

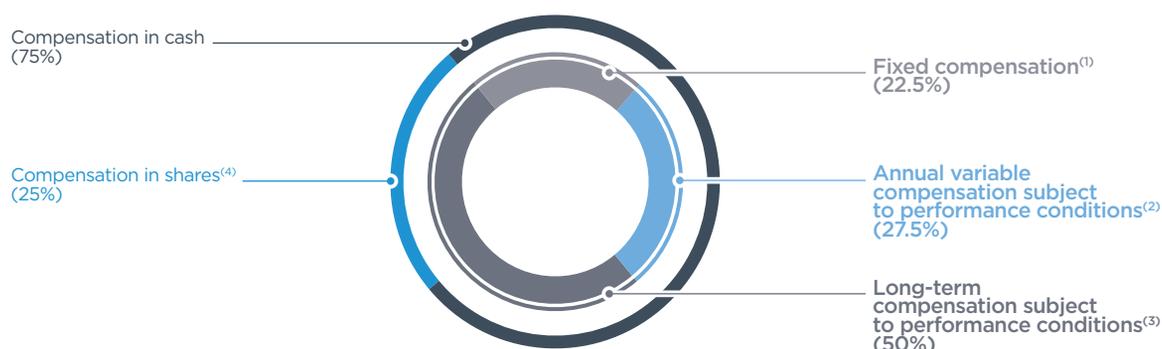
Principles and criteria for determining, distributing and granting the fixed, variable and extraordinary elements of total compensation and benefits of any kind granted to the Chief Executive Officer and Chairman of the Board of Directors in respect of the 2019 financial year (Article L. 225-37-2 of the Code de Commerce)

1. 2019 compensation policy for the Chief Executive Officer

As recommended by the Remuneration Committee, during its meeting of August 16, 2018, the Board of Directors set the compensation structure, composed of the fixed and long-term variable components and the benefits of any kind, of the Chief Executive Officer of Air France-KLM in respect of the 2019 financial year.

Within the framework of the 2019 compensation, the performance criteria linked to the variable and long-term compensation were set pursuant to the Board of Directors resolutions of February 19 and March 12, 2019.

Structure of the compensation for the Chief Executive Officer of Air France - KLM in respect of the 2019 financial year



(1) Amounting to €900,000.

(2) 122% of the fixed compensation on achievement of the targets, potentially rising to 150% should the targets be exceeded.

(3) Two long-term compensation plans conferring the right to the granting of performance units, each in the amount of €1 million.

(4) The specific long-term incentive plan will be paid in Air France - KLM shares.

— Annual compensation (fixed and variable)

In his capacity as Chief Executive Officer, Mr. Smith will receive annual fixed compensation of €900,000 and annual variable compensation of up to 122% of the fixed compensation for targets achieved, with a maximum of 150% in the event that the targets are exceeded.

The performance criteria for the annual variable compensation were set at 60% quantitative criteria relative to the Group's financial targets, and 40% qualitative criteria comprising individual targets. The definition of these qualitative criteria prioritizes reference to measurable indicators. These criteria are as follows:

	Breakdown of the variable portion	
	Target: 122% of fixed compensation	Maximum: 150% of fixed compensation
Quantitative performance: Air France-KLM operating result⁽¹⁾ (Current Operating Income - COI)	61%	79%
Quantitative performance: Adjusted Net Debt⁽¹⁾ (adjusted net debt before divestments and excluding impact of the euro/dollar exchange rate on aircraft operating leases)	12%	16%
Qualitative performance		
— employees: stability and social dialogue (indicator: improvement in the employee promoter score) ⁽²⁾⁽⁴⁾	12%	15%
— customer engagement (indicator: improvement in the Net Promoter Score) ⁽³⁾⁽⁴⁾	12%	15%
— definition of Air France-KLM's strategic orientations and their initial execution, to strengthen the Group's competitiveness	13%	13%
— implementation of the managerial governance; promote positive working relationships between the executive teams of Air France-KLM, Air France and KLM and other subsidiaries	12%	12%

(1) For confidentiality reasons, the amount set in the 2019 budget is not disclosed.

(2) EPS: internal indicator of employee satisfaction.

(3) NPS: Indicator of customer satisfaction.

(4) The EPS and NPS are internal indicators set each year by company, taking into account the historic figures and performance plans for these companies.

— Evaluation of the 2019 performance criteria

The quantitative criteria relating to the financial criteria (COI and adjusted net debt) will be evaluated based on the following rules.

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	130%

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 COI-based performance. The achievement rate of the quantitative criteria may thus be adjusted (between -20% and +20%) depending on the performance gap relative to IAG and Lufthansa.

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	130%

The qualitative performance is evaluated based on the following rules:

EPS/NPS	% 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%

Purely qualitative criteria

Note that, for the purely qualitative criteria, for which there are no associated performance indicators, the achievement percentage is limited to 100%.

— Long-term Incentive Plan

From 2019, it is planned to award Mr. Smith annual performance units equivalent to €1 million, vesting after a period of three years following the grant, subject to the achievement of demanding

performance conditions assessed over the entire vesting period. Payment of these performance units will be subject to a presence condition over the entire three years, except in the event of death or disability (without any performance conditions), or in certain cases of forced termination (the performance conditions remaining applicable).

Demanding performance conditions evaluated over a three-year period were set by the Board of Directors during its meetings of February 19 and March 12, 2019.

KPI	Performance	Vesting as a % of grant
1. Relative share performance index for Air France-KLM vs. sector (30%) ⁽¹⁾	> 120	120%
	Between 80 and 100	Between 80% and 120%
	< 80	0%
2. Index realized Air France-KLM ROCE vs. budget (40%) ⁽²⁾	> 120	120%
	Between 80 and 100	Between 80% and 100%
	< 80	0%
3. Dow Jones Sustainability Index (30%) ⁽³⁾	Position 1	120%
	Position 2	100%
	Position 3	80%
	Position 4 and lower	0%

(1) Defined as the performance on the Air France-KLM share in any fiscal year relative to the performance of the sector: Lufthansa (40%), IAG (35%), Ryanair (12,5%), easyJet (12,5%).

(2) Calculation is based on absolute ROCE.

(3) The Dow Jones Sustainability Index ("DJSI") results are announced in September of each year.

The number of performance units granted in 2019 will be calculated on the basis of the Air France-KLM opening share price on August 17, 2018. The payment of performance units from 2022 (subject to performance and presence conditions) will be calculated relative to the share price following the announcement of the results for the latest financial year.

— Specific Long-Term Incentive Plan

The Group intends to launch targeted strategic actions aimed at improving the medium and long-term operational performance, to the level of the best international airlines, while taking into account the environmental and societal issues concerning its

growth. Accordingly, the specific Long-Term Incentive Plan applicable to Mr. Smith and a number of the Group's other managers and employees has been established pursuant to the Board of Directors resolutions of August 16, 2018 and March 12, 2019.

This plan provides for Mr. Smith to be granted, annually in 2019, 2020 and 2021, performance units equivalent to a sum of €1 million, payable in shares⁽¹⁾ at the end of a three-year period following the grant, subject to the achievement of specific performance conditions, evaluated over the entire vesting period. Note that that one performance unit will confer the right to one Air France-KLM share.

(1) During its meeting of March 12, 2019, the Air France-KLM Board of Directors decided that Mr. Smith would be paid in Air France-KLM shares and not in cash as mentioned in the press release of August 20, 2018.

The performance conditions which were set by the Board of Directors during its meetings of August 16, 2018 and March 12, 2019 are as follows:

	Performance	Vesting as a % of grant
1. Air France-KLM relative COI (80%) reduction in the performance gap with IAG and Lufthansa Group in 3 years (2019, 2020, 2021)	Air France-KLM over performing LH and IAG	Max (100%)
	Reduce gap with Lufthansa and IAG	100% to 50% (proportionate)
	Decreased gap with Lufthansa or IAG	50% à 0% proportionate
	Increased gap with Lufthansa and IAG	0%
2. CSR performance targets (20%)		See the evaluation rules below

Within the framework of the specific Long Term Incentive plan, the CSR performance criteria are as follows:

	Indicator	Targets
Environmental	1 Reduce CO ₂ emissions (g CO ₂ /passenger/km, including market based measures)	Long-term target of -20% reduction in the 2011-2020 period: to be evaluated yearly and reported in the CSR report/check yearly if on track to reach this target
Environmental	2 Improve relationship with hub environment (notably on noise)	Keep noise footprint at the same level despite an increase in the number of movements: Air France-KLM noise footprint reported yearly
Social	3 Improve the employee promotor score (EPS)	Improvement of the EPS: monitored in Air France-KLM, Air France and KLM
Social	4 Increase diversity	Increase the percentage of female managers
Societal	5 Increase sustainable management of the supply chain	Track the risk management indicators for suppliers in compliance with the due diligence law (Human Rights & Fundamental Liberties, Health, Environment)
Societal	6 Sustainable initiatives at destinations	Develop environmental and societal initiatives and sponsorship

These criteria are evaluated in the following manner:

KPI	Performance	Vesting as a % of grant
KPIs with the same weight	Significantly above target	Max (100%)
	At target	50%
	Significantly below target	0%

Payment of these performance units will also be subject to a presence condition over a three-year period, except in the event of death or disability (without performance conditions) or in certain cases of forced termination (the performance conditions remaining applicable).

The number of performance units granted in 2019 will be calculated on the basis of the Air France-KLM opening share price on August 17, 2018. Payment of these performance units from 2022 (subject to performance and presence conditions) will be made in Air France-KLM shares (one performance unit conferring the right to one share).

— Severance payment and benefits in kind

Mr. Smith will continue to benefit from the severance payment granted by the Board of Directors in its meeting of August 16, 2018, subject to approval by the Shareholders' Meeting of May 28, 2019.

Mr. Smith will also benefit from 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 policies applied within the Group for senior manager expatriation and mobility (accommodation, relocation costs, school fees, and certain advisor fees).

— Other

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

2. 2019 compensation policy for the Chairman of the Board of Directors

As recommended by the Remuneration Committee, during its meetings of October 29, 2018 and March 12, 2019, the Air France-KLM Board of Directors set the fixed and variable compensation granted to the Chairman of the Air France-KLM Board of Directors in respect of the 2019 financial year.

— Annual compensation (fixed and variable)

Ms. Couderc will benefit from gross annual fixed compensation of €200,000 in respect of her duties as Chairman of the Board of Directors.

Ms. Couderc will not benefit from variable or multi-year compensation.

— Long-term compensation or specific long-term incentive plan

Ms. Couderc will not benefit from a long-term incentive plan or from a specific long-term incentive plan

— Directors' fees

Ms. Couderc will not receive directors' fees in respect of her Board director duties.

— Severance pay

Ms. Couderc will not benefit from severance pay.

— Benefits in kind

The material resources made available to Ms. Couderc cannot, in practice, be separated from the performance of her duties as Chairman of the Board of Directors.

— Others

Ms. Couderc will not benefit from an employment contract nor from a top-up pension plan, non-compete clause, stock options, or bonus shares.