

Base Prospectus dated 8 July 2021



AIR FRANCE-KLM SA
(Established as a *société anonyme* in the Republic of France)

EURO 4,500,000,000
EURO MEDIUM TERM NOTE PROGRAMME

Under its €4,500,000,000 Euro Medium Term Note Programme (the "**Programme**"), Air France-KLM SA ("**Air France-KLM**" or the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 4,500,000,000 (or the equivalent in other currencies at the date of issue of any Notes).

This base prospectus, as may be supplemented from time to time (the "**Base Prospectus**") constitutes, at the date hereof, a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 of 14 June 2017, as amended (the "**Prospectus Regulation**").

This Base Prospectus received the approval number 21-296 on 8 July 2021 from the *Autorité des marchés financiers* ("**AMF**") and shall be valid for admission to trading of Notes on a Regulated Market until 8 July 2022, provided that it is completed from time to time by any supplement, pursuant to Article 23 of the Prospectus Regulation, following the occurrence of a significant new factor, a material mistake or a material inaccuracy relating to the information included (or incorporated by reference) in this Base Prospectus which may affect the assessment of an investment in the Notes. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

This Base Prospectus has been approved by the AMF in France in its capacity as competent authority under the Prospectus Regulation. The AMF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes which are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application may be made during the period of twelve (12) months from the date of the approval granted by the AMF on this Base Prospectus for Notes to be issued under the Programme to be listed and/or admitted to trading on Euronext Paris and/or any other regulated market as defined in the Directive 2014/65/EU dated 15 May 2014 on markets in financial instruments, as amended, situated in a Member State of the European Economic Area (the "**EEA**") (each such market being a "**Regulated Market**"). The Notes issued under the Programme may also be unlisted or listed on an alternative trading platform. The relevant final terms in respect of the issue of any Notes (the "**Final Terms**") will specify whether or not an application has been or will be made for such Notes to be listed and/or admitted to trading and, if so, the relevant Regulated Market(s) or stock exchange(s) where the Notes will be listed and/or admitted to trading.

As at the date of this Base Prospectus, the Issuer and the Programme are currently unrated. Notes issued pursuant to the Programme may be rated or unrated. The rating of Notes (if any) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) 1060/2009, as amended (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency without notice.

The final terms of the Notes will be determined at the time of the offering of each Tranche and will be set out in the relevant Final Terms.

This Base Prospectus, any supplement thereto and the Final Terms related to the Notes that are listed and/or admitted to trading on any Regulated Market are available on the website of the AMF (www.amf-france.org) and on the Issuer's website (www.airfranceklm.com).

Prospective investors should carefully review and consider the section headed "Risk Factors" in this Base Prospectus before deciding to invest in the Notes issued under the Programme.

Arranger

Société Générale Corporate & Investment Banking
Permanent Dealers

Santander Corporate & Investment Banking

Deutsche Bank

Natixis

Crédit Agricole CIB

HSBC

Société Générale Corporate & Investment Banking

This Base Prospectus, together with any supplements to this Base Prospectus published from time to time, constitutes a base prospectus for the purposes of Article 8 of the Prospectus Regulation in respect of, and for the purpose of giving information with regard to, the Issuer and the Issuer and its consolidated subsidiaries taken as a whole (the Group) which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Notes and the reason for the issuance and its impact on the Issuer.

This Base Prospectus should be read and construed in conjunction with any supplement thereto and with any other documents incorporated by reference therein (see section "*Documents Incorporated by Reference*"), each of which shall be incorporated and form part of this Base Prospectus and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms.

Other than in relation to the documents which are deemed to be incorporated by reference (see the section "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers (including, for the avoidance of doubt, any information on the websites which appear in the documents incorporated by reference) does not form part of this Base Prospectus unless that information is incorporated by reference into the Base Prospectus, and has not been scrutinized or approved by the AMF.

No person has been authorised to give any information or to make any representation other than those contained or incorporated by reference in this Base Prospectus in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Dealers or the Arranger (each defined in section "*Subscription and Sale of the Notes*"). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus, any Final Terms, any offering materials under the Programme and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction.

No action has been taken by the Issuer, the Arranger or any of the Dealers which would permit a non-exempt offer of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any Final Terms or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulations S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or in the case of Materialised Notes in bearer form, delivered within the United States or to or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("Regulation S") or, in the case of Materialised Notes in bearer form, the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Internal Revenue Code").

For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see section "*Subscription and Sale of the Notes*" herein.

Neither this Base Prospectus nor any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained or incorporated by reference in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Base Prospectus. Neither this Base Prospectus nor any financial statements (including any information incorporated by reference) are intended to provide the basis of any credit or other evaluation and nor should they be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or of any financial statements (including any information incorporated by reference) should purchase the Notes. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the Issuer or the Group and the terms of the offering, including the merits and risks involved. For further details, see section "*Risk Factors*" herein. The contents of this Base Prospectus or any Final Terms are not to be construed as legal, business or tax advice. Each prospective investor should determine for itself and/or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority ("ESMA") on 5 February 2018 and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU dated 15 May 2014 on markets in financial instruments (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purposes of the MiFID II Product Governance rules under Delegated Directive 2017/593/EU (the "MiFID II Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 (in accordance with the FCA's policy statement entitled "Brexit our approach to EU non-legislative materials"), and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules. For the avoidance of doubt, the Issuer is not a UK MiFIR regulated entity and does not qualify as a distributor or a manufacturer under the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined

in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation 1286/2014/EU, as amended (the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT - PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the "SF (CMP) Regulations") that, unless otherwise stated in the relevant Final Terms, all Notes issued under the Programme shall be prescribed capital markets products as defined in SF (CMP) Regulations and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Independent review and advice

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

The Notes may not be a suitable investment for all investors

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any supplement thereto and the relevant Final Terms;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact the relevant Notes will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the prospective investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) be aware, in terms of legislation or regulatory regime applicable to such investor of the applicable restrictions on its ability to invest in the Notes and in any particular type of Notes.

A prospective investor should not invest in Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the prospective investor's overall investment portfolio.

Taxation

Prospective purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial notes such as the Notes.

Credit ratings

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The credit ratings of the Issuer are an assessment of its ability to pay its obligations, including those arising from the offered Notes.

Inflation Linked Notes

Inflation Linked Notes are not in any way sponsored, endorsed, sold or promoted by the INSEE or Eurostat, as the case may be, and the INSEE and Eurostat make no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of the Inflation Indices and/or the figure at which such indices stand at any particular time. The Inflation Indices are determined, composed and calculated by the INSEE and Eurostat, as the case may be, without regard to the Issuer or the Notes. Neither the INSEE nor Eurostat, as the case may be, is responsible for or has participated in the determination of the timing of, prices of, or quantities of the Inflation Linked Notes to be issued or in determination or calculation of the interest payable under such Notes. Neither the INSEE nor Eurostat has any obligation or liability in connection with the administration, marketing or trading of the Notes. The INSEE or Eurostat, as the case may be, has no responsibility for any calculation agency adjustment made for the indices.

Neither the current nor the historical levels of any of the Inflation Indices should be taken as an indication of future performance of such index during the term of any Inflation Linked Notes.

None of the Issuer, the Arranger, the Dealers or any of their respective affiliates makes any representation as to the Inflation Indices (as defined herein). Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to any of the inflation indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the holders of the Notes or any other party such information (whether or not confidential).

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus. The Notes will be issued on such terms as shall be agreed between the Issuer and the relevant Dealer(s) and will be subject to the Terms and Conditions of the Notes set out in this Base Prospectus. This chapter is subject to the other information provided in this Base Prospectus and is to be read as such.

This general description constitutes a general description of the Programme for the purposes of Article 25.1(b) of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, as amended. It does not, and is not intended to, constitute a summary of this Base Prospectus within the meaning of Article 7 of the Prospectus Regulation or any implementing regulation thereof.

Words and expressions defined in "Terms and Conditions of the Notes" below shall have the same meanings in this General Description.

Issuer:	Air France-KLM
Description:	Euro Medium Term Note Programme for the offer of Notes (the " Programme ").
Arranger:	Société Générale
Dealers:	Banco Santander S.A., Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe, Natixis and Société Générale.

The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Programme Limit:	Up to Euro 4,500,000,000 (or its equivalent in other currencies at the date of the issue of any Notes) aggregate nominal amount of Notes outstanding at any time (the " Programme Limit "). The Programme Limit may be increased, as provided in the dealer agreement dated 8 July 2021 entered into between the Issuer, the Permanent Dealers and the Arranger.
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Fiscal Agent and Paying Agent:	Société Générale
Calculation Agent:	Société Générale
Put Agent:	Société Générale
Make-Whole Calculation Agent:	Aether Financial Services
Method of Issue:	The Notes may be issued on a syndicated or non-syndicated basis.

The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of

the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant final terms in relation to such Tranche (the "**Final Terms**").

Maturities: Subject to compliance with all relevant laws, regulations and directives, any maturity as agreed between the Issuer and the relevant Dealer(s).

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, Sterling, U.S. dollars, Renminbi or in any other currency agreed between the Issuer and the relevant Dealer(s).

Denomination(s): Notes shall be issued in the Specified Denomination(s) set out in the relevant Final Terms, save that Notes admitted to trading on a Regulated Market in circumstances which require the publication of a prospectus under the Prospectus Regulation shall have a minimum specified denomination of €100,000 (or its equivalent in any other currency), or such higher amount as may be allowed or required from time to time by the relevant monetary or financial authority or any laws or regulations applicable to the relevant Specified Currency.

Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one (1) year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Dematerialised Notes shall be issued in one denomination only.

Form of Notes: Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**").

Dematerialised Notes may, at the option of the Issuer, be issued in bearer form (*au porteur*) or in registered form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (*au nominatif pur*) or administered registered form (*au nominatif administré*). No physical documents of title will be issued in respect of Dematerialised Notes.

Materialised Notes will be in bearer form only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Notes. Materialised Notes may only be issued outside France.

Status of the Notes: The Notes and, where applicable, any Coupons relating to them constitute direct, general, unconditional, unsubordinated and (subject to the negative pledge provision) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with any other unsecured and unsubordinated obligations, present or future, of the Issuer.

Negative Pledge: There will be a negative pledge in respect of the Notes, as set out in Condition 5 (*Negative pledge*).

Events of Default (including cross default): There will be events of default including a cross-default in respect of the Notes as set out in Condition 10 (*Events of Default*).

Redemption Amount: Subject to any laws and regulations applicable from time to time, the relevant Final Terms will specify the basis for calculating the redemption amounts payable.

Early Redemption: Notes may be redeemed early for tax reasons at the option of the Issuer at the Early Redemption Amount. The Notes may also be redeemed early at the option of the Issuer and/or at the option of any Noteholder at the Optional Redemption Amount, if so specified in the applicable Final Terms, or at the Make-Whole Redemption Amount, unless otherwise specified in the applicable Final Terms, or at par if the Clean-up Call Option or Residual Maturity Call Option is specified as applicable in the relevant Final Terms, or at their principal amount if a Change of Control or a Share Transfer occurs.

Optional Redemption: If specified in the relevant Final Terms, the Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and, if so, the terms applicable to such redemption.

Make-Whole Redemption: Unless otherwise specified in the relevant Final Terms, the Issuer may, at its option, subject to compliance by the Issuer with all relevant laws, regulations and directives and subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the outstanding Notes, in whole or in part, at any time prior to their Relevant Redemption Date at their Make-Whole Redemption Amount together with any accrued and unpaid interest on the Notes up to, but excluding, the Optional Make-Whole Redemption Date.

Clean-Up Call Option: If a Clean-up Call Option by the Issuer is specified as applicable in the relevant Final Terms, in the event that at least 75% of the initial aggregate principal amount of a particular Series of Notes has been purchased or redeemed by the Issuer other than by way of a redemption at the option of the Issuer, the Issuer may, at its option but subject to having given not more than forty-five (45) nor less than fifteen (15) calendar days' notice to the Noteholders (which notice shall be irrevocable), redeem all, but not some only, of the remaining Notes in that Series at par together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

Residual Maturity Call Option: If a Residual Maturity Call Option by the Issuer is specified in the relevant Final Terms, the Issuer may, at its option but subject to having given not less than fifteen (15) nor more than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable) to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem in whole or in part the remaining Notes in that Series at par together with interest accrued to, but excluding, the date fixed for redemption, at any time during the period starting on (and including) the Residual Maturity Call Option Date (as specified in the relevant Final Terms) and ending on (but excluding) the Maturity Date.

Redemption at the option of Noteholders following a Change of Control: Each Noteholder may at its sole option require the early redemption of all or part of its Notes at their principal amount plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date) if a Change of Control or a Share Transfer occurs.

Put Option: If the Final Terms issued in respect of a Series of Notes so provide, each Noteholder will have the option to require the Issuer to redeem or, at the Issuer's option, repurchase its Notes on the Optional Redemption Date at its

Optional Redemption Amount with interest accrued to the date fixed for redemption.

Taxation:

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If French law or regulation should require that payments of principal, interest or other revenues in respect of any Note or Coupon be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature whatsoever, the Issuer will (subject to certain limited exceptions), to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Couponholders, as the case may be, of such amounts as would have been received by them had no such deduction or withholding been required.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information (except the method of calculation) will be set out in the relevant Final Terms.

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined as follows:

- (i) on the same basis as the floating rate under an interest rate swap transaction in the relevant specified currency governed by an agreement incorporating the FBF Definitions published by the *Fédération Bancaire Française*; or
- (ii) on the same basis as the floating rate under an interest rate swap transaction in the relevant specified currency governed by an agreement incorporating the ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or
- (iii) on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on the basis of market quotations, subject to the provisions, where applicable, of a benchmark discontinuation.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both, provided that in no event will the relevant interest amount be less than zero.

Benchmark Discontinuation:

In the event that a Benchmark Event occurs, such that any rate of interest (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the relevant Final Terms, then the Issuer shall use its reasonable endeavours to appoint

an independent adviser to determine a successor or an alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Notes and the application of an adjustment spread).

Inflation Linked Notes:

Inflation Linked Notes may bear interest at a rate that will be calculated by reference to an inflation index ratio derived from either (i) the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* ("INSEE"), or (ii) the harmonised index of consumer prices (excluding tobacco), or the relevant successor index, measuring the rate of inflation in the European Monetary Union (excluding tobacco) as calculated and published monthly by Eurostat ("Eurostat").

Fixed/Floating Rate Notes:

Fixed to Floating Rate Notes may bear interest at a rate (i) that the Issuer may elect to convert on the date set out in the Final Terms from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate or (ii) that will automatically change from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate on the date set out in the Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not pay periodic interest.

Redenomination:

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the EU may be redenominated into Euro, all as more fully provided in Condition 2 (*Form, denomination(s), title, redenomination and method of issue*) below.

Consolidation:

Notes of one Series may be consolidated with Notes of another Series as more fully provided in Condition 14 (*Further issues and consolidation*).

Governing Law:

French law.

Clearing Systems:

The Notes will be accepted for clearance through Euroclear France as central depository in relation to Dematerialised Notes and Clearstream, Euroclear or any other clearing system that may be agreed between the Issuer, the Fiscal Agent (as defined in "Terms and Conditions of the Notes") and the relevant Dealer in relation to Materialised Notes, as may be specified in the relevant Final Terms.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Admission to Trading:

Application may be made for Notes to be issued under the Programme, for a period of twelve (12) months from the date of the approval granted by the AMF on this Base Prospectus, to be admitted to trading on Euronext Paris. The Notes may also be listed or admitted to trading, as the case may be, on any other Regulated Market in accordance with the Prospectus Regulation or on any other trading platform, or a Series of Notes may be unlisted, or Notes which are neither listed nor admitted to trading may also be issued, in any case as specified in the relevant Final Terms.

Method of Publication:

This Base Prospectus, any supplement to this Base Prospectus and any documents incorporated by reference in the Base Prospectus will be published on the websites of (a) the Issuer (www.airfranceklm.com) and (b), provided they constitute documents on which the AMF has granted a filing or registration number, the AMF (www.amf-france.org). The Final Terms

relating to Notes admitted on any Regulated Market in accordance with the Prospectus Regulation will be published, so long as such Notes are admitted to trading on Euronext Paris, on the websites of (a) the Issuer (www.airfranceklm.com) and (b) the AMF (www.amf-france.org).

Selling Restrictions:

The Notes shall not be offered to retail investors in France or in any other Member State of the EEA. There are other restrictions on the offer and sale of Notes and the distribution of offering material in various jurisdictions including the United States of America, United Kingdom, Hong Kong, People's Republic of China and Singapore. See the section headed "Subscription and Sale" of this Base Prospectus.

The Issuer is Category 2 for the purposes of Regulation S.

Materialised Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or any successor regulation issued under the U.S. Internal Revenue Code of 1986 as amended (the "**Code**") section 4701(b) that contains rules identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**D Rules**") unless (i) the relevant Final Terms states that such Materialised Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or any successor regulation issued under Code section 4701(b) that contains rules identical to the rules that currently apply under Code section 163(f)(2)(B) (the "**C Rules**") or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

Dematerialised Notes do not require compliance with TEFRA.

Rating:

As at the date of this Base Prospectus, the Issuer and the Programme are currently unrated. Notes issued under the Programme may, or may not, be rated. The rating of Notes (if any) will be specified in the relevant Final Terms. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation. Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organisation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency without notice.

Representation of Noteholders:

Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defense of their common interests in a *masse* (the "**Masse**") and the provisions of Articles L.228-46 *et seq.* of the French *Code de commerce* relating to the Masse, as amended and supplemented by the Terms and Conditions, shall apply.

The Masse will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the Noteholders (the "**Collective Decisions**").

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. The risk factors may relate to the Issuer or the Group.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below and in the documents incorporated by reference represent the main risks inherent in investing in Notes issued under the Programme. The Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. The risks described below and in the documents incorporated by reference are not the only risks the Issuer, the Group or any of its subsidiaries face. Additional risks and uncertainties not currently known to the Issuer or that are currently believed to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere or incorporated by reference in this Base Prospectus and the Final Terms of the relevant Notes and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in Notes issued under the Programme.

In each sub-category below the Issuer sets out first the most material risk, in its assessment, taking into account the expected magnitude of its negative impact and the probability of its occurrence.

Terms defined herein shall have the same meaning as in the "Terms and Conditions of the Notes".

1. Risk factors relating to the Issuer

The risk factors relating to the Issuer and its activities are set out on pages 132 to 150 of the 2020 Universal Registration Document which are incorporated by reference herein (as defined in Section "*Documents Incorporated by Reference*" of this Base Prospectus). The risk factors considered to be the most significant (indicated by an asterisk) are presented first. These risks include:

- Geopolitical and macro-economic risks;
 - Impact of the Covid-19 epidemic on the Group's activities*;
 - Terrorist attacks, threats of attack or geopolitical instability*;
 - Competition in the short, medium and long-haul air passenger transportation market*;
 - Cyclical nature of the air transportation industry*;
 - Trend in the oil price*; and
 - Competition and trends in the aeronautics maintenance market.
- Risks relating to the air transportation activity;
 - Risks related to airline safety*;
 - Risks related to the environment;
 - Acceptability of air transportation growth*;
 - Climate change;
 - Carbon credit risk;
 - Loss of flight slots or lack of access to flight slots;
 - Reinforcement of passenger compensation rights;
 - Changes in international, national or regional regulations and legislation;

- Regulatory authorities' inquiry into the commercial cooperation agreements between carriers; and
- Commitments *vis-à-vis* the European Commission.
- Risks related to the Group's processes;
 - Failure of a critical IT system, IT risks and cyber criminality;
 - Cybercriminality*;
 - Data security;
 - Business continuity and regulatory compliance;
 - Non-compliance with regulations, including competition and anti-bribery laws;
 - Operational performance and customer risks;
 - Working conditions and human capital development; and
 - Pension plans.
- Legal Risks;
- Financial market risks;
 - Liquidity risks*;
 - Financing risks*;
 - Risks relating to the fuel price;
 - Currency risks;
 - Investment exposure ("translation risk")
 - Exposure on indebtedness;
 - Counterparty risk exposure;
 - Interest rate risk; and
 - Investment risks.

2. Risk factors relating to the Notes

The following paragraphs describe the principal risk factors that the Issuer believes are material for the purpose of assessing the market risk associated with the Notes.

2.1 Risks related to legal issues regarding the Notes

Credit Risk

As contemplated in Condition 4, the Notes and, where applicable, the Coupons relating to these constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 5) unsecured obligations of the Issuer. An investment in the Notes involves credit risk on the Issuer. The value of the Notes will depend on the creditworthiness of the Issuer. If the creditworthiness of the Issuer deteriorates, the potential impact on the Noteholder could be very high. A deterioration in creditworthiness of the Issuer could give rise to very serious negative repercussions on the Noteholders, and notwithstanding Condition 10 which enables the Noteholders to request the redemption of the Notes, because: (i) the Issuer may not be able to fulfil all or part of its payment obligations under the Notes, (ii) the market value of the Notes may decrease, and (iii) Noteholders may lose all or part of their investment.

French insolvency law

As a *société anonyme* incorporated in France, French insolvency laws apply to the Issuer. The Noteholders, in respect of all Tranches in any Series, will be grouped automatically for the defense of their common interests in a Masse, as defined in Condition 12 (*Representation of Noteholders*). However, under French insolvency law, holders of debt securities (such as the Notes) issued by a French company (as the Issuer) are automatically grouped into a single assembly of holders (the "**Assembly**") if a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), or a judicial reorganisation procedure (*procédure de redressement judiciaire*) or a judicial liquidation (*liquidation judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as the Programme) and regardless of their governing law.

The Assembly deliberates on the draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give the right to securities that give, or may give rights, to the share capital of the Issuer.

Decisions of the Assembly will be taken by a two-third (2/3) majority (calculated as a proportion of the amount of debt securities held by the holders which have cast a vote at such Assembly or represented thereat, notwithstanding any clause to the contrary and the law governing the issuance agreement). No quorum is required to hold the Assembly.

Hence, the provisions relating to the representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus will not be applicable with respect to the Assembly to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

The procedures, as described above or as they may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to be subject to French insolvency proceedings.

In addition, Noteholders should be aware that the receiver (*administrateur judiciaire*) is allowed to take into account the existence of voting or subordination agreements entered into by a holder of notes, or the existence or an arrangement providing that a third party will pay the holder's claims, in full or in part, in order to reduce such holder's voting rights within the Assembly. The receiver must disclose the method to compute such voting rights and the interested holder may dispute such computation before the president of the competent commercial court. These provisions could apply to a Noteholder who has entered into a hedging arrangement in relation to the Notes.

It should be noted that Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt and amending Directive (EU) 2017/1132 dated 20 June 2019 (the "**Restructuring Directive**") has been adopted by the European Union on 20 June 2019. Once transposed into French law (which is scheduled to happen by 17 July 2021 at the latest), such directive may have a material impact on French insolvency law, especially with regard to the process of adoption of restructuring plans under insolvency proceedings, and it may impact the situation of Noteholders in the event that the Issuer or its Subsidiaries were to be subject to the relevant French insolvency proceedings. According to this directive, "affected parties" (i.e., creditors including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring

plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority vote representing a specified amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% of the amount of claims or interests in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down. Therefore, when the Restructuring Directive is transposed into French law, it is expected that holders of notes (including the Noteholders) will no longer deliberate on the proposed restructuring plan in a separate assembly and accordingly will no longer benefit from a specific veto right on this plan. Instead, as any other affected parties, holders of notes (including the Noteholders) will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram-down.

The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of creditors, as the case may be, could substantially impact the Noteholders and even cause them to lose all or part of their investments, should they not be able to recover amounts due to them from the Issuer.

Modification of the Terms and Conditions of the Notes

Condition 12 of the Terms and Conditions of the Notes contains provisions for calling General Meetings of Noteholders or consulting them by way of consultation in writing to consider matters affecting their interests generally. The Terms and Conditions permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend (or were not represented) and vote at the relevant General Meeting, Noteholders who voted in a manner contrary to the majority and Noteholders who did not respond to, or rejected, a Written Resolution. Noteholders may through Collective Decisions deliberate on proposals relating to the modification of the Terms and Conditions of the Notes subject to the limitations provided by French law. If a proposal is duly adopted through such a Collective Decision and such modifications were to impair or limit the rights of Noteholders, this could have a negative impact on the market value of the Notes.

2.2 *Risks related to the structure of a particular issue of Notes*

The Terms and Conditions of the Notes allow for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for Noteholders depending on the specific features of such Notes.

2.2.1 *Early redemption Risks*

Notes subject to optional and early redemption by the Issuer

The Issuer has the option to redeem all of the Notes:

- under a call option as provided in Condition 7.2.1 of the Terms and Conditions if, in the case of any particular Tranche of Notes, the relevant Final Terms so specify; or
- under a make-whole call option as provided in Condition 7.2.2 of the Terms and Conditions unless in the case of any particular Tranche of Notes the Final Terms specify otherwise; or
- under a clean-up call option as provided in Condition 7.2.3 of the Terms and Conditions if, in the case of any particular Tranche of Notes, the relevant Final Terms so specify; or
- under a residual maturity call option as provided in Condition 7.2.4 of the Terms and Conditions if, in the case of any particular Tranche of Notes, the relevant Final Terms so specify.

Any optional redemption feature where the Issuer is given the right to redeem the Notes early is likely to limit the market value of such Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

In particular, with respect to the Residual Maturity Call Option by the Issuer, there is no specified period for the exercise of such option in Condition 7.2.4 (*Residual Maturity Call Option*). The duration of the exercise period is not framed by the Terms and Conditions of the Notes and will be specified in the relevant Final Terms depending on the type and features of the Notes to be issued. Such exercise period may be different between Series of Notes and it may differ from the exercise period of residual maturity call option usually specified for similar securities.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider reinvestment risk in light of other investments available at that time.

As a consequence, redemption at the option of the Issuer could cause the yield anticipated by the Noteholders to be considerably less than expected, and the redeemed face amount of the Notes may be lower than the purchase price for the Notes paid by the Noteholder. Part of the capital invested by the Noteholder may be lost, so that the Noteholder in such case would not receive the total amount of the capital invested. In addition, investors that choose to reinvest monies they receive through an early redemption may be able to do so only in securities with a lower yield than the redeemed Notes.

In particular, with respect to the Clean-up Call Option by the Issuer, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the threshold of 25% of the initial aggregate principal amount of a particular Series of Notes referred to in Condition 7.2.3 (*Clean-up Call Option*) has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that, immediately prior to the serving of a notice in respect of the exercise of the Clean-up Call Option, the Notes may have been traded significantly above par, thus potentially resulting in a loss of capital invested.

Risks related to partial redemption by the Issuer of the Notes

The Call Option (provided in Condition 7.2.1 of the Terms and Conditions), the Make-Whole Redemption (provided in Condition 7.2.2 of the Terms and Conditions) and the Residual Maturity Call Option (provided in Condition 7.2.4 of the Terms and Conditions) are exercisable in whole or in part (if so provided in the case of the Call Option). If the Issuer decides to redeem the Notes in part, such partial redemption shall be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed. The exercise of such options by the Issuer in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised. Depending on the proportion of the principal amount of all of the Notes so reduced, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

Risk related to the exercise of a put option by the Noteholders following a Change of Control or if a Put Option is specified in the applicable Final Terms

In the event of a Change of Control of the Issuer or in the event a Share Transfer in each case as provided in Condition 7.3.1 (*Redemption at the option of Noteholders following a Change of Control*) of the Terms and Conditions of the Notes, each Noteholder will have the right at its sole option to request the Issuer to redeem all or part of its Notes at their principal amount together with any accrued interest (subject to certain conditions, all as more fully described in Condition 7.3.1 (*Redemption at the option of Noteholders following a Change of Control*)). In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. As of 31 December 2020, the Issuer holds 100% of the share capital and voting rights of Société Air France and 99.70% of the dividend rights and 49% of the voting rights of KLM.

In addition, Condition 7.3.2 of the Terms and Conditions of the Notes allows the Noteholders to exercise the Put Option with respect to a Series of Notes if, in the case of any particular Tranche of Notes, the relevant Final Terms so specify.

Depending on the number of Notes of the same Series in respect of which such options are exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become

illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

Redemption for taxation reason

In the event that the Issuer would be obliged to pay additional amounts in respect of any Notes due to any deduction or withholding in respect of any present or future taxes or duties whatsoever, as provided in Condition 7.6 of the Terms and Conditions of the Notes, the Issuer may and, in certain circumstances shall, redeem all of the Notes then outstanding in accordance with such Condition. As a consequence, investors that choose to reinvest monies they receive through an early redemption may not be able to do so at the same yield than the redeemed Notes.

2.2.2 Interest Rate Risks

Floating Rate Notes

Condition 6.2 of the Terms and Conditions of the Notes allows for Floating Rate Notes to be issued. Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such reference rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three (3) months or six (6) months) which itself will change in accordance with general market conditions. Accordingly, the market value of Floating Rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate. Therefore, the amount of interest payable by the Issuer may vary and Noteholders may receive no interest. Should the reference rate be at any time negative, it could, notwithstanding the existence of the relevant margin, result in the actual floating rate, consisting in the reference rate and the relevant margin, be lower than the relevant margin, provided that in no event will the relevant interest amount be less than zero. The interest amount payable on any Interest Payment Date may be different from the amount payable on the initial or previous Interest Payment Date and may negatively impact the return under the Notes and result in a reduced market value of the Notes if a Noteholder were to dispose of its Notes.

In addition, a key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definitive yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the relevant Final Terms of a Tranche of Notes provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. As a result, Noteholders may lose all or part of their investments in the Notes and therefore their interests may be significantly negatively altered.

Fixed Rate Notes

Condition 6.1 of the Terms and Conditions of the Notes allows for Fixed Rate Notes to be issued. Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the market value of the relevant Notes and potentially decrease the yield. As a consequence, the value on transfer of the Notes would be less than it would otherwise have been. The degree to which the market interest may vary presents a significant risk to the market value of the relevant Tranche of Notes if the Noteholder were to dispose of the Notes. As a consequence, part of the capital invested by the Noteholder may be lost on any transfer of the Notes, so that the Noteholder in such case would not receive the total amount of the capital invested.

Inflation Linked Notes

Condition 6.2.4 of the Terms and Conditions of the Notes allows for the issuance of Inflation Linked Notes. Inflation Linked Notes are debt securities which do not provide for predetermined redemption amounts and/or interest payments but amounts due in respect of principal and/or interest will be dependent upon the performance of an inflation index, which will be either (i) the consumer price index (excluding tobacco) for all households in metropolitan France (the "CPI") as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* ("INSEE"), or (ii) the harmonised index of consumer prices (excluding tobacco), or the relevant successor index, measuring the rate of inflation in the European

Monetary Union (excluding tobacco) as calculated and published monthly by Eurostat (the "**HICP**") (each an "**Inflation Index**" and together, the "**Inflation Indices**"). If the value of the relevant index calculated at any time prior to the maturity date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.

The interest amount payable on any Interest Payment Date may be different from the amount payable on the initial or previous Interest Payment Date and may negatively impact the return under the Notes and result in a reduced market value of the Notes if a Noteholder were to dispose of its Notes. Noteholders may receive no interest and it could materially and adversely affect the liquidity of the Notes and investors could lose all or part of their investment.

Fixed/Floating Rate Notes

Condition 6.3 of the Terms and Conditions of the Notes allows for Fixed/Floating Rate Notes to be issued. Fixed/Floating rate Notes bear interest at a rate that will automatically, or that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. Where the Notes convert from a fixed rate to a floating rate, the spread on the fixed to floating rate Notes may be less favourable than then prevailing spreads on comparable floating rate Notes having the same reference rate. In addition, the new floating rate may be lower at any time than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes and any such volatility may have an adverse effect on the market value of the Notes.

Investors should refer to risk factors set out in the risk factors entitled "Fixed Rate Notes" and "Floating Rate Notes".

Zero Coupon Notes

Condition 6.4 of the Terms and Conditions of the Notes allows for Zero Coupon Notes to be issued. Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Therefore, in similar market conditions the holders of Zero Coupon Notes could be subject to higher losses on their investments than the holders of other instruments such as Fixed Rate Notes or Floating Rate Notes. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk and Noteholders may, as a result, lose all or part of their investment in the Notes.

Notes issued at a substantial premium

The relevant Final Terms of a Tranche of Notes will specify the relevant issue price. The market values of securities issued at a substantial premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities. Therefore, holders of Notes issued at a substantial premium could be exposed to greater losses on their investment than holders of conventional interest-bearing securities.

Risks related to the regulation and reform of "benchmarks"

In accordance with the provisions of Condition 6.2.3(e) of the Terms and Conditions of the Notes and where the applicable Final Terms for a Series of Floating Rate Notes specify that the Rate of Interest for such Notes will be determined by reference to Reference Rates that constitute "benchmarks" (including EURIBOR), investors should be aware that such "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, to be subject to revised calculation methods, or have other

consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Floating Rate Notes linked to or referencing such a "benchmark".

Regulation (EU) 2016/1011, as amended (the "**Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union.

Among other things, it (i) requires benchmark administrators to be authorised or registered with the competent authority of a Member State (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered with the competent authority of a Member State (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Notwithstanding the provisions of Condition 6.2.3(e) (*Benchmark Discontinuation*), the Benchmarks Regulation could have a material impact on any Notes referencing a benchmark, in particular if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing or increasing the rate or level or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to certain benchmarks; (ii) trigger changes in the rules or methodologies used in certain benchmarks or (iii) lead to the disappearance of certain benchmarks. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Floating Rate Notes linked to or referencing a benchmark.

Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 has amended the existing provisions of the Benchmarks Regulation by extending the transitional provisions applicable to critical benchmarks and third-country benchmarks until the end of 2021.

The Benchmarks Regulation was further amended by Regulation (EU) 2021/168 of the European Parliament and of the Council of 10 February 2021 which introduces a harmonised approach to deal with the cessation or wind-down of certain benchmarks (such as EURIBOR) by conferring the power to designate a statutory replacement for certain benchmarks on the European Commission or the relevant national authority, such replacement being limited to contracts and financial instruments (such as certain Notes issued under the Programme) which contain no fallback provision or no suitable fallback provisions before the date of cessation of the benchmark concerned. This replacement could have a negative impact on the value or liquidity of, and return on, certain Notes issued under the Programme linked to or referencing such benchmark and may not operate as intended at the relevant time or may perform differently from the discontinued or unavailable benchmark. However, there are still some uncertainties as to the application of these regulatory provisions as implementing acts must still be adopted.

In addition, the transitional provisions applicable to third-country benchmarks are extended until the end of 2023. The European Commission is empowered to further extend this period until the end of 2025, if necessary.

Investors should be aware that, if a benchmark were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which are linked to or which reference such benchmark would be determined for the relevant period pursuant to the fall-back provisions applicable to such Floating Rate Notes (please refer to the risk factor entitled "*The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any Floating Rate Notes linked to or referencing such "benchmarks"*" below). Depending on the manner in which a benchmark is to be determined under the Terms and Conditions, this may, in certain circumstances, (i) if ISDA Determination or FBF Determination applies, results in the application of a backward-looking, risk-free overnight rate, whereas the benchmark rate is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank

lending or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied for the immediately preceding Interest Period for which the benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes linked to or referencing a "benchmark".

The occurrence of a Benchmark Event could have a material adverse effect on the value of and return on any Floating Rate Notes linked to or referencing such "benchmarks"

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, Condition 6.2.3(e) of the Terms and Conditions of the Notes provides for certain fallback arrangements in the event that a Benchmark Event occurs, including if an inter-bank offered rate (such as EURIBOR) and/or any page on which such benchmark may be published, becomes unavailable, or if the Issuer, the Calculation Agent, any Paying Agent or any other party responsible for the calculation of the Rate of Interest (as specified in the applicable Final Terms) are no longer permitted lawfully to calculate interest on any Floating Rate Notes by reference to such benchmark under the Benchmarks Regulation or otherwise. Such fallback arrangements include the possibility for the rate of interest to be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions of the Notes), with or without the application of an adjustment spread (which, if applied, could be positive or negative, and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of the successor or replacement benchmark, all as determined by the Independent Adviser and without the consent of the Noteholders.

In certain circumstances, the ultimate fallback for a particular Interest Period, including where no Successor Rate or Alternative Rate (as applicable) is determined, may be that the rate of interest for such Interest Period be based on the rate which applied for the immediately preceding Interest Period.

This ultimate fallback may result in the effective application of a Fixed Rate Notes linked to or referencing a "benchmark". In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Floating Rate Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes linked to or referencing a "benchmark" or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes linked to or referencing a "benchmark". Investors should note that, the Independent Adviser will have discretion to adjust the relevant Successor Rate or Alternative Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected consequences and, due to the particular circumstances of each Noteholder, any such adjustment may not be favourable to each Noteholder.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes linked to or referencing such "benchmarks" because the occurrence of a Benchmark Event could result in the loss of a portion of the principal amount invested in the relevant Floating Rate Notes.

The market continues to develop in relation to risk free rates (including overnight rates such as SOFR) as reference rates for Floating Rate Notes

Condition 6.2.3(d) allows Notes referencing the Secured Overnight Financing Rate ("SOFR") to be issued. Currently, the market continues to develop in relation to the adoption of SOFR as an alternative reference rate to U.S. dollar LIBOR. The market may adopt an application of SOFR that differs significantly from the provisions set out in the Terms and Conditions of the Notes (see Condition 6.2.3(d)) and used in relation to Notes with a floating rate of interest that reference a SOFR rate.

The nascent development of these overnight risk-free rates as interest reference rates for the Eurobond markets, as well as continued development of such rates for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Floating Rate Notes. The return on and value of Notes that reference a SOFR rate may fluctuate more than Notes that are linked to less volatile rates. Since overnight risk-free rates are relatively new market indexes, the Notes will likely have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Investors in the Notes may not be able to sell the Notes at all or may not be able to sell the Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Interest on Notes which reference a SOFR rate is only capable of being determined at the end of the relevant interest period and immediately prior to the relevant Interest Payment Date and it could be difficult for investors to estimate in advance the interest amount which will be payable on such Notes.

The use of SOFR as a reference rate is subject to important limitations

The rate of interest on the Notes may be calculated on the basis of SOFR (as further described under Condition 6.2.3(d)).

In June 2017, the New York Federal Reserve's Alternative Reference Rates Committee (the "ARRC") announced SOFR as its recommended alternative to U.S. dollar LIBOR. However, the composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, SOFR may not perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, or regulatory events. For example, since publication of SOFR began in April 2018, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or other market rates.

As SOFR is an overnight funding rate, interest on SOFR-based Notes with interest periods longer than overnight will be calculated on the basis of either the arithmetic mean of SOFR over the relevant interest period or compounding SOFR during the relevant interest period. As a consequence of this calculation method, the amount of interest payable on each interest payment date will only be known a short period of time prior to the relevant interest payment date. Noteholders therefore will not know in advance the interest amount which will be payable on such Notes.

Although the Federal Reserve Bank of New York has published historical indicative SOFR information going back to 2014, such prepublication of historical data inherently involves assumptions, estimates and approximations. Noteholders should not rely on any historical changes or trends in the SOFR as an indicator of future changes in the SOFR.

Also, since the SOFR is a relatively new market index, the Notes will likely have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed on SOFR, may evolve over time, and trading prices of the Notes may be lower than those of later-issued indexed debt securities as a result. Similarly, if the SOFR does not prove to be widely used in securities like the Notes, the trading price of the Notes may be lower than those of debt securities linked to indices that are more widely used. Noteholders may not be able to sell the Notes at all or may not be able to sell the Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and may consequently suffer from increased pricing volatility and market risk.

The Federal Reserve Bank of New York notes on its publication page for SOFR that use of the SOFR is subject to important limitations and disclaimers, including that the Federal Reserve Bank of New York may alter the methods of calculation, publication schedule, rate revision practices or availability of the SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve Bank of New York based on data received from other sources. SOFR may be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Noteholders. If the manner in which the SOFR is calculated is

changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Notes and a reduction in the trading prices of the Notes which would have an adverse effect on the Noteholders who could lose part of their investment.

2.3 Risks related to the market of the Notes

Set out below is a brief description of the principal market risks:

Market value of the Notes

The relevant Final Terms of a Tranche of Notes will specify the relevant trading platforms where the Notes will be admitted. Application may be made to list and admit any Series of Notes issued hereunder to trading on Euronext Paris and/or on any other Regulated Market or any other trading platforms as the case may be following the passporting of the Base Prospectus. Therefore, the market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest, yield rates or the time remaining to the Maturity Date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the trading platforms on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by a purchaser.

No active secondary market for the Notes

Although it may be specified that particular series of Notes are expected to be admitted to trading on Euronext Paris, any particular Tranche of Notes may not be so admitted and an active trading market may not develop. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of Notes.

Noteholders may not be able to sell Notes readily or at prices that would enable Noteholders to realise their anticipated yield. This could have a material adverse impact on the Noteholders and, as a result, Noteholders could lose all or part of their investments in the Notes.

Risks relating to Renminbi-denominated Notes

Notes denominated in Renminbi ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors, including the risks described hereafter.

Renminbi is not freely convertible; there are significant restrictions on the remittance of Renminbi into and out of the PRC; there is only limited availability of Renminbi outside the PRC; each of which may affect the liquidity of the RMB Notes and the Issuer's ability to source Renminbi out of the PRC to service RMB Notes.

The applicable Final Terms in relation to any Series of Notes may specify that the Notes are denominated in Renminbi. Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and other currencies.

Although the People's Bank of China ("**PBoC**") has implemented policies improving accessibility to Renminbi to settle cross-border transactions in the past, the PRC Government may not liberalise control over cross-border remittance of Renminbi in the future, the schemes for Renminbi cross-border utilisation may be discontinued or new regulations in the PRC may be promulgated in the future, which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the efforts in recent years to internationalise the currency, the PRC Government may impose interim or long-term restrictions on the cross-border remittance of Renminbi.

In the event that funds cannot be remitted out of the PRC in Renminbi, the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under the RMB Notes may be adversely affected. As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

Although the offshore Renminbi market is expected to grow in depth and size, this is subject to constraints imposed by PRC laws and regulations on foreign exchange. New PRC law and regulations may be promulgated or the settlement arrangements between the PBoC and certain financial institutions in respect of limited clearing of Renminbi outside of the PRC may be terminated or amended in the future, each of which may have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of its RMB Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the RMB Notes, the Issuer may not be able to source such Renminbi on satisfactory terms, if at all. Should the Issuer resort to using another currency, such as US Dollar, to respect its payment obligations under the RMB Notes, the relevant Noteholders may lose part of their investment when converting such currency back into Renminbi, depending on the prevailing exchange rate at that time.

Exchange rate risks and exchange controls

The Programme allows for Notes to be issued in a range of currencies. The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. Such risks generally depend on a number of factors, including financial, economic and political events over which the Issuer has no control. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary or financial authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the information contained in the following sections which are incorporated in, and shall be deemed to form part of, this Base Prospectus, which have been previously published and filed with the AMF:

- (1) the sections referred to in the table below which are extracted from the *Document d'enregistrement universel 2020* of the Issuer in French language which was filed under no. D.21-0270 with the AMF on 7 April 2021. Such document is referred to in this Prospectus as the "**2020 Universal Registration Document**";

https://www.airfranceklm.com/fr/system/files/afk_deu_2020_29042021.pdf

- (2) the sections referred to in the table below which are extracted from the *Document d'enregistrement universel 2019* of Issuer in French language which was filed under no. D.20-313 with the AMF on 17 April 2020. Such document is referred to in this Prospectus as the "**2019 Universal Registration Document**";

https://www.airfranceklm.com/fr/system/files/documentdenregistrementuniversel_2019_0.pdf

- (3) the English translation of the Issuer's unaudited interim consolidated financial information as at 31 March 2021 (the "**First Quarter 2021 Financial Information**") (being an English translation of the Issuer's *informations financières consolidées intermédiaires (non auditées) au 31 mars 2021*); and

https://www.airfranceklm.com/sites/default/files/financial_statements_notes_afklm_as_of_march_31_2021.pdf

- (4) the English translation of the Issuer's first quarter 2021 results press release (the "**First Quarter 2021 Results Press Release**") (being an English translation of the Issuer's *communiqué de presse des résultats du premier trimestre 2021*);

https://www.airfranceklm.com/en/system/files/q1_2021_press_release_en.pdf

which are identified in the cross reference table below. Such sections are incorporated in, and shall be deemed to form part of this Base Prospectus. Non-incorporated parts of the documents listed above are either non-relevant for the investors or covered elsewhere in the Base Prospectus.

Any statement contained in a document or part of a document which is incorporated by reference herein shall be modified or superseded for the purposes of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, be part of this Base Prospectus. Statements contained in any supplement (or contained in any document incorporated by reference therein) published in accordance with section headed "Supplement to the Base Prospectus" of this Base Prospectus shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus.

The 2020 Universal Registration Document and the 2019 Universal Registration Document are available for viewing on the website of the AMF (www.amf-france.org) and on the website of the Issuer (www.airfranceklm.com). Free English translations of the 2020 Universal Registration Document and the 2019 Universal Registration Document are also available for viewing on the website of the Issuer (www.airfranceklm.com). These documents are free translations of the corresponding French language documents and are furnished for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Base Prospectus refers (including, for the avoidance of doubt, any information on the websites which appear in the documents incorporated by reference) does not form part of this Base Prospectus and has not been scrutinised or approved by the AMF.

For the avoidance of doubt, the information requested to be disclosed by the Issuer as a result of Annex 7 of the Commission Delegated Regulation (EU) 2019/980 as amended supplementing the Prospectus Regulation and not

referred to in the cross reference list below is either covered elsewhere in this Base Prospectus or is not relevant to the investors.

The relevant page references for the information incorporated by reference herein in response to the specific requirements of Annex 7 of Commission Delegated Regulation (EU) 2019/980 as amended are as follows:

<i>Annex VII of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 as amended – Registration document for wholesale non-equity securities</i>		
	Information incorporated by reference	Page no. in the relevant document
3.	RISK FACTORS	
3.1	<p>A description of the material risks that are specific to the issuer and that may affect the issuer’s ability to fulfil its obligations under the securities, in a limited number of categories, in a section headed ‘<i>Risk Factors</i>’.</p> <p>In each category the most material risks, in the assessment of the issuer, offeror or person asking for admission to trading on a regulated market, taking into account the negative impact on the issuer and the probability of their occurrence, shall be set out first. The risk factors shall be corroborated by the content of the registration document.</p>	pp. 132 to 150 in 2020 Universal Registration Document
4.	INFORMATION ABOUT THE ISSUER	
4.1	<u>History and development of the Issuer</u>	pp. 372 and 373 in 2020 Universal Registration Document
4.1.1	The legal and commercial name of the Issuer	p. 374 in 2020 Universal Registration Document
4.1.2	The place of registration of the Issuer, its registration number and legal entity identifier (“LEI”).	p. 374 in 2020 Universal Registration Document
4.1.3	The date of incorporation and length of life of the Issuer, except where the period is indefinite.	p. 374 in 2020 Universal Registration Document
4.1.4	The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the Issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.	p. 374 in 2020 Universal Registration Document
4.1.5	Any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer’s solvency.	pp. 1 to 17 in First Quarter 2021 Results Press Release
5.	BUSINESS OVERVIEW	
5.1	<u>Principal activities</u>	
5.1.1	A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed.	pp. 23 to 42 in 2020 Universal Registration Document

5.1.2	The basis for any statements made by the issuer regarding its competitive position.	pp. 14 to 18 in 2020 Universal Registration Document
6.	ORGANISATIONAL STRUCTURE	
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.	pp. 153 to 160, 336 to 338 and 375 to 377 in 2020 Universal Registration Document
7.	TREND INFORMATION	
7.1	<p>A description of:</p> <p>(a) any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and</p> <p>(b) any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document.</p> <p>If neither of the above are applicable then the issuer should include (an) appropriate negative statement(s).</p>	pp. 6 to 12 in 2020 Universal Registration Document
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	
9.1	<p>Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p>	pp. 48 to 71 in 2020 Universal Registration Document
9.2	<p>Administrative, management, and supervisory bodies conflicts of interests</p> <p>Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.</p>	p. 80 in 2020 Universal Registration Document
10.	MAJOR SHAREHOLDERS	
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	pp. 117 to 125 in 2020 Universal Registration Document
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	p. 125 in 2020 Universal Registration Document

11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
11.1	<u>Historical financial information</u>	
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year	pp. 246 to 346 in 2020 Universal Registration Document pp. 234 to 346 in 2019 Universal Registration Document
11.1.3	Accounting standards The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002	pp. 258 and 259 in 2020 Universal Registration Document p. 227 in 2019 Universal Registration Document
11.1.5	Consolidated financial statements If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document	p. 246 to 339 in 2020 Universal Registration Document pp. 234 to 339 in 2019 Universal Registration Document
	(a) the balance sheet;	pp. 248 to 249 in 2020 Universal Registration Document pp. 236 to 237 in 2019 Universal Registration Document
	(b) the income statement;	p. 246 in 2020 Universal Registration Document p. 234 in 2019 Universal Registration Document
	(c) cash flow statement; and	pp. 251 to 252 in 2020 Universal Registration Document pp. 239 to 240 in 2019 Universal Registration Document
	(d) the accounting policies and explanatory notes.	pp. 253 to 339 in 2020 Universal Registration Document pp. 241 to 320 in 2019 Universal Registration Document
	Interim financial information (unaudited)	pp. 3 to 29 First Quarter 2021 Financial

		Information
11.1.6	Age of financial information The balance sheet date of the last year of audited financial information may not be older than 18 months from the date of the registration document	pp. 248 and 249 in 2020 Universal Registration Document
11.2	<u>Auditing of historical annual financial information</u>	
11.2.1	The historical financial information must be independently audited. The audit report shall be prepared in accordance with the Directive 2006/43/CE and Regulation 537/2014/EU.	pp. 340 to 347 in 2020 Universal Registration Document pp. 321 to 326 in 2019 Universal Registration Document
11.2.1a	Where audit reports on the historical financial information have been refused by the statutory auditors or where they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason must be given, and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full.	p. 340 in 2020 Universal Registration Document p. 321 in 2019 Universal Registration Document
11.3	<u>Legal and arbitration proceedings</u>	
11.3.1	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	pp. 145 and 305 to 307 in 2020 Universal Registration Document
12.	MATERIAL CONTRACTS	
12.1	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.	pp. 121 to 123 in 2020 Universal Registration Document

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to the provisions of Article 23 of the Prospectus Regulation and Article 18 of Commission Delegated Regulation (EU) 2019/979, as amended, following the occurrence of a significant new factor, material mistake or material inaccuracy relating to the information included or incorporated by reference in this Base Prospectus which may affect the assessment of any Notes whose inclusion would reasonably be required by investors and their professional advisers, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a restated Base Prospectus, which, in respect of any subsequent issue of Notes to be admitted to trading on Euronext Paris or on a Regulated Market, shall constitute a supplement to the Base Prospectus for the purposes of the relevant provisions of the Prospectus Regulation.

This Base Prospectus is valid until 8 July 2022. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

Any supplement to the Base Prospectus shall be (a) published on the websites of the AMF (www.amf-france.org) and the Issuer (www.airfranceklm.com) and (b) available for inspection, upon request and free of charge, during usual business hours, on any weekday at the registered office of the Issuer.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes.

In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant provisions of the Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on definitive Materialised Bearer Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued with the benefit of an agency agreement dated 8 July 2021 between Air France-KLM (the "**Issuer**"), Société Générale as fiscal agent, paying agent, redenomination agent, consolidation agent, put agent and calculation agent, and the other agents named in it (as amended or supplemented as at the Issue Date, the "**Agency Agreement**"). The functions of Aether Financial Services as make-whole calculation agent have been agreed by separate agreement between the Issuer and Aether Financial Services. The fiscal agent, the paying agents, the redenomination agent, the consolidation agent, put agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Redenomination Agent**", the "**Consolidation Agent**", the "**Put Agent**", the "**Make-Whole Calculation Agent**" and the "**Calculation Agent(s)**".

References below to "**Conditions**" are, unless the context requires otherwise, to the numbered paragraphs below.

1. Definitions and interpretation

(a) **Definitions:** In these Conditions, unless the context otherwise requires:

"**Account Holder**" means any authorised intermediary institution entitled, either directly or indirectly, to hold accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV ("**Euroclear**") and the depository bank for Clearstream Banking S.A. ("**Clearstream**").

"**AMF**" means the *Autorité des marchés financiers*.

"**Amortisation Yield**" means the rate per annum (expressed as a percentage) used to calculate the Amortised Nominal Amount of a Zero Coupon Note, in accordance with the provisions of Condition 7.5.1.

"**Amortised Nominal Amount**" means the Early Redemption Amount payable in respect of any Zero Coupon Note, which shall be determined in accordance with the provisions of Condition 7.5.1, the Early Redemption Amount upon redemption of such Note pursuant to Condition 7(f) or Condition 7(i) or upon it becoming due and payable as provided in Condition 10.

"**Broken Amount**" means the amount specified as such in the relevant Final Terms, as the case may be.

"**Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms.

"**Business Day**" means:

- (a) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant Business Centre(s) (if any); and/or
- (b) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any); and/or
- (c) in relation to any sum payable in a Specified Currency other than Euro and Renminbi, a day on which commercial banks and foreign exchange markets settle payments in the Principal Financial Centre for such currency and in the relevant Business Centre(s) (if any).

"**Call Option**" means any option of the Issuer as may be provided in the relevant Final Terms in accordance with Condition 7.2.1.

"**Code**" means the French *Code monétaire et financier*.

"**Coupon**" has the meaning given in Condition 2(a).

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first calendar day of such period to but excluding the last) (whether or not constituting an Interest Period, the "**Calculation Period**"):

- (a) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" or "**Act/Act**" or "**Act/Act (ISDA)**" is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365).
 - (b) if "**Actual/365 - FBF**" is specified in the relevant Final Terms, the fraction whose numerator is the actual number of calendar days elapsed during the Calculation Period and whose denominator is 365. If part of that Calculation Period falls in a leap year, Actual/365 - FBF shall mean the sum of (i) the fraction whose numerator is the actual number of calendar days elapsed during the non-leap year and whose denominator is 365 and (ii) the fraction whose numerator is the number of actual calendar days elapsed during the leap year and whose denominator is 366.
 - (c) if "**Actual/Actual - FBF**" is specified in the relevant Final Terms in respect of each calculation, the fraction whose numerator is the actual number of calendar days elapsed during such period and whose denominator is 365 (or 366 if 29 February falls within the Calculation Period).
 - (d) if "**Actual/Actual - ICMA**" is specified in the relevant Final Terms:
 - (i) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of calendar days in the Calculation Period divided by the product of (x) the number of calendar days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (ii) if the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the number of calendar days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (B) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of calendar days in such Determination Period and (2) the number of Determination Periods normally ending in any year,
- in each case where:
- "**Determination Date**" means the date specified as such in the relevant Final Terms or, if none is specified, the Interest Payment Date, and
- "**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.
- (e) if "**Actual/365 (Fixed)**" is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 365.
 - (f) if "**Actual/360**" is specified in the relevant Final Terms, the actual number of calendar days in the Calculation Period divided by 360.

- (g) if "**30/360**" or "**360/360 (Bond Basis)**" is specified in the relevant Final Terms, the number of calendar days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first calendar day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the calendar day immediately following the last calendar day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first calendar day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as number, in which the calendar day immediately following the last calendar day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last calendar day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

- (h) if "**30E/360**" or "**Eurobond Basis**" is specified in the relevant Final Terms, the number of calendar days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first calendar day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the calendar day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first calendar day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the calendar day immediately following the last calendar day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last calendar day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30.

- (i) if "**30E/360 (ISDA)**" is specified hereon, the number of calendar days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first calendar day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the calendar day immediately following the last calendar day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first calendar day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the calendar day immediately following the last calendar day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that calendar day is the last calendar day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last calendar day included in the Calculation Period, unless (i) that calendar day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

"**Definitive Materialised Bearer Note**" has the meaning given in Condition 2(c).

"**Dematerialised Note**", "**Dematerialised Bearer Note**", "**Dematerialised Registered Note**", "**Dematerialised Administered Registered Note**" and "**Dematerialised Fully Registered Note**" have the respective meanings given in Condition 2(a).

"**Early Redemption Amount**" means the amount payable in respect of any Note upon redemption of such Note pursuant to Condition 7(f) or Condition 7(i), or upon it becoming due and payable as provided in Condition 10, which shall be determined in accordance with Condition 7(e).

"**EEA**" means the European Economic Area.

"**Euro-zone**" means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the treaty establishing the European Community, as amended.

"**Event of Default**" has the meaning given in Condition 10.

"**Exercise Notice**" has the meaning given in Condition 7(c).

"**FBF**" means the Fédération Bancaire Française.

"**FBF Definitions**" means the definitions set out in the 2013 FBF Master Agreement relating to transactions on forward financial instruments and the technical schedules (*additifs techniques*) published from time to time by the FBF, as may be supplemented or amended as at the Issue Date, unless otherwise specified in the relevant Final Terms.

"**FBF Rate**" has the meaning given in Condition 6(b).

"**Final Redemption Amount**" in respect of any Note means the amount to be redeemed on the Maturity Date in relation to such Note, which shall be determined in accordance with Condition 7(a).

"**Final Terms**" means, in relation to a Series or Tranche of Notes, the final terms of that Series or Tranche of Notes.

"**Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms.

"**Fixed Coupon Amount**" means the amount specified as such in the relevant Final Terms, as the case may be.

"**Fixed Rate Note**" means any Note bearing interest at a fixed rate.

"**Floating Rate Note**" means any Note bearing interest at a variable rate.

"**General Meeting**" has the meaning given in Condition 12.

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

"**Illiquidity**" means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**Inflation Linked Note**" means any Note, interest on which is to be calculated by reference to either the consumer price index (excluding tobacco) for all households in metropolitan France (the "**CPI**"), as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* ("**INSEE**") or the harmonised index of consumer prices (excluding tobacco), or the relevant successor index, measuring the rate of inflation in the European Monetary Union (excluding tobacco) as calculated and published monthly by Eurostat (the "**HICP**") (each an "**Inflation Index**" and together, the "**Inflation Indices**").

"**Interest Amount**" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period or the interest amount in relation to RMB Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Settlement Days prior to the first day of such Interest Period if the Specified Currency is Euro or (ii) the first day of such Interest Period if the Specified Currency is Sterling or (iii) the day falling two (2) Business Days in the Specified Currency prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor Euro.

"**Interest Payment Date(s)**" means the date or dates specified as such in the relevant Final Terms.

"**Interest Period**" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., as may be supplemented or amended as at the Issue Date, unless otherwise specified in the relevant Final Terms.

"**ISDA Rate**" has the meaning given in Condition 6(b).

"**Issue Date**" in respect of any Notes means the date of issuance of such Notes, as specified in the relevant Final Terms.

"**Margin**" means the percentage per annum indicated as such in the relevant Final Terms, as the case may be.

"*Masse*" has the meaning given in Condition 12.

"**Materialised Note**" and "**Materialised Bearer Note**" have the meanings given in Condition 2(a).

"**Materialised Note Agent**" means any agent appointed by the Issuer in respect of a Series of Materialised Notes pursuant to Condition 2.1.2.

"**Maturity Date**" in respect of a Note means the date on which such Note shall be fully redeemed.

"**Maximum Rate of Interest**" and "**Minimum Rate of Interest**" have the respective meanings given in the relevant Final Terms, as the case may be.

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

"**Optional Redemption Amount**" means the amount payable in respect of any Note upon redemption of such Note pursuant to Condition 7.2.1 or Condition 7(c), as the case may be.

"**Optional Redemption Date(s)**" and "**Option Exercise Date(s)**" means the date or dates specified as such in the relevant Final Terms, as the case may be.

"**Payment Business Day**" means a day:

- (a) in the case of Dematerialised Notes, on which Euroclear France is open for business or in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, and on which banks and foreign exchange markets are open for business in the relevant Financial Centre(s) (if any), and
- (b) in the case of a payment in a currency other than Euro, where payment is to be made by transfer to an account maintained with a bank in such currency, on which foreign exchange transactions may be carried on in the relevant currency in the Principal Financial Centre of the country of such currency, or in the case of a payment in Euro, which is a TARGET Settlement Day.

"**PRC**" means the People's Republic of China.

"**Principal Financial Centre**" means, in relation to a Series of Notes, the principal financial centre of the country of the Specified Currency or, if the Specified Currency is Euro, the Euro-zone.

"**Put Option**" means any option of the Noteholders as may be provided in the relevant Final Terms in accordance with Condition 7(c).

"**Rate Multiplier**" means the number specified as such in the relevant Final Terms, as the case may be.

"**Rate of Exchange**" means the rate of exchange specified as such in the relevant Final Terms, as the case may be.

"**Rate of Interest**" means the rate or rates of interest payable from time to time in respect of the Notes, which are specified in the relevant Final Terms.

"**Redenomination Date**" has the meaning given in Condition 2(d).

"**Reference Banks**" means the banks specified as such in the relevant Final Terms, or in the event that no such banks are specified in the relevant Final Terms or that the Calculation Agent determines that any bank so specified is not providing offered quotations of the Reference Rate, the principal Euro-zone office of any major bank selected by the Calculation Agent in the Euro-zone inter-bank market, in the case of a determination of EURIBOR.

"**Reference Rate**" means the rate specified as such in the relevant Final Terms or any successor or replacement rate as provided in Condition 6.2.3(e) (*Benchmark Discontinuation*).

"Registration Agent" means any person or entity designated in the Final Terms of a Series of Dematerialised Registered Notes to act as agent on behalf of the Issuer for the purpose of opening and maintaining accounts for the holders of Notes of such Series.

"Regulated Market" means any regulated market situated in a Member State of the EEA, as defined in Directive (EU) 2014/65 on markets in financial instruments, as amended.

"Relevant Date" in respect of any Note or Coupon means the date on which payment in respect of such Note or Coupon first becomes due or, if any amount of money payable is improperly withheld or refused, the date on which payment in full of the amount outstanding is made or in the case of Materialised Notes, if earlier, the date seven (7) calendar days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms.

"Renminbi Dealer" means an independent foreign exchange dealer of international reputation active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

"Representative" has the meaning given in Condition 12.

"RMB Note" means a Note denominated in Renminbi.

"RMB Rate Calculation Agent" means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms.

"RMB Rate Calculation Business Day" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

"RMB Rate Calculation Date" means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

"RMB Spot Rate" for a RMB Rate Calculation Date means the spot CNY/US dollar exchange rate for the purchase of US dollars with CNY in the over-the-counter CNY exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11 a.m. (Hong Kong time) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADNDF. If such rate is not available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

"Series" has the meaning given in Condition 2(e).

"Specified Currency" means the currency specified as such in the relevant Final Terms.

"Specified Denomination" has the meaning given in Condition 2(b).

"Talon" has the meaning given in Condition 2(a).

"TARGET Settlement Day" means a day on which the TARGET 2 System is operating.

"TARGET 2 System" means the Trans European Automated Real Time Gross Settlement Express Transfer payment system which utilises a single shared platform or any successor thereto.

"Tranche" has the meaning given in Condition 2(e).

"**US Dollar Equivalent**" means the relevant Renminbi amount converted into US dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

"**Zero Coupon Note**" means a Note the interest basis of which is specified to be "Zero Coupon" in the relevant Final Terms.

(b) **Interpretation:** In these Conditions, unless a contrary indication appears:

1.2.1 the terms "**holder of Notes**", "**holder of any Note**" and "**Noteholder**" refer to (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes; (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Coupons or Talon relating thereto; and (iii) in the case of Materialised Notes in respect of which a Temporary Global Certificate has been issued and is outstanding, each person (other than a clearing institution) who appears as a holder of such Notes or of a particular nominal amount of interests in such Notes, in accordance with the applicable laws and regulations and with the applicable rules and procedures of any relevant clearing institution including, without limitation, Euroclear France, Euroclear or Clearstream, as appropriate.

1.2.2 the term "**Couponholder**" refers to the bearer of any Coupon.

1.2.3 "**outstanding**" means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Bearer Notes and Dematerialised Administered Registered Notes, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 8(a), (ii) in the case of Dematerialised Fully Registered Notes, to the account of the Noteholder as provided in Condition 8(a) and (iii) in the case of Materialised Notes, to the Paying Agent as provided in Conditions 8(b) and 8(c) and remain available for payment against presentation and surrender of Materialised Bearer Notes and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and that are held or have been cancelled as provided in these Conditions, and (e) in the case of Materialised Notes (i) those mutilated or defaced Materialised Bearer Notes that have been surrendered in exchange for replacement Materialised Bearer Notes, (ii) (for the purpose only of determining how many such Materialised Bearer Notes are outstanding and without prejudice to their status for any other purpose) those Materialised Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Materialised Bearer Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Bearer Notes, pursuant to its provisions.

1.2.4 references to (i) "**principal**" include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 7, (ii) "**interest**" include all Interest Amounts and all other amounts (including, for the avoidance of doubt, all arrears of interest) payable pursuant to Condition 6 and (iii) "**principal**" and/or "**interest**" include any additional amounts payable under Condition 9.

1.2.5 "**Euroclear France**" means Euroclear France acting as central depository.

1.2.6 a "**unit**" or "**sub-unit**" of a currency means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

2. **Form, denomination(s), title, redenomination and method of issue**

(a) **Form:** Notes may be issued either in dematerialised form ("**Dematerialised Notes**") or in materialised form ("**Materialised Notes**").

2.1.1 Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the Code by book entries (*inscriptions en compte*). No physical document of title

(including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes may be issued, at the option of the Issuer and as specified in the relevant Final Terms, in either bearer form (*au porteur*) ("**Dematerialised Bearer Notes**"), in which case they are inscribed in an account maintained by an Account Holder having itself an account in the books of Euroclear France, or in registered form (*au nominatif*) ("**Dematerialised Registered Notes**") and, in such latter case, at the option of the relevant Noteholder, in either fully registered form (*au nominatif pur*) ("**Dematerialised Fully Registered Notes**"), in which case they are inscribed in an account maintained by the Issuer or the Registration Agent, or in administered registered form (*au nominatif administré*) ("**Dematerialised Administered Registered Notes**"), in which case the Notes are inscribed both in an account maintained by the Issuer or the Registration Agent and an account maintained by an Account Holder.

- 2.1.2 Materialised Notes are issued in bearer form ("**Materialised Bearer Notes**"). Materialised Bearer Notes are serially numbered and are issued with coupons (the "**Coupons**") and, where appropriate, a talon (the "**Talon**") attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any issue of Materialised Notes requires the appointment by the Issuer of a Materialised Note Agent (designated in the relevant Final Terms) which will perform the functions otherwise attributed, in these Conditions, to the Fiscal Agent and/or Paying Agent.

In accordance with Articles L.211-3 and R.211-1 of the Code, securities (such as Notes) which are governed by French law and are in materialised form must be issued outside the French territory.

Unless this possibility is expressly excluded in the applicable Final Terms, the Issuer may, in accordance with the provisions of Article L.228-2 of the *Code de commerce*, request at any time from the central depository identification information of Noteholders of Notes in dematerialised form (*au porteur*) such as the name or the company name, nationality, date of birth or year of incorporation and mail address or, as the case may be, email address of such Noteholders.

- (b) **Denomination(s):** Notes shall be issued in the specified denomination(s) set out in the relevant Final Terms (the "**Specified Denomination(s)**") subject to compliance with the regulations of the relevant monetary or financial authority or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

- (c) **Title:**

2.3.1 Title to Dematerialised Bearer Notes shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Registered Notes shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or of the Registration Agent.

2.3.2 Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons and/or a Talon attached thereto on issue ("**Definitive Materialised Bearer Notes**"), shall pass by delivery.

2.3.3 Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

- (d) **Redenomination:**

2.4.1 The Issuer may (if so specified in the relevant Final Terms), on any Interest Payment Date, without the consent of the holder of any Note, Coupon or Talon, by giving at least thirty (30) calendar day's notice in accordance with Condition 15 and on or after the date on which the European Member State in whose national currency the Notes are denominated has become a participating Member State in the single currency of the European Economic and Monetary Union, or events have occurred which have substantially the same effects, redenominate all, but not some only, of the Notes of any Series into Euro and adjust the aggregate principal amount and the Specified

Denomination(s) set out in the relevant Final Terms accordingly, as described below. The date on which such redenomination becomes effective shall be referred to in these Conditions as the "**Redenomination Date**".

- 2.4.2 The redenomination of the Notes pursuant to Condition 2.4.1 shall be made by converting the principal amount of each Note from the relevant national currency into Euro using the fixed relevant national currency Euro conversion rate established by the Council of the European Union pursuant to applicable regulations of the Treaty and rounding the resultant figure to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). If the Issuer so elects, the figure resulting from conversion of the principal amount of each Note using the fixed relevant national currency Euro conversion rate shall be rounded down to the nearest Euro. The Euro denominations of the Notes so determined shall be notified to Noteholders in accordance with Condition 15. Any balance remaining from the redenomination with a denomination higher than Euro 0.01 shall be paid by way of cash adjustment rounded to the nearest Euro 0.01 (with Euro 0.005 being rounded upwards). Such cash adjustment will be payable in Euro on the Redenomination Date in the manner notified to Noteholders by the Issuer.
- 2.4.3 Upon redenomination of the Notes, any reference in the relevant Final Terms to the relevant national currency shall be construed as a reference to Euro.
- 2.4.4 The Issuer may, with the prior approval of the Redenomination Agent and the Consolidation Agent, in connection with any redenomination pursuant to this Condition or any consolidation pursuant to Condition 14, without the consent of the holder of any Note, Coupon or Talon but taking into account market practice in respect of redenominated euromarket debt obligations, make any changes or additions to these Conditions or Condition 14 (including, without limitation, any change to any applicable business day definition, business day convention, principal financial centre designation, interest accrual basis or Reference Rate specification) which it believes are not prejudicial to the interests of the relevant Noteholders. Any such changes or additions shall, in the absence of manifest error, be binding on the holders of Notes, Coupons and Talons and shall be notified to them in accordance with Condition 15 as soon as practicable thereafter.
- 2.4.5 Neither the Issuer nor any Paying Agent shall be liable to the holder of any Note, Coupon or Talon or other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of Euro or any currency conversion or rounding effected in connection therewith.
- (e) **Method of Issue:** The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the issue date, issue price, first payment of interest and the nominal amount of the Tranche), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant Final Terms.

3. **Conversion and exchanges of Notes**

(a) **Dematerialised Notes:**

- 3.1.1 Dematerialised Bearer Notes may not be converted into Dematerialised Registered Notes, whether in fully registered form or in administered registered form.
- 3.1.2 Dematerialised Registered Notes may not be converted into Dematerialised Bearer Notes.
- 3.1.3 Dematerialised Fully Registered Notes may, at the option of the Noteholder, be converted into Dematerialised Administered Registered Notes, and vice versa. The exercise of any such option by the relevant Noteholder shall be made in accordance with Article R.211-4 of the Code. Any such conversion shall be effected at the cost of such Noteholder.

- (b) **Materialised Notes:** Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

4. **Status of the Notes**

The Notes and, where applicable, any Coupons relating to them constitute direct, general, unconditional, unsubordinated and (subject to the provisions of Condition 5) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with any other unsecured and unsubordinated obligations, present or future, of the Issuer.

5. **Negative pledge**

So long as any of the Notes, or, if applicable, any Coupons relating to them, remains outstanding (as defined below), the Issuer undertakes not to, and undertakes to ensure that none of its Principal Subsidiaries (as defined below), grant to holders of other present or future notes (*obligations*), any mortgage (*hypothèque*) over the Issuer's or its Principal Subsidiaries' present or future assets or real property interests, nor any pledge (*nantissement*) on all or part of the Issuer's or its Principal Subsidiaries' business (*fonds de commerce*), nor any other security (*sûreté réelle, gage* or *nantissement*) on its present or future assets or income, unless the Issuer's obligations under the Notes and Coupons are equally and rateably secured so as to rank *pari passu* with such other present or future notes (*obligations*) so secured. Such undertaking is given only in relation to security interests given for the benefit of holders of notes (*obligations*) and does not affect in any way the right of the Issuer to dispose of its assets or to grant any security in respect of such assets in any other circumstance.

For the purposes of these Conditions:

"**Principal Subsidiary**" means at any time relevant:

- (a) Société Air France ("**SAF**"); or
- (b) Koninklijke Luchtvaart Maatschappij N.V. ("**KLM**"); or
- (c) any Subsidiary of the Issuer (other than SAF and KLM) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

"**Subsidiary**" means in relation to any person or entity at any time, a subsidiary as defined in Article L. 233-1 of the French *Code de commerce* or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L. 233-3 I.1 and I.2 of the French *Code de commerce*.

6. **Interest and other calculations**

(a) **Fixed Rate Notes (other than Fixed Rate Notes denominated in RMB):**

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as otherwise provided in the relevant Final Terms.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

(b) **Floating Rate Notes:**

6.2.1 *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date except as

otherwise provided in the relevant Final Terms. The Interest Payment Date(s) shall be defined in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date is so defined, shall consist of each date which falls the number of months or other period defined as the Interest Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

6.2.2 *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which case (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

6.2.3 *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes for each Interest Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either FBF Determination, ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(a) FBF Determination for Floating Rate Notes:

Where FBF Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period shall be determined by the Calculation Agent as a rate equal to the relevant FBF Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (a), "**FBF Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for a Transaction under the terms of an agreement incorporating the FBF Definitions and under which:

- (i) the Floating Rate is as specified in the relevant Final Terms; and
- (ii) the relevant Floating Rate Determination Date is the first calendar day of that Interest Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (a), "**Floating Rate**" (*Taux Variable*), "**Floating Rate Determination Date**" (*Date de Détermination du Taux Variable*) and "**Transaction**" (*Transaction*) have the meanings given to those terms in the FBF Definitions.

(b) ISDA Determination for Floating Rate Notes:

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (b), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent for a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option is as specified in the relevant Final Terms;
- (ii) the designated Maturity is a period specified in the relevant Final Terms; and

the relevant Reset Date is the first calendar day of that Interest Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (b), "**Floating Rate**", "**Floating Rate Option**", "**designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(c) Screen Rate Determination for Floating Rate Notes:

(i) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be either:

(A) the offered quotation; or

(B) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR, the Rate of Interest in respect of such Notes will be determined as specified in the relevant Final Terms.

(ii) if the Relevant Screen Page is not available or, if sub-paragraph (i)(A) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (i)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as provided below, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant

Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period).

- (d) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being SOFR, the Rate of Interest for each Interest Period will be calculated in accordance with Condition 6.2.3(d)(i) or 6.2.3(d)(ii) below, subject to the provisions of Condition 6.2.3(d)(iv) below.
- (i) Where the Calculation Method is specified in the relevant Final Terms as being "SOFR Arithmetic Mean", the Rate of Interest will be the SOFR Arithmetic Mean plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date and the resulting percentage being rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards.

For the purpose of this Condition:

"SOFR Arithmetic Mean" means, with respect to an Interest Period, the arithmetic mean of SOFR for each calendar day during such Interest Period, as calculated by the Calculation Agent provided that, SOFR in respect of each calendar day during the period from (and including) the SOFR Cut-Off Date to (but excluding) the next occurring Interest Period Date will be SOFR on the SOFR Cut-Off Date. For these purposes, SOFR in respect of any calendar day which is not a U.S. Government Securities Business Day shall, subject to the preceding provision, be deemed to be SOFR in respect of the U.S. Government Securities Business Day immediately preceding such calendar day.

"SOFR Cut-Off Date" means, unless specified as not applicable in the relevant Final Terms, in respect of an Interest Period, the fourth U.S. Government Securities Business Day prior to the next occurring Interest Period Date in such Interest Period (or such other number of U.S. Government Securities Business Days specified in the relevant Final Terms).

- (ii) Where the Calculation Method is specified in the relevant Final Terms as being "SOFR Compound", the Rate of Interest will be the Compounded Daily SOFR on the relevant Interest Determination Date plus or minus (as indicated in the relevant Final Terms) the Margin (if any), all as determined by the Calculation Agent.

For the purpose of this Condition:

"Compounded Daily SOFR" means, with respect to an Interest Period, an amount equal to the rate of return for each calendar day during the Interest Period, compounded daily, calculated by the Calculation Agent on the Interest Determination Date in accordance with the following formula:

- (i) if "SOFR Compound with Look-Back" is specified in the relevant Final Terms:

$$\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_{i-p\text{USBD}} \times n_i}{360} \right) - 1 \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

Where:

"**d**" means, in respect of an Interest Period, the number of calendar days in such Interest Period.

"**d₀**" means, in respect of an Interest Period, the number of U.S. Government Securities Business Days in the relevant Interest Period.

"**i**" means a series of whole numbers from one to **d₀**, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period.

"**SOFR Look-Back Period**" or "**p**" means the number of U.S. Government Securities Business Days specified as such in the relevant Final Terms or, if no such number is specified, five U.S. Government Securities Business Days.

"**n_i**" means, in respect of a U.S. Government Securities Business Day_i, means the number of calendar days from (and including) such U.S. Government Securities Business Day_i up to (but excluding) the following U.S. Government Securities Business Day.

"**SOFR_{i-pUSBD}**" means, in respect of a U.S. Government Securities Business Day_i, SOFR_i in respect of the U.S. Government Securities Business Day falling the number of U.S. Government Securities Business Days equal to the SOFR Look-Back Period prior to such U.S. Government Securities Business Day_i ("**pUSBD**").

For the purposes of SOFR Compound with Look-Back, "Interest Determination Date" means, in respect of each Interest Period, the date falling "p" U.S. Government Securities Business Days before each Interest Payment Date.

(ii) if "SOFR Compound with Observation Period Shift" is specified in the relevant Final Terms:

$$\prod_{i=1}^{d_0} \left(1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

Where:

"**d**" means, in respect of an Observation Period, the number of calendar days in such Observation Period.

"**d₀**" means, in respect of an Observation Period, the number of U.S. Government Securities Business Days in the relevant Observation Period.

"**i**" means a series of whole numbers from one to **d₀**, each representing the relevant U.S. Government Securities Business Days in chronological order from (and including) the first U.S. Government Securities Business Day in the relevant

Observation Period;

" n_i " means, in respect of a U.S. Government Securities Business Day $_i$, the number of calendar days from (and including) such U.S. Government Securities Business Day $_i$ up to (but excluding) the following U.S. Government Securities Business Day.

"**Observation Period**" means, in respect of an Interest Period, the period from (and including) the date falling the number of Observation Shift Days prior to the first day of such Interest Period and ending on (but excluding) the date that is the number Observation Shift Days prior to the next occurring Interest Period Date in such Interest Period.

"**Observation Shift Days**" means the number of U.S. Government Securities Business Days specified in the relevant Final Terms or, if no such number is specified, five U.S. Government Securities Business Days.

"**SOFR $_i$** " means, in respect of each U.S. Government Securities Business Day $_i$, the SOFR in respect of such U.S. Government Securities Business Day $_i$.

(iii) if "SOFR Index with Observation Shift" is specified in the relevant Final Terms:

$$\left(\frac{\text{SOFR Index}_{\text{Final}}}{\text{SOFR Index}_{\text{Initial}}} - 1 \right) \times \frac{360}{d_c}$$

Where:

" d_c " means, in respect of each Interest Period, the number of calendar days in the relevant Interest Period.

"**Observation Shift Days**" means the number of U.S. Government Securities Business Days specified as such in the relevant Final Terms or, if no such number is specified, two U.S. Government Securities Business Days.

"**SOFR Index**" means with respect to any U.S. Government Securities Business Day, (i) the SOFR Index value as published by the NY Federal Reserve as such index appears on the NY Federal Reserve's Website at the SOFR Determination Time; or (ii) if the SOFR Index specified in (i) above does not so appear, unless both a SOFR Transition Event and its related SOFR Replacement Date have occurred, the SOFR Index as published in respect of the first preceding U.S. Government Securities Business Day for which the SOFR Index was published on the NY Federal Reserve's Website.

"**SOFR Index $_{\text{Final}}$** " means, in respect of an Interest Period, the value of the SOFR Index on the date falling the number of U.S. Government Securities Business Days equal to the Observation Shift Days prior to the next occurring Interest Period Date in such Interest Period.

"**SOFR Index $_{\text{Initial}}$** " means, in respect of an Interest Period, the value of the SOFR Index on the date falling the number of U.S. Government Securities Business Days equal to the Observation Shift Days prior to the first day of such Interest Period (or, in the case of the first Interest Period, the Interest Commencement Date).

(iii) The following definitions shall apply for the purpose of this Condition 6.2.3(d):

"**Bloomberg Screen SOFRRATE Page**" means the Bloomberg screen designated "SOFRRATE" or any successor page or service;

"**NY Federal Reserve**" means the Federal Reserve Bank of New York;

"**NY Federal Reserve's Website**" means the website of the NY Federal Reserve, currently at www.newyorkfed.org, or any successor website of the NY Federal Reserve or the website of any successor administrator of SOFR;

"**Reuters Page USDSOFR=**" means the Reuters page designated "USDSOFR=" or any successor page or service;

"**SOFR**" means the rate determined by the Calculation Agent in respect of a U.S. Government Securities Business Day, in accordance with the following provisions:

(a) the Secured Overnight Financing Rate in respect of such U.S. Government Securities Business Day that appears at approximately 3:00 p.m. (New York City time) (the "**SOFR Determination Time**") on the NY Federal Reserve's Website on such U.S. Government Securities Business Day, as such rate is reported on the Bloomberg Screen SOFRRATE Page for such U.S. Government Securities Business Day or, if no such rate is reported on the Bloomberg Screen SOFRRATE Page, then the Secured Overnight Financing Rate that is reported on the Reuters Page USDSOFR= or, if no such rate is reported on the Reuters Page USDSOFR=, then the Secured Overnight Financing Rate that appears at approximately 3:00 p.m. (New York City time) on the NY Federal Reserve's Website on such U.S. Government Securities Business Day; or

(b) if the rate specified in (a) above does not so appear and the Calculation Agent determines that a SOFR Transition Event and its related SOFR Replacement Date have not occurred, the Secured Overnight Financing Rate published on the NY Federal Reserve's Website for the first preceding U.S. Government Securities Business Day for which the Secured Overnight Financing Rate was published on the NY Federal Reserve's Website; and

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

Notwithstanding paragraphs (i) to (iii) above, if the Calculation Agent determines on or prior to the SOFR Determination Time, that a SOFR Transition Event and its related SOFR Replacement Date have occurred with respect to the relevant SOFR Benchmark (as defined below), then the provisions set forth in Condition 6.2.3(d)(iv) below will apply to all determinations of the Rate of Interest for each Interest Period thereafter.

(iv) **SOFR Replacement Provisions**

If the Calculation Agent, failing which the Issuer, determines at any time prior to the SOFR Determination Time on any U.S. Government Securities Business Day that a SOFR Transition Event and the related SOFR Replacement Date have occurred, the Calculation Agent will appoint an agent (the "**Replacement Rate Determination Agent**") which will determine the SOFR Replacement. The Replacement Rate Determination Agent may be (i) a leading bank, broker-dealer or benchmark agent in the principal financial centre of the Specified Currency as appointed by the Calculation Agent, (ii) an affiliate of the Calculation Agent or (iii) such other entity that the Calculation Agent determines to be competent to carry out such role.

In connection with the determination of the SOFR Replacement, the Replacement Rate Determination Agent will determine appropriate SOFR Replacement Conforming Changes.

Any determination, decision or election that may be made by the Calculation Agent or Replacement Rate Determination Agent (as the case may be) pursuant to these provisions, will (in the absence of manifest error) be conclusive and binding on the Issuer, the Calculation Agent and the Noteholders.

Following the designation of a SOFR Replacement, the Calculation Agent may subsequently determine that a SOFR Transition Event and a related SOFR Replacement Date have occurred in respect of such SOFR Replacement, provided that the SOFR Benchmark has already been substituted by the SOFR Replacement and any SOFR Replacement Conforming Changes in connection with such substitution have been applied. In such circumstances, the SOFR Replacement shall be deemed to be the SOFR Benchmark and all relevant definitions shall be construed accordingly.

In connection with the SOFR Replacement provisions above, the following definitions shall apply:

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to SOFR for the applicable tenor;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of a SOFR Transition Event with respect to SOFR for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Reference Time" with respect to any determination of the SOFR Benchmark means (i) if the SOFR Benchmark is SOFR, the SOFR Determination Time and (ii) if the SOFR Benchmark is not SOFR, the time determined by the Replacement Rate Calculation Agent or another entity appointed by the Issuer after giving effect to the SOFR Replacement Conforming Changes;

"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve (as defined above) or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the NY Federal Reserve or any successor thereto;

"SOFR Benchmark" means initially (a) (unless SOFR Compound: SOFR Index with Observation Shift is specified in the relevant Final Terms) SOFR or (b) SOFR Index (each as defined in Condition 6.2.3(d)(iii) above), provided that if a SOFR Transition Event and its related SOFR Replacement Date have occurred with respect to the SOFR or SOFR Index or the then-current SOFR Benchmark, then "SOFR Benchmark" means the applicable SOFR Replacement;

"SOFR Replacement" means any one (or more) of the SOFR Replacement Alternatives to be determined by the Replacement Rate Determination Agent as of the SOFR Replacement Date if the Calculation Agent, failing which the Issuer, determines that a SOFR Transition Event and its related SOFR Replacement Date have occurred on or prior to the SOFR Determination Time in respect of any determination of the SOFR Benchmark on any U.S. Government Securities Business Day in accordance with:

- (a) the order of priority specified in the relevant Final Terms ("**SOFR Replacement Alternatives Priority**"); or

- (b) if no such order of priority is specified, in accordance with the priority set forth below:
 - (i) Relevant Governmental Body Replacement;
 - (ii) ISDA Fallback Replacement; and
 - (iii) Industry Replacement,

Provided, in each case, that, if the Replacement Rate Determination Agent is unable to determine the SOFR Replacement in accordance with the first SOFR Replacement Alternative listed, it shall attempt to determine the SOFR Replacement in accordance with the each subsequent SOFR Replacement Alternative until a SOFR Replacement is determined. The SOFR Replacement will replace the then-current SOFR Benchmark for the purpose of determining the relevant Rate of Interest in respect of the relevant Interest Period and each subsequent Interest Period, subject to the occurrence of a subsequent SOFR Transition Event and related SOFR Replacement Date;

"SOFR Replacement Alternatives" means:

- (a) the sum of: (i) the alternative rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the relevant Interest Period and (ii) the SOFR Replacement Adjustment (the **"Relevant Governmental Body Replacement"**);
- (b) the sum of: (i) the ISDA Fallback Rate and (ii) the SOFR Replacement Adjustment (the **"ISDA Fallback Replacement"**); or
- (c) the sum of: (i) the alternative rate that has been selected by the Replacement Rate Determination Agent as the replacement for the then-current SOFR Benchmark for the relevant Interest Period giving due consideration to any industry-accepted rate as a replacement for the then-current SOFR Benchmark for U.S. dollar-denominated floating rate securities at such time and (ii) the SOFR Replacement Adjustment (the **"Industry Replacement"**);

"SOFR Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Replacement Rate Determination Agent as of the applicable SOFR Replacement Date:

- (a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted SOFR Replacement;
- (b) if the applicable Unadjusted SOFR Replacement is equivalent to the ISDA Fallback Rate, the ISDA Spread Adjustment; or
- (c) the spread adjustment (which may be a positive or negative value or zero) determined by the Replacement Rate Determination Agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current SOFR Benchmark with the applicable Unadjusted SOFR Replacement for U.S. dollar-denominated floating rate securities at such time;

"SOFR Replacement Conforming Changes" means, with respect to any SOFR Replacement, any technical, administrative or operational changes (including, but

not limited to, changes to timing and frequency of determining rates with respect to each interest period and making payments of interest, rounding of amounts or tenors, day count fractions, business day convention and other administrative matters) that the Replacement Rate Determination Agent decides may be appropriate to reflect the adoption of such SOFR Replacement in a manner substantially consistent with market practice (or, if the Replacement Rate Determination Agent determines that adoption of any portion of such market practice is not administratively feasible or if the Replacement Rate Determination Agent determines that no market practice for use of the SOFR Replacement exists, in such other manner as the Replacement Rate Determination Agent or the Calculation Agent, as the case may be, determines is reasonably necessary, acting in good faith and in a commercially reasonable manner);

"SOFR Replacement Date" means the earliest to occur of the following events with respect to the then-current SOFR Benchmark (including the daily published component used in the calculation thereof):

- (a) in the case of sub-paragraphs (a) or (b) of the definition of "SOFR Transition Event" the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark (or such component); or
- (b) in the case of sub-paragraph (c) of the definition of "SOFR Transition Event" the date of the public statement or publication of information referenced therein; or
- (c) in the case of sub-paragraph (d), the last such consecutive U.S. Government Securities Business Day on which the SOFR Benchmark has not been published,

provided that, in the event of any public statements or publications of information as referenced in sub-paragraphs (a) or (b) above, should such event or circumstance referred to in such a public statement or publication occur on a date falling later than three months after the relevant public statement or publication, the SOFR Transition Event shall be deemed to occur on the date falling three months prior to such specified date (and not the date of the relevant public statement or publication).

For the avoidance of doubt, if the event giving rise to the SOFR Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the SOFR Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"SOFR Transition Event" means the occurrence of any one or more of the following events with respect to the then-current SOFR Benchmark (including the daily published component used in the calculation thereof):

- (a) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark (or such component, if relevant) announcing that such administrator has ceased or will cease to provide the SOFR Benchmark (or such component, if relevant), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark (or such component, if relevant);
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate (or such component, if relevant), the central bank for the currency of the SOFR Benchmark (or such component, if relevant), an insolvency official with jurisdiction over

the administrator for the SOFR Benchmark (or such component, if relevant), a resolution authority with jurisdiction over the administrator for SOFR (or such component, if relevant) or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark (or such component, if relevant), which states that the administrator of the SOFR Benchmark (or such component, if relevant) has ceased or will cease to provide the SOFR Benchmark (or such component, if relevant) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark (or such component, if relevant);

- (c) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark (or such component, if relevant) announcing that the SOFR Benchmark (or such component, if relevant) is no longer representative, the SOFR Benchmark (or such component, if relevant) has been or will be prohibited from being used or that its use has been or will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or
- (d) the SOFR Benchmark is not published by its administrator (or a successor administrator) for six consecutive U.S. Government Securities Business Days; and

"Unadjusted SOFR Replacement" means the SOFR Replacement prior to the application of any SOFR Replacement Adjustment.

Any replacement of SOFR, as specified above, will remain effective for the remaining term to maturity of the Notes and shall be published by the Issuer in accordance with Condition 15.

(e) Benchmark Discontinuation

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and if a Benchmark Event occurs in relation to an Original Reference Rate at any time when the Terms and Conditions of any Notes provide for any rate of interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the following provisions shall apply and prevail over other fallbacks specified in Condition 6.2 and shall not apply to Floating Rate Notes which reference SOFR.

(i) Independent Adviser

The Issuer shall use reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.2.3(e)(ii)) and, in either case, an Adjustment Spread, if any (in accordance with Condition 6.2.3(e)(iii)) and any Benchmark Amendments, if any (in accordance with Condition 6.2.3(e)(iv)).

An Independent Adviser appointed pursuant to this Condition 6.2.3(e) shall act in good faith as an expert and (in the absence of manifest error or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Calculation Agent or any other party responsible for determining the Rate of Interest specified in the applicable Final Terms, or the Noteholders for any determination made by it pursuant to this Condition 6.2.3(e).

(ii) Successor Rate or Alternative Rate

If the Independent Adviser determines in good faith that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 6.2.3(e)(iv)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2.3(e)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 6.2.3(e)(iv)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2.3(e)).

(iii) Adjustment Spread

If the Independent Adviser, determines in good faith (A) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (B) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate(s) of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 6.2.3(e) and the Independent Adviser determines in good faith (A) that amendments to the Terms and Conditions of the Notes (including, without limitation, amendments to the definitions of Day Count Fraction, Business Days or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 6.2.3(e)(v), without any requirement for the consent or approval of Noteholders, vary the Terms and Conditions of the Notes to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 6.2.3(e), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) Notices, etc.

The Issuer shall, after receiving such information from the Independent Adviser, notify the Fiscal Agent, the Calculation Agent, the Paying Agents, the Representative (if any) and, in accordance with Condition 15, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and of the specific terms of any Benchmark Amendments, determined under this Condition 6.2.3(e). Such notice shall be irrevocable and binding and shall specify the effective date of the Benchmark Amendments, if any.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such notice will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the party

responsible for determining the Rate of Interest, the Paying Agents and the Noteholders.

(vi) Survival of Original Reference Rate

Without prejudice to the Issuer's obligations under the provisions of this Condition 6.2.3(e), the Original Reference Rate and the fallback provisions provided for in Condition 6.2.3(c) will continue to apply unless and until the party responsible for determining the Rate of Interest has been notified of the Successor Rate or the Alternative Rate (as the case may be), and of any Adjustment Spread and/or Benchmark Amendments.

(vii) Fallbacks

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the immediately following Interest Determination Date, no Independent Adviser has been appointed or no Successor Rate or Alternative Rate (as applicable) is determined pursuant to this provision, the fallback provisions relating to the Original Reference Rate specified in condition 6.2.3(c) will continue to apply to such determination, provided that such fallbacks may in certain circumstances lead to apply the Rate of Interest determined as at the last preceding Interest Determination Date.

In such circumstances, the Issuer will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 6.2.3(e), mutatis mutandis, on one or more occasions until a Successor Rate or Alternative Rate (and, if applicable, any associated Adjustment Spread and/or Benchmark Amendments) has been determined and notified in accordance with this Condition 6.2.3(e).

(viii) Definitions

In this Condition 6.2.3(e):

"Adjustment Spread" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser, acting in good faith and in a commercially reasonable manner, determines in accordance with customary market usage in the international debt capital market for such Successor Rate or the Alternative Rate and which is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- b) in the case of an Alternative Rate (or in the case of a Successor Rate where (a) above does not apply), is in customary market usage in the international debt capital market for transactions which reference the Original Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or
- c) if no such recommendation or option has been made (or made available), or the Independent Adviser determines there is no such spread, formula

or methodology in customary market usage, the Independent Adviser acting in good faith determines to be appropriate.

"Alternative Rate" means, in the absence of Successor Rate, an alternative benchmark or screen rate which the Independent Adviser determines in accordance with this Condition 6.2.3(e) and which is customary market usage in the international debt capital markets for the purpose of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

"Benchmark Event" means, with respect to an Original Reference Rate:

- a) the Original Reference Rate ceasing to exist or be published;
- b) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six (6) months prior to the specified date referred to in (b)(i);
- c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- d) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six (6) months prior to the specified date referred to in (d)(i);
- e) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six (6) months;
- f) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate, in the opinion of the supervisor, is no longer representative of an underlying market or that its method of calculation has significantly changed;
- g) it has or will prior to the next Interest Determination Date, become unlawful for the Issuer, the party responsible for determining the Rate of Interest (being the Calculation Agent or such other party specified in the applicable Final Terms, as applicable), or any Paying Agent to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmarks Regulation, if applicable); or
- h) that a decision to withdraw the authorisation or registration pursuant to Article 35 of the Benchmark Regulation of any benchmark administrator previously authorised to publish such Original Reference Rate has been adopted.

"Benchmark Regulation" means Regulation (EU) 2016/1011 of 8 June 2016, as amended.

"Independent Adviser" means an independent financial institution of international repute or an independent adviser of recognised standing with

appropriate expertise, at all times acting in good faith and in a commercially reasonable manner, appointed by the Issuer at its own expense under Condition 6.2.3(e)(i).

"Original Reference Rate" means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes.

"Relevant Nominating Body" means, in respect of a benchmark or screen rate (as applicable):

- a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body. If, following a Benchmark Event, more than one successor or replacement rates are recommended by any Relevant Nominating Body, the Independent Adviser will determine, among those successor or replacement rates, those one which is the most appropriate, taking into consideration, without limitation, the particular features of the relevant Notes and the nature of the Issuer.

6.2.4 *Rate of Interest for Inflation Linked Notes:*

- (a) Consumer Price Index (CPI).

Where the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published by the *Institut National de la Statistique et des Etudes Economiques* (the "INSEE") ("CPI") is specified as the Index in the relevant Final Terms, this Condition 6.2.4(a) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 6.2.4(a) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the CPI (the "**CPI Linked Interest**") will be determined by the Calculation Agent on the following basis:

- (i) On the fifth Business Day before each Interest Payment Date (an "**Interest Determination Date**") the Calculation Agent will calculate the Inflation Index Ratio. For the purposes of this Condition 6.2.4(a), the "**Inflation Index Ratio**" or "**IIR**" is the ratio between (i) the CPI Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the CPI Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the "**Base Reference**"). Notwithstanding Condition 6.6.4, the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

"CPI Daily Inflation Reference Index" means (A) in relation to the first calendar day of any given month, the CPI Monthly Reference Index of the third month preceding such month, and (B) in relation to a calendar day (D) (other

than the first calendar day) in any given month (M), the linear interpolation of the CPI Monthly Reference Index pertaining respectively to the third month preceding such month (M – 3) and the second month preceding such month (M – 2) calculated in accordance with the following formula:

CPI Daily Inflation Reference Index=

$$\text{CPI Monthly Reference Index}_{M-3} + \frac{D-1}{\text{ND}_M} \times (\text{CPI Monthly Reference Index}_{M-2} - \text{CPI Monthly Reference Index}_{M-3})$$

With:

"**ND_M**:" number of calendar days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

"**D**": actual calendar day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

"**CPI Monthly Reference Index M-2**": price index of month M – 2;

"**CPI Monthly Reference Index M-3**": price index of month M – 3.

Notwithstanding Condition 6.6.4., the CPI Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such CPI Daily Inflation Reference Index appears on the Agence France Trésor Reuters page OATINFLATION01 or on Bloomberg TRESOR <GO> pages and on the website www.aft.gouv.fr. In case of doubt in the interpretation of the methods used to calculate the Inflation Index Ratio, such methods shall be interpreted by reference to the procedures selected by the French Treasury (*Trésor*) for its *obligations assimilables du Trésor indexées sur l'inflation*.

"**CPI Monthly Reference Index**" refers to the definitive consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the INSEE as such index may be adjusted or replaced from time to time as provided herein.

- (ii) The calculation method described below is based on the recommendation issued by the French Bond Association (*Comité de Normalisation Obligataire – www.cnofrance.org*) in its December 2010 Paper entitled "Inflation Indexed Notes" (*Obligations et autres instruments de taux d'intérêt en euro, Normes et usages des marchés de capitaux – Chapitre II: Les obligations indexées sur l'inflation*). In the event of any conflict between the calculation method provided below and the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*), the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*) shall prevail.

The CPI Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio.

(iii)

- (A) If the CPI Monthly Reference Index is not published in a timely manner, a substitute CPI Monthly Reference Index (the "**Substitute CPI Monthly Reference Index**") shall be determined by the Calculation Agent in accordance with the following provisions:

- (x) If a provisional CPI Monthly Reference Index (*indice provisoire*) has already been published, such index shall automatically be used as the Substitute CPI Monthly Reference Index. Such provisional CPI Monthly Reference Index would be published under the heading "*indice de substitution*". Once the definitive CPI Monthly Reference Index is released, it would automatically apply from the calendar day following its release to all calculations taking place from this date.
- (y) If no provisional CPI Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute CPI Monthly Reference Index_M=

$$\text{CPI Monthly Reference Index}_{M-1} \times \frac{\text{CPI Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{CPI Monthly Reference Index}_{M-13}}$$

- (B) In the event INSEE decides to proceed with one or more base changes for the purpose of calculating the CPI Monthly Reference Index, the two CPI Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December CPI Monthly Reference Index of the last year of joint publications, which corresponds to the CPI Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{CPI Monthly Reference Index}^{\text{pertaining to December calculated on the new basis}}}{\text{CPI Monthly Reference Index}^{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{CPI Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{CPI Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

- (b) Harmonised Index of Consumer Prices (HICP)

Where the harmonised index of consumer prices (excluding tobacco) measuring the rate of inflation in the European Monetary Union (excluding tobacco) as calculated and published monthly by Eurostat (the "**HICP**") is specified as the Index in the relevant Final Terms, this Condition 6.2.4(b) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 6.2.4(b) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the HICP (the "**HICP Linked Interest**") will be determined by the Calculation Agent on the following basis:

- (i) On the fifth Business Day before each Interest Payment Date (an "**Interest Determination Date**") the Calculation Agent will calculate the Inflation Index Ratio

For the purposes of this Condition 6.2.4(b), the "**Inflation Index Ratio**" or "**IIR**" is the ratio between (i) the HICP Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the HICP Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the "**Base Reference**"). Notwithstanding Condition

6.6.4., the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

"**HICP Daily Inflation Reference Index**" means (A) in relation to the first calendar day of any given month, the HICP Monthly Reference Index of the third month preceding such month, and (B) in relation to a calendar day (D) (other than the first calendar day) in any given month (M), the linear interpolation of the HICP Monthly Reference Index pertaining respectively to the third month preceding such month (M - 3) and the second month preceding such month (M - 2) calculated in accordance with the following formula:

HICP Daily Inflation Reference Index =

$$\text{HICP Monthly Reference Index}_{M-3} + \frac{D-1}{\text{ND}_M} \times (\text{HICP Monthly Reference Index}_{M-2} - \text{HICP Monthly Reference Index}_{M-3})$$

With:

"**ND_M**": number of calendar days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

"**D**": actual calendar day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

"**HICP Monthly Reference Index M-2**": price index of month M - 2;

"**HICP Monthly Reference Index M-3**": price index of month M - 3.

Notwithstanding Condition 6.6.4., the HICP Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such HICP Daily Inflation Reference Index appears on the *Agence France du Trésor* Reuters page OATEI01, on the website www.aft.gouv.fr and on Bloomberg page TRESOR.

"**HICP Monthly Reference Index**" refers to the harmonised index of consumer prices (excluding tobacco) measuring the rate of inflation in the European Monetary Union (excluding tobacco) as calculated and published by Eurostat as such index may be adjusted or replaced from time to time as provided herein.

(ii) The HICP Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(iii)

(A) If the HICP Monthly Reference Index is not published in a timely manner, a substitute HICP Monthly Reference Index (the "**Substitute HICP Monthly Reference Index**") shall be determined by the Calculation Agent in accordance with the following provisions:

(x) If a provisional HICP Monthly Reference Index has already been published by Eurostat, such index shall automatically be used as the Substitute HICP Monthly Reference Index. Once the definitive HICP Monthly Reference Index is released, it would automatically apply from the calendar day following its release to all calculations taking place from this date.

- (y) If no provisional HICP Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute HICP Monthly Reference Index_M =

$$\text{HICP Monthly Reference Index}_{M-1} \times \frac{\text{HICP Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{HICP Monthly Reference Index}_{M-13}}$$

- (B) In the event Eurostat decides to proceed with one or more base changes for the purpose of calculating the HICP Monthly Reference Index, the two HICP Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December HICP Monthly Reference Index of the last year of joint publications, which corresponds to the HICP Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{HICP Monthly Reference Index}_{\text{pertaining to December calculated on the new basis}}}{\text{HICP Monthly Reference Index}_{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{HICP Monthly Reference Index}_{\text{New Basis}}^{\text{Date D}} = \text{HICP Monthly Reference Index}_{\text{Previous Basis}}^{\text{Date D}} \times \text{Key}$$

- (c) **Fixed/Floating Rate Notes:** If Fixed/Floating Rate Notes Provisions are specified to be applicable in the relevant Final Terms the Notes may bear interest at a rate, on the date set out in the Final Terms (the "**Switch Date**"), that:
- 6.3.1 the Issuer may elect to convert from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate. The Issuer election to change of interest basis (the "**Issuer Change of Interest Basis**") should be deemed effective after a valid notification sent by the Issuer to the relevant Noteholders within the period specified in the relevant Final Terms; or
- 6.3.2 will automatically change from a Fixed Rate to a Floating Rate or from a Floating Rate to a Fixed Rate (the "**Automatic Change of Interest Basis**").
- (d) **Zero Coupon Notes:** Zero Coupon Notes bear no interest until the Maturity Date. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 7.5.1(b)).
- (e) **Accrual of interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 6 to the Relevant Date.
- (f) **Margin, maximum/minimum rates of interest, rate multipliers and rounding:**
- 6.6.1 If any Margin or Rate Multiplier is specified in the relevant Final Terms, either (x) generally, or (y) in relation to one or more Interest Periods, an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Periods, in the case of (y), calculated in accordance with Condition 6(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- 6.6.2 If any Maximum or Minimum Rate of Interest is specified in the relevant Final Terms, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.

- 6.6.3 Unless a higher Minimum Rate of Interest is specified in the relevant Final Terms, the Minimum Rate of Interest shall be deemed equal to zero.
- 6.6.4 For the purposes of any calculations required pursuant to these Conditions, (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit or sub-unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen.
- (g) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction and by any Rate Multiplier, unless an Interest Amount is specified in the relevant Final Terms in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount.
- (h) **Determination and publication of interest and payment amounts:** The Calculation Agent or the Make-Whole Calculation Agent, as applicable, shall, as soon as practicable, calculate any rate of interest or amount (including any Interest Amount, Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Make-Whole Redemption Amount, as the case may be), obtain any quotation or make any other determination or calculation that it is required to make pursuant to these Conditions and the relevant Final Terms, and it shall cause such rate, amount, quotation, determination or calculation (as well as any relevant Interest Payment Date) to be notified to the Issuer, the Fiscal Agent, each of the Paying Agents, the Noteholders, any other Calculation Agent or any Make-Whole Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed and/or admitted to trading on a Regulated Market and the rules of, or applicable to, such Regulated Market so require, such Regulated Market as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date is subject to adjustment pursuant to Condition 6.2.2, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) or the Make-Whole Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.
- (i) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long as the Notes are listed and/or admitted to trading on any Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Calculation Agent shall be given in accordance with Condition 15.
- (j) **Make-Whole Calculation Agent:** The Issuer shall procure that there shall at all times be a Make-Whole Calculation Agent if provision is made for it in the relevant Final Terms and for so long as any Note is outstanding (as defined above). If any Make-Whole Calculation Agent is unable or unwilling to continue to act as a Make-Whole Calculation Agent or to calculate any Make-Whole Redemption Amount, then the Issuer shall appoint another Make-Whole Calculation Agent to act as such in its place. The Make-Whole Calculation Agent may not resign its duties without a successor having been appointed as aforesaid. So long

as the Notes are admitted to trading on a Regulated Market and the rules of, or applicable to, that Regulated Market so require, notice of any change of Make-Whole Calculation Agent shall be given in accordance with Condition 15.

(k) **RMB Notes:**

Notwithstanding the foregoing, each RMB Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Specified Denomination and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest per Specified Denomination shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of calendar days in the relevant Interest Period or, as applicable, other period concerned and dividing it by 365, and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

7. **Redemption, purchase and options**

(a) **Final redemption:** Unless previously redeemed or cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount).

(b) **Redemption at the option of the Issuer, exercise of Issuer's options and partial redemption:**

7.2.1 *Call Option:*

If a Call Option is specified in the relevant Final Terms, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not more than thirty (30) nor less than fifteen (15) calendar days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount (as specified in the relevant Final Terms), together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

7.2.2 *Make-whole redemption:*

Unless otherwise specified in the relevant Final Terms, the Issuer may, at its option, subject to compliance by the Issuer with all relevant laws, regulations and directives and subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' irrevocable notice in

accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the outstanding Notes, in whole or in part, at any time prior to their Relevant Redemption Date (the "**Optional Make-Whole Redemption Date**") at their Make-Whole Redemption Amount together with any accrued and unpaid interest on the Notes up to, but excluding, the Optional Make-Whole Redemption Date.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Make-Whole Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. The Make-Whole Calculation Agent shall act as an independent expert and not as agent of the Issuer or the Noteholders.

For the purposes of this Condition:

"Business Day" means a day, not being a Saturday or a Sunday, on which (i) Euroclear France, Euroclear and Clearstream are open for business, (ii) commercial banks and foreign exchange markets are open for business in Paris, and (iii) on which the TARGET System is operating, and TARGET System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

"Make-Whole Redemption Amount" will be calculated by the Make-Whole Calculation Agent and will be an amount rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) 100 per cent. of the outstanding Principal Amount of the Notes so redeemed and (y) the sum of the then present values on the relevant Optional Make-Whole Redemption Date of (i) the outstanding principal amount of each Note and (ii) the remaining scheduled payments of interest on such Note for the remaining term of such Note until the Relevant Redemption Date (determined on the basis of the interest rate applicable to such Note from the relevant Optional Make-Whole Redemption Date (excluding any interest accruing on such Notes to, but excluding, the relevant Optional Make-Whole Redemption Date)), discounted to the Optional Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin (as specified in the relevant Final Terms).

"Make-Whole Redemption Margin" means the margin specified as such in the relevant Final Terms.

"Make-Whole Redemption Rate" means the rate equal to the average of the four (4) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security (as specified in the relevant Final Terms) on the fourth (4th) Business Day in Paris preceding the relevant Optional Make-Whole Redemption Date at 11.00 a.m. (Central European time ("CET")). If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Make-Whole Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (CET) on the third (3rd) business day in Paris preceding the Optional Make-Whole Redemption Date, quoted in writing by the Make-Whole Calculation Agent to the Issuer.

"Principal Amount" means the Specified Denomination, subject to any adjustment as described in Condition 7.2.5 following any partial redemption pursuant to Condition 7.2.1, this Condition 7.2.2 and Condition 7.2.4.

"Relevant Redemption Date" means either (i) the Maturity Date or (ii) the Residual Maturity Call Option Date, if a Residual Maturity Call Option is specified as applicable in the relevant Final Terms.

"Reference Benchmark Security" means the reference security specified in the relevant Final Terms.

"Reference Dealers" means each of the four (4) banks selected by the Make-Whole Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

"**Similar Security**" means a reference bond or reference bonds having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

The Make-Whole Redemption Rate, the Make-Whole Redemption Margin and the Optional Make-Whole Redemption Date will be notified by the Issuer in accordance with Condition 15.

So long as the Notes are admitted to trading on Euronext Paris and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the French *Autorité des marchés financiers*, a notice specifying the aggregate nominal amount of Notes outstanding.

7.2.3 *Clean-up Call Option by the Issuer:*

If a Clean-up Call Option by the Issuer is specified in the relevant Final Terms, in the event that at least 75% of the initial aggregate principal amount of a particular Series of Notes (including any further notes to be consolidated and form a single series with the Notes pursuant to Condition 14 (Further Issues and Assimilation)) has been purchased or redeemed by the Issuer other than by way of a redemption at the option of the Issuer in accordance with Condition 7.2.2, the Issuer may, at its option but subject to having given not more than forty-five (45) nor less than fifteen (15) calendar days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15, redeem all, but not some only, of the remaining Notes in that Series at par together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

7.2.4 *Residual Maturity Call Option by the Issuer*

If a Residual Maturity Call Option by the Issuer is specified in the relevant Final Terms, the Issuer may, at its option but subject to having given not less than fifteen (15) nor more than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms), redeem in whole or in part the remaining Notes in that Series at par together with interest accrued to, but excluding, the date fixed for redemption, at any time during the period starting on (and including) the "**Residual Maturity Call Option Date**" (as specified in the relevant Final Terms) and ending on (but excluding) the Maturity Date.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

7.2.5 *Exercise of Issuer's options and partial redemption:*

Any redemption or exercise pursuant to Conditions 7.2.1, 7.2.2 and 7.2.4 above shall relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified in the relevant Final Terms and no greater than the maximum nominal amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Bearer Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and requirements of the Regulated Market on which the Notes are listed and/or admitted to trading, as the case may be.

In the case of a partial redemption of or a partial exercise of an Issuer's option in respect of Dematerialised Notes, the redemption will be effected by reducing the nominal amount of all such Dematerialised Notes in proportion to the aggregate nominal amount redeemed.

So long as the Notes are listed and/or admitted to trading on a Regulated Market, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, give notice to the Noteholders in accordance with Condition 15 of the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, of a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

(c) **Redemption at the option of Noteholders and exercise of Noteholders' options:**

7.3.1 *Redemption at the option of Noteholders following a Change of Control:*

In the event of a Change of Control, or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L. 233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (a "**Share Transfer**"), each Noteholder may at its sole option require from the Issuer the early redemption of all or part of its Notes, subject to the conditions set out below.

The Notes will be redeemed at their principal amount plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date).

In the event of a Change of Control or Share Transfer, the Issuer will inform the Noteholders, no later than thirty (30) calendar days following the effective Change of Control or Share Transfer, by means of a notice in accordance with Condition 15. This notice will remind Noteholders that they are entitled to require the early redemption of all or part of their Notes and will indicate (i) the date which has been set for the early redemption, such date should fall between the twenty-fifth (25th) and the thirtieth (30th) Business Day following the date of the publication of the notice, (ii) the redemption amount and (iii) the period of at least fifteen (15) Business Days, during which early redemption requests and the corresponding Notes should be transmitted to the Put Agent.

The Noteholders seeking early redemption of their Notes must make such request to the financial intermediary through whose books the Notes are held. Once received by the financial intermediary through whose books the Notes are held, the request for early redemption will be irrevocable.

Redemption requests and the corresponding Notes shall be submitted to the Put Agent between the twentieth (20th) and the fifth (5th) Business Day before the early redemption date.

A form of redemption request will be obtainable from the specified office of any Paying Agent.

The date of the early redemption request shall correspond to the Business Day during the course of which the last of conditions (a) and (b) below is met, at the latest at 5 p.m. Paris time or the next following Business Day if such condition is met after 5 p.m. Paris time:

- (a) the Put Agent would have received the early redemption request from the financial intermediary through whose books the Notes are held;
- (b) the Notes would have been transferred to the Put Agent by the relevant financial intermediary.

For the purposes of this Condition 7.3.1, "**Change of Control**" means, for one or more individuals or entities acting alone or in concert, acquiring the control of the Issuer, being specified that "**control**" means, for the purpose of the present definition, the holding (directly or indirectly via entities controlled by the relevant person(s)) of (x) the majority of the voting rights of the shares of the Issuer or (y) more than 40% of such voting rights if no other shareholder of the Issuer, acting

alone or in concert, holds (directly or indirectly via entities controlled by such shareholder(s)) a percentage of voting rights in excess of the above stake.

7.3.2 *Other Put Option:*

If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than fifteen (15) nor more than thirty (30) calendar days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem the relevant Note(s) on the Optional Redemption Date(s) at their Optional Redemption Amount (as specified in the relevant Final Terms), together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

To exercise such option (which must be exercised on an Option Exercise Date) the Noteholder shall deposit with a Paying Agent at its specified office a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained from any Paying Agent, within the notice period. In the case of Materialised Bearer Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unmatured Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Paying Agent as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

All Notes in respect of which any such notice is given shall be redeemed, or the Noteholder's option shall be exercised, on the date specified in such notice in accordance with this Condition.

- (d) **Redemption of Inflation Linked Notes:** If so specified in the relevant Final Terms, the Final Redemption Amount in respect of Inflation Linked Notes will be determined by the Calculation Agent on the following basis:

Final Redemption Amount = IIR x nominal amount of the Notes

"IIR" being for the purposes of this Condition 7(d) the ratio determined on the fifth Business Day before the Maturity Date between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index, on the Maturity Date and the Base Reference on the date specified in the relevant Final Terms.

If the Final Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (e) **Early redemption:**

7.5.1 *Zero Coupon Notes:*

- (a) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 7(f) or Condition 7(i) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Nominal Amount (calculated as provided below) of such Note.
- (b) Subject to the provisions of sub-paragraph (c) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at the Amortisation Yield (which, if none is specified in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(f) or Condition 7(i) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (b) above, except that such sub-paragraph shall have effect as

though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 6(c).

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction specified in the relevant Final Terms.

7.5.2 *Inflation Linked Notes:*

- (a) If the relevant Final Terms provide that this Condition 7.5.2 shall apply in respect of Inflation Linked Notes, the Early Redemption Amount in respect of such Notes will be determined by the Calculation Agent on the following basis:

Early Redemption Amount = IIR x nominal amount of the Notes

"IIR" being for the purposes of this Condition the ratio determined on the fifth Business Day before the date set for redemption between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index on the date set for redemption and the Base Reference specified in the relevant Final Terms.

If the Early Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (b) If the Inflation Linked Notes (whether or not this Condition 7.5.2 applies) fall to be redeemed for whatever reason before the Maturity Date, the Issuer will pay the Early Redemption Amount together with interest accrued to the date set for redemption. Such accrued interest will be calculated by the Calculation Agent in respect of the period from, and including the immediately preceding Interest Payment Date or, as the case may be, the Interest Commencement Date to, but excluding, the date set for redemption of such Notes at a rate per annum on the basis of the provisions of Condition 6.2.4 above except that, for such purposes the relevant Interest Determination Date shall be the fifth Business Day prior to the relevant Early Redemption Date.

7.5.3 *Other Notes:*

The Early Redemption Amount payable in respect of any Note (other than Notes described in 7.5.1 and 7.5.2 above), upon redemption of such Note pursuant to Condition 7(f) or Condition 7(i), or upon it becoming due and payable as provided in Condition 10 shall be the Final Redemption Amount together with interest accrued to the date set for redemption (including, where applicable, any arrears of interest).

(f) **Redemption for taxation reasons:**

- 7.6.1 If, by reason of a change in any law or regulation of the Republic of France or any political subdivision or authority therein or thereof having power to tax, or any change in the official application or interpretation of such law or regulation (including a holding by a competent court), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes or Coupons, not be able to make such payment without having to pay additional amounts as specified under Condition 9 below, the Issuer may, at its sole option, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest), provided that the due date for redemption of which notice hereunder may be

given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding or deduction for French taxes.

- 7.6.2 If the Issuer would, on the next payment of principal or interest in respect of the Notes or Coupons, be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 9 below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 15 (which notice shall be irrevocable), redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest) of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or Coupons or, if such date has passed, as soon as practicable thereafter.
- (g) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise, without any limitation (including by way of tender and/or exchange offer), at any price and on any condition, in accordance with applicable laws and regulations. Any Notes so purchased by the Issuer may be held and resold in accordance with applicable laws and regulations for the purpose of enhancing the liquidity of the Notes, or cancelled in accordance with Condition 7(h).
- (h) **Cancellation:** All Notes redeemed or purchased for cancellation by or on behalf of the Issuer will be cancelled (i) in the case of Dematerialised Notes, together with all rights relating to payment of interest and other amounts relating to such Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France, or (ii) in the case of Materialised Bearer Notes, together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith, by surrendering the Temporary Global Certificate and the Definitive Materialised Bearer Notes in question together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent. Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (i) **Illegality:** If, by reason of any change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, it will become unlawful for the Issuer to perform or comply with one or more of its obligations under the Notes, the Issuer will, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any arrears of interest).
8. **Payments and Talons**
- (a) **Dematerialised Notes:** Payments of principal and interest (including, for the avoidance of doubt, any arrears of interest, where applicable) in respect of Dematerialised Notes shall be made (i) in the case of Dematerialised Bearer Notes or Dematerialised Administered Registered Notes, by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders or (ii) in the case of Dematerialised Fully Registered Notes, to an account denominated in the relevant currency with a bank designated by the Noteholders. All payments validly made to such Account Holders will constitute an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest (including, for the avoidance of doubt, any arrears of interest, where applicable) in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8.6.5) or Coupons (in the case of interest, save as specified in Condition 8.6.5), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with a bank in the Principal Financial Centre for such currency or, in the case of Euro, in a city where banks have access to the

TARGET 2 System.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer or its Agents are subject but without prejudice to the provisions of Condition 9. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of agents:** The Fiscal Agent, the Paying Agents, the Put Agent, the Calculation Agent, the Redenomination Agent, the Make-Whole Calculation Agent and the Consolidation Agent initially appointed by the Issuer and their respective specified offices are listed at the end of the Base Prospectus. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent, the Put Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) and the Make-Whole Calculation Agent act(s) as independent expert(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Put Agent, the Redenomination Agent, the Registration Agent, the Make-Whole Calculation Agent, the Consolidation Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) in the case of Dematerialised Fully Registered Notes, a Registration Agent, (v) Paying Agents having specified offices in at least one major European city (which shall be Paris so long as the Notes are admitted to trading on Euronext Paris), (vi) a Put Agent, (vii) the Make-Whole Calculation Agent where the Conditions so require and (viii) such other agents as may be required by any other Regulated Market on which the Notes are listed and/or admitted to trading.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in U.S. Dollars in the circumstances described in paragraph 8(c) above.

On a redenomination of the Notes of any Series pursuant to Condition 2(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

- (f) **Unmatured Coupons and unexchanged Talons:**

8.6.1 Unless Materialised Bearer Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Materialised Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (together, where applicable, with the amount of any arrears of interest corresponding to such Coupon) or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon (together, where applicable, with the amount of any arrears of interest corresponding to such Coupon) that the sum of principal so paid bears to the total principal due shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of ten

(10) years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 11).

- 8.6.2 If Materialised Bearer Notes so provide, upon the due date for redemption of any such Materialised Bearer Notes, unmatured Coupons relating to such Notes (whether or not attached) shall become void and no payment shall be made in respect of them.
- 8.6.3 Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- 8.6.4 Where any Materialised Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- 8.6.5 If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be (including, for the avoidance of doubt, any arrears of interest if applicable), shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Note.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 11), provided that, in respect of Notes admitted to trading on Euronext Paris, such exchange shall always take place at the specified office of the Fiscal Agent or of the Paying Agent, as the case may be, in Paris.
- (h) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a Payment Business Day, the Noteholder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.
- (i) **Payment of US Dollar Equivalent:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30 calendar days' irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the U.S. dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, no such payment of the US Dollar Equivalent shall by itself constitute a default in payment within the meaning of Condition 10.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8(i) by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders.

9. **Taxation**

- (a) **Withholding tax:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes or Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected,

withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

- (b) **Additional amounts:** If any French law or regulation require that any payment of principal, interest or other revenues in respect of any Note or Coupon be subject to withholding or deduction in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders or, if applicable the Couponholders, as the case may be, after such deduction or withholding, receive the full amount provided in such Notes or Coupons to be then due and payable, except that no such additional amounts shall be payable with respect to any Note or Coupon, as the case may be:

9.2.1 *Other connection:* to, or to a third party on behalf of, a Noteholder or, if applicable, a Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with France other than the mere holding of the Note or Coupon; or

9.2.2 *Presentation more than thirty (30) calendar days after the Relevant Date:* in the case of Materialised Notes, more than thirty (30) calendar days after the Relevant Date.

10. **Events of Default**

The Representative (as defined under Condition 12), upon request of any Noteholder, may, after written notice by registered letter with acknowledgment of receipt to the Issuer (copy to the Fiscal Agent) has been given and unless all defaults shall have been remedied, cause all the Notes held by such Noteholder to become immediately due and payable, whereupon such Notes shall become immediately due and payable at their Early Redemption Amount, together with any accrued interest thereon until their actual redemption date, without any other formality, if any of the following events (each an "**Event of Default**") occurs:

- (a) the Issuer fails to make payment of any sum due in respect of the Notes and if the Issuer does not remedy such default within fifteen (15) calendar days from such due date; or
- (b) the Issuer breaches any of the other provisions relating to the Notes, as the case may be, and does not remedy such breach within thirty (30) calendar days from the date the Issuer receives written notice of such breach from the Representative; or
- (c) a payment default by the Issuer and/or any of its Principal Subsidiaries occurs in relation to any payment of any other borrowed money or loans guaranteed by the Issuer and/or any of its Principal Subsidiaries for an amount equal to or in excess of €150 million, or its equivalent in any other currency, on their due date, or on such date as may have been extended by any applicable grace period, unless the Issuer and/or its relevant Principal Subsidiary challenges such default in good faith before a competent court, in which case an early redemption of the Notes will be mandatory only if the court has decided on the merits of the case (*statué au fond*); or
- (d) judgment is rendered ordering the liquidation or transfer of the entirety of the assets of the Issuer or any of its Principal Subsidiaries, or any equivalent procedure; if the Issuer or any of its Principal Subsidiaries is subject to a conciliation procedure (*procédure de conciliation*) as provided under Articles L. 611-4 *et seq.* of the French *Code de commerce*, or any equivalent procedure, are in a state of suspension of payments (*cessation de paiements*) or any similar state, or subject to judicial liquidation proceedings (*procédure de liquidation judiciaire*) or any equivalent procedure.

11. **Prescription**

Claims against the Issuer for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within ten (10) years (in the case of principal) or five (5) years (in the case of interest) from the appropriate Relevant Date in respect of them.

12. Representation of Noteholders

The Noteholders will, in respect of all Tranches of the relevant Series, be grouped automatically for the defence of their common interests in a *Masse* (the "**Masse**") which will be governed by the provisions of Articles L.228-46 *et seq.* of the French *Code de commerce* with the exception of Articles L. 228-48, L. 228-59, L. 228-65 I 1°, L. 228-65 II, L. 228-71, R. 228-67, R.228-69, R.228-72 and R. 228-76 al. 1 thereof, and by the conditions set out below.

(a) Legal Personality

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue with respect to the Notes, without prejudice to the rights that Noteholders may exercise individually in accordance with, and subject to, the provisions of the terms and conditions of the Notes.

The *Masse* will be a separate legal entity and will act in part through a representative (the "**Representative**") and in part through collective decisions of the Noteholders (the "**Collective Decisions**").

(b) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- the Issuer, the members of its Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a company in whatever capacity.

The names and addresses of the initial Representative and its alternate, if any, will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the single Representative of all subsequent Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties, as set out in the relevant Final Terms. No additional remuneration is payable in relation to any subsequent Tranche of any given Series.

In the event of death, liquidation, dissolution, retirement, resignation or revocation of the Representative, such Representative will be replaced by its alternate, if any, or another Representative may be appointed. Collective Decisions in relation to the appointment or replacement of the Representative shall be published in accordance with Condition 12(g).

All interested parties will at all times have the right to obtain the names and addresses of the Representative and the alternate Representative, if any, at the registered office of the Issuer.

(c) Powers of the Representative

The Representative shall (in the absence of any Collective Decision to the contrary) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders, with the capacity to delegate its powers.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) **Collective Decisions**

Collective Decisions are adopted either (i) in a general meeting (the "**General Meeting**") or (ii) by consent following a written resolution (the "**Written Resolutions**") (as further described in Condition 12.4.2 below).

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in Collective Decisions will be evidenced by entries in the books of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) of the name of such Noteholder as of 0:00 Paris time, on the second (2nd) business day in Paris preceding the date set for the Collective Decision.

Collective Decisions must be published in accordance with Condition 12(g).

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

12.4.1 **General Meetings**

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the principal amount of Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two (2) months after such demand, the Noteholders may commission one of their members to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published in accordance with Condition 12(g) not less than fifteen (15) calendar days prior to the date of the General Meeting on first convocation and not less than five (5) calendar days prior to the date of the General Meeting on second convocation.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a simple majority of votes cast by the Noteholders attending such General Meeting or represented thereat.

In accordance with Article L. 228-61 of the French *Code de commerce*, each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence, by videoconference, or by any other means of telecommunication allowing the identification of participating Noteholders.

Each Noteholder or Representative thereof will have the right, to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the six (6) calendar day period preceding the holding of the General Meeting on second convocation or during the fifteen (15) calendar day period preceding the seeking of approval of a resolution by way of a Written Resolution.

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits of the Noteholders which now or in the future may accrue, including authorizing the Representative to act at law as plaintiff or defendant in the name and on behalf of the Noteholders.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert the Notes into shares.

12.4.2 **Written Resolutions and Electronic Consent**

Pursuant to Article L.228-46-1 of the French *Code de commerce* the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the Noteholders by way of a Written Resolution.

Notices seeking the approval of a Written Resolution, which shall include the text of the proposed resolutions together with any report thereon, will be published as provided under Condition 12.4.1 no less than fifteen (15) calendar days prior to the date fixed for the passing of such Written Resolution (the "**Written Resolution Date**"). Notices seeking the approval of a Written Resolution will contain the conditions of form and time limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to dispose of their Notes until after the Written Resolution Date.

Written Resolutions shall be signed or approved by one or more Noteholders holding together not less than seventy five (75) per cent. of the nominal amount of the Notes outstanding. Approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders. Any Written Resolution shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Such Written Resolution may be contained in one document, or in several documents in like form each signed by or on behalf of one or more of such Noteholders, and shall be published in accordance with Condition 12(g).

12.4.3 **Effect of resolutions**

A resolution passed at a General Meeting, and a Written Resolution, shall be binding on all Noteholders, whether or not present at the General Meeting and whether or not, in the case of a Written Resolution, they have participated in such Written Resolution and each of them shall be bound to give effect to the resolution accordingly.

(e) **Single Masse**

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defense of their respective common interests, be grouped in a single *Masse*. The Representative appointed in respect of the first Tranche or Series of Notes will be the single Representative of all such Series.

(f) **Sole Noteholder**

If and for so long as the Notes of any Series are held by a sole Noteholder and unless a Representative has been appointed in relation to such Series, such Noteholder shall exercise all powers, rights and obligations entrusted to the *Masse* by the provisions of the French *Code de commerce*. The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Notes of such Series.

(g) **Notices to Noteholders**

Any notice to be given to Noteholders in accordance with this Condition 12 shall be given in accordance with Condition 15(e).

(h) **Outstanding Notes**

For the avoidance of doubt, in this Condition 12, the term "**outstanding**" shall not include those Notes purchased by the Issuer, or on its behalf, or by any of its subsidiaries pursuant to applicable laws and regulations.

(i) **Exclusion of certain provisions of the French *Code de commerce***

The provisions of Article L.228-65 I. 1° and 4° of the French *Code de commerce* (respectively providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer or of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Notes.

13. **Replacement of definitive Notes, Coupons and Talons**

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and regulations, and regulations of the Regulated Market on which the Notes are listed and/or admitted to trading, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for such purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Definitive Materialised Bearer Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. **Further issues and consolidation**

(a) **Further issues:** The Issuer may, without the consent of the Noteholders or Couponholders create and issue further Notes to be assimilated (*assimilées*) and form a single series with the Notes provided such Notes and the further Notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the issue date specified in the relevant Final Terms) and that the terms of such further Notes provide for such assimilation, and references in these Conditions to "**Notes**" shall be construed accordingly.

(b) **Consolidation:** The Issuer, with the prior approval of the Consolidation Agent, may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in Euro, provided such other Notes have been redenominated in Euro (if not originally denominated in Euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

15. **Notices**

(a) Notices to the holders of Dematerialised Registered Notes shall be valid if either (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or (ii) at the option of the Issuer, they are published (a) in a leading daily newspaper with general circulation in Europe (which is expected to be the Financial Times) or (b) in accordance with Articles 221-3 and 221-4 of the general regulations (*règlement général*) of the AMF or (c) so long as such Notes are admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*) and, so long as such Notes are listed and/or admitted to trading on any other Regulated Market and the rules of, or applicable to, such Regulated Market so require, in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and/or admitted to trading is located, or by any such

other method permitted by such Regulated Market.

- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Bearer Notes shall be valid if published (i) in a daily leading newspaper with general circulation in Europe (which is expected to be the Financial Times) or (ii) in accordance with Articles 221-3 and 221-4 of the general regulations (*règlement général*) of the AMF or (iii) so long as such Notes are admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*) and so long as such Notes are listed and/or admitted to trading on any other Regulated Market, in a leading daily newspaper with general circulation in the city where the Regulated Market on which such Notes are listed and/or admitted to trading is located, or by any such other method permitted by such Regulated Market.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream or any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 15(a) and (b) above; except that (i) so long as such Notes are admitted to trading on Euronext Paris, notices shall be published in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*) or in accordance with Articles 221-3 and 221-4 of the general regulations (*règlement général*) of the AMF, and (ii) so long as the Notes are listed and/or admitted to trading on any Regulated Market and the rules of, or applicable to, such Regulated Market so require, notices shall be published in a leading daily newspaper of general circulation in the city where the Regulated Market on which such Notes are listed and/or admitted to trading is located, or by any such other method permitted by such Regulated Market.
- (e) Notices relating to the Collective Decisions pursuant to Condition 12 and pursuant to Articles R.228-79 or R.236-11 of the French *Code de commerce* shall be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared and on the website of the Issuer (www.airfranceklm.com) and (for the avoidance of doubt) Conditions 15(a) to 15(d) shall not apply to such notices.

16. Method of publication of the prospectus and the Final Terms

So long as any Notes issued under this Base Prospectus remain listed and/or admitted to trading on any Regulated Market, this Base Prospectus and the Final Terms related to Notes listed and/or admitted to trading on any Regulated Market will be published on the websites of the AMF (www.amf-france.org) and the Issuer (www.airfranceklm.com).

In addition, should the Notes be listed and/or admitted to trading on a Regulated Market other than Euronext Paris, the Final Terms related to those Notes will provide whether this Base Prospectus and the relevant Final Terms will be published on the website of (x) such Regulated Market or (y) the competent authority of the Member State in the EEA where such Regulated Market is situated.

17. Governing law and jurisdiction

- (a) **Governing law:** The Notes (and, where applicable, Coupons and Talons) and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.
- (b) **Jurisdiction:** Any legal action or proceeding arising out of or in connection with the Notes, Coupons or Talons will be irrevocably submitted to the exclusive jurisdiction of the competent courts of the Issuer's head office.

TEMPORARY GLOBAL CERTIFICATES IN RESPECT OF MATERIALISED BEARER NOTES

Temporary Global Certificates

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Bearer Notes. Upon the initial deposit of such Temporary Global Certificate with a common depository for Euroclear and Clearstream (the "**Common Depository**"), Euroclear or Clearstream will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depository may also (if indicated in the relevant Final Terms) credit the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems with a nominal amount of Notes. Conversely, a nominal amount of Notes that is initially deposited with any clearing system other than Euroclear or Clearstream may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicate that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "General Description of the Programme — Selling Restrictions"), in whole, but not in part, for Definitive Materialised Bearer Notes; and
- (ii) otherwise, in whole but not in part, for Definitive Materialised Bearer Notes upon certification as to non-US beneficial ownership (a form of which shall be available at the specified offices of any of the Paying Agents).

A Noteholder must exchange its share of the Temporary Global Certificate for Materialised Bearer Notes before interest or any amount payable in respect of the Notes will be paid.

Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of the Temporary Global Certificate must surrender such Temporary Global Certificate to or to the order of the Fiscal Agent (or its designated agent). In exchange for the Temporary Global Certificate so surrendered, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes.

In this Base Prospectus, "**Definitive Materialised Bearer Notes**" means, in relation to any Temporary Global Certificate, the Definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal requirements and requirements of the Regulated Market. Forms of such Definitive Materialised Bearer Notes shall be available at the specified offices of the designated Paying Agent(s).

Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Certificate, the calendar day next succeeding the calendar day that is forty (40) calendar days after its issue date, provided that, in the event any further Materialised Notes are issued prior to such calendar day pursuant to Condition 13, the Exchange Date for such Temporary Global Certificate shall be postponed to the calendar day falling after the expiry of forty (40) calendar days after the issue of such further Materialised Notes.

USE OF PROCEEDS

The net proceeds of issues by the Issuer will be used for its general corporate purposes or as set out in the relevant Final Terms.

DESCRIPTION OF THE ISSUER

For a general description of the Group, its activities and its financial condition, please refer to the sections and pages of the 2020 Universal Registration Document identified in the cross-reference table of the "*Documents Incorporated by Reference*" section of this Base Prospectus and the "*Recent Developments*" section of this Base Prospectus.

RECENT DEVELOPMENTS

Commitments vis-à-vis the European Commission - State Aid:

In 2020, the implementation of the measures to reinforce the Group's liquidity was subject to the prior approval of the European Commission under State aid rules (decisions of 4 May 2020 and 13 July 2020 respectively).

The aforementioned 13 July 2020 decision regarding KLM was annulled by the General Court of the European Union (*Tribunal de l'Union européenne*) on 19 May 2021 (following an appeal filed by Ryanair) for insufficient statement of reasons. However, in view of this limited and formal ground for annulment and the Covid-19 crisis making it necessary to provide legal certainty to the Member States' support measures, the General Court suspended the effects of this annulment (the liquidity aid is therefore still approved and not deemed to be annulled), pending the adoption of a new decision with sufficient statement of reasons by the Commission. The final date given by the General Court for this purpose is 19 July 2021.

Furthermore, the aforementioned 4 May 2020 decision regarding Air France was challenged by Ryanair and Malta Air on 20 April 2021 before the General Court of the European Union and is still presumed valid. The written procedure before the General Court of the European Union is ongoing between the applicants and the Commission. The summary of the pleas of annulment was published on 7 June 2021 and third parties, such as the French State, Air France-KLM and the Company Air France may ask to intervene in support of the Commission.

The following recent press releases have been published by the Issuer:

1. Press release dated 26 April 2021: participation in Air France-KLM shareholders' meeting on May 26, 2021

Roissy, April 26, 2021

Conditions for participating in the Air France-KLM Shareholders' Meeting of May 26, 2021 and availability of documents ahead of the Shareholders' Meeting

In view of the health crisis situation, the containment measures taken by the French public authorities, and in order to fight against the spread of the virus, the Air France-KLM Combined Ordinary and Extraordinary Shareholders' Meeting of May 26, 2021 will exceptionally be held behind closed doors, without the physical presence of its shareholders or other persons entitled to attend, in accordance with the provisions of Article 4 of Order No. 2020-321 of March 25, 2020 adapting the rules of meeting and deliberation of the meetings and governing bodies of legal entities and entities without legal personality under private law due to the Covid-19 epidemic, extended and amended by Order No. 2020-1497 of December 2, 2020, Order No. 2020-418 of April 10, 2020 extended and amended by Order No. 2020-1614 of December 18, 2020 and Order No. 2021-255 of March 9, 2021.

In this context, the information relating to this Shareholders' Meeting referred to in article R. 225-83 of the French Commercial Code is available on the Company's website at www.airfranceklm.com (Finance / Shareholders / Annual General Meeting) and is held available to shareholders in accordance with legal and regulatory conditions.

The notice of meeting (*avis de réunion*) containing the agenda, the draft resolutions submitted to shareholders by the Board of Directors and a description of the conditions for participating and voting in the Shareholders' Meeting was published in the *Bulletin des Annonces Légales Obligatoire* (BALO), on April 21, 2021. The procedures for participating and voting at the Shareholders' Meeting are also detailed on the Company's website www.airfranceklm.com (Finance / Shareholders / Shareholders' Meeting section).

Shareholders are reminded that they may vote without physically participating in the Combined Ordinary and Extraordinary Shareholders' Meeting. For this purpose, they are strongly encouraged to participate either by Internet (on the secure voting platforms VOTACCESS and VOXALY) or by mail (using the voting form attached to the

notice of meeting and posted on the Company's website www.airfranceklm.com) for the purpose of voting or giving a proxy. No admission card will be sent to shareholders or their proxies upon request.

It is also specified that shareholders will not be able to propose, during the Shareholders' Meeting, amendments to draft resolutions or new resolutions or to ask live oral questions. However, they may ask written questions prior and during the Shareholders' Meeting in accordance with the procedures described on the Company's website www.airfranceklm.com (Finance / Shareholders / Shareholders' Meeting).

The Shareholders' Meeting will be broadcast live on the Company's website www.airfranceklm.com (Finance / Shareholders / Shareholders' Meeting section) and will be available via the link <https://www.yuca.tv/en/air-france-klm/assemblee-generale-2021>. You can also watch a replay of the meeting any time after the Shareholders' Meeting.

2. Press release dated 21 april 2021: deeply subordinated notes issue

Roissy, 21 April 2021

Air France-KLM has successfully issued undated deeply subordinated notes in three tranches of €1 billion, for a total amount of €3 billion

As part of its recapitalization plan announced at the launch of the capital increase announced on April 12, 2021, and completed on April 19, 2021 for an amount of €1.036 billion, the Company has issued on April 20, 2021 undated deeply subordinated notes (recorded as IFRS equity in the Company's consolidated financial statements) for a total amount of €3 billion, subscribed in full by the French State by way of set-off on claims it holds on the Company pursuant to the shareholders' loan (the "ACC") granted in May 2020 and fully drawn for the amount of €3 billion (the "Deeply Subordinated Notes").

This issue will be composed of three tranches with a perpetual maturity and a nominal amount of €1 billion each, with respective first redemption options (Call) at 4, 5 and 6 years and then redeemable on each interest payment date, and bearing interest at 7.00%, 7.25% and 7.50% respectively until these dates.

These initial interest rates for each tranche will increase to 8.50%, 8.00% and 8.00%, respectively, on the first respective early redemption date at the option of the Company, of the relevant tranche. These interest rates will then be reset every year from April 20, 2028, on the basis of the 12-month Euribor rate plus a margin of 10.40%, it being specified that the applicable 12-month Euribor rate will not be lower than -0.45%. The Company will have the option to defer the payment of interest at its discretion, in whole or in part. Deferred interest on the Deeply Subordinated Notes will be accrued and capitalized.

Payment of interest will nevertheless be mandatory notably in the event of payment of dividends or repurchase of equity securities, subject to certain customary exceptions.

These Deeply Subordinated Notes may be converted by way of set-off (*compensation de créances*) in the context of future issuances of quasi-capital securities or capital increases. In the event of (i) a third party, acting alone or in concert, holding more than 30% of the share capital or the voting rights of Company, (ii) non-approval by the shareholders' general meeting of a project of issuance of shares or any other securities giving right to shares of the Company, submitted by the board of directors, enabling the French State to convert in ordinary shares of the Company or any other securities giving right to shares of the Company all or part of the Deeply Subordinated Notes or (iii) implementation of an issuance of shares or other securities giving right to shares of the Company (with the exception of transactions implemented with preferential subscription rights or with priority subscription period and which may be subscribed by way of set-off (*compensation de créances*), transactions reserved for the French State or transactions without preferential subscription rights by way of "private placement" previously authorized by the French State), without the prior consent of the French State, the Company may redeem (a) in the event referred in (i) and (ii) above, in whole, and (b) in the event referred to in (iii) above, in whole or in part, the Deeply Subordinated Notes outstanding. Failing which the applicable interest rate shall be increased by an additional margin of 5.50% *per annum* from the date of occurrence of any of the events referred to in (i), (ii) or (iii). Such interest rate adjustments shall be cumulative, without exceeding 11.00% *per annum*.

This transaction will strengthen Air France's equity by €3 billion in accordance with IFRS accounting standards, without impact on cash flow, while increasing the flexibility in its profile of debt repayment.

3. Press release dated 19 April 2021: success of capital increase

Roissy, 19 April 2021

Air France-KLM announces the success of its capital increase for an amount of €1.036 billion after exercise in full of the increase option

Air France-KLM (the “**Company**”) announces today the success of its capital increase without shareholders’ preferential subscription rights, by way of a public offering and with a priority subscription period on an irreducible and reducible basis granted to existing shareholders, for an amount of approximately €1,036 million (after exercise in full of the increase option) (the “**Capital Increase**”).

“The success of our capital increase and the renewed support of our main shareholders testify to the confidence of investors in the prospects of the Group, whose financial solidity has been strengthened thanks to these initial recapitalization measures.”, said Air France-KLM Group CEO, Benjamin Smith, “All Air France-KLM management and employees are strongly committed to pursuing our transformation plan to work together to improve the competitiveness of the Group and its airlines, and to approach the recovery with determination and ambition when it takes shape. “

The Group has reiterated the economic, financial and environmental commitments made in the framework of the State loan and reflected in its transformation plan. The Group therefore maintains an ambitious environmental roadmap to accelerate the Group’s sustainable transition, in line with the objectives of the National Low Carbon Strategy (*Stratégie Nationale Bas Carbone*).

The Capital Increase will result in the issuance of 213,999,999 new shares (the “**New Shares**”) at a price per share of €4.84, representing approximately 50% of the Company’s existing share capital.

The proceeds of the Capital Increase will be allocated to strengthen the equity of Air France. Air France will use the allocated amount to consolidate its liquidity and finance general corporate purposes in the context of the Covid-19 crisis.

The Capital Increase, including the private placement, the priority offer and the public offer, attracted strong investor demand, which enabled the exercise in full of the increase option.

Orders placed in the public offering will be allocated in full, for an amount of approximately €2 million. Given the demand and the number of New Shares subscribed for by the shareholders during the priority subscription period both on an irreducible and reducible basis (*à titre irréductible et réductible*), orders placed in the private placement will be partially reduced to an amount of approximately €252 million.

In the context of the priority subscription period, the Company’s existing shareholders subscribed to 161,498,962 New Shares, representing approximately €782 million and 75% of the total amount of the Capital Increase, of which €266 million on an irreducible basis.

As per their subscription commitments, and given the allotment scale of reducible orders, the French State and China Eastern Airlines subscribed in the context of the priority period respectively 122,560,251 New Shares (i.e. 57% of the total amount of the Capital Increase) and 23,944,689 New Shares (i.e. 11% of the total amount of the Capital Increase).

The Company has agreed to a lock-up period starting from the signature of the placement and underwriting agreement and expiring 90 calendar days following the settlement and delivery date of the New Shares, subject to certain exceptions.

Each of the French State, China Eastern Airlines, the Dutch State and Delta Airlines has agreed to a lock-up period of 90 calendar days after the date of settlement and delivery of the New Shares, subject to customary exceptions.

Following the completion of the Capital Increase, the Company's share capital will increase to €642,634,034 divided in 642,634,034 shares, each with a nominal value of €1, split as follows:

	% of the capital	% of theoretical voting rights ⁽¹⁾
Number of shares and voting rights	642,634,034	860,643,182
French State	28.6%	28.5%
China Eastern Airlines ⁽²⁾	9.6%	11.5%
Dutch State ⁽³⁾	9.3%	13.9%
Delta Air Lines, Inc	5.8%	8.7%
Employees (FCPE)	2.5%	3.7%
Treasury stock	0.2%	0.3%
Others	44.0% ⁽⁴⁾	33.4%

(1) The theoretical voting rights calculation takes into account all the voting rights, including the double voting rights.

(2) Through Eastern Airlines Industry Investment (Luxembourg) Company Limited.

(3) by notice received on 8 March 2021, supplemented by a notice received on 9 March 2021, the Dutch State declared that on 4 March 2021, it had exceeded the threshold of 15% of the voting rights of the Company and that it held 60,000,000 shares of the Company representing 120,000,000 voting rights, i.e., 14.00% of the share capital and 18.56% of the voting rights of the Company.

(4) On 8 February 2021, Bank of America Corporation declared that it had exceeded the threshold of 7.19% of the share capital, corresponding to the consolidation of shares physically held but also, and for the most part, to the equity accounting of securities held through financial instruments. Excluding these instruments, Bank of America Corporation physically holds less than 5% of the capital of Air France-KLM and is therefore not represented in the shareholding chart above.

The settlement and delivery and the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the New Shares are expected to take place on 22 April 2021.

Crédit Agricole Corporate and Investment Bank, Deutsche Bank, HSBC and Natixis acted as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners (the "**Joint Global Coordinators**"), Banco Santander and Société Générale are acting as Joint Lead Managers and Joint Bookrunners (the "**Joint Bookrunners**") and together with the Joint Global Coordinators the "**Bank Syndicate**").

Availability of the prospectus

The prospectus (the "**Prospectus**"), comprising (i) the universal registration document of the Company filed with the AMF on 7 April 2021 under number D.21-0270 (the "**Universal Registration Document**") (ii) a securities note (including a summary of the prospectus) (the "**Securities Note**") which received approval under number 21-102 dated 12 April 2021, is available on the Company's website (www.airfranceklm.com) and on the AMF's website (www.amf-france.org). Copies of the Prospectus will be made available free of charge at the Company's headquarters, located at, 2, rue Robert Esnault-Pelterie - 75007 Paris, France.

Potential investors are advised to consider carefully the risk factors described in chapter 3.1 “Risk factors” of the Universal Registration Document and chapter 2 “Risk factors” of the Securities Note. Should all or any part of these risk factors materialize, the Company’s and the Group’s businesses, financials, results or ability to reach its guidance may be negatively affected.

4. Press release dated 13 april 2021: Approval of the prospectus

Roissy, 13 April 2021

Air France-KLM announces the subscription price of its capital increase without shareholders’ preferential subscription rights by way of a public offering and with a 3-day priority subscription period on an irreducible basis and, partially, on a reducible basis granted to existing shareholders for an amount of approximately €901 million following the completion of the private placement, which may be increased to a maximum amount of €1,036 million in the event of the exercise in full of the increase option

Approval of the prospectus by the AMF

Beginning of the priority subscription period and of the public offering

Further to the press release dated 12 April 2021 announcing the launch of a capital increase and the beginning of the private placement, Air France-KLM (the “**Company**”) announces today that the subscription price has been set at €4.84 per new share, representing a 9,98% discount on the volume-weighted average share price of the Company of the last 3 trading sessions prior to the 12 April 2021 inclusive and a 8.85% discount on the closing price as of 12 April 2021, in the context of its capital increase announced on 12 April 2021 and following the completion of the private placement the same day.

The Capital Increase will result in the issuance of 186,086,956 new shares, which may be increased to 213,999,999 new shares in the event of the exercise in full of the Increase Option (“**New Shares**”), corresponding to a maximum of 50% of the Company’s share capital.

Partial exercise of the increase option

Given the orders received in the context of the private placement, the Company intends to exercise at least 50% of the increase option of the capital increase.

The final decision on the exercise of this increase option will be taken at the end of the centralization period, on 19 April 2021.

The Capital Increase will include:

- a 3-day priority subscription period on an irreducible and, partially, reducible basis that will be granted to the Company’s existing shareholders (as of the record date of 12 April 2021), which will run from 13 April 2021 to 15 April 2021 (included) at 5:00pm (Paris time);
- a public offering in France for retail investors principally, which will run from 13 April 2021 until 15 April 2021 (inclusive) at 5:00pm (Paris time) (the “**Public Offering**”); and
- a private placement to institutional investors, launched on 12 April 2021 and closed on the same day (the “**Private Placement**”).

Orders placed in the Public Offering and Private Placement might be subject to reduction depending on the results of the priority subscriptions on an irreducible basis and reducible basis received during the priority subscription period. It is specified that subscriptions made by shareholders on a reducible basis will be allocated in proportion to their requests on an irreducible basis (within the limit of 5 times their demand on a reducible basis) and, in any case, within the limit of their demand.

Availability of the prospectus

The prospectus (the “**Prospectus**”), comprising (i) the universal registration document of the Company filed with the AMF on 7 April 2021 under number D.21-0270 (the “**Universal Registration Document** and (ii) a securities note (including a summary of the prospectus) (the “**Securities Note**”) which received approval under number 21-102 dated 12 April 2021, is available on the Company’s website (www.airfranceklm.com) and on the AMF’s website (www.amf-france.org). Copies of the Prospectus will be made available free of charge at the Company’s headquarters, located at, 2, rue Robert Esnault-Pelterie - 75007 Paris, France.

Potential investors are advised to consider carefully the risk factors described in chapter 3.1 “*Risk factors*” of the Universal Registration Document and chapter 2 “*Risk factors*” of the Securities Note. Should all or any part of these risk factors materialize, the Company’s and the group’s businesses, financials, results or ability to reach its guidance may be negatively affected.

5. Press release dated 12 april 2021: launching of capital increase

Roissy, 12 April 2021

Air France-KLM launches a capital increase without shareholders’ preferential subscription rights, by way of a public offering and with a 3-day priority subscription period on an irreducible basis and on a reducible basis granted to existing shareholders, for an amount of approximately €988 million, which may be increased to a maximum amount of €1,136 in the event of the exercise in full of the increase option¹

Launch of the Private Placement

Subscription price per new share between €4.84 and €5.31

Air France-KLM (the “**Company**”) announces today the launch of a capital increase without shareholders’ preferential subscription rights by way of a public offering and with a priority subscription period on an irreducible and reducible basis granted to existing shareholders (the “**Capital Increase**”) for an amount of approximately €988 million, which may be increased to €1,136 million in the event of the exercise in full of the increase option (the “**Increase Option**”).

The net proceeds of the Capital Increase are expected to amount to €980 million (which may be increased to €1,126 million in the event of the exercise in full of the Increase Option. The net proceeds of the Capital Increase will be allocated to strengthen the equity of Air France. Air France will use the allocated amount to consolidate its liquidity and finance general corporate purposes in the context of the Covid-19 crisis.

The Capital Increase will lead to the issuance of 186 million new shares, which may be increased to 214 new shares in the event of the exercise in full of the Increase Option (“**New Shares**”), corresponding to a maximum of 50% of the Company’s share capital.

This press release relates to the launch of the Private Placement (as defined below).

¹ Based on the upper end of the indicative price range of the private placement, i.e. €5.31

In the context of the recapitalization plan, the Company will also proceed with the issue of undated deeply subordinated notes (recorded as equity in the Company's consolidated financial statements) for a total amount of €3 billion, subscribed in full by the French State by way of set-off on claims it holds on the Company pursuant to the shareholders' loan granted in May 2020, fully drawn for the amount of €3 billion (the "**Super-Subordinated Notes**").

This issue will be composed of three tranches with a perpetual maturity and a nominal amount of €1 billion each, with respective redemption options (Non Call) at 4, 5 and 6 years, and bearing interest at 7.00%, 7.25% and 7.50% respectively until these dates. Interest on the Super-Subordinated Notes will be capitalized.

These initial interest rates of each tranche of the Super-Subordinated Notes will be revised on the first early redemption date at the option of the Company of the relevant tranche and every 5 years thereafter, on the basis of the 5-year Euribor mid-swap rate increased by the initial margin retained for the initial fixed interest rate and the applicable Step-Up margin.

The interest rate would also be adjusted by applying the Step-Up margins from the first early redemption date:

- 4-year Super-Subordinated Notes: 1.50% as of the fifth year then 3.00% as of the eighth year onwards;
- 5-year Super-Subordinated Notes: 0.75% from sixth year then 2.75% from the eighth year onwards;
- 6-year Super-Subordinated Notes: 0.50% from the seventh year then 2.50% from the eighth year onward.

In the event of:

- (i) a third party, acting alone or in concert, holds more than 30% of the share capital of Issuer;
- (ii) non-approval by the shareholders' general meeting of a project of issuance of shares (or any other securities giving right to shares of the Issuer), submitted by the board of directors of the Issuer, enabling the French State to convert in shares of the Company all or part of the TSS held by the French State ; or
- (iii) implementation by the Issuer, without prior consent of the French State, of an issuance of shares (or other securities giving right to shares of the Company), except if such issuance of shares (or other securities giving right to shares of the Company) is realised with preferential subscription rights or with priority subscription period and that the French State is able to subscribe such shares (or other securities giving right to shares of the Issuer) by way of setoff (*compensation de créances*) with the Super-Subordinated Notes,

The Company may, at its sole discretion, redeem in full the Super-Subordinated Notes remaining outstanding, failing which the applicable interest rate shall be increased by an additional margin of 5.50% *per annum* from the date of occurrence of any of the events referred to in (i), (ii) or (iii). Such interest rate adjustments shall be cumulative, provided, however, that the cumulative adjustments shall not exceed 11.00% *per annum*.

It is specified that in the event that the interest rate resulting from the above principles is lower than the minimum rate provided for by the decision of the European Commission of April 5, 2021 authorizing the subscription of Super-Subordinated Notes by the French State, the applicable rate will be equal to the latter rate.

The Company would be granted with the option to defer the payment of interest, in whole or in part, at the Company's option, the payment of interest being nevertheless mandatory in the event of payment of dividends or repurchase of equity securities, subject to certain conditions.

These Super Subordinated Notes may be converted by way of set-off (*compensation de créances*) in the context of future issuances of quasi-capital securities or capital increases.

This transaction will strengthen Air France's equity by €3 billion in accordance with IFRS accounting standards, without impact on cash flow, while increasing the Air France's flexibility in its profile of debt repayment.

Priority subscription period

Subject to the approval of the Prospectus (as defined below) relating to this transaction by the *Autorité des marchés financiers* (the « **AMF** »), the Company's existing shareholders (as of the record date of 12 April 2021) will be granted a 3-day priority subscription period on an irreducible basis (*à titre irréductible*) and on a reducible basis (*à titre réductible*), which will run from 13 April 2021 to 15 April 2021 (inclusive) at 17.00 (Paris time). Such priority subscription period will not be listed nor transferable.

In the context of the priority subscription period, the Company's existing shareholders may subscribe (i) on an irreducible basis (*à titre irréductible*) up to their shareholding in the capital of the Company and (ii) on a reducible basis (*à titre réductible*) to a number of shares greater than that to which they can subscribe on an irreducible basis within the limit of 5 times their demand on a reducible basis for one (1) share subscribed on an irreducible basis. Subscriptions made on a reducible basis will be allocated in proportion to their requests on an irreducible basis.

Private placement and public offering

The New Shares not subscribed for during the priority subscription period as described above are being offered in a global offering including:

- ✦ a private placement to institutional investors, within and outside of France, excluding certain countries, in particular the United States of America, Japan, South Africa and Australia, that will be executed through a bookbuilding process on 12 April 2021 after market close (the "**Private Placement**");
- ✦ a public offering in France for retail investors principally, which will run from 13 April 2021 until 15 April 2021 (inclusive) at 17.00 (Paris time) (the "**Public Offering**"), subject to the approval by the AMF of the Prospectus (as defined below) relating to this transaction.

Orders placed in the Public Offering and Private Placement might be subject to reduction depending on the results of the priority subscriptions on an irreducible basis and reducible basis received during the priority subscription period.

The subscription price of the New Shares in the context of the priority subscription period and the Public Offering will be equal to the Private Placement subscription price of the New Shares and will be set between €4.84 and €5.31 per share.

The subscription price will be communicated in a press release published at the latest on 13 April 2021 before market open.

The New Shares, which will entitle their holders to any dividends declared by the Company as from the date of issuance, will be, as from their issuance date, fully fungible with the Company's existing shares and will be traded under the same trading line and ISIN code as the Company's existing shares (ISIN code FR0000031122).

Intentions and subscription commitments of the main shareholders

Subscription commitment from the French State

The French State, board member of the Company and holding 61,241,325 shares of the Company (i.e. 14.3% of the share capital) as of the date this press release, committed on 12 April 2021 to subscribe up to a maximum of 65.9% of the Capital Increase (excluding the Increase Option) corresponding to a maximum amount of €650.8 million² (i)

² Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

on an irreducible basis (*à titre irréductible*) up to its shareholding in the capital of the Company, by subscribing 26,587,276 New Shares for an amount of approximately €141,2 million³ and (ii) on a reducible basis (*à titre réductible*) by subscribing 95,972,975 New Shares for a maximum amount of €509,6 million⁴, so as not to hold more than 29.9% of the Company's share capital following the completion of the Capital Increase.

Subscription commitment from China Eastern Airlines

China Eastern Airlines, which holds 37,527,410 shares of the Company (i.e. 8.8% of the share capital and 10.5% of the voting rights) as of the date this press release, committed on 2nd April 2021 to subscribe (i) on an irreducible basis (*à titre irréductible*) up to its shareholding in the capital of the Company, by subscribing 16,292,130 New Shares, for a maximum amount of approximately €86.5 million⁵ and (ii) on a reducible basis (*à titre réductible*) by subscribing 7,652,559 New Shares for a maximum amount of €40.6 million⁶, in order to hold following the completion of the Capital Increase a fraction of the share capital representing less than 10% of the share capital of the Company.

The subscription commitments described hereabove are referred to as the “**Subscription Commitments**”.

The Subscription Commitments total approximately €777.9 million and represent approximately 78.7% of the amount of the Capital Increase. The Subscription Commitments will respectively be terminated in the event the placement and underwriting agreement entered into with the Bank Syndicate (as such term is defined below) would itself be terminated.

The Dutch State, which holds 60,000,000 shares of the Company (i.e. 14.0% of the share capital) as of the date of this press release, has informed the Company of its intention not to participate in the Capital Increase.

Delta Air Lines, which holds 37,527,410 shares of the Company (i.e. 8.8% of the share capital) as of the date of this press release, has informed the Company of its intention not to participate in the Capital Increase.

The Company is not aware of the intentions of its other shareholders in relation to the Capital Increase.

Legal Framework

The Capital Increase was decided by the board of directors of the Company on 5 April 2021 pursuant to the 19th resolution of the combined shareholders' meeting of the Company held on 26 May 2020 and was voted by all the directors that took part to the vote.

The European Commission notified to the French State its favourable decision regarding the participation of the latter to the Capital Increase on 5 April 2021 pursuant to the temporary framework for State aid measures to support the economy in the current COVID-19 outbreak. This participation is subject to certain commitments by the French State *vis-à-vis* measures that need to be implemented by the Company (see the Company's press release on 6 April 2021). In this context, the French State will have to submit an exit strategy to the European Commission within 12 months. The exit of the French State could, among other things, take the form, with respect to the Super-Subordinated Notes, of their redemption by sale on the market, and/or their direct redemption or by way of set-off (*compensation de créance*) against equity securities, and/or securities giving access to the capital),

³ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁴ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁵ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁶ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

as mentioned in the press release of April 6, 2021. With respect to the shares subscribed in the context of the Capital Increase, they will be sold by the French State at market conditions. In accordance with the provisions of the Temporary Framework, if these Covid19 recapitalization measures notified by the French State for the benefit of Air France and the Company (in respect of hybrid instruments and capital issuance) are not significantly reduced at the end of a six-year period, alternative measures with respect to Air France will have to be notified by the French State to the European Commission.

Underwriting

The Capital Increase is underwritten by way of a placement and underwriting agreement signed on 12 April 2021 between the Company and the Bank Syndicate (as such term is defined below). Under the terms of the placement and underwriting agreement, the underwriters undertook to, severally but not jointly (*sans solidarité*), subscribe the New Shares that are not subscribed at the end of the subscription period, so that the Capital Increase (excluding the Increase Option), is, taking into account the Subscription Commitments, subscribed for an amount representing 100% of the initial amount.

This underwriting agreement does not constitute a performance guarantee (*garantie de bonne fin*) within the meaning of Article L.225-145 of the French Commercial Code.

Lock-up commitments

The Company has agreed to a lock-up period starting from the signature of the placement and underwriting agreement and expiring 90 calendar days following the settlement and delivery date of the New Shares, subject to certain exceptions.

Each of the French State, China Eastern Airlines, the Dutch State and Delta Airlines has agreed to a lockup period of 90 calendar days after the date of settlement and delivery of the New Shares, subject to customary exceptions.

Crédit Agricole Corporate and Investment Bank, Deutsche Bank, HSBC and Natixis are acting as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners (the “**Joint Global Coordinators**”), Banco Santander and Société Générale are acting as Joint Lead Managers and Joint Bookrunners (the “**Joint Bookrunners**”) and together with the Joint Global Coordinators the “**Bank Syndicate**”).

Indicative Timetable

5 April 2021	Meeting of the Board of Directors subdelegating to the Chief Executive Officer the authority to decide and implement the Capital Increase
6 April 2021	Publication of a press release related to the contemplated recapitalization plan
12 April 2021	Decision of the Chief Executive Officer of the Company deciding the launch of the Capital Increase Publication of a press release announcing the launch of the Capital Increase Signing of the placement and underwriting agreement Opening of the bookbuilding process for the Private Placement Closing of the bookbuilding process for the Private Placement Setting of the subscription price
	Approval of the Prospectus by the AMF

13 April 2021	<p>Publication (before market opens) of the press release announcing the closing of the bookbuilding process, the subscription price, the availability of the prospectus and the beginning of the priority subscription period and of the public offering</p> <p>Notice published by Euronext announcing the opening of the priority subscription period and the Public Offering</p> <p>Opening of the priority subscription period and of the public offering</p>
15 April 2021	Closing of the priority subscription period and of the public offering at 5:00pm (Paris time)
19 April 2021	<p>Potential exercise of the Increase Option</p> <p>Publication by the Company of the press release announcing the results of the Capital Increase</p> <p>Notice published by Euronext announcing the priority subscription period and the Public Offering results and admission of the New Shares to trading</p>
22 April 2021	<p>Issuance and admission to trading of the New Shares on Euronext Paris and Euronext Amsterdam</p> <p>Settlement and Delivery of the New Shares</p>

Air France-KLM and China Eastern Airlines to reinforce their partnership

In the context of the participation of China Eastern Airlines to the share capital increase of Air FranceKLM, both airline groups have decided to extend the scope of their partnership through :

- ✦ an intensified commercial cooperation and an extended collaboration to non-commercial related activities (e.g. ground services, catering or maintenance) ;
- ✦ an increased footprint on the Beijing market, with the Paris-Beijing and Amsterdam-Beijing routes joining the current Joint Venture existing between Air France-KLM and China Eastern Airlines when the conditions are satisfied.

Air France-KLM and China Eastern Airlines are historical partners, with a codeshare cooperation that started in 2000 on the Paris-Shanghai route, a first Joint Venture agreement signed between Air France and China Eastern Airlines in 2012, and an extension of this agreement to KLM in 2016. China Eastern Airlines took an equity stake in the Company in 2017, shaping the ambition for a long term strategic partnership.

With this expansion of the cooperation between Air France-KLM and China Eastern Airlines, both airline groups are clearly paving the way to create the most efficient and powerful Joint Venture between Europe and China.

Availability of the prospectus

The prospectus (the “**Prospectus**”), comprising (i) the universal registration document of the Company filed with the AMF on 7 April 2021 under number D.21-0270 (the “**Universal Registration Document**”), and (ii) a securities note (including a summary of the Prospectus) (the “**Securities Note**”), will be made available once it receives approval by the AMF, which is expected on 12 April 2021 at the latest.

Copies of the Prospectus will be made available free of charge at the Company’s headquarters, located at, 2, rue Robert Esnault-Pelterie - 75007 Paris, France. The Prospectus is also available on the Company’s website (www.airfranceklm.com) and on the AMF’s website (www.amf-france.org).

Potential investors are advised to consider carefully the risk factors described in chapter 3.1 “Risk factors” of the Universal Registration Document and chapter 2 “Risk factors” of the Securities Note, that will available on the Company’s website (www.airfranceklm.com) and on the AMF website (www.amf-france.org), before deciding whether to invest. Should all or any part of these risk factors materialize, the Company’s and the group’s businesses, financials, results or ability to reach its guidance may be negatively affected.

6. Press release dated 7 April 2021: Availability of the 2020 universal registration document

Roissy, 7 April 2021

Availability of the 2020 Universal Registration Document

Air France-KLM's 2020 Universal Registration Document was filed with the Autorité des Marchés Financiers (AMF) on April 7, 2021.

The French version is available in accordance with the applicable regulatory conditions. It may be consulted on the AMF website (www.amf-france.org) and on Air France-KLM's website www.airfranceklm.com (Finance/Annual Documents and Finance/Publications/Regulated Information sections). The English version of this document is available on Air France-KLM's website www.airfranceklm.com (Finance/Annual Documents and Finance/Publications/Regulated Information sections).

The Registration Document has been published in European Single Electronic Format (ESEF) in XBRL and includes, in particular, the Annual Financial Report, the Report of the Board of Directors on corporate governance, the Statutory Auditors' reports and the information relating to the Statutory Auditors' fees.

7. Press release dated 11 June 2021: NEW PENSION SCHEME AGREEMENT REACHED FOR GROUND STAFF KLM, KLM GROUND PENSION FUND NOW ALSO A DEFINED CONTRIBUTION SCHEME

Roissy, June 11, 2021

New pension scheme agreement reached for ground staff KLM, KLM Ground pension fund now also a Defined Contribution Scheme

Following the earlier conversion of KLM pension schemes into collective defined contribution schemes for Cockpit and Cabin staff in 2017, now also an agreement has been reached for the KLM Ground staff fund. This implies that all major KLM pension funds now (finally) have a collective defined contribution scheme. This will lead to more predictable annual contributions and less volatility on the Balance Sheet. A shift fully in line with the general trend in The Netherlands.

KLM and the five Dutch ground unions in KLM reached an agreement allowing the modification of the ground's pension scheme as per January 2021. This formal agreement between KLM and the Board of the KLM Ground pension fund has been reached. In summary:

- This agreement will eliminate the risk for deficit payments and thus will avoid significant variances in the equity position.
- The amended pension scheme will qualify as a collective defined contribution scheme under IFRS.
- KLM agreed to a modest increase of the yearly pension premiums as from January 2021.
- Following changes in Dutch pension regulation since 2014, lower pension premiums were paid by KLM to the KLM Ground pension fund. As agreed with the unions, the savings since 2014 were set aside by KLM and amount to 49 million euros. This amount will now be paid as a one-off contribution to the Ground pension fund in June 2021.

According to IAS 19, the de-risking of the Ground pension fund will lead to the derecognition of the so-called "Pension Asset" on Air France KLM's balance sheet. The pension asset amounted to 211 million euros on the Balance Sheet of 31 December 2020. It increased by 340 million euros during Q1 2021 as a result of the higher discount rate and positive return on asset under management. As per 31 March 2021, the pension asset amounted to 551 million euros (414 million euros net of tax). The impact of the derecognition of the pension asset (non-cash), the one-off contribution to be paid in June 2021 and the additional pension premiums from January through May

2021 will be taken in the P&L as a non-current expense. The actual amounts will be calculated and recorded in Q2 2021.

With this agreement, KLM has finalized the de-risking of the three main Dutch KLM pension schemes, thus contributing to reduce significantly the volatility of the annual pension contributions and the Group's balance sheet. In addition, the Group balance sheet will not show a "Pension asset" anymore as from June 2021.

8. Press release dated 24 June 2021: Success of Air France-KLM's €800 million notes issue via two tranches

Roissy, 24 June 2021

Success of Air France-KLM's €800 million notes issue via two tranches

Air France-KLM (the "Company") (Euronext Paris: FR0000031122) announces today the successful placement of an issue of €800 million senior notes (the "Notes") via two tranches:

- On the first tranche, the final size of the senior notes is €300 million with a 3-year maturity and bear coupon at an annual rate of 3%.
- On the second tranche, the size of the senior notes is €500 million with a 5-year maturity and bear coupon at an annual rate of 3.875%.

The net proceeds of the issue will be used to refinance (i) the redemption of the outstanding market debt of the Issuer, and gradually (ii) part of the State Aid debt package granted late May 2020. The settlement date of the issue of the Notes is scheduled for 1st July 2021. This transaction is part of the Company's ongoing plan to reinforce the balance sheet, manage liquidity and prepare for recovery.

9. Press release dated 5 July 2021: Declaration of number of voting rights

Declaration of number of voting rights

Information relating to the total number of voting rights and shares as required by article L.233-8 II of the code of commerce and article 223-16 of the general rules of the French market authority (AMF).

Date	Number of shares	Total number of voting rights	
30/06/2021	642,634,034	Theoretical number of voting rights ⁷ :	860,613,327

⁷ Our theoretical number of voting rights includes all the voting rights, including the double voting rights.

SUBSCRIPTION AND SALE OF THE NOTES

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 8 July 2021 (the "**Dealer Agreement**") between the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis to the permanent dealers (the "**Permanent Dealers**"). However, the Issuer has reserved the right to sell Notes directly on its own behalf to dealers that are not Permanent Dealers (together with the Permanent Dealers, the "**Dealers**"). The Notes may also be sold by the Issuer through the Dealers, acting as agents for the Issuer.

The Issuer will pay each relevant Dealer the commission agreed between them in respect of the Notes subscribed by or through such Dealer.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling restrictions

General

These selling restrictions may be amended or supplemented in a supplement to this Base Prospectus, in particular following a change in a relevant law, regulation or directive.

No action has been taken in any jurisdiction that would permit an offer of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it acquires, purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and that it will obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale. None of the Issuer or any other Dealer shall have responsibility therefor.

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Materialised Notes may only be issued and placed with investors outside France.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("**MiFID II**"); or
- (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

France

Each of the Dealers and the Issuer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes to the public in France pursuant to an exemption under Article 1(4) of the Prospectus Regulation and under Article L.411-2 of the French *Code monétaire et financier* and that the Base Prospectus or any

other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), as defined in the Prospectus Regulation.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or
- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that:

- (a) in relation to any Notes which have a maturity of less than one (1) year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Materialised Bearer Notes having a maturity of more than one (1) year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer or sell or, in the case of Materialised Bearer Notes, deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until forty (40) calendar days after the later of the commencement of the offering of any identifiable Tranche and the closing

date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period as defined in Regulation S a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until forty (40) calendar days after the later of the commencement of the offering of any identifiable Tranche and the closing date, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such an offer or sale is made otherwise than in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

People's Republic of China

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the People's Republic of China (excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan) except as permitted by the securities laws of the People's Republic of China.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

FORM OF FINAL TERMS

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by European Securities and Markets Authority ("ESMA") on 5 February 2018 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]⁸

[UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET - Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five (5) categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 (in accordance with the FCA’s policy statement entitled “*Brexit our approach to EU non-legislative materials*”), has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]⁹

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of [Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**")]/[MiFID II]; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation 1286/2014/EU (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of

⁸ Legend to be included following completion of the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018.

⁹ The legend may not be necessary if the managers in relation to the Notes are not subject to UK MiFIR and therefore there are no UK MiFIR manufacturers. Depending on the location of the manufacturers, there may be situations where either the MiFID II product governance legend or the UK MiFIR product governance legend or where both are included.

UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[**Notification pursuant to Section 309B of the Securities and Futures Act, Chapter 289 of Singapore** – The Notes are capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore).]¹⁰

10 Legend to be included only if (i) the Notes are being offered to investors in Singapore through a financial institution operating in Singapore and (ii) the Notes are capital markets products other than prescribed capital markets products, as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore.

Final Terms dated [●]

**AIR FRANCE-KLM
Euro 4,500,000,000
Euro Medium Term Note Programme**

**SERIES NO: [●]
TRANCHE NO: [●]
[Brief description and Amount of Notes]**

[Name(s) of Dealer(s)]

**PART A
CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 8 July 2021 which received approval number 21-296 from the *Autorité des marchés financiers* ("AMF") in France on 8 July 2021 [and the supplement to the Base Prospectus dated [●] which received approval number [●] from the AMF on [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the "**Base Prospectus**"). The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 as amended.

This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [and the Final Terms] [is] [are] available on the websites of (a) the AMF (www.amf-france.org) and (b) Air France-KLM ("the **Issuer**") (www.airfranceklm.com) and copies may be obtained from Air France-KLM, 2, rue Robert Esnault-Pelterie, 75007 Paris, France. [In addition¹¹, the Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing [at/on] [●]].

- | | | | |
|----|------|------------------|----------------|
| 1. | (i) | Issuer: | Air France-KLM |
| 2. | (i) | Series Number: | [●] |
| | (ii) | [Tranche Number: | [●] |

(if fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)

The Notes will be assimilated (*assimilées*) and form a single series with the (insert description of the relevant Series) (the "**Existing Notes**") as from the date of assimilation which is expected to be on or about 40 calendar days after the Issue Date.

- | | | |
|----|-----------------------------------|-----|
| 3. | Specified Currency or Currencies: | [●] |
| 4. | Aggregate Nominal Amount: | |
-

¹¹ If the Notes are admitted to trading on a regulated market other than Euronext Paris

- (i) Series: [•]
- (ii) Tranche: [•]
5. (i) Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. Specified Denomination(s): [•]¹² (one denomination only for Dematerialised Notes)
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [specify/Issue Date]
8. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [[•] per cent. Fixed Rate]
- [[specify reference rate] +/- [•] per cent. Floating Rate]
- [Fixed/Floating Rate]
- [Zero Coupon]
- [CPI Linked Interest]
- [HICP Linked Interest]
- (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
- [Inflation Linked Redemption]
11. Put/Call Option: [Put Option]
- [Call Option]
- [Make-Whole Redemption] [will apply unless

¹² Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 and which have a maturity of less than one (1) year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

otherwise specified]

[Clean-up Call Option]

[Residual Maturity Call Option]

[(further particulars specified below)]

12. (i) Status of the Notes: Unsubordinated Notes
- (ii) Dates of corporate authorisations for issuance of the Notes: [Decision of the *Conseil d'administration* of Air France-KLM dated [•] and decision of the [CEO (*Directeur Général*)] dated [•]]¹³

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate [(s)] of Interest: [•] per cent. per annum [payable [annually/ semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with the Business Day Convention specified below / not adjusted]¹⁴
- (iii) Fixed Coupon Amount [(s)]¹⁵: [[•] per [•] in nominal amount/Not Applicable]
- (iv) Broken Amount: [[•] payable on the Interest Payment Date falling [in/on] [•] / Not Applicable]
- (v) Day Count Fraction: [[Actual/Actual] / [Actual/Actual – ISDA] / [Act/Act] / [Act/Act (ISDA)] / [Actual/365 - FBF] / [Actual/Actual – FBF] / [Actual/Actual – ICMA] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [360/360 Bond Basis] / [30E/360] / [Eurobond Basis]]
- (Day count fraction should be Actual-Actual-ICMA for all fixed rate issues other than those denominated in U.S. Dollars or RMB, unless agreed otherwise)
- (vi) Determination Date(s): [•] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case

¹³ Relevant only for Notes constituting obligations under French law

¹⁴ RMB Notes only

¹⁵ Not applicable for RMB Notes

of a long or short first or last coupon. N.B. only relevant where Count Fraction is Actual/Actual (ICMA) or for RMB Notes)

- | | | |
|--------|--|--|
| (vii) | Business Day Convention: | [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (viii) | Business Centre: | [•] / [Not Applicable] |
| (ix) | Party responsible for calculating Interest Amounts (if not the Calculation Agent) ¹⁶ : | [•] / [Not Applicable] |
| 14. | Floating Rate Note Provisions | [Applicable/Not Applicable] |
| | | (If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURIBOR is the appropriate reference rate for Notes denominated in Euro) |
| (i) | Interest Period(s): | [•] |
| (ii) | Specified Interest Payment Dates: | [•] |
| (iii) | Business Day Convention: | [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] |
| (iv) | Business Centre(s): | [•] |
| (v) | Manner in which the Rate(s) of Interest is/are to be determined: | [FBF Determination/ISDA Determination/ Screen Rate Determination] |
| (vi) | Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): | [•] |
| (vii) | FBF Determination: | |
| | • Floating Rate: | [•] |
| | • Floating Rate Determination Date (<i>Date de Détermination du Taux Variable</i>): | [•] |
| | • FBF Definitions (if different from | [•] |

¹⁶ RMB Notes only.

those set out in the Conditions):

(viii) ISDA Determination:

- Floating Rate Option: [•]
- Designated Maturity: [•]
- Reset Date: [•]
- ISDA Definitions: [•]

(if different from those set out in the Conditions)

(ix) Screen Rate Determination:

- Reference Rate: [•]
- Interest Determination Date: [[•] [[TARGET] Business Days in *[specify city]* for *[specify currency]* / [U.S. Government Securities Business Day(s) *(if SOFR)*] prior to [the first calendar day in each Interest Period/each Interest Payment Date]][, subject to adjustment in accordance with the [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention].]]
- Relevant Screen Page: [•][*In the case of SOFR, delete this paragraph*]
- Reference Banks: [specify four][*In the case of SOFR, delete this paragraph*]
- [Calculation Method: [*Include where the Reference Rate is SOFR: [SOFR Arithmetic Mean]/[SOFR Compound: [SOFR Compound with Look-Back]/[SOFR Compound with Observation Period Shift]/[SOFR Index with Observation Shift]]*]
- [SOFR Look-Back Period: [*specify*] [U.S. Government Securities Business Days]/[TARGET2 Business Days]/[As per the Conditions]/[Not applicable]]

(Include where the Reference Rate is SOFR (where the Calculation Method is SOFR Compound: SOFR Compound with Look-Back) and ensure that any Early Redemption Amounts include amounts in respect of accrued interest.)

- [Observation Shift Days: [*specify*] U.S. Government Securities Business Days]/[As per the Conditions]/[Not applicable]]

(Include where the Reference Rate is SOFR and the Calculation Method is SOFR Compound: SOFR with Observation Period Shift or SOFR Index with Observation Shift)

- [SOFR Cut-Off Date: [As per Conditions]/[[specify] U.S. Government Securities Business Days]/[Not applicable]]
- (Include where the Reference Rate is SOFR. Must apply where the Calculation Method is SOFR Arithmetic Mean)*
- [SOFR Replacement Alternatives Priority: [As per Conditions]/[specify order of priority of SOFR Replacement Alternatives listed in Condition 6.2.3(d)(iv).]]
- (x) Margin(s): [+/-] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [[specify a positive interest rate] per cent. per annum/0 as per Condition 6.6.3]
- (xii) Maximum Rate of Interest: [[●] per cent. per annum/Not Applicable]
- (xiii) Day Count Fraction: [[Actual/Actual] / [Actual/Actual – ISDA] / [Act/Act] / [Act/Act (ISDA)] / [Actual/365 - FBF] / [Actual/Actual – FBF] / [Actual/Actual – ICMA] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [360/360 Bond Basis] / [30E/360] / [Eurobond Basis]]
- (xiv) Rate Multiplier: [●]
15. Zero Coupon Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Amortization Yield: [●] per cent. per annum
- (ii) Day Count Fraction: [[Actual/Actual] / [Actual/Actual – ISDA] / [Act/Act] / [Act/Act (ISDA)] / [Actual/365 - FBF] / [Actual/Actual – FBF] / [Actual/Actual – ICMA] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [360/360 Bond Basis] / [30E/360] / [Eurobond Basis]]
16. Fixed/Floating Rate Notes Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Change of Interest Basis: [Issuer Change of Interest Basis/Automatic Change of Interest Basis]
- (ii) Switch Date: [●]
- (iii) Rate of Interest applicable to the Interest Periods preceding the Switch Date (excluded): Determined in accordance with [Condition 6.1, as though the Note was a Fixed Rate Note] / [Condition 6.2, as though the Note was a Floating Rate Note] with further variables set out in item [13/14] of these Final Terms

- (iv) Rate of Interest applicable to the Interest Periods following the Switch Date (included): Determined in accordance with [Condition 6.1, as though the Note was a Fixed Rate Note] / [Condition 6.2, as though the Note was a Floating Rate Note] with further variables set out in item [13/14] of these Final Terms
17. Inflation Linked Notes – Provisions relating to CPI or HICP Linked Interest [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index: [CPI/HICP]
- (ii) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent); [•]
- (iii) Interest Period(s): [•]
- (iv) Interest Payment Date(s): [•]
- (v) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on [specify date] (amounting to: [•])
- (vi) Rate of Interest: [•] per cent. per annum multiplied by the Inflation Index Ratio
- (vii) Day Count Fraction: [[Actual/Actual] / [Actual/Actual – ISDA] / [Act/Act] / [Act/Act (ISDA)] / [Actual/365 - FBF] / [Actual/Actual – FBF] / [Actual/Actual – ICMA] / [Actual/365 (Fixed)] / [Actual/360] / [30/360] / [360/360 Bond Basis] / [30E/360] / [Eurobond Basis]]
- (viii) Minimum Rate of Interest: [•]
- (ix) Maximum Rate of Interest: [•]

PROVISIONS RELATING TO REDEMPTION

18. Call Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Note of [•] Specified Denomination
- (iii) If redeemable in part:
- Minimum nominal amount to be redeemed: [•]
 - Maximum nominal amount to be [•]

redeemed:

- (iv) Option Exercise Date(s): [•]
- (v) Notice period (if other than as set out in the Conditions): [•]
19. Make-Whole Redemption (Condition 7.2.2) [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Notice period:¹⁷ [•]
- (ii) Parties to be notified (if other than set out in Condition 7.2.2): [[•]/Not Applicable]
- (iii) Make-Whole Redemption Margin: [•]
- (iv) Make-Whole Redemption Rate: [•]
- (v) Reference Benchmark Security: [•]
- (vi) If redeemable in part:
- Minimum nominal amount to be redeemed: [•]
 - Maximum nominal amount to be redeemed: [•]
20. Clean-up Call Option (Condition 7.2.3) [Applicable/Not Applicable]
21. Residual Maturity Call Option (Condition 7.2.4) [Applicable/Not Applicable]
- (i) Residual Maturity Call Option Date: [•]
- (ii) If redeemable in part:
- Minimum nominal amount to be redeemed: [•]
 - Maximum nominal amount to be redeemed: [•]
- (iii) Notice period: [•]

¹⁷ If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems, as well as any other notice requirements which may apply, for example, as between the Issuer and its Fiscal Agent.

22. Put Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount(s) of each Note: [•] per Note of [•] Specified Denomination
- (iii) Option Exercise Date(s): [•]
- (iv) Notice period: [•]
23. Final Redemption Amount of each Note [[•] per Note of [•] Specified Denomination]/[As provided below for Inflation Linked Notes]
- Inflation Linked Notes – Provisions relating to the Final Redemption Amount: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index: [CPI/HICP]
- (ii) Final Redemption Amount in respect of Inflation Linked Notes: [Condition 7(d) applies]
- (iii) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on [specify date] (amounting to: [•])
- (iv) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent): [•]
24. Early Redemption Amount
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons, illegality or an event of default: [•]/[As provided below for Inflation Linked Notes]
- (ii) Redemption for taxation reasons permitted on calendar days other than Interest Payment Dates: [Yes/No]
- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only): [Yes/No/Not Applicable]
- Inflation Linked Notes – Provisions relating to the Early Redemption Amount: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index: [CPI/HICP]
- (ii) Early Redemption Amount in respect of Inflation Linked Notes: [Condition 7.5.2 applies]
- (iii) Base Reference: [CPI/HICP] Daily Inflation Reference Index

applicable on [specify date] (amounting to: [•])

- (iv) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent): [•]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [Dematerialised Notes / Materialised Notes, (Materialised Notes are only in bearer form)]
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable / Dematerialised Bearer Notes (*au porteur*)/Dematerialised Fully Registered Notes (*au nominatif pur*) / Dematerialised Administered Registered Notes (*au nominatif administré*)]
- (ii) Registration Agent: [Not Applicable / if Applicable give name, address and details] (Note that a Registration Agent must be appointed in relation to Dematerialised Registered Notes only)]
- (iii) Temporary Global Certificate: [Not Applicable / Temporary Global Certificate exchangeable for Definitive Materialised Bearer Notes on [•] (the "**Exchange Date**"), being 40 calendar days after the Issue Date subject to postponement as provided in the Temporary Global Certificate]
- (iv) Materialised Note Agent: [Not Applicable / if Applicable give name, address and details] (Note that a Materialised Note Agent must be appointed in relation to Materialised Notes)
- (v) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (Only applicable to Materialised Notes)
26. Identification information of Noteholders as provided by Condition 2.1: [Applicable/Not Applicable]
27. Financial Centre(s) relating to payment dates: [Not Applicable/specify any other financial centres]. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 13(viii) and 14(iv) relate]]
28. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
(Only applicable to the Materialised Notes)
29. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]
30. Consolidation provisions: [Not Applicable/The provisions [in Condition [•]] [annexed to these Final Terms] apply]

31. Masse:

[Name and address of the Representative: [•]]

Name and address of the alternate Representative:
[•]]

[The Representative will receive no remuneration/The Representative will receive a remuneration of [•]]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Euro [•],000,000,000 Euro Medium Term Note Programme of the Issuer.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of Air France-KLM:

Duly represented by:

PART B OTHER INFORMATION

1. Listing

- (i) Listing and admission to trading: [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed and/or admitted to trading on [Euronext Paris] / [•] with effect from [•].] [Not Applicable.]
- (ii) [Regulated Markets or equivalent markets on which, to the knowledge of the Issuer, securities of the same class of the Notes to be admitted to trading are already admitted to trading: [The Existing Notes are admitted to trading on [•]]/[Not Applicable]
- (Where documenting a fungible issue need to indicate that Existing Notes are already admitted to trading.)¹⁸
- (iii) Estimate of total expenses related to admission to trading: [•]

2. Ratings

[Not Applicable]/[The Notes to be issued [have been rated]/[are expected to be rated]:

[S&P: [•]]

[Moody's: [•]]

[Fitch: [•]]

[[Other]:

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)

[[Each of] [[•] ("**S&P**")], [[•] ("**Moody's**")], [[•] ("**Fitch**")]] [and [•]] is established in the European Union and registered under Regulation (EC) 1060/2009, as amended (the "**CRA Regulation**"). As such, [each of] [S&P], [Moody's], [Fitch] [and [•]] is included in the list of credit rating agencies published on the website of the European Securities and Markets Authority (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.]

¹⁸ Delete if the issue is not a fungible issue.

[[Each of [•] [and [•]] is established in the European Union and has applied for registration under Regulation (EC) 1060/2009 as amended, although the result of such applications has not been determined.]

[[None of [•] and] [•] is [not] established in the European Union [nor has/and has not] applied for registration under Regulation (EC) 1060/2009 as amended.]

[[insert name of relevant EEA CRA(s)] [is] [are] not established in the United Kingdom and [is] [are] not registered under Regulation (EC) 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**). The rating[s] of the notes issued by [insert name of relevant EEA CRA(s)] [has][have] been endorsed by [insert name of relevant UK CRA(s)], in accordance with the UK CRA Regulation and [has][have] not been withdrawn. As such, the rating[s] issued by [insert name of relevant EEA CRA(s)] may be used for regulatory purposes in the United Kingdom in accordance with the UK CRA Regulation.]¹⁹

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. Interests of natural and legal persons involved in the [Issue offer]

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement: ["So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer."/[•][Amend as appropriate if there are other interests.]

4. Third party information and statement by experts and declarations of any interest

Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, the Issuer shall identify the source(s) of the information.

5. Use, and estimated net amount of the proceeds

(i) Use of proceeds: [General corporate purposes]/[if reasons for offer different from the "Use of Proceeds" of the Base Prospectus, will need to include those reasons here]

(ii) Estimated net amount of [•] proceeds:

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

6. [Fixed Rate Notes Only - Yield]

¹⁹ To be included only in the case of an issue for which placement in the UK is contemplated and the rating(s) of the Notes issued by the EEA CRA are to be endorsed by a UK CRA.

Indication of yield: [•]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. **[Floating Rate Notes only - Information on Floating Rate Notes**

Historic interest rates: Details of historic [EURIBOR/SOFR/[•]] can be obtained from [•].]

8. **[Notes linked to a benchmark only - Benchmark**

Amounts payable under the Notes will be calculated by reference to [*specify the applicable benchmark*] which is provided by [•]. As at [•], [•] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011 as amended (the "**Benchmarks Regulation**").

[As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence). [As at [•], [•] appears on the register of administrators and benchmarks established and maintained by the Financial Conduct Authority in the United Kingdom.]

9. **Inflation-Linked Notes only—Performance of index, Explanation of effect on value of investment and Associated Risks and Other Information**

Need to include details of where past and future performance and volatility of the index can be obtained, [and a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying and the circumstances when the risks are most evident].

[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation].

(a) Name of underlying index: [•]

(b) Information about the index, its volatility and past and future performance can be obtained, [but not] free of charge, from: [•]/[*give details of electronic means of obtaining the details of volatility and performance*]

The Issuer [intends to provide post-issuance information (specify what information will be reported and where it can be obtained)]/[does not intend to provide post-issuance information.]

10. **Operational Information**

ISIN Code: [•]

Common Code: [•]

Legal Entity Identifier (LEI): 969500AQW31GYO8JZD66

Depositories:

(i) Euroclear France to act as [Yes/No]
Central Depository:

(ii) Common depository for [Yes/No]
Euroclear and Clearstream:

Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): [Not Applicable/give name(s) and number(s)] [and address(es)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s): [•]/[Not Applicable]

Names and addresses of additional Paying Agent(s) (if any): [•] (*Insert name of Materialised Note Agent here if Notes are Materialised Notes*)

The aggregate principal amount of Notes issued has been translated into Euro at the rate of [•] producing a sum of: [•]

11. **Distribution**

(i) Method of distribution [Syndicated/Non-Syndicated]

(ii) If syndicated, names of Managers: [Not Applicable/give names]

(In case of RMB issues underwritten on a several and not joint basis, include appropriate disclosure of underwriting commitments and arrangements.)

(iii) Stabilisation Manager(s) (including addresses) (if any): [Not Applicable/give name]

If non-syndicated, name of Dealer: [Not Applicable/give name]

12. **Other Markets**

All Regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading: [[•]/None]

GENERAL INFORMATION

1. *AMF approval and admission to trading*

This Base Prospectus has been approved by the AMF in France in its capacity as competent authority pursuant to the Prospectus Regulation. The AMF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval shall not be considered as an endorsement of the Issuer or of the quality of the Notes which are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Base Prospectus is valid until 8 July 2022. The obligation to supplement the Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

Application may be made to list and admit any Series of Notes issued hereunder to trading on Euronext Paris.

2. *Corporate authorisations*

The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme.

Any issue of Notes, to the extent that such Notes constitute *obligations*, requires the prior authorisation of the *Conseil d'administration* (Board of Directors) of the Issuer, which may delegate its powers to any person of its choice pursuant to Article L.228-40 of the French *Code de commerce*.

For this purpose, on 1 and 2 July 2021, the *Conseil d'administration* of the Issuer authorised its *Directeur general* and/or its *Directeur général adjoint Économie et Finances*, for a one (1) year period starting on 2 July 2021, to issue Notes within the limits set by the *Conseil d'administration*.

To the extent that Notes to be issued by the Issuer do not constitute *obligations*, their issues will fall within the general authority of the *Directeur général* of the Issuer or any other duly authorised person acting by delegation.

3. *The Legal Entity Identifier (LEI)*

The Legal Entity Identifier (LEI) of Air France-KLM is 969500AQW31GYO8JZD66.

4. *Definitive Bearer Materialised Note*

Each definitive Bearer Materialised Note, Coupon and Talon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code*".

5. *Clearing systems*

Notes have been accepted for clearance through the Euroclear and Clearstream systems, which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg.

Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

6. *Statutory auditors*

Deloitte & Associés and KPMG Audit, a department of KPMG S.A. (all entities regulated by the *Haut Conseil du Commissariat aux Comptes* ("**H3C**") and duly authorised as *Commissaires aux comptes*) have audited and rendered audit reports on the consolidated financial statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2020.

7. *Category*

The Notes to be issued by the Issuer qualify under Category 2 for the purposes of Regulation S under the Securities Act. Materialised Notes will be issued in compliance with US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms state that such Materialised Notes are issued in compliance with US Treas. Reg. § 1.163-5(c)(2)(i)(C) (the "**C Rules**"), or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The TEFRA rules do not apply to any Dematerialised Notes.

8. *Material adverse change in the prospects of the Issuer*

Save as disclosed in this Base Prospectus, including with respect to the impact that the sanitary crisis resulting from the coronavirus (COVID-19) (and in particular the information contained in section 3.1.1.1. "*Impact of the Covid-19 epidemic on the Group's activities*" of the 2020 Universal Registration Document), there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2020.

9. *Legal and arbitration proceedings*

Save as disclosed in this Base Prospectus, neither the Issuer nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during a period covering at least the past twelve (12) months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.

10. *No significant change in the financial performance or financial position of the Issuer*

Save as disclosed in this Base Prospectus, including with respect to the impact that the sanitary crisis resulting from the coronavirus (COVID-19) (and in particular the information contained in section 3.1.1.1. "*Impact of the Covid-19 epidemic on the Group's activities*" of the 2020 Universal Registration Document), there has been no significant change in the financial performance or financial position of the Issuer or the Group since 31 March 2021.

11. *Material Contracts*

Save as disclosed in this Base Prospectus, to the best of its knowledge, the Issuer has not entered into any material contract which could result in any Group member being under an obligation that is material to the Issuer's ability to meet its obligations to Noteholders in respect of Notes issued under the Programme.

12. *Documents on display*

For so long as Notes issued under the Programme are outstanding, the following documents will be available on the website of the Issuer (www.airfranceklm.com):

- (a) its *statuts* ("*by-laws*"); and
- (b) all reports, letters and other documents, valuations and statements prepared by any expert any part of which is extracted or referred to in the Base Prospectus.

In addition, so long as any Notes issued under this Base Prospectus remain listed and/or admitted to trading on any Regulated Market, the following documents will be available (i) on the website of the AMF (www.amf-france.org) save for the First Quarter 2021 Financial Information and the First Quarter 2021 Results Press Release and (ii) on the website of the Issuer (www.airfranceklm.com):

- (a) the Final Terms for Notes that are listed and/or admitted to trading on Euronext Paris or offered to the public in France;
- (b) this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus and any documents incorporated by reference therein.

13. *Yield*

In respect of any Tranche of Fixed Rate Notes, an indication of the expected yield on the Notes shall be specified in the applicable Final Terms. The yield shall be calculated on the Issue Date of the Notes based on the Issue Price. The specified yield shall be calculated as being the yield to maturity on the Issue Date of the Notes and shall not be an indication of future yields.

14. *Forward looking statements*

This Base Prospectus (including the documents incorporated by reference) contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. The Issuer may also make forward-looking statements in its audited annual financial statements, in the documents incorporated by reference in this Base Prospectus, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. These forward-looking statements do not constitute profit forecasts or estimates under the Commission Delegated Regulation (EU) 2019/980, as amended, supplementing the Prospectus Regulation.

15. *Stabilisation*

In connection with the issue of any Tranche, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or person(s) acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the issue date of the relevant Tranche and sixty (60) calendar days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment shall be conducted in accordance with all applicable laws and rules.

16. *Currencies*

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to "U.S. dollar" and "\$" are to the currency of the United States of America, references to "yen" are to the currency of Japan, references to "Sterling" and "£" are to the currency of the United Kingdom, references to "Renminbi" or "RMB" are to the currency of the People's Republic of China ("PRC") and references to "€" and "Euro" are to the lawful currency of the participating member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community as amended from time to time.

17. *Benchmark*

Amounts payable under Floating Rate Notes may be calculated by reference to one or more "benchmarks" for the purposes of the Benchmarks Regulation. In this case, a statement will be included in the applicable Final Terms as to whether or not the relevant administrator of the "benchmark" is included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation.

18. *Potential conflict of interests with the Dealers and/or the Calculation Agent and/or the Make-Whole Calculation Agent*

All or some of the Dealers, the Calculation Agent, the Make-Whole Calculation Agent or their respective affiliates have engaged and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities and financial instruments issued by any entity of the Group in the ordinary course of business. They (i) have engaged or may engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions that may involve securities and financial instruments issued by any entity of the Group, (ii) may act as underwriters in connection with offering of debt or equity securities or other financial instruments issued by any entity of the Group or (iii) may act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, certain of such Dealers or their respective affiliates have or may hold positions, deal or make markets in debt or equity securities or other financial instruments (or related derivative securities) issued by entities of the Group including the Notes issued under the Programme, for their own account and for the accounts of their customers. Where applicable, they have or will receive customary fees and commissions for these transactions. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers or their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. The Dealers, the Calculation Agent, the Make-Whole Calculation Agent and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term "affiliate(s)" also includes parent companies.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

The Issuer hereby declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and that it contains no omission which could affect its import.

Air France-KLM

2, rue Robert Esnault-Pelterie
75007 Paris
France

duly represented by Mr. Steven Zaat, Chief Financial Officer (*Directeur général adjoint Economie et Finances*)
on 8 July 2021



This Base Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129 as amended. The AMF has approved this Base Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129 as amended.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Base Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

This Base Prospectus has been approved on 8 July 2021 and is valid until 8 July 2022 and shall, during this period and in accordance with the provisions of Article 23 of the Regulation (EU) 2017/1129 as amended, be completed by a supplement to the Base Prospectus in the event of new material facts or substantial errors or inaccuracies. This Base Prospectus obtained the following approval number: n°21-296.

ISSUER

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2, rue Robert Esnault-Pelterie
75007 Paris
France

ARRANGER

SOCIÉTÉ GÉNÉRALE
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75009 Paris
France

PERMANENT DEALERS

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Paseo de Pereda, 9-12
Santander
Spain

**CRÉDIT AGRICOLE
CORPORATE AND
INVESTMENT BANK**
12, place des Etats-Unis
CS 70052
92547 Montrouge Cedex
France

**DEUTSCHE BANK
AKTIENGESELLSCHAFT**
Mainzer Landstrasse, 11-17
60329 Francfurt am Main
Germany

**HSBC CONTINENTAL
EUROPE**
38, avenue Kléber
75116 Paris
France

NATIXIS
30, avenue Pierre Mendès France
75013 Paris
France

SOCIÉTÉ GÉNÉRALE
29, boulevard Haussmann
75009 Paris
France

**FISCAL AGENT, PAYING AGENT,
CALCULATION AGENT,
REDENOMINATION AGENT, PUT AGENT
AND CONSOLIDATION AGENT**

MAKE-WHOLE CALCULATION AGENT

Société Générale
32 rue du Champ de Tir
CS 30812
44308 Nantes Cedex 3
France

Aether Financial Services
36 rue de Monceau
75008 Paris
France

**AUDITORS
to the Issuer**

Deloitte & Associés
6, place de la Pyramide
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Tour Eqho
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CS60006
92066 Paris La Défense Cedex
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LEGAL ADVISERS

to the Issuer

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to the Permanent Dealers

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