Janailiac, Chairman and Chief Executive Officer in respect of the 2018 financial year, for the period from January 1 to May 15, 2018	Amounts or book value submitted to the vote	Presentation
Long-term variable compensation	N/A	<p>During its meeting of March 14, 2018, as recommended by the Remuneration Committee, the Board of Directors granted performance units (phantom shares) to Mr. Janailiac. The amount of these performance units is determined with reference to the Air France-KLM share price at the end of a three-year period, subject to respect of presence and performance conditions evaluated over a three-year period.</p> <p>In that Mr. Janailiac stepped down before the three-year presence condition could be fulfilled, he benefits from no long-term variable compensation.</p>
Multi-year variable compensation	N/A	Mr. Janailiac did not benefit from multi-year variable compensation.
Extraordinary variable compensation	N/A	Mr. Janailiac did not benefit from extraordinary compensation.
Stock options, performance shares (equity warrants, etc.)	N/A	No awards of this type were made during the 2018 financial year.
Directors' fees	N/A	Mr. Janailiac did not receive directors' fees.
Benefits of any kind	N/A	The material resources made available to Mr. Janailiac could not, in practice, be separated from the performance of his duties as Chairman and Chief Executive Officer.
Severance pay	N/A	Mr. Janailiac did not benefit from severance pay.
Non-compete indemnity	N/A	Mr. Janailiac did not benefit from a non-compete indemnity.
Supplementary pension scheme	N/A	Mr. Janailiac did not benefit from a supplementary pension scheme.

## Compensation of Mr. Gagey in respect of the 2018 financial year, for the period from May 15 to September 17, 2018

The relevant elements of compensation are presented in the following table:

Elements of compensation paid or granted to Mr. Gagey, Chief Executive Officer, in respect of the 2018 financial year, for the period from May 15 to September 17, 2018	Amounts or book value submitted to the vote	Presentation
Fixed compensation	€250,000 (amount paid)	During its meetings of May 15 and October 29, 2018, the Board of Directors decided to pay Mr. Gagey, in his capacity as Chief Executive Officer for the transitional governance period (from May 15 to September 16, 2018), fixed compensation equivalent to his compensation as Chief Financial Officer, increased by €50,000.
Annual variable compensation	N/A	Mr. Gagey did not benefit from variable compensation in his capacity as Chief Executive Officer during the transitional governance period.
Multi-year variable compensation	N/A	Mr. Gagey did not benefit from multi-year variable compensation.
Extraordinary variable compensation	N/A	Mr. Gagey did not benefit from extraordinary compensation.
Stock options, performance shares (equity warrants, etc.)	N/A	No awards of this type were made during the 2018 financial year. Mr. Gagey did not benefit from any elements of long-term compensation.
Directors' fees	N/A	Mr. Gagey did not receive directors' fees.
Benefits of any kind	N/A	The material resources made available to Mr. Gagey (e.g. a company car) could not, in practice, be separated from the performance of his duties as Chief Executive Officer.
Severance pay	N/A	Mr. Gagey did not benefit from severance pay.
Non-compete indemnity	N/A	Mr. Gagey did not benefit from a non-compete indemnity.
Supplementary pension scheme	N/A	Mr. Gagey did not benefit from a supplementary pension scheme.

## Compensation of Ms. Couderc in respect of the 2018 financial year, for the period from May 15 to December 31, 2018

The relevant elements of compensation are presented in the following table:

Elements of compensation paid or granted to Ms. Couderc, Chairman of the Board of Directors, in respect of the 2018 financial year, for the period from May 15 to December 31, 2018	Amounts or book value submitted to the vote	Presentation
Fixed compensation	€125,000 (amount paid)	<p>In her capacity as Chairman of the Board of Directors, Ms. Couderc's gross annual fixed compensation was set at €200,000 by the Board of Directors during its meetings of May 15 and October 29, 2018.</p> <p>In that Ms. Couderc assumed her functions on May 15, 2018, a <i>pro rata</i> was applied to this amount: the fixed compensation paid to Ms. Couderc in respect of the 2018 financial year was thus calculated <i>pro rata temporis</i> based on the annual fixed compensation for the period from May 15 to December 31, 2018.</p>
Annual variable compensation	N/A	Ms. Couderc does not benefit from variable compensation.
Multi-year variable compensation	N/A	Ms. Couderc does not benefit from multi-year variable compensation.
Extraordinary variable compensation	N/A	Ms. Couderc does not benefit from extraordinary compensation.
Stock options, performance shares (equity warrants, etc.)	N/A	No awards of this type were made during the 2018 financial year. Ms. Couderc does not benefit from any elements of long-term compensation.
Directors' fees	N/A	In her capacity as Chairman of the Board of Directors, Ms. Couderc does not receive directors' fees. Ms. Couderc received directors' fees in the gross amount of €25,042.11 in respect of her Board director duties for the period from January 1 to May 15, 2018. As of May 15, 2018, once she had been appointed Chairman of the Board of Directors, Ms. Couderc did not receive directors' fees.
Benefits of any kind	N/A	The material resources made available to Ms. Couderc (e.g. a company car) cannot, in practice, be separated from the performance of her duties as Chairman of the Board of Directors.
Severance pay	N/A	Ms. Couderc does not benefit from severance pay.
Non-compete indemnity	N/A	Ms. Couderc does not benefit from a non-compete indemnity.
Supplementary pension scheme	N/A	Ms. Couderc does not benefit from a supplementary pension scheme.

## Compensation of Mr. Smith in respect of the 2018 financial year, for the period from September 17 to December 31, 2018

The relevant elements of compensation are presented in the following table:

Elements of compensation paid or granted to Mr. Smith, Chief Executive Officer from September 17, 2018	Amounts or book value submitted to the vote	Presentation
Fixed compensation	€262,500 (amount paid)	<p>In his capacity as Chief Executive Officer, Mr. Smith's annual gross fixed compensation was set at €900,000 by the Board of Directors during its meeting of August 16, 2018.</p> <p>In that Mr. Smith took up his duties on September 17, 2018, a <i>pro rata</i> was applied to this amount: Mr. Smith's fixed compensation in respect of the 2018 financial year was thus calculated <i>pro rata temporis</i> for the period from September 17 to December 31, 2018.</p>
Annual variable compensation	€366,667	<p>As recommended by the Remuneration Committee, in his capacity as Chief Executive Officer, Mr. Smith's variable compensation was set at €366,667 by the Board of Directors during its meeting of August 16, 2018. In that he took up his duties during the last part of the 2018 financial year, this amount is not subject to performance criteria.</p> <p>Payment of the €366,667 is subject to prior approval by the Annual General Shareholders' Meeting of May 28, 2019.</p>
Long-term variable compensation	€333,000	<p>In his capacity as Chief Executive Officer, Mr. Smith was granted performance units equivalent to €333,000, payable in 2021 subject to a three-year presence condition, except in the event of death or disability, or in certain cases of forced termination.</p> <p>The number of performance units granted in 2018 will be calculated on the basis of the Air France - KLM opening share price on August 17, 2018 and their vesting in 2021 (subject to a presence conditions) will be calculated based on the share price following the announcement of the annual results for the 2020 financial year.</p>
Multi-year variable compensation	N/A	Mr. Smith does not benefit from multi-year variable compensation.
Extraordinary variable compensation	N/A	Mr. Smith does not benefit from extraordinary compensation.
Stock options, performance shares (equity warrants, etc.)	N/A	No awards of this type were made during the 2018 financial year.
Directors' fees	N/A	Mr. Smith does not receive directors' fees.
Benefits of any kind	Yes	Mr. Smith benefits from the usual benefits in kind (company car with chauffeur, supplementary pension scheme benefiting all Group personnel, supplementary health insurance and disability coverage, provisions of free airline tickets, Group CEO civil liability insurance - D&O) and benefits consistent with policies applied within the Group for senior manager expatriation and mobility (accommodation, relocation costs, school fees and certain advisor fees).

Elements of compensation paid or granted to Mr. Smith, Chief Executive Officer from September 17, 2018	Amounts or book value submitted to the vote	Presentation
Severance pay	Two years of fixed and variable compensation	<p>On August 16, 2018, the Board of Directors authorized the granting of a severance payment to Mr. Smith in some cases of forced termination (namely dismissal, non-renewal of his Chief Executive Officer mandate or forced termination). Pursuant to the AFEP-MEDEF recommendations, the basis of this severance payment is two years of his annual fixed and variable compensation (based, as applicable, on the target variable compensation in the event of a termination in the first 24 months).</p> <p>A coefficient (between 0% and 100%) will be applied to this amount on the basis of the achieved performance criteria for the annual variable component of his compensation over the preceding two financial years of his mandate (or since his appointment, in the event of termination during the first 24 months). The Board will assess the achievement of these performance criteria.</p>
Non-compete indemnity	N/A	Mr. Smith does not benefit from a non-compete indemnity.
Supplementary pension scheme	N/A	Mr. Smith does not benefit from a collective supplementary pension scheme.