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AIR FRANCE – KLM
French public company (*société anonyme*) with a Board of Directors
with a share capital social of € 300,219,278
Registered office: 2, rue Robert Esnault-Pelterie, 75007 Paris
Paris Trade and Company Register: 552,043,002

SECURITIES NOTE

This securities note (the "Securities Note") is made available to the public in connection with:

- **the admission to trading on the regulated market of Euronext Paris and Euronext Amsterdam of new shares to be issued by Air France-KLM at a subscription price of €10 as part of a share capital increase, without shareholders' preferential subscription rights, for the benefit of Eastern Airlines Industry Investment (Luxembourg) Company Limited, a subsidiary of the China Eastern Airlines group ("China Eastern Airlines"), for a total amount (issue premium included) of 375,274,100 euros (the "Capital Increase Reserved to China Eastern Airlines"); and**
- **the admission to trading on the regulated market of Euronext Paris and Euronext Amsterdam of new shares to be issued by Air France-KLM at a subscription price of €10 as part of a share capital increase, without shareholders' preferential subscription rights, for the benefit of Delta Air Lines, Inc or a company of the Delta group which is wholly-owned directly or indirectly by Delta Air Lines, Inc ("Delta Air Lines"), for a total amount (issue premium included) of 375,274,100 euros (the "Capital Increase Reserved to Delta Air Lines") and together with the Capital Increase Reserved to China Eastern Airlines, the "Reserved Capital Increases".**

The completion of the above-mentioned transactions is subject in particular to the approval of the Combined Ordinary and Extraordinary Shareholders' Meeting of Air France-KLM convened on first notice, to be held on September 4, 2017 ("**Combined Ordinary and Extraordinary Shareholders' Meeting**").

Visa of the *Autorité des marchés financiers*

Pursuant to Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and its General Regulation (*Réglement Général*), in particular Articles 211-1 to 216-1, the Autorité des Marchés Financiers has granted the visa number n°17-441 on August 17, 2017 on this prospectus. This prospectus was prepared by the issuer and is the responsibility of the persons whose signatures appear therein.

This visa, in accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, was granted after the AMF had verified that the "*document is complete and comprehensible and that the information it contains is consistent*". It does not imply approval of the appropriateness of the transaction or authentication of the accounting and financial elements presented.

This prospectus (the "**Prospectus**") is composed of:

- the registration document (*document de référence*) of the company Air France-KLM filed with the *Autorité des marchés financiers* ("**AMF**") on March 31, 2017 under number D.17-0287 (the "**Registration Document**");
- the update to the registration document of Air France-KLM filed with the AMF on August 17, 2017 under number D.17-0287-A01 (the "**Update to the Registration Document**");
- this Securities Note; and
- a summary of the Prospectus (included in this Securities Note).

Copies of the Prospectus may be obtained free of charge from the Company's registered office and on the website of the Company (www.airfranceklm.com/finance) as well as on the website of the AMF (www.amf-france.org).

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SUMMARY OF PROSPECTUS

SUMMARY OF THE PROSPECTUS

Visa n° 17-441 dated 17 August 2017 of the AMF

This summary consists of a set of key disclosures referred to as “Elements”, presented in five sections, A to E, and numbered from A.1 to E.7.

This summary contains all of the Elements required to be included in a summary of a prospectus concerning this category of securities and this type of issuer. Since not all Elements have to be filled in, the numbering of the Elements in this summary is not continuous.

It is possible that no relevant information can be provided about a given Element that is supposed to appear in this summary, given the category of securities and the type of issuer involved. In that event, a brief description of the Element in question is given in the summary, with the notation “not applicable”.

The Company confirms that information satisfying conditions of article 7 of Regulation (EU) N°596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which has been provided on a confidential basis, has subsequently been effectively made public in order to restore equal access to information relating to the Group between the different investors.

Section A – Introduction and Notices		
A.1	**Notices to readers**	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities offered or the admission of which to trading on a regulated market is requested in the transaction described herein should be based on a thorough review of the Prospectus. Where a claim relating to the information contained in the Prospectus is brought before a court, the claimant investor, under the national legislation of the Member States or parties to the European Economic Area Agreement, has to bear the costs of translating the Prospectus before legal proceeding are initiated. Civil liability attaches only to those persons who have prepared the summary including, if any, any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts or the Prospectus, key information required by investors when making a decision whether or not to invest in the securities.
A.2	**Consent of the issuer concerning the use of the Prospectus**	Not applicable.

Section B – Issuer		
B.1	**Corporate and business name**	Air France-KLM (the “**Company**”)
B.2	**Registered office**	2, rue Robert Esnault Pelterie, 75007 Paris.
	Legal form	French public company with a Board of Directors (*société anonyme à conseil d’administration*)
	Governing law	French law.
	Country of incorporation	France.

B.3	**Nature of the issuer's operations and principal business activities**	The Air France-KLM group is one of the world leaders of air transport. The Group's network is coordinated around the dual intercontinental hubs of Paris-Charles de Gaulle and Amsterdam-Schipol, and constitutes the largest network between Europe and the rest of the world. With more than 534 aircraft in operation, the Air France-KLM group has carried 93.4 million passengers during the year ended 31 December 2016. The Company holds 100% of share capital and voting rights of the Air France company as well as 99.7% of economic rights and 49% of voting rights of KLM; both of which are fully consolidated by the Company. The Group's activities are divided between the passenger transportation on scheduled ("passenger network") activity (79.2%), cargo activity (8.3%), aeronautics maintenance (7.4%), "low cost" passenger transportation (Transavia) (4.9%) and other air-transport-related activities (0.2%).
B.4 a	**Recent trends affecting the issuer and the industry in which it operates**	**Full Year 2016 results** Air France-KLM carried 93.4 million passengers in 2016, an increase of 4.0% over last year. Sales amounted to 24.8 billion euros, down 3.3% compared to 2015. The full year 2016 results were in line with targets with the main KPIs showing an improvement. The income from current operations stood at 1,049 million euros, up 269 million and up 558 million euros excluding currency effects. The income from operating activities was notably impacted by a pilots strike in June and a cabin crew strike in July, which had a negative effect of 130 million euros. Adjusted for the interest portion of operating lease (1/3 of annual operating lease expenses), the operating margin (income from current operations / total revenues) was 5.7% versus 4.4% at 31 December 2015. EBITDA amounted to 2,714 million euros, an increase of 327 million euros. The increase in the 2016 income from operating activities was mainly driven by the fuel tailwind and the good cost performance, while there were negative effects coming from the pressure on unit revenues and currencies. The unit cost per EASK[1] was down in line with the target of 1.0%, on a constant currency, fuel price and pension-related expense basis, against a capacity increase measured in EASK of +1.0%. On a strike-adjusted basis and corrected for the increase in profit-sharing expenses, the unit cost per EASK decreased by 1.7%. The average number of staff decreased by 1,827 FTEs[2] (1,413 FTEs at Air France, 413 FTEs at KLM), resulting in a productivity increase measured in EASK per FTE of 2.3% at Air France and of 4.2% at KLM. As a result, on a constant pension-related expense and profit-sharing basis, employee costs decreased by 0.5% due to restructuring efforts in both Air France and KLM, taking into account a net increase in the profit-sharing expense of 79 million euros. Total employee costs including temporary staff were stable (up 0.1%) at 7,474 million euros. The fuel bill amounted to 4,597 million euros, a sharp 25.7% fall compared to 2015. The decrease was driven by the drop in the fuel market price which had a positive impact of 927 million euros and the drop in fuel hedging losses which were down 605 million euros compared to 2015. In the full year 2016, currencies had a negative 97 million euros impact on sales, mainly driven by the weakening of several currencies, notably the GBP, BRL and CNY. The negative effect of currencies on costs amounted to 192 million euros driven by the strengthening of the dollar. The net impact of currencies on the income from current operations thus amounted to a negative 289 million euros. All businesses contributed to the improvement in income from current operations. The passenger network income from current operations amounted to 1,057 million euros, up 215 million euros and up 456 million euros excluding the negative currency effect. Despite the challenging operating environment, the Cargo results remained stable on a reported basis (loss from current operations of 244 million euros at December 31, 2016, for a loss from current operations of

		245 million at December 31, 2015) whereas both Maintenance and Transavia recorded further improvement in their income from current operations (238 million euros at December 31, 2016 against 214 million euros at December 31, 2015 for the maintenance business and the reach of financial balance for Transavia business at December 31, 2016 against a loss from current operations of 35 million euros at December 31, 2015). Both Air France and KLM contributed positively to the results. Full year 2016 income from current operations stood at 372 million euros at Air France and amounted to 681 million euros at KLM. [1] *Equivalent available seat-kilometer.* [2] *Full time equivalent.* **First Half 2017 results** • Robust traffic resulting in an improved load factor, up 1.4 pts compared to last year • Confirmation of the positive trend in Group (Passenger + Transavia) unit revenue per available seat kilometer (RASK) ex-currency : +1.9% during the Second Quarter • First Half income from current operations 353 million euros, up 135 million euros • Net debt reduction (2,956 million at June 30, 2017, down 699 million euros compared to December 31, 2016) supported by an improvement in EBITDA and working capital • A net cost per EASK decrease, from €6.28 cents per EASK at June 30, 2016 to €6.22 cents at June 30, 2017 at constant currency, constant fuel price and constant pension related expenses • Major advances in strengthening the network of alliances • Air France Pilot agreement paving the way for the creation of Joon • Air France Cabin crew signed 5-year labor agreement **Outlook** • Long haul forward bookings for coming four months above previous year's level • Unit revenue variation at constant currency expected to be slightly up for the Second Half 2017 • Despite the negative effects of the increased load factor and profit sharing on the unit cost evolution, the Group is expecting a unit cost reduction for 2017 between 1.0% and 1.5% at constant currency, fuel price and pension related expenses • Expected decrease in fuel bill in Second Half 2017 to be 100 million euros • Target of positive free cash flow before disposals reiterated with capex at the high-end of the 17-2.2 billion euros range.
B.5	**Description of the Group and of the role of the issuer within the Group**	The Company is the head of a Group's companies which includes 79 consolidated subsidiaries as at 31 December 2016.

B.6	**Main shareholders**	As at 30 June 2017, and based on the information provided to the Company, the Company's shareholding is structured as follows:

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of the theoretical voting rights
French State	52,763,693	17.6 %	105,527,386	28.0 %
Employees (FCPE)	17,919,015	6.0 %	35,838,030	9.5 %
Treasury shares	1,149,203	0.4 %	2,265,626	0.6%
Others	228,387,367	76 %	233,830,379	61.9 %
Number of shares in circulation/voting rights	**300,219,278**	**100 %**	**377,461,421**	**100 %**

Upon completion of the Reserved Capital Increases (as defined hereinafter), based on the Company's shareholding on 30 June 2017, the Company's shareholding will be as follows:

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights
French State	52,763,693	14.1 %	105,527,386	23.3%
Employees (FCPE)	17,919,015	4.8 %	35,838,030	7.9 %
China Eastern Airlines	37,527,410	10 %	37,527,410	8.3 %
Delta Air Lines	37,527,410	10 %	37,527,410	8.3 %
Treasury shares	1,149,203	0.3 %	2,265,626	0.5%
Others	228,387,367	60.8 %	233,830,379	51.7 %
Total	375,274,098	100%	452,516,241	100%

B.7	**Key historical financial information and**	**Consolidated income statement:**

(In € million, except for the earnings/(loss) per share in €)	**At 30 June 2017**	**At 31 December**		
		2016	**2015 restated(1)**	**2014 restated(2)**
Sales	12,314	24,844	25,689	24,912
Income/(loss) from current operations	353	1,049	780	(129)
Income/(loss) from operating activities	361	1,116	1,080	751
Net income/(loss) - Group part	151	792	118	(225)
Earnings/(loss) per share (basic) - Equity holders of Air France - KLM	0.46	2.59	0.34	(0.76)

[1] *Restated for comparability reasons as part of Servair's discontinued activities in accordance with IFRS 5.*

[2] *Restated in 2015 for comparability reasons as part of modification of the method to convert provisions into currencies.*

Consolidated balance sheet:

(*In € million*)	**At 30 June 2017**	**At 31 December**		
		2016	**2015**	**2014**
Non-current assets	16,765	15,325	15,790	16,065
Current assets	8,346	7,607	7,545	7,176
Total assets	**25,111**	**22,932**	**23,335**	**23,241**
Equity attributable to equity holders of Air France-KLM	2,029	1,284	225	(692)
Total equity	2,044	1,296	273	(653)
Non-current long-term debt	6,640	7,431	7,060	7,993
Non-current liabilities	11,011	11,495	11,063	12,067
Trade payables	2,263	2,359	2,395	2,444
Bank overdrafts	11	5	3	249
Total liabilities	**23,067**	**21,636**	**23,062**	**23,894**
Total equity and liabilities	**25,111**	**22,932**	**23,335**	**23,241**

Consolidated statements of cash flows:

(*In € million*)	**At 30 June 2017**	**At 31 December**		
		2016	**2015 restated[1]**	**2014**
Net cash-flow from operating activities	1,812	2,239	1,896	1,012
Net cash-flow used in investing activities	(1,399)	(727)	(1,162)	(566)
Net cash-flow from financing activities	(119)	(667)	(504)	(983)
Change in cash and cash equivalents and bank overdrafts	273	832	191	(614)

[1] *Restated for comparability reasons as part of Servair's discontinued activities in accordance with IFRS 5.*

To the Company's knowledge, except for the agreements concluded on 27 June 2017 between the Company and China Eastern Airlines on the one hand and the

		Company, Delta Air Lines and Virgin Atlantic on the other hand, as described in E.2a of this summary, no significant change occurred in the Group financial and commercial position since 30 June 2017.
B.8	**Pro forma information**	Not applicable.
B.9	**Estimates**	Not applicable.
B.10	**Qualification in the audit reports on the historical financial information**	Not applicable.
B.11	**Net working capital**	Not applicable.

Section C – Securities		
C.1	**Nature, category and identification number**	75 054 280 ordinary shares of the same class as the existing shares of the Company, to be issued at a subscription price of €10 in the context of the share capital increases without shareholders' preferential subscription rights, reserved for Eastern Airlines Industry Investment (Luxembourg) Company Limited, a wholly owned subsidiary of CES Global Holdings (Hong Kong) Limited ("**China Eastern Airlines**"), and reserved for Delta Air Lines, Inc. or a company belonging to the Delta group, wholly-owned directly or indirectly by Delta Air Lines, Inc, the identity of which will be determined by the Board of Directors of the Company on 4 September 2017 ("**Delta Air Lines**"), each up to 37 527 410 shares ("**Reserved Capital Increases")** (the "**New Shares**"), subject in particular to the approval of the Combined Ordinary and Extraordinary Shareholders' Meeting convened for 4 September 2017. They shall carry entitlement to dividend rights, namely, the right to receive, as of their issue, a fraction of the distributions decided by the Company as of their issue date and will be admitted to trading on the same trading line as the existing shares. - ISIN Code : FR0000031122; - Ticker symbol : AF ; - ICB sectoral classification : • 5000 *Consurmer services* • 5750 *Travel & Leisure* • 5751 *Airlines*
C.2	**Currency of the issue**	Euro.
C.3	**Number of shares issued and their par value**	On the date of the visa of this Prospectus, the share capital amounts to 300,219,278 euros, fully paid up, divided in 300,219,278 ordinary shares with a par value of 1 euro. After the issue of New Shares, of which the admission to trading is requested, the number of shares forming the share capital will be 375,274,098 shares with a par value of 1 euro.
C.4	**Rights with respect to New Shares**	In accordance with French law and the Company's articles of association, the main rights attributed to New Shares issued in connection with the Reserved Capital Increases are as follows: • Rights to dividends; • Voting right; • Preferential subscription right to same class securities; • Right to share in any surplus in the event of liquidation. Double voting rights are allocated to all fully paid-up shares that can be shown to have been registered in the name of the same shareholder for at least two years (article L. 225-

		123 of the French Commercial Code). **Form:** In accordance with the agreements concluded on 27 July 2017 between the Company and China Eastern Airlines on the one hand, and the Company and Delta Air Lines, Inc, on the other hand, the New Shares will be in a registered form. **Entitlement and listing of the New Shares:** The New Shares shall carry entitlement to dividend rights, namely, the right to receive, as of their issue a fraction of the distributions decided by the Company as of their issue date. New Shares should be admitted to trading on the regulated market of Euronext Paris and Euronext Amsterdam as of the Settlement Date. **"Settlement Date"** means the date on which the New Shares will be delivered and their subscription price fully-paid, as part of the Reserved Capital Increases, this date shall occur at least within 5 business days after the fulfillment of the conditions precedent provided by the Subscription Agreements, and notably the approval of competent regulatory authorities in the United States of America and Brazil.
C.5	**Restrictions on the free transferability**	No statutory clause limits the sale of the New Shares, subject to the potential implementation of the provisions of article 9 (*Form of shares – Identification of shareholders*) and article 11 (*Registration and assignment of shares*) of the Company's Articles of incorporation covering in particular share capital or voting rights are held above certain thresholds by shareholders other than French or citizens of the European Union Member States and states party to the European Economic Area Agreement or any other agreement having a similar scope in relation to air transportation.
C.6	**Application for admission of the New Shares to trading**	The New Shares shall be subject to an application for admission to trading on Euronext Paris and Euronext Amsterdam, as of the Settlement Date, on the same segment as the existing shares of the Company (ISIN code FR0000031122).
C.7	**Dividend Policy**	The Company has not paid any dividends during the years 2013, 2014 and 2015.

Section D – Risks		
D.1	**Main risks with respect of the Issuer or its business sector**	Risk factors in respect of the Company, the Group, and its business sector are described below : • Risks relating to the air transport activity, including the situation of the air transport sector and competition from other air and rail transport operators, seasonal nature of the air transport industry, cyclical nature of the air transport industry, trend in the oil price, terrorist attacks, threats of attack, geopolitical instability, epidemics and threats of epidemics, changes in international, national or regional regulations and legislation, with risk of loss of flight slots or lack of access to flight slots, passenger compensation regulations, the decision of United Kingdom to leave the European Union, environmental legislation and operational risks; • risks linked to the Group's activity include failure of a critical IT system, IT risks and cyber criminality, non-compliance with competition rules, regulatory authorities' inquiry into the commercial cooperation agreements between carriers, commitments made by Air France and KLM vis-à-vis the European Commission, in the context of their businesses combination in 2003, implementation of the "Trust Together" strategic project (certain aspects of which represent a source of uncertainly for 2017, in terms of both financial targets and the social dynamic and reputation of the Company), pension plans (notably the accounting volatility of the current plans and the accounting impact which could have, depending on the result of the current negotiations with pilots, an agreement on a de-risked regime) or competition from aircraft, engine and component manufacturers in maintenance;

		• legal risks and risks of legal arbitration proceedings; and • market risks, including currency exchange risk and operational exposition (investment exposure, exposure on the debt, interest rate risk, exposure to interest rates, fuel price risk, counterparty risk, equity risk, liquidity risk)
D.3	**Main risks with respect to the Company's shares**	The main risk factors related to the Company's New Shares are as follows: • The Company's shareholders will be subject to dilution due to the issue of the New Shares; • The market price and liquidity of the Company's shares could fluctuate significantly; • The Company's shares are in the scope of the French financial transaction tax, and could be submitted to the European financial transaction tax.

Section E – Offer		
E.1	**Net total amount of the Reserved Capital Increases' proceeds** **Total costs estimates with respect to the Reserved Capital Increases**	On an indicative basis, the gross proceeds and the estimated net proceeds of the Reserved Capital Increases respectively amount to 750,548,200 euros and approximately 749 million euros. Costs estimates with respect to the Reserved Capital Increases: remuneration of financial intermediaries and administrative and legal fees is approximately 1.5 million euros.
E.2a	**Purposes of offering and expected use of proceeds, and proceeds estimate net amount with respect to the New Shares' issue**	The issue of the New Shares forms part of the strengthening of the Company' strategic partnerships; through the implementation of a single global joint-venture(1) among the Company, Delta Air Lines and Virgin Atlantic(2) on the one hand, and the strengthening of the commercial alliances with China Eastern Airlines on the other hand and the reinforcement of their partnership through the existing joint-venture. In the context of these strategic transactions (together, the "**Transactions**"), the Company will acquire a stake of 31% in Virgin Group (representing 31% of voting rights) from Virgin Atlantic for an amount of approximately GBP 220 million(3) and Delta Air Lines and China Eastern will each subscribe new shares through the Reserved Capital Increases described in this summary. Besides, the Company and China Eastern Airlines have signed a marketing agreement (the "**Marketing Agreement**") on 27 July 2017, aiming at setting up the principles of their commercial cooperation. Besides, the Company plans to adapt its governance by the appointment of two new directors who will represent as the case may be China Eastern Airlines or Delta Air Lines. It will be proposed to the Combined Ordinary and Extraordinary Shareholders' Meeting (i) to appoint Mr. Bing Tang, vice president of China East Airlines Holding Company, and director and vice president of China Eastern Airlines Corporation Limited, a candidate proposed by China Eastern Airlines, subject to the completion of the Capital Increase Reserved to China Eastern Airlines and (ii) to appoint Delta Air Lines Inc., a candidate proposed by Delta, as members of the Board of Directors, subject to the completion of the Capital Increase Reserved to Delta Air Lines. The Reserved Capital Increases will improve the Company's financial structure, accelerate the reduction of its debt, in particular by using part of the amount raised for the redemption, at their maturity date on January 2018, the €500 million notes issued by the Company in 2012 and finance the acquisition of the stake in Virgin Atlantic. The total amount of the Reserved Capital Increase, including issue premium is 750,548,200

		euros. --- (1) *As with most joint-ventures in the industry, it did not lead to the creation of a common company but rather the signature of a contract defining both a common income statement and organizations to manage all aspects of the joint-venture.* (2) *Virgin Atlantic is the fourth European actor on the North America roads, behind British Airways Lufthansa and Air France, and the second air transport company in terms of capacity in London Heathrow, the largest airport in Europe. In 2016, Virgin Atlantic flew 5.4 million of passengers to 26 destinations with a fleet of 39 aircraft and had 8500 employees (Source: Annual report 2016 of Virgin Atlantic)* (3) *The investment in Virgin Atlantic will be effective in 2018, subject to notably obtaining necessary regulations authorizations (in particular authorization of the civil aviation authority of the United Kingdom and competition authorities if required). The company will be represented in Virgin Atlantic by three directors, same number of directors as Delta Air Lines and Delta Air Lines and the Company will have, under certain conditions, a common put option relating to its stake, without a predefined term, in case of the exit of United Kingdom from the European Union (Brexit), the exercise price of which will be equal to the purchase price of the stake in Virgin Atlantic, reduced by 10%.*
E.3	**Terms and conditions of the issue**	**Number of New Shares :** 75 054 820 ordinary shares of the Company **Subscription price**: The New Shares' subscription price is 10 euros per share, comprising a par value of 1 euro and an issue premium of 9 euros. This price represents a discount of 17% in comparison to the share price at close of trading on 26 July 2017, a 5% discount compared to the weighted average prices over the last three months[1], a 16% premium compared to the weighted average prices over the last six months[1] and a 42% premium compared to the weighted average prices over the last twelve months[1]. --- (1) *On the date of 26 July 2017.* **Beneficiaries:** The Reserved Capital Increases, of 37 527 410 New Shares each, are reserved respectively to China Eastern Airlines and Delta Air Lines. **Indicative timetable:** 17 August 2017 — Visa of the AMF on the Prospectus. 18 August 2017 — Publication of a press release by the Company describing the main characteristics of the Reserved Capital Increases and the conditions of availability of the Prospectus and publication of the Prospectus on the website of the AMF. 4 September 2017 — Combined Ordinary and Extraordinary Shareholders' Meeting Decision of the Board of Directors to delegate to the Chairman and Chief Executive Officer, the power to realize the Reserved Capital Increases. Publication of a press release describing voting results of the Combined Ordinary and Extraordinary Shareholders' Meeting 5 September 2017 — Decision of the Chairman and Chief Executive Officer to implement the Reserved Capital Increases. Upon completion of the conditions precedent and notably regulatory authorisations — Subscription and payment of the New Shares by China Eastern Airlines and Delta Air Lines, and issue of the New Shares

		The public will be made aware of any modification of the above indicate timetable by a press release published by the Company and made available on its website (www.airfranceklm.com/finance) and by a notice distributed by Euronext Paris. Each Reserved Capital Increase is subject to, notably, the condition precedent of (i) approval by the Combined Ordinary and Extraordinary Shareholders' Meeting of the resolutions submitted to the said meeting relating as the case may be to (a) the appointment of a representative of China Eastern Airlines at the Company's Board of Directors and the Capital Increase Reserved to China Eastern Airlines, or (b) the appointment of a representative of Delta Air Lines at the Company's Board of Directors and the Capital Increase Reserved to Delta Air Lines as well as (ii) the regulatory authorizations related to competition laws in the United States of America and Brazil.
E.4	**Interests which would materially impact the issue**	Not applicable.
E.5	**Individuals or entities offering to sell securities /** **Lock-up Agreement**	**Individuals or entities offering to sell securities**: Not applicable. ***Lock-up/standstill commitments*:** • ***Lock-up commitment of China Eastern Airlines and Delta Air Lines*** As long as there has not been any breach by the Company of any of its material obligations under the Subscription Agreements, and during a 5-years period as from the Settlement Date, China Eastern Airlines and Delta Air Lines agree, not to, without the prior written consent of the Company, offer, sell, pledge or otherwise transfer or dispose of a number of 37,527,410 shares (as this number shall be adjusted to take into account any share split or share consolidation of the Company), except for the following: (a) any transfer, offer, tender or sale of Shares: (i) to (x) an affiliate of China Eastern Airlines or Delta Air Lines or (y) any of their legal successor pursuant to a merger, liquidation or de-merger, provided that, before acquiring any shares, such entity should enter into a deed (*acte*) of adherence to the lock-up undertaking, agreeing to be bound *mutatis mutandis* by the relevant rights and obligations of China Eastern Airlines or Delta Air Lines, as the case may be, and, in the case only of an affiliate referred to in (x), subject to an undertaking to transfer the shares acquired by it back to China Eastern Airlines or Delta Air Lines, as the case may be, in the event that it ceases to be an affiliate thereof; (ii) in connection with a tender offer by a third party on the shares of the Company, provided that (x) the Board of Directors of the Company has publicly recommended its shareholders to tender their shares in such tender offer, (y) such tender offer is cleared by the AMF and (z) the shares held by China Eastern Airlines or Delta Air Lines, as the case may be, will be tendered, sold and transferred in accordance with the recommendation of the Board of Directors of the Company; (iii) in connection with any buyback of shares initiated by the Company through a public offer; (iv) in connection with any mandatory minority shareholder "squeeze-out" provisions of applicable corporate law; (v) following the announcement by the Company or any competent authority that the shares will be delisted from Euronext Paris; (vi) in the event of a change of control affecting the Company, it being specified that "control" shall be defined in accordance with article L. 233-3 of the French Commercial Code; (vii) if China Eastern Airlines or Delta Air Lines, as the case may be, comes to hold less than 25% of the number of shares held by it immediately following the Settlement Date (as this number shall be adjusted to take into account any share split or share consolidation of the Company) minus, as the case may be, the number of shares that the

		Company would have imposed the relevant investor to sell in accordance with the provisions of the Subscription Agreements; (viii) in case such transfer, offer, tender or sale concerns shares awarded to China Eastern Airlines or Delta Air Lines as a result of a distribution of dividends or otherwise in the form of shares by the Company ; (ix) a transfer of Shares which received prior approval from the Company; and (b) subject to certain conditions, the pledge of the shares of the Company to one or more lenders to secure indebtedness of China Eastern Airlines or Delta Air Lines, as the case may be, or one of their affiliates. The lock-up undertaking of China Eastern Airlines would be terminated in case of termination or breach by the Company of the material provisions of the Marketing Agreement mentioned in E.2a of this summary. • ***Restriction on Acquisition of Additional Shares (standstill)*** Each of China Eastern Airlines and Delta Air Lines agreed not to, during a 5-years period commencing from the Settlement Date, without the prior written consent of the Company, acquire or subscribe to any additional shares of the Company or other equity securities issued by the Company, directly or indirectly, if such acquisition or subscription would result in an increase of China Eastern Airlines or Delta Air Lines ownership interest in the Company to any point beyond 10% of the Company's share capital, except in the case of: (a) any person announcing its intention to launch a public offer (in cash, shares or a combination of both) on the Company; (b) the announcement by the Company or any competent authority of an upcoming change of control of the Company, it being specified that "control" shall be defined in accordance with article L. 233-3 of the French Commercial Code; or (c) the replacement of at least the majority of the members of the Board of Directors, in the event this replacement is not recommended by the Board of Directors. • ***Sale of Shares by China Eastern Airlines and Delta Air Lines*** Each of China Eastern Airlines and Delta Air Lines shall get the formal approval of the Board of Directors of the Company if it wants to sell its shares of the Company to any airline company. In addition, following the expiration of the above-mentioned lock-up undertaking of China Eastern Airlines and Delta Air Lines, in case of a trade sale of shares of the Company to a third party, each of China Eastern Airlines and Delta Air Lines shall propose to the Company to us its right to match such sale, at the same pricing conditions. • ***Undertakings of China Eastern Airlines and Delta Air Lines to subscribe to the Reserved Capital Increases*** Pursuant to the subscription agreements entered into on 27 July 2017 between the Company and CES Global Holdings (Hong Kong) Limited, a company belonging to the China Eastern Airlines group, on the one hand, and the Company and Delta Air Lines, Inc, a company of the Delta group, on the other hand, (the "**Subscription Agreements**") (i) CES Global Holdings (Hong Kong) Limited has committed that Eastern Airlines Industry Investment (Luxembourg) Company Limited, its wholly-owned subsidiary, will subscribe to the reserved capital increase, as described in this summary (the "**Capital Increase Reserved to China Eastern Airlines**"), up to 37,527,410 New Shares corresponding to a total amount, issue premium included, of 375,274,100 euros, and Delta Air Lines, Inc has committed to subscribe itself or via a directly or indirectly wholly-owned subsidiary, the reserved capital increase as presented in the present summary, up to 37 527 410 New Shares corresponding to a total amount, issue premium included, of 375 274 100 euros ("**Capital Increase Reserved to Delta Air Lines**") and together with the "**Capital Increase Reserved to China Eastern Lines**", the "**Reserved Capital Increase**"). These undertakings to subscribe are notably subject to (i) the approval by the Combined Ordinary and Extraordinary Shareholders' Meeting of the resolutions mentioned in E.3 of this summary, (ii) the absence of an event having a material adverse effect[(1)] before the Settlement Date, and (iii) the competition regulatory authorisations in the United States of America and Brazil.

		[1] *Pursuant to the Subscription Agreements, completion of the capital increases is subject to conditions, notably to the absence of an event having a material adverse effect. "Material adverse effect" means any event, circumstance, development, change or effect that, individually or in the aggregate, has or would reasonably be expected to have (A) a material adverse effect on the condition (financial or otherwise), business, assets, results of operations or prospects of the Company and its subsidiaries taken as a whole; provided, however, that in no event shall any of the following exceptions, alone or in combination with the other enumerated exceptions below, be deemed to constitute, nor shall be taken into account in determining whether there has been or will be, a material adverse effect: (i) any change resulting from compliance with the terms and conditions of, or from the announcement of the transactions contemplated by the Subscription Agreements and in respect of China Eastern Airlines, the Marketing Agreement, (ii) any change that results from changes affecting any of the industries in which any member of the Company group operate generally or the economy generally, (iii) any change that results from changes affecting general worldwide economic or capital market conditions, provided that any such changes in (ii) and (iii) are not specifically relating to or do not disproportionately affect the Company Group in any material respect relative to their similarly situated participants in the industry in which they operate, (iv) any terrorist attacks, conflicts, pandemic, earthquake, typhoon, tornado or other natural disaster or similar force majeure event, (v) any failure to meet any internal or public projections, forecasts, or guidance, or (vi) any change in respect of the Company's stock price or trading volume or in the Company's credit rating, provided that any such failure in (v) and any such change in (vi) is not due to any material violation by a member of the Company group of any of its contractual obligations or any applicable laws and regulations or (B) an impairment in any material respect on the Company's ability to perform its obligations under the Subscription Agreements.* Each Subscription Agreement including the lock-up undertaking, the standstill provisions and the approval clause mentioned above has been concluded for a term of twenty-five (25) years and will be terminated automatically if China Eastern Airlines or Delta Air Lines, as the case may be, holds less than 25% of the New Shares held by them immediately after the completion of the Reserved Capital Increases. China Eastern Airlines and Delta Air Lines are not acting in concert towards the Company. As the first shareholder of the Company, the French State expressed its full support to the Transactions.
E.6	**Amount and percentage of dilution**	**Dilution** **Impact of the offering on shareholders' equity** As an indication, the incidence of the Reserved Capital Increases on the portion per share of consolidated shareholders' equity (a calculation made using consolidated shareholders' equity attributable to the Group as at 30 June 2017 as stated on the consolidated financial statements at 30 June 2017 which have been subject to a limited review and the 299,070,075 shares making up the Company's share capital after deducting the treasury shares) would be as follows:

	Portion of shareholders' equity per share (in euros)	
	Non-diluted basis	**Diluted basis** [2]
Prior to the issue of the new shares	4.78	5.55
After the issue of the 75,054,820 new shares	5.83	6.33

[1] *Excluding the perpetual subordinated bonds in an amount of EUR 600,000,000 issued in 2015.*

[2] *In the event of conversion of all the bonds convertible and/or exchangeable into new or existing shares and outstanding (the "**OCEANEs**") issued by the Company in 2013.*

<table>
<tr>
<td></td>
<td></td>
<td>Theoretical impact of the transaction on shareholders

As an indication, the incidence of the Reserved Capital Increases on the equity investment of a shareholder owning 1% of the Company’s share capital before the issues and not subscribing for them (calculated on the 300,219,278 shares making up the Company’s share capital as at 30 June 2017) would be as follows:

<table>
<tr><th></th><th colspan="2">Shareholder interest (%)</th></tr>
<tr><th></th><th>Non-diluted basis</th><th>Diluted basis(1)</th></tr>
<tr><td>Prior to the issue of the new shares</td><td>1.00%</td><td>0.85%</td></tr>
<tr><td>After the issue of the 75,054,820 new shares</td><td>0.80%</td><td>0.70%</td></tr>
</table>

(1) In the event of the conversion of all outstanding OCEANEs into shares.</td>
</tr>
<tr>
<td>E.7</td>
<td>Expenses charged to the investors</td>
<td>Not applicable.</td>
</tr>
</table>

1. RESPONSIBLE PERSONS

1.1. Person responsible for the Prospectus

Jean-Marc Janaillac
Chairman and Chief Executive Officer of Air France-KLM.

1.2. Statement by the person responsible for the Prospectus

"*I confirm that, after considering all reasonable measures to this effect, the information contained in this Prospectus is, to the best of my knowledge, correct and does not contain any omission likely to affect its import.*

I have obtained from the statutory auditors an end-of-work letter stating that they have verified the information concerning the financial situation and the financial statements given in this Prospectus as well as an overall reading of the Prospectus."

Jean-Marc Janaillac

Chairman and Chief Executive Officer of Air France KLM

17 August 2017

1.3. Person responsible for investor relations

Marie-Agnès Lucas de Peslouan
Head of Investor Relations
Tel: +33 1 49 89 52 59
Email : madepeslouan@airfranceklm.com

2. RISK FACTORS

The risk factors that pertain to the Company and its industry are described in Chapter 3 of the Registration Document and Chapter 5 of the Update to the Registration Document included in the Prospectus. The shareholders’ attention is drawn to the fact that the list of risks appearing in the Registration Document and the Update to the Registration Document is not exhaustive and that there may exist other risks not presently identified or deemed immaterial by the Company as of the date of the visa of the Prospectus. In addition to these risk factors, the investors are invited to refer to the following risk factors pertaining to the issued securities before making their investment decision.

The Company’s shareholders will suffer dilution due to the issue of the New Shares

The issue of New Shares implies the issue of 75,054,820 new shares, namely a dilution of 20 % of the share capital and 16.7 % of voting rights.

The market price and liquidity of the Company’s shares could fluctuate significantly

In recent years, stock markets have experienced significant fluctuations, often bearing no relation to the results of the companies whose shares were traded. Market fluctuations and general economic conditions may increase the volatility of the Company’s shares. The market price of the Company's share price may fluctuate significantly in response to various factors and events, including the risk factors described in the Registration Document forming part of this Prospectus and the Updates to the Registration Document, as well as the liquidity of the market for the Company’s shares.

The Company’s shares are in the scope of the French financial transaction tax, and could be subject to the European financial transaction tax.

*French financial tax (“**French FTT**”)*

The subscription in the context of the Company’s issue of New Shares is exempted of French FTT in accordance with the primary market’ s exemption provided by article 235 ter ZD II 1° of the *Code general des impôts*.

The French FTT applies, under certain conditions, to acquisitions of equity securities listed on a regulated market which are issued by a company whose registered office is located in France and whose market capitalization exceeds one billion euros on 1st December preceding the taxation year. A list of companies which fall in the French FTT’s scope is published by decree each year.

The Company is in the list of companies included in the scope of French FTT the market capitalization of which on 1 December 2016 exceeds one billion euros (BOI-ANNX-000467-2016220). French FTT is due at a rate of 0.3% of the purchase price of the New Shares by the purchasers for acquisitions occurred as from 1st January 2017 on secondary market (subject to certain exceptions).

*European financial transaction tax (“**European FTT**”)*

The attention of potential shareholders of the Company's shares is also drawn to the fact that on 14 February 2013 the European Commission published a proposal for a directive (“**Commission Proposal**”) for a common European FTT with Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia), (the “**Participating Member States**”), and which, if it were adopted and implemented by France, could replace the French FTT. In March 2016, Estonia indicated its withdrawal from enhanced cooperation.

European FTT, if it were adopted and implemented by France, could apply, under certain circumstances, to certain transactions involving the Company’s shares.

According to the Commission Proposal the European FTT could in certain circumstances apply to investors within or outside Participating Member States. In principle, it would apply to any financial transaction where at least one of the parties is a financial institution, acting for its own account or on behalf of a third party, or acting in the name of a party to the transaction. A financial institution may be, or may be deemed to be, based in a Participating Member State in a wide variety of circumstances, specifically (a) when entering into a transaction with a person based in a Participating Member State or (b) when the financial instrument in the transaction is issued in a Participating Member State.

However the Commission Proposal is still being discussed by the remaining Participating Member States. It may therefore be amended before being adopted, the date of which is uncertain. Other Member States of the European Union may decide to participate in it.

The French FTT and European FTT could increase transaction costs related to the Company's purchases and sales of shares and could reduce market liquidity for such shares. Potential holders of the Company's shares are advised to contact their usual tax advisor to inquire about the potential consequences of the French FTT and the European FTT.

3. KEY INFORMATION

3.1. Net working capital statement

The Company declares that, in its opinion, the Group's net working capital, prior to the Reserved Capital Increase, is sufficient to meet its commitments in the 12 months following the Prospectus approval date.

3.2. Shareholders' equity and debt

The consolidated shareholders' equity as of 30 June 2017 and the consolidated net indebtedness as of 30 June 2017 are detailed as follows:

Consolidated statement of consolidated equity and indebtedness

In accordance with the recommendations of the ESMA (European Securities and Markets Authority) (ESMA/2013/319/paragraph 127), the statement as below gives the situation of the income net consolidated by the Company on 30 June 2017 and consolidated net indebtedness on 30 June 2017.

(In € million)	**30 June 2017**
1. Shareholders' equity and debt	
Total current debt :	**1,618**
• Current debt, guaranteed	788
• Current debt, secured	-
• Current debt unguaranteed/ unsecured	830
Total non current debt	**6,640**
• Non-Current debt, guaranteed	3,410
• Non-Current debt, secured	812
• Non-Current debt unguaranteed/ unsecured	2,418
Shareholder's equity:	**2,029**
• Share capital	300
• Additional paid-in capital	2,971
• Perpetual	600
• Legal reserve	70
• Other reserves	247
• Net income (loss) – Equity holders of Air France-KLM	151
• Other elements of the global results	(2,243)
• Treasury shares	(67)
2. Net financial debt	
A. Cash	618
B. Cash equivalents	3,599
C. Investment Securities	339
D. Liquidity (A + B + C)	**4,556**
E. Short-term financial assets	**698**
F. Bank overdrafts	11
G. Bank overdrafts	1,618
H. Other current financial liabilities	-

I. Current short-term financial liabilities (F+G+H)	**1,629**
J. Net short-term financial debt (I-E-D)	**(3,625)**
K. Bank loans due past one year	1,022
L. Bonds issued	1,647
M. Other loans due past one year	3,971
N. Long-term financial debt (K+L+M)	**6,640**
O. Net financial debt (J+N)	**3,015**

Net financial debt, calculated on the line O, presents a difference of 59 million euros compared to the net debt published by the Group in its financial statements as of 30 June 2017 (note 20). This difference corresponds to the following elements:

- Accrued interest not yet due for 50 million euros
- Fair value hedges related to debt for 12 million euros
- Other elements for (3) million euros

As at the date of the Prospectus, there has not been any material change to the off-balance sheet commitments of the Group compared to the commitments presented in note 39.1 "Commitments made" of the consolidated accounts included in Chapter 5 of the Reference Document.

3.3. Purposes of the issue and use of proceeds

The issue of the New Shares forms part of the strengthening of the Company's strategic partnerships; through the implementation of a single global joint-venture(1) among the Company, Delta Air Lines and Virgin Atlantic(2) on the one hand, and the strengthening of the commercial alliances with China Eastern Airlines on the other hand and the reinforcement of their partnership through the existing joint-venture.

In the context of these strategic transactions (together, the "**Transactions**"), the Company will acquire a stake of 31% in Virgin Group (representing 31% of voting rights) from Virgin Atlantic for an amount of approximately GBP 220 million(3) and Delta Air Lines and China Eastern will each subscribe new shares through the Reserved Capital Increases described in this summary. Besides, the Company and China Eastern Airlines have signed a marketing agreement (the "**Marketing Agreement**") on 27 July 2017, aiming to set up the principles of their commercial cooperation.

Besides, the Company plans to adapt its governance by the appointment of two new directors who will represent, as the case may be, China Eastern Airlines or Delta Air Lines. It will be proposed to the Combined Ordinary and Extraordinary Shareholders' Meeting (i) to appoint Mr. Bing Tang, vice president of China East Airlines Holding Company, and director and vice president of China Eastern Airlines Corporation Limited, a candidate proposed by Chine Eastern Airlines, subject to the completion of the Capital Increase Reserved to China Eastern Airlines and (ii) to appoint Delta Air Lines Inc., a candidate proposed by Delta, as members of the Board of Directors, subject to the completion of the Capital Increase Reserved to Delta Air Lines.

The Reserved Capital Increases will improve the Company's financial structure, accelerate the reduction of its debt, in particular by using part of the amount raised for the redemption, at their maturity date on January 2018, the €500 million notes issued by the Company in 2012 and finance the acquisition of the stake in Virgin Atlantic.

The total amount of the Reserved Capital Increase, including issue premium is 750,548,200 euros.

(1) *As with most joint-ventures in the industry, it did not lead to the creation of a common company but rather the signature of a contract defining both a common income statement and organizations to manage all aspects of the joint-venture.*

(2) *Virgin Atlantic is the fourth European actor on the North America roads, behind British Airways Lufthansa and Air France, and the second air transport company in terms of capacity in London Heathrow, the largest airport in Europe. In 2016, Virgin Atlantic flew 5.4 million of passengers to 26 destinations with a fleet of 39 aircraft and had 8,500 employees (Source: Annual report 2016 of Virgin Atlantic)*

(3) *The investment in Virgin Atlantic will be effective in 2018, subject to notably obtaining necessary regulations authorizations (in particular authorization of the civil aviation authority of the United Kingdom and competition authorities if required). The company will be represented in Virgin Atlantic by three directors, same number of directors as Delta Air Lines and Delta Air Lines and the Company will have, under certain conditions, a common put option relating to its stake, without a predefined term, in case of the exit of United Kingdom from the European Union (Brexit), the exercise price of which will be equal to the purchase price of the stake in Virgin Atlantic, reduced by 10%.*

4. INFORMATION ON THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING ON THE REGULATED MARKETS OF EURONEXT PARIS AND EURONEXT AMSTERDAM

4.1. New Shares

4.1.1. Type, class and dividend rights of the New Shares admitted to trading

The 75,054,280 ordinary shares to be issued in the context of the Reserved Capital Increases (the "**New Shares**") are ordinary shares of the same class as the existing shares of the Company. They shall carry entitlement to dividend rights, namely, the right to receive, as of their issue, a fraction of the distributions decided by the Company as of their issue date.

New Shares will be admitted to trading on the regulated markets of Euronext Paris and Euronext Amsterdam as of the Settlement Date.

They will be directly assimilated to existing shares of the Company, already traded and tradable on Euronext Paris, as from this date, on the same segment as these existing shares (ISIN code FR0000031122).

"Settlement Date" means the date on which the New Shares will be delivered and their subscription price fully-paid, as part of the Reserved Capital Increases, this date shall occur at least within 5 business days after the fulfillment of the conditions precedent provided by the Subscription Agreements, and notably the approval of competent regulatory authorities in the United States of America and Brazil.

4.1.2. Applicable law and jurisdiction

The New Shares will be issued in accordance with French law and the competent courts, in the event of litigation, will be those where the Company's registered office is located whenever the Company is the defendant. Such courts will be designated according to the nature of the litigation, unless the French Code of Civil Procedure provides otherwise.

4.1.3. Form and method of registration in share accounts

In accordance with the Subscription Agreements entered into on 27 July 2017 with China Eastern Airlines and the Company on the one hand, and Delta Air Lines and the Company on the other hand, the New Shares will be in a registered form.

In compliance with Article L. 211-3 of the French Monetary and Financial Code, they will necessarily be registered in a securities account held by the Company.

In compliance with Article L. 211-3 of the French Monetary and Financial Code, they will necessarily be registered in a securities account held, as the case may be, by the Company or an authorised intermediary:

- Société Générale Securities Services (32, rue du Champs de tir, BP81236, 44312 Nantes Cedex 03), appointed by the Company, for shares held in registered form administered by the Company (*titres au nominatif pur*);
- An authorized intermediary of their choice and of Société Générale Securities Services (32, rue du Champs de tir, BP81236, 44312 Nantes Cedex 03), appointed by the Company, for shares held in registered form administered by a financial intermediary (*titres inscrits au nominatif administré*).

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, shares may be transferred from one account to another, and transfer of ownership of the New Shares will occur upon their registration in the securities account of the purchaser.

Application will be made for the New Shares to be admitted to Euroclear France, which will ensure the clearing of the shares between account holders-custodians. The shares will also be the subject of an application for admission to Euroclear Bank S.A./N.V and Clearstream Banking S.A (Luxembourg).

According to the indicative timetable, the New Shares are expected to be registered in securities account and tradable on Settlement Date.

4.1.4. Currency of the issue

The New Shares in the context of the Reserved Capital Increases are issued in euros.

4.1.5. Rights attached to the New Shares

Upon their creation, the New Shares will be subject to all the provisions of the Company's bylaws. Pursuant to applicable French law and the Company's bylaws in their current form, the main rights attached to the New Shares are as follows:

Rights to dividends

The New Shares issued will carry rights to dividends under the conditions described in section 4.1.1 above.

The Company's shareholders will be entitled to share in the Company's profits under the conditions set out in Articles L. 232-10 et seq. of the French Commercial Code.

The shareholders' general meeting approving the financial statements for the preceding fiscal year may decide to pay a dividend to all shareholders (Article L. 232-12 of the French Commercial Code).

In addition, interim dividends may be paid prior to the approval of the financial statements for the relevant fiscal year (Article L. 232-12 of the French Commercial Code).

The shareholders' general meeting may grant shareholders the option of receiving all or part of their dividends or interim dividends either in cash or in shares issued by the Company (Articles L. 232-18 et seq. of the French Commercial Code).

The payment of dividends must take place within nine months of the end of the relevant fiscal year. This deadline may be extended by a court order (Article L. 232-13 of the French Commercial Code).

Any action brought against the Company for the payment of dividends owed with respect to the shares will become time-barred upon the expiry of a period of five years from their due date. Furthermore, dividends will also be forfeited to the benefit of the French State upon the expiry of a period of five years from their due date.

Dividends paid to non-residents are generally subject to withholding taxes in France (see section 4.7 below).

Voting rights

The voting rights attached to shares are proportional to the ownership interest represented by such shares in the Company’s share capital. Each share entitles the shareholder to one vote (Article L. 225-122 of the French Commercial Code and Article 10 of the Company’s bylaws) subject to the provisions set out below.

Double voting rights are allocated to all fully paid up shares that can be shown to have been registered in the name of the same shareholder for at least two years (Article L. 225-123 of the French Commercial Code).

In addition, in the event of an increase in share capital through the capitalisation of reserves, profits or issue premiums, a double voting right will be conferred, from the date of issue, on registered shares allocated free of charge to a shareholder in proportion to his, her or its existing shares in the Company carrying such rights (Article L. 225-123 of the French Commercial Code).

Without prejudice to the duties to notify the Company and the AMF in the event that the ownership thresholds set out by law and the AMF’s General Regulation are crossed, any individual or legal entity, acting alone or in concert, who should possess directly or a number of shares representing a fraction equal to or greater than 0.5% of the share capital or voting rights of the Company, or a multiple of this percentage, must so inform the Company in writing, within fifteen trading days of crossing this threshold.

The declaration of threshold provided in the previous paragraph must be renewed each time a new 0.5% of voting rights is crossed upward to 50%.

The declarations mentioned in the two previous paragraphs apply in the same above conditions when the aforesaid thresholds are crossed downwards.

For the purposes of applying the above paragraphs, the shares or voting rights possessed shall be the shares and voting rights listed in Article L. 233-9-I of the French Commercial Code

A breach of the preceding provisions will entail a cancellation of voting rights pursuant to the conditions of article L.233-14 of the French Commercial Code, at the request by one or more shareholders who together hold at least 0.5%.

Preferential subscription rights of same class securities

The shares carry a preferential subscription right in case of a capital increase. Shareholders will have, pro rata to their existing interest in the Company’s share capital, a preferential right to subscribe in cash for shares issued as part of an immediate or future increase in share capital. During the subscription period, preferential subscription rights may be traded when detached from the underlying shares, which themselves are also tradable. Preferential subscription rights may be transferred on the same basis as the shares themselves. The shareholders may individually waive their preferential subscription rights (Articles L. 225-132 and L. 228-91 to L. 228-93 of the French Commercial Code).

The general meeting which decides or authorises an immediate or future capital increase may cancel the preferential subscription rights for the entire capital increase or for one or more tranches thereof and may provide for or authorise a priority subscription period for the benefit of shareholders (Article L. 225-135 of the French Commercial Code).

Shares may be issued without preferential subscription rights, either by way of a public offering or, in an amount not to exceed 20% of the share capital per year, by way of an offering contemplated in Article L. 411-2 of the French Monetary and Financial Code (an offering to qualified investors or a restricted number of investors acting on their own behalf) and the issue price is at least equal to the weighted average share price of the latest three trading sessions preceding the pricing, to which a maximum discount of 5% may apply (Articles L. 225-136 1° paragraph 1 and 3° and R. 225-119 of the French Commercial Code). However, the general meeting may authorise the Management Board to set the issue price based on such conditions as the general meeting may determine, up to a maximum amount of 10% of the share capital per year (Article L. 225-136 1° paragraph 2 of the French Commercial Code).

The general meeting may also cancel the preferential subscription rights when the Company conducts a capital increase that is:

- reserved for one or several designated persons or categories of persons satisfying certain criteria that the general meeting may determine. The issue price or the conditions governing the setting of such price will be determined by the extraordinary general meeting on the basis of a report of the Management Board and a special report of the Statutory Auditors (Article L. 225-138 of the French Commercial Code);

- for the purpose of allocating newly issued shares as consideration for the securities contributed to a public exchange offer for the securities of a company whose shares are admitted to trading on a regulated market of a State that is a party to the Agreement on the European Economic Area or a member of the Organisation for Economic Cooperation and Development. In that event, the Statutory Auditors must give an opinion on the conditions and consequences of the issue (Article L. 225-148 of the French Commercial Code).

In addition, the general meeting may decide to carry out a capital increase:

- in order to pay for contributions in kind. The value of such contributions will be assessed by one or more special auditors. The general meeting may delegate to the Management Board the necessary powers to carry out a capital increase, up to a maximum of 10% of the authorised share capital, in order to pay for contributions in kind comprising equity securities or securities giving access to the share capital (Article L. 225-147 of the French Commercial Code);

- reserved for the members (employees of the Company or of its associated companies within the meaning of Article L. 225-180 of the French Commercial Code) of a company savings scheme (Article L. 225- 138-1 of the French Commercial Code). The subscription price cannot be more than 20% lower than the average listed price during the 20 trading days preceding the date of the decision setting the opening date of the subscription (Article L. 3332-19 of the French Labour Code);

- by means of the allocation of performance shares to salaried staff of the Company or group companies, to certain categories of such persons or to directors and officers, up to a maximum of 10% of the Company's share capital (Articles L. 225-197-1 *et seq.* of the French Commercial Code).

Finally, the Company may allocate stock options to salaried staff of the Company or group companies, to certain categories of such persons or to their directors and officers, up to a maximum of one third of the Company's authorised share capital (Articles L. 225-177 *et seq.* of the French Commercial Code).

Right to share in any surplus in the event of liquidation

Any shareholders' equity remaining after repayment of the nominal value of the shares will be shared between shareholders in the same proportion as their ownership interest in the Company's authorised share capital (Article L. 237-29 of the French Commercial Code).

Buyback clauses and conversion clauses

The Company’s bylaws do not contain any special share buyback or conversion clauses.

Identification of holders of securities

The Company is entitled to request at any time of the central depositary responsible for clearing securities the names of the persons or legal entities, the nationality, year of birth or of incorporation and address of the holders of equity instruments conferring voting rights in its general meetings of shareholders, whether immediately or at a later date, in addition to the quantity of stock held by each such holder, and where applicable, details of any restrictions possibly affecting the stock concerned.

In the light of the list supplied by the central depositary, the Company may request, either through that central depositary or directly of the persons or legal entities shown on the list, under the same above conditions and subject to sanctions where the Company feels they may be registered on behalf of others, information on the owners of the shares.

As long as the Company deems that certain holders of securities whose identity has been communicated to the Company are acting for third parties, it has the right to request such holders to reveal the identity of the owners of such shares, as well as the number of shares held by each (article L. 228-2 et seq. of the French Commercial Code).

Provisions relating to changes in the Company’s shareholdings

Articles 9 *et seq.* of the Company’s bylaws implement the provisions of Articles L. 360-2 and R. 360-1 *et seq.* of the French *Code de l’Aviation Civile* and L. 6411-2 *et seq.* of the French *Code des Transports* relating to changes in shareholdings of airline companies, the shares of which are admitted to trading on a regulated market.

1. Shareholding monitoring – registration of shares in the names of the holders

Articles 9.2 *et seq.* of the Company’s bylaws fix conditions under which a shareholder can be forced to hold its shares in registered form.

According to Article 9.2 of the Company’s bylaws, any shareholder, whether alone or acting in concert with others, who comes to hold a number of shares or voting rights in the Company equal to or greater than 5% of the total number of shares or voting rights must, within five trading days from the date on which the above equity threshold is reached, request that its shares be held in the registered form. This obligation applies to all shares already held and to those which would be acquired subsequently above the aforementioned threshold, for so long as the shareholder continues to hold shares at or above the threshold.

In addition, according to Article 9.3 of the Company’s bylaws, the Board of Directors may decide to lower the threshold for the mandatory registration described above from 5% to 10,000 shares if, following completion of the procedure of identification of shareholders, it appears that the threshold of 40% of the share capital or voting rights has been crossed by shareholders other than French shareholders (including shareholders who are citizens of Member States of the European Union and States parties to the agreement on the European Economic Area or any other agreement having a similar scope in relation to air transportation) (together the “**European Citizens**”).

Finally, pursuant to Article 9.4 of the Company’s bylaws, the Board of Directors shall impose the registered form to all shareholders of the Company if it appears, following completion of the procedure of identification of shareholders, that shareholders other than European Citizens hold, directly or indirectly, more than 45% of the share capital or voting rights in the Company.

2. Approval clause

According to Article 11 of the Company’s bylaws if, according to the information available to it, the Board of Directors finds that more than 45% of the share capital and voting rights is held directly or indirectly by shareholders other than European Citizens, it may resolve that any acquisition of shares by a third party or a shareholder which would result in such purchaser of shares being bound by an obligation to declare that a threshold of 0.5% of the share capital or voting rights, or any multiple of that percentage, has been crossed pursuant to the paragraph “*Voting rights*” above, shall require approval of the Board of Directors under in accordance with applicable laws.

3. Formal demand for assignment following registration of shares

Article 15 of the Company’s bylaws provides that in the event of the crossing of 45% of the share capital and voting rights by shareholders other than European Citizens, the Company will be authorized to issue formal demands to certain of its shareholders requiring the sale of all or part of their shares ; shareholders other than European Citizens will be first subject to such formal demand.

The shares subject to such formal demand shall be determined by the chronological order of registration in the name of the holder, following application of the priority criterion specified in the preceding paragraph and beginning with the most recently registered.

In the event that, following application of the rules defined in the preceding two paragraphs, several shareholders hold a number of shares registered at the same date in the books of the Company and exceeding the balance of the shares to which the same formal demand procedure is to be applied, such balance shall be split between those shareholders in proportion to the shares concerned.

The formal demand for assignment of stock may be implemented in one or more phases for so long as, in the light of the information available to the Company and the assignments already effected, the fraction of the share capital or voting rights held by shareholders other than European Citizens stands at 45% or more.

In the event that a shareholder does not sell its shares within two months of the date of the formal demand, the Chairman of the Board of Directors may issue a writ of summons for injunctive relief before the President of the *Tribunal de grande instance* of Paris, asking for the appointment of the entity mentioned in article L. 531-1 of the French *Code monétaire et financier* for the purpose of carrying out such sale.

4.2. Authorisations

(a) Resolutions submitted to the vote of the Combined Ordinary and Extraordinary Shareholders' Meeting

The shareholders of the Company, gathered in a combined ordinary and extraordinary shareholder's Meeting on 4 September 2017 (the "**Combined Ordinary and Extraordinary Shareholders' Meeting**") are called to approve the resolutions, on the basis of which, the Reserved Capital Increases on the one hand and the appointment of two directors each designated by China Eastern Airlines and Delta Air Lines in the Board of Directors on the other hand, will be authorized subject to the settlement and delivery of the Reserved Capital Increase aforementioned.

The text of the resolutions proposed to the Combined Ordinary and Extraordinary Shareholders' Meeting is as follows:

(i) Appointment of Mr. Bing Tang as member of the Board of Directors

First Resolution *(Appointment of Mr. Bing Tang as member of the Board of Directors)*

The Shareholders Meeting, deliberating in accordance with the quorum and majority conditions required for ordinary shareholders' meetings, decides, subject to the settlement and delivery of the reserved share capital increase to Eastern Airlines Industry Investment (Luxembourg) Company Limited, a subsidiary of the China Eastern Airlines group, provided for in the third resolution of this shareholders' meeting, to appoint Mr. Bing Tang as a member of the Board of Directors for a period of four years (i) commencing on the date on which the aforementioned condition precedent is fulfilled and (ii) expiring at the close of the shareholders' meeting to be convened in 2021 to approve the financial statements for the financial year ending December 31, 2020.

(ii) Appointment of Delta Air Lines, Inc. as member of the Board of Directors

Second resolution (*Appointment of Delta Air Lines, Inc. as member of the Board of Directors)*

The Shareholders Meeting, deliberating in accordance with the quorum and majority conditions required for ordinary shareholders' meetings, decides, subject to the settlement and delivery of the reserved share capital increase to Delta Air Lines, Inc. or a company belonging to the Delta group wholly-owned, directly or indirectly by Delta Air Lines Inc., provided for in the fourth resolution of this shareholders' meeting, to appoint Delta Air Lines, Inc. as a member of the Board of Directors for a period of four years (i) commencing on the date on which the aforementioned condition precedent is fulfilled and (ii) expiring at the close of the shareholders' meeting to be convened in 2021 to approve the financial statements for the financial year ending December 31, 2020.

(iii) Capital Increase Reserved to China Eastern Airlines

Third resolution *(Delegation of authority granted to the Board of Directors, for the purpose of issuing, without shareholders' preferential subscription rights, for the benefit of Eastern Airlines Industry Investment (Luxembourg) Company Limited, a subsidiary of the China Eastern Airlines group, ordinary shares of the Company for a total nominal amount of 37,527,410 euros (thirty seven million and five hundred and twenty-seven thousand and four hundred and ten euros), for a period of 6 months.)*

The Shareholders Meeting, deliberating in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered (i) the Report of the Board of Directors and (ii) the Auditors' Special Report, and in accordance with Articles L. 225-127 to L. 225-129-6 and L. 225-138:

1. Grants – subject to the condition precedent of the approval at this Meeting of the first resolution – an authorisation to the Board of Directors – which may be delegated in accordance with applicable laws and the Company's bylaws – to issue ordinary shares of the Company to be paid up in cash. The number of shares issued and the timing of the issue(s) will be determined at the Board of Directors' discretion;

2. Resolves that the aggregate par value of this share capital increase shall be of 37,527,410 euros (thirty seven million and five hundred and twenty-seven thousand and four hundred and ten euros) through the issuance of 37,527,410 (thirty seven million and five hundred and twenty-seven thousand and four hundred and ten) new shares with a par value of one euro (€1) each and that this amount will be deducted from the €150 million aggregate nominal cap amount set under the terms of the 12th resolution of the Shareholders' Meeting held on 16 May 2017;

3. Resolves that the new shares with a par value of one euro(€1) will be issued at a unit price of 10 euros (ten euros), corresponding to an issue premium of 9 euros (nine euros) per share;

4. Resolves to waive the existing shareholders' preferential subscription rights to subscribe the shares to be issued pursuant to this authorisation so that all of the shares are offered exclusively to Eastern Airlines Industry Investment (Luxembourg) Company Limited, a company incorporated under the laws of the Grand-Duchy of Luxembourg, having its registered office at 48, Boulevard Grande-Duchesse Charlotte, L-1330 Luxembourg, Grand Duchy of Luxembourg, which is a subsidiary of the China Eastern Airlines group;

5. Grants the Board of Directors full powers – which may be delegated in accordance with the law and the Company's bylaws – to use this authorisation and accordingly to:

a) acknowledge fulfilment of the condition precedent referred to in paragraph 1 of this resolution,

b) decide to carry out the capital increase or, if appropriate, postpone the issue,

c) determine – subject to the limits set out above – the characteristics and other terms and conditions of the issue, including the cum-rights date of the shares (which may be retroactive) and the method by which the shares will be paid up,

d) if appropriate, charge the expenses relating to the capital increase shares against the related premium and deduct from the premium the amounts necessary to raise the legal reserve to the required level,

e) receive the subscription price of the new shares and acknowledge their subscription and the ensuing capital increase and amend the bylaws to reflect the new capital,

f) generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, admission to trading and service of the shares issued pursuant to this authorisation and for the exercise of any related rights.

This authorisation is given for a period of six months from the date of this Shareholders' Meeting.

(iv) Capital Increase Reserved to Delta Air Lines

Fourth resolution *(Delegation of authority granted to the Board of Directors, for the purpose of issuing, without shareholders' preferential subscription rights, for the benefit of Delta Air Lines, Inc. or a company belonging to the Delta group wholly-owned, directly or indirectly, by Delta Air Lines, Inc., ordinary shares of the Company for a total nominal amount of 37,527,410 euros (thirty seven million and five hundred and twenty-seven thousand and four hundred and ten euros), for a period of 6 months.)*

The Shareholders Meeting, deliberating in accordance with the quorum and majority voting conditions applicable to Extraordinary General Meetings, and having considered (i) the Report of the Board of Directors and (ii) the Auditors' Special Report, and in accordance with Articles L. 225-127 to L. 225-129-6 and L. 225-138:

1. Grants – subject to the condition precedent of the approval at this Meeting of the second resolution – an authorisation to the Board of Directors – which may be delegated in accordance with applicable law and the Company's bylaws – to issue ordinary shares of the Company to be paid up in cash. The number of shares issued and the timing of the issue(s) will be determined at the Board of Directors' discretion;

2. Resolves that the aggregate par value of this share capital increase shall be of 37,527,410 euros (thirty seven million and five hundred and twenty-seven thousand and four hundred and ten euros) through the issuance of 37,527,410 (thirty

seven million and five hundred and twenty-seven thousand and four hundred and ten) new shares with a par value of one euro (€1) each and that this amount will be deducted from the €150 million aggregate nominal cap amount set under the terms of the 12th resolution of the Shareholders' Meeting held on 16 May 2017;

3. Resolves that the new shares with a par value of one euro (€1) will be issued at a unit price of 10 euros (ten euros), corresponding to an issue premium of 9 euros (nine euros) per share;

4. Resolves to waive the existing shareholders' preferential subscription rights to subscribe the shares to be issued pursuant to this authorisation so that all of the shares are offered exclusively to Delta Air Lines, Inc. or a company belonging to the Delta group wholly-owned, directly or indirectly, by Delta Air Lines, Inc., a company incorporated under the laws of the State of Delaware (United States), having its registered office at 1030 Delta Boulevard, Atlanta, GA USA 30354;

5. Grants the Board of Directors full powers – which may be delegated in accordance with the law and the Company's bylaws – to use this authorisation and accordingly to:

a) acknowledge fulfilment of the condition precedent referred to in paragraph 1 of this resolution,

b) decide to carry out the capital increase or, if appropriate, postpone the issue,

c) determine the identity of the beneficiary of the reserved share capital increase, within the category of beneficiaries mentioned above in favour of which the preferential subscription rights have been waived, and determine – subject to the limits set out above – the characteristics and other terms and conditions of the issue, including the cum-rights date of the shares (which may be retroactive) and the method by which the shares will be paid up,

d) if appropriate, charge the expenses relating to the capital increase shares against the related premium and deduct from the premium the amounts necessary to raise the legal reserve to the required level,

e) receive the subscription price of the new shares and acknowledge their subscription and the ensuing capital increase and amend the bylaws to reflect the new capital,

f) generally, enter into any and all agreements, take all appropriate steps and carry out all formalities necessary for the issue, admission to trading and service of the shares issued pursuant to this authorisation and for the exercise of any related rights.

This authorisation is given for a period of six months from the date of this Shareholders' Meeting.

(b) Decision of the Board of Directors

The Board of Directors of the Company authorized the principle of Reserved Capital Increases at its meeting held on 27 July 2017. Besides the Board of Directors will meet in order to determine the terms and conditions of the Reserved Capital Increases within the limits contained in the above-mentioned resolutions, and to authorize the Chairman and Chief Executive Officer, with the option of sub-delegation, to realize the Reserved Capital Increases, in accordance with the provisions of article L.225-129-4 of the French *Code de commerce*.

4.3. Scheduled issue date for the New Shares

The scheduled issue date for the New Shares is the Settlement Date.

4.4. Restrictions on the sale of the New Shares

No provisions of the Company's bylaws limits the sale of the shares comprising the Company's share capital, subject to the implementation of provisions relating to the share capital including notably identification of shareholders, registration and assignment of shares and notice to sell.

4.5. French regulations regarding public offers

The Company is subject to the laws and regulations applicable in France governing mandatory public offers, squeeze-outs and compulsory buy-outs.

4.5.1. Mandatory takeover bids

In compliance with Article L. 433-3 of the French Monetary and Financial Code and Articles 234-1 et seq. of the General Regulations of the AMF set forth the circumstances in which a mandatory takeover bid must be made, on terms such that it can be approved by the AMF, for all the equity securities and securities conferring access to share capital or voting rights of a company whose shares are admitted to trading on a regulated market.

4.5.2. Public buy-back offers and squeeze-outs

Article L. 433-4 of the French Monetary and Financial Code and Articles 236-1 et seq. (buy-back offers), 237-1 et seq. (squeeze-out following a buy-back offer) and 237-14 et seq. (squeeze-out following any takeover bid) of the General Regulations of the AMF set forth the circumstances in which a buy-back offer must be made, and the circumstances in which proceedings to squeeze-out minority shareholders must be implemented, in the case of a company whose shares are admitted to trading on a regulated market.

4.6. Public takeover bids initiated by third parties for the issuer's share capital during the current or previous fiscal year

No public takeover bid was initiated by any third party in respect of the Company's share capital during the current or previous fiscal year.

4.7. Withholding tax on dividends paid by the Company

The information contained in this Prospectus is only a summary of the tax consequences with respect to withholding tax on dividends likely to apply to dividends distributed by the Company, under current French tax law, and subject to the potential application of international tax treaties, (i) for shareholders who do not reside in France for tax purposes, owning shares other than through a permanent residence or permanent establishment in France and receiving dividends with respect to those shares (4.7.1.) and (ii) for shareholders who reside in France for tax purposes (4.7.2.).

The rules set out below may be subject to legislative or regulatory amendments (in some cases with retroactive effect) or to changes in their interpretation by the French tax authorities. In any event, this information is not intended to constitute a complete analysis of all tax consequences potentially applicable to shareholders. Such shareholders should contact their usual tax adviser to confirm the tax treatment applicable to their particular situation.

The following developments are not aiming to describe consequences linked to subscription, acquisition, holding and sale of shares. The concerned persons are invited to seek advice from their usual tax advisor concerning tax provisions applicable to their particular case, and notably due to subscription, acquisition, holding and sale of the Company's shares.

Investors who are not tax-resident in France must also comply with the applicable tax laws of their country of residence, as amended by any international tax treaty between their country and France.

It is specified that debits and other withholdings taxes described in the following developments are not taken in charge by the Company.

4.7.1. Withholding tax on dividends paid to the shareholders who do not reside in France for tax purposes

In principle, dividends paid by the Company are subject to withholding tax deducted by the entity paying the dividends when the tax residence as defined under Article 4B of the French Tax Code as it may be amended by the applicable international tax convention, or registered office of the beneficiary are located outside France. Subject to what is said hereinafter, the rate of this withholding tax is set at:

- 21% when dividends are eligible for the 40% tax allowance provided for in 3.2° of Article 158 of the French Tax Code and distributed to individuals who are tax residents of a member State of the European Union other than France or in a State that is a party to the European Economic Area agreement and with which France has entered into a tax convention that contains an administrative assistance clause aimed at combating fraud and tax evasion;

- 15% when the recipient is a legal entity with its registered office in a member State of the European Union other than France or in a State that is a party to the European Economic Area agreement and with which France has entered into a tax convention that contains an administrative assistance clause aimed at combating fraud and tax evasion and which would be taxed, if it had its registered office in France, under 5 of Article 206 of the French Tax Code (which is aimed at organisations generally termed "not for profit") as interpreted by the Bulletin Officiel des Finances Publiques-Impôts (BOI-IS-CHAMP-10-50-10-40-20130325, n° 580 et seq.) and as interpreted by the applicable case law; and

- 30% otherwise.

However, irrespective of the location of the beneficiary's tax residence, registered office or status, subject to the provisions of the international tax conventions, if dividends distributed by the Company are paid outside France in a State or territory that is non-cooperative within the meaning of Article 238-0 A of the French Tax Code ("**ETNC**"), they will be subject to withholding tax at the rate of 75%. Notwithstanding the foregoing, the 75% withholding does not apply if the paying entity can prove that the distributions in such a non-cooperative State or territory does not aim at, and does not result in, enabling for tax evasion purposes, their location in a ETNC. The list of the ETNC is determined and published by inter-ministerial decree and updated annually.

The withholding tax may be reduced, even eliminated, including:

(i) pursuant to Article 119 ter of the French Tax Code that applies under certain circumstances to shareholders that are legal entities effectively headquartered in a member State of the European Union or in another State that is a party to the European Economic Area agreement and with which France has entered into a tax convention that contains an administrative assistance clause aimed at combating fraud and tax evasion and holding at least 10% of the equity of the issuing French company for no less than two years and fulfilling all the conditions set forth therein as construed in the Bulletin Officiel des Finances Publiques-Impôts (BOI-RPPM-RCM-30-30-20-10- 20160607);

(ii) in the cases and circumstances contemplated in the Bulletin Officiel des Finances Publiques-Impôts (BOI-RPPM-RCM-30-30-20-40-20160607) concerning corporations or other organisations that fulfil the conditions that supersede the regime for parent companies and their subsidiaries provided in Articles 145 and 216 of the French Tax Code (involving entities that hold at least 5% of the equity of the issuing French company) effectively headquartered in another member State of the European Union or in another State that is a party to the European Economic Area agreement and with which France has entered into a tax convention to eliminate double taxation and that contains an administrative assistance clause aimed at combating fraud and tax evasion and that cannot offset French tax withholding in their domicile State;

(iii) pursuant to the international tax conventions that may apply, if any;

(iv) pursuant to 2 of Article 119 bis of the French Tax Code that applies under certain conditions described by administrative doctrine (BOI-RPPM-RCM-30-30-20-70-20170607) to undertakings for collective investment established under non-French law and located in a European Union Member State or in another State or territory with which France has entered into a tax convention that contains an administrative assistance clause aimed at combating fraud and tax evasion;

(v) pursuant to Article 119 quinquies of the French Tax Code which applies to shareholders who are legal entities located in a European Union Member State or in another State or territory with which France has entered into a tax convention that contains an administrative assistance clause aimed at combating fraud and tax evasion, which is subject to a procedure similar to the one set forth in Article L. 640-1 of the French Commercial Code (or an insolvent legal entity for which a financial restructuring is manifestly impossible), and fulfilling all the conditions of Article 119 quinquies of the French Tax Code as interpreted by administrative doctrine (BOI-RPPM-RCM-30-30-20-80-20160406).

Relevant investors should consult with their tax advisers to determine whether they fall within the scope of these legal and regulatory provisions.

It is up to the Company's shareholders who are affected to consult with their usual tax adviser in order to determine, among other things, if they might be subject to the legislation concerning ETNC or be able to receive a reduction in or exemption from the tax withholding, and in order to determine the practical application of the applicable international tax conventions, if any, including those referred to in the Bulletin Officiel des Finances Publiques-Impôts (BOI-INT-DG-20-20-20-20-20120912) concerning the so-called "normal" or "simplified" procedures for reducing or being exempt from the tax withholding under the international tax conventions.

Persons who do not reside in France for tax purposes must also comply with the tax legislation in force in their country of residence with respect to dividends paid by the Company, as it may be amended by the international tax treaty between France and such country.

4.7.2. Withholding tax on dividends paid to the shareholders who reside in France for tax purposes

4.7.2.1. Shareholders who are natural persons residing in France with respect to the management of their private assets

Before being taxed in accordance with the progressive scale of income tax, dividends distributed by the Company to shareholders who are natural persons residing in France for tax purposes, acting with respect to the management of their private assets, excluding any stock savings plan, and who do not conduct stock exchange transactions on a regular basis, are subject, subject to a limited number of exceptions, to a standard fixed withholding tax of 21% on the gross amount of Dividends received in accordance with Article 117 quater of the French Tax Code, this deduction constituting an installment of income tax which is deducted from the income tax due for the year in which it was applied. The surplus being, where appropriate, returned to the taxpayer.

This deduction is (i) deducted at source when the paying institution is established in a Member State of the European Union or in a State party to the Agreement on the European Economic Area which has entered into tax convention with

France that contains an administrative assistance clause aimed at combating fraud and tax evasion, provided that the taxpayer instructs the paying institution to do so, or (ii) paid by the taxpayer himself.

However, natural persons belonging to a tax household whose reference tax income of the penultimate year, as defined in 1 ° of IV of Article 1417 of the French Tax Code, is less than €50,000 for single taxpayers, divorced or widowed persons, and €75,000 for taxpayers subject to common taxation, may apply to be exempted from this levy under the conditions laid down in Article 242 quater of the French Tax Code, namely by producing at the paying institution and at the latest on 30 November of the year preceding that in which the dividends are paid, a declaration on their honor indicating that their reference tax income shown on the tax notice issued in respect of income before the year of the payment is lower than the aforementioned taxable income thresholds.

However, taxpayers who acquire shares after the deadline for filing the aforementioned exemption application may file this waiver application with their paying institution upon the acquisition of such shares, in accordance with the administrative doctrine (BOI-RPPM -CRM-30-20-10-20140211, No. 320).

Where the paying institution is established outside France, only natural persons who belong to a tax household whose reference tax income of the penultimate year, as defined in 1 ° of IV of Article 1417 of the French Tax Code, is equal to or greater than the thresholds mentioned in the preceding paragraph, shall be subject to this levy.

In addition, the dividends distributed by the Company to the same natural persons taxed in France will be subject to social security contributions at an aggregate rate of 15.5%. Social contributions are currently broken down as follows:

- *contribution sociale généralisée* ("**CSG**") at the rate of 8.2% (5.1% being deductible from income taxable to income tax for the year of payment of the CSG);
- social levy of 4.5% not deductible from the basis of the income tax;
- additional contribution to the social levy at the rate of 0.3% not deductible from the basis of income tax;
- solidarity levy at a rate of 2% not deductible from the basis of income tax; and
- contribution to the repayment of the social debt at the rate of 0.5% not deductible from the basis of the income tax.

These social contributions are levied in the same way as the non-discharging withholding tax of 21% described above.

Moreover, regardless of the location of the tax domicile of the beneficiary, dividends paid outside France in an ETNC are subject to withholding tax at the rate of 75%. Notwithstanding the foregoing, the 75% withholding does not apply if the paying entity can prove that the distributions in such a non-cooperative State or territory does not aim at, and does not result in enabling for tax evasion purposes, their location in a ETNC. The list of ETNCs is published by interdepartmental decree and updated annually.

Shareholders should consult their usual tax advisor to determine applicable filing and payment requirements in respect of the 21% withholding tax and social contributions and, more generally, the tax provisions applicable to their particular situation.

4.7.2.2. Shareholders who are legal entities subject to corporation tax (common regime) residing in France for tax purposes

Income distributed in respect of shares held by legal entities resident in France is, in principle, not subject to withholding tax.

However, if the dividends paid by the Company are paid outside France in an ETNC within the meaning of Article 238-0 A of the French Tax Code, such dividends will be subject to a withholding tax at the rate of 75%. Notwithstanding the foregoing, the 75% withholding does not apply if the paying entity can prove that the distributions State or territory does not aim at, and does not result in enabling for tax evasion purposes, their location in an ETNC.

As regards the tax treatment in France of dividends paid to the shareholders of the Company who are legal entities residing in France for tax purposes, the latter are invited to inquire with their usual tax adviser on the taxation applicable to their particular case.

4.7.2.3. Other shareholders

Company shareholders who are subject to a tax system other than those mentioned above, in particular natural persons dealing in shares on a stock market in conditions analogous to those characterizing an activity carried on by a professional trader or who record their shares as business assets, should seek advice from their usual tax advisor regarding the tax system applicable to their particular situation.

5. OFFERING CONDITIONS

5.1. Conditions, indicative timetable

5.1.1. Conditions of the offering

It is expected for the settlement and delivery of the Reserved Capital Increases to intervene on the Settlement Date and for the New Shares issued related to Reserved Capital Increases to be admitted to trading on Euronext Paris as of the Settlement Date.

5.1.2. Amount of issue

The total amount of the issue, including the issue premium, is €750,548,200 (comprising a nominal value of €75,054,820 and an issue premium of €675,493,380), corresponding to the number of New Shares issued, i.e. 75,054,820 New Shares, multiplied by the subscription price of each New Share, i.e. €10 (comprising the nominal value of €1 and the issue premium of €9).

5.1.3. Indicative timetable of completion of the Reserved Capital Increase

17 August 2017	Visa of the AMF on the Prospectus.
18 August 2017	Publication of a press release by the Company describing the main characteristics of the Reserved Capital Increases and the conditions of availability of the Prospectus and publication of the Prospectus on the website of the Company website.
4 September 2017	Combined Ordinary and Extraordinary Shareholders' Meeting. Decision of the Board of Directors to delegate to the Chairman and Chief Executive Officer, the power to realize the Reserved Capital Increases. Publication of a press release describing voting results of the Combined Ordinary and Extraordinary Shareholders' Meeting.
5 September 2017	Decision of the Chairman and Chief Executive Officer to implement the Reserved Capital Increases.
Upon completion of the conditions precedent and notably regulatory authorisations	Subscription and payment of the New Shares by China Eastern Airlines and Delta Air Lines, and issue of the New Shares.

The public will be made aware of any modification of the above indicate timetable by a press release published by the Company and made available on its website (www.airfranceklm.com/finance) and by a notice distributed by Euronext Paris.

5.1.4. Revocation/Suspension of the offer

Each Reserved Capital Increase is subject to, notably, the precedent of (i) approval by the Combined Ordinary and Extraordinary Shareholders' Meeting of the resolutions submitted to the said meeting relating as the case may be to (a) the appointment of a representative of China Eastern Airlines at the Company's Board of Directors and the Capital Increase Reserved to China Eastern Airlines, or (b) the appointment of a representative of Delta Air Lines at the Company's Board of Directors and the Capital Increase Reserved to Delta Air Lines as well as (ii) the regulatory authorizations related to competition in the United States of America and Brazil.

5.1.5. Reduction of the subscription orders

Non applicable.

5.1.6. Minimum and/or maximum amount of a subscription

Non applicable.

5.1.7. Revocation of the subscription orders

Non applicable.

5.1.8. Payment of funds and terms of delivery of New Shares

It is expected for the settlement and delivery of the Reserved Capital Increases to intervene on the Settlement Date and, consequently for the funds to be allocated and the New Shares issued on this date.

5.1.9. Publication of the results of the offering

The Reserved Capital Increases will be subject to a notice of admission to trading on Euronext Paris (compartment A) and a press release from the Company.

5.2. Plan of distribution and allotment of securities

5.2.1. Undertakings to subscribe

Undertakings of China Eastern Airlines and Delta Air Lines to subscribe to the Reserved Capital Increases

Pursuant to the subscription agreements entered into on 27 July 2017 between the Company and CES Global Holdings (Hong Kong) Limited, a company belonging to the China Eastern Airlines group, on the one hand, and the Company and Delta Air Lines, Inc, a company of the Delta group on the other hand, (the "**Subscription Agreements**") (i) CES Global Holdings (Hong Kong) Limited has committed that Eastern Airlines Industry Investment (Luxembourg) Company Limited, its wholly-owned subsidiary, will subscribe to the reserved capital increase, as described in this summary (the "**Capital Increase Reserved to China Eastern Airlines**"), up to 37,527,410 New Shares corresponding to a total amount, issue premium included, of 375,274,100 euros, and Delta Air Lines, Inc has committed to subscribe itself or via a directly or indirectly wholly-owned subsidiary, the reserved capital increase as presented in the present summary, up to 37 527 410 New Shares corresponding to a total amount, issue premium included, of 375 274 100 euros ("**Capital Increase Reserved to Delta Air Lines**") and together with the "**Capital Increase Reserved to China Eastern Lines**", the "**Reserved Capital Increase**"). These undertakings to subscribe are notably subject to (i) the approval by the Combined Ordinary and Extraordinary Shareholders' Meeting of the resolutions mentioned in E.3 of this summary, (ii) the absence of an event having a material adverse effect[1] before the Settlement Date, and (iii) the competition regulatory authorisations in the United States of America and Brazil.

Each Subscription Agreement including the lock-up undertaking, the standstill provisions and the approval clause mentioned above has been concluded for a term of twenty-five (25) years and will be terminated automatically if China Eastern Airlines or Delta Air Lines, as the case may be, holds less than 25% of the New Shares held by them immediately after the completion of the Reserved Capital Increases.

China Eastern Airlines and Delta Air Lines are not acting in concert towards the Company.

As the first shareholder of the Company, the French State expressed its full support to the Transactions.

5.2.2. Pre-allotment disclosure

Non applicable.

5.2.3. Notice to subscribers

Non applicable.

5.2.4. Extension clause – overpayment and extension

Non applicable.

[1] *Pursuant to the Subscription Agreements, completion of the capital increases is subject toconditions, notably to the absence of an event having a material adverse effect. "Material adverse effect" means any event, circumstance, development, change or effect that, individually or in the aggregate, has or would reasonably be expected to have (A) a material adverse effect on the condition (financial or otherwise), business, assets, results of operations or prospects of the Company and its subsidiaries taken as a whole; provided, however, that in no event shall any of the following exceptions, alone or in combination with the other enumerated exceptions below, be deemed to constitute, nor shall be taken into account in determining whether there has been or will be, a material adverse effect: (i) any change resulting from compliance with the terms and conditions of, or from the announcement of the transactions contemplated by the Subscription Agreements and in respect of China Eastern Airlines, the Marketing Agreement, (ii) any change that results from changes affecting any of the industries in which any member of the Company group operate generally or the economy generally, (iii) any change that results from changes affecting general worldwide economic or capital market conditions, provided that any such changes in (ii) and (iii) are not specifically relating to or do not disproportionately affect the Company Group in any material respect relative to their similarly situated participants in the industry in which they operate, (iv) any terrorist attacks, conflicts, pandemic, earthquake, typhoon, tornado or other natural disaster or similar force majeure event, (v) any failure to meet any internal or public projections, forecasts, or guidance, or (vi) any change in respect of the Company's stock price or trading volume or in the Company's credit rating, provided that any such failure in (v) and any such change in (vi) is not due to any material violation by a member of the Company group of any of its contractual obligations or any applicable laws and regulations or (B) an impairment in any material respect on the Company's ability to perform its obligations under the Subscription Agreements.*

5.3. Subscription price

5.3.1. Subscription price of the New Shares

The New Shares' subscription price is 10 euros per share, comprising a par value of 1 euro and an issue premium of 9 euros. This price represents a discount of 17% in comparison to the share price at close of trading on 26 July 2017, a 5% discount compared to the weighted average prices over the last three months(5), a 16% premium compared to the weighted average prices over the last six months(5) and a 42% premium compared to the weighted average prices over the last twelve months[2].

At the time of the subscription, the price of €10 per subscribed share, representing the total nominal amount and the issue premium, will be fully paid up in cash.

5.4. Placement and underwriting

5.4.1. Financial instituions – Investment service provider

Non applicable.

5.4.2. Contact details of the authorized intermediairies responsible for depositing funds and the financial servicing of the shares

Non applicable.

5.4.3. Underwritting – Lock-up undertakings

Underwritting

Non applicable

Lock-up/standstill commitments

- ***Lock-up commitment of China Eastern Airlines and Delta Air Lines***

As long as there has not been any breach by the Company of any of its material obligations under the Subscription Agreements, and during a 5-years period as from the Settlement Date, China Eastern Airlines and Delta Air Lines agree, not to, without the prior written consent of the Company, offer, sell, pledge or otherwise transfer or dispose of a number of 37,527,410 shares (as this number shall be adjusted to take into account any share split or share consolidation of the Company), except for the following:

(a) any transfer, offer, tender or sale of Shares:

(i) to (x) an affiliate of China Eastern Airlines or Delta Air Lines or (y) any of their legal successor pursuant to a merger, liquidation or de-merger, provided that, before acquiring any shares, such entity should enter into a deed (*acte*) of adherence to the lock-up undertaking, agreeing to be bound mutatis mutandis by the relevant rights and obligations of China Eastern Airlines or Delta Air Lines, as the case may be, and, in the case only of an affiliate referred to in (x), subject to an undertaking to transfer the shares acquired by it back to China Eastern Airlines or Delta Air Lines, as the case may be, in the event that it ceases to be an affiliate thereof;

(ii) in connection with a tender offer by a third party on the shares of the Company, provided that (x) the Board of Directors of the Company has publicly recommended its shareholders to tender their shares in such tender offer, (y) such tender offer is cleared by the AMF and (z) the shares held by China Eastern Airlines or Delta Air Lines, as the case may be, will be tendered, sold and transferred in accordance with the recommendation of the Board of Directors of the Company;

(iii) in connection with any buyback of shares initiated by the Company through a public offer;

(iv) in connection with any mandatory minority shareholder "squeeze-out" provisions of applicable corporate law;

(v) following the announcement by the Company or any competent authority that the shares will be delisted from Euronext Paris;

(vi) in the event of a change of control affecting the Company, it being specified that "control" shall be defined in accordance with article L. 233-3 of the French Commercial Code;

[2] As at 26 July 2017.

(vii) if China Eastern Airlines or Delta Air Lines, as the case may be, comes to hold less than 25% of the number of shares held by it immediately following the Settlement Date (as this number shall be adjusted to take into account any share split or share consolidation of the Company) minus, as the case may be, the number of shares that the Company would have imposed the relevant investor to sell in accordance with the provisions of the Subscription Agreements;

(viii) in case such transfer, offer, tender or sale concerns shares awarded to China Eastern Airlines or Delta Air Lines as a result of a distribution of dividends or otherwise in the form of shares by the Company ;

(ix) a transfer of Shares which received prior approval from the Company; and

(b) subject to certain conditions, the pledge of the shares of the Company to one or more lenders to secure indebtedness of China Eastern Airlines or Delta Air Lines, as the case may be, or one of their affiliates

The lock-up undertaking of China Eastern Airlines would be terminated in case of termination or breach by the Company of the material provisions of the Marketing Agreement mentioned in section 3.3 of this Securities Note.

- ***Restriction on Acquisition of Additional Shares (standstill)***

Each of China Eastern Airlines and Delta Air Lines agreed not to, during a 5-years period commencing from the Settlement Date, without the prior written consent of the Company, acquire or subscribe to any additional shares of the Company or other equity securities issued by the Company, directly or indirectly, if such acquisition or subscription would result in an increase of China Eastern Airlines or Delta Air Lines ownership interest in the Company to any point beyond 10% of the Company's share capital, except in the case of: (a) any person announcing its intention to launch a public offer (in cash, shares or a combination of both) on the Company; (b) the announcement by the Company or any competent authority of an upcoming change of control of the Company, it being specified that "control" shall be defined in accordance with article L. 233-3 of the French Commercial Code; or (c) the replacement of at least the majority of the members of the Board of Directors, in the event this replacement is not recommended by the Board of Directors.

- ***Sale of Shares by China Eastern Airlines and Delta Air Lines***

Each of China Eastern Airlines and Delta Air Lines shall get the formal approval of the Board of Directors of the Company if it wants to sell its shares of the Company to any airline company.

In addition, following the expiration of the above-mentioned lock-up undertaking of China Eastern Airlines and Delta Air Lines, in case of a trade sale of shares of the Company to a third party, each of China Eastern Airlines and Delta Air Lines shall propose to the Company to us its right to match such sale, at the same pricing conditions

6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

6.1. Admission to trading

The New Shares representing the Capital Increase will be requested for listing on Euronext Paris (Compartment A) and Euronext Amsterdam.

They will be admitted to trading on Euronext Paris as of the Settlement Date. They will be immediately be fungible with the Company's existing shares, traded on Euronext Paris and tradable, and will be traded on the same listing line under ISIN code FR0000031122.

6.2. Place of listing

The Company's shares are admitted to trading on Euronext Paris (Compartment A) and Euronext Amsterdam.

6.3. Simultaneous offerings of the Company's shares

Non applicable.

6.4. Liquidity agreement

No liquidity agreement relating to the Company's shares has been concluded on the date of Prospectus approval.

6.5. Stabilisation – Interventions on the market

Non applicable.

7. HOLDERS OF SECURITIES WISHING TO SELL THEM

Non applicable

8. EXPENSES RELATED TO THE ISSUE

Revenues and expenses related to the transactions

Gross proceeds of the Reserved Capital Increase correspond to the number of New Shares to be issued multiplied by the per-share subscription price.

Net proceeds correspond to the gross proceeds minus the expenses mentioned below.

On indicative basis, gross proceeds of the Reserved Capital Increase will be the following:

- Gross proceeds of the Reserved Capital Increase : 750,548,200 euros;
- Remuneration to financial intermediaries and legal administrative fees: approximately 1.5 million euros;
- Estimate net proceeds of the Reserved Capital Increase: approximately 749 million euros.

9. DILUTION

9.1. Impact of the offering on shareholders' equity

Theoretical impact of the transaction on the consolidated shareholders' equity per share

As an indication, the incidence of the Reserved Capital Increases on the portion per share of consolidated shareholders' equity (a calculation made using consolidated shareholders' equity attributable to the Group as at 30 June 2017 as stated on the consolidated financial statements at 30 June 2017 which have been subject to a limited review and the 299,070,075 shares making up the Company's share capital after deducting the treasury shares) would be as follows:

	Portion of shareholders' equity (in euros)	
	Non-diluted basis	**Diluted basis**(2)
Prior to the issue of the new shares	4.78	5.55
After the issue of the 75,054,820 new shares	5.83	6.33

(1) *Excluding the perpetual subordinated bonds in an amount of EUR 600,000,000 is sued in 2015.*

(2) *In the e vent of the conversion of all bonds convertible and/or exchangeable into new or existing and outstanding Company's shares (the "**OCEANEs**") issued by the Company in 2013.*

Theoretical impact of the transaction on shareholders

As an indication, the incidence of the Reserved Capital Increases on the equity investment of a shareholder owning 1% of the Company's share capital before the issues and not subscribing for them (calculated on the 300,219,278 shares making up the Company's share capital as at 30 June 2017) would be as follows:

	Shareholder interest (%)	
	Non-diluted basis	**Diluted basis** (1)
Prior to the issue of the new shares	1.00%	0.85%
After the issue of the 75,054,820 new shares	0.80%	0.70%

(1) *In the event of the conversion of all the OCEANEs issued by the Company in 2013.*

9.2. Effect on the capital allocation of the Company

As at 30 June 2017 and based on the information provided to the Company, the Company's shareholding is structured as follows:

Shareholders	**Number of shares**	**% of share capital**	**Theoretical voting rights**	**% of the theoretical voting rights**
French State	52,763,693	17.6 %	105,527,386	28.0 %
Employees (FCPE)	17,919,015	6.0 %	35,838,030	9.5 %
Treasury shares	1,149,203	0.4 %	2,265,626	0.6%
Others	228,387,367	76 %	233,830,379	61.9 %
Number of shares in circulation/voting rights	**300,219,278**	**100 %**	**377,461,421**	**100 %**

As a result of the Reserved Capital Increases (as defined hereinafter), based on the Company's shareholding on 30 June 2017, the Company's shareholding will be structured as presented in the table below.

Shareholders	Number of shares	% of share capital	Theoretical voting rights	% of theoretical voting rights
French State	52,763,693	14.1 %	105,527,386	23.3%
Employees	17,919,015	4.8 %	35,838,030	7.9 %
China Eastern Airlines	37,527,410	10 %	37,527,410	8.3 %
Delta Air Lines	37,527,410	10 %	37,527,410	8.3 %
Treasury shares	1,149,203	0.3 %	2,265,626	0.5%
Others	228,387,367	60.8 %	233,830,379	51.7 %
Total	375,274,098	100	452,516,241	100

10. ADDITIONAL INFORMATION

10.1. Advisers associated with the offering

Non applicable.

10.2. Person responsible for auditing the accounts

Principal Statutory Auditors

Deloitte et Associés
185, avenue Charles de Gaulle
92524 – Neuilly sur Seine Cedex

KPMG Audit
Département de KPMG S.A.
Tour Eqho, 2 avenue Gambetta,
CS60006,
92066 – Paris La Défense Cedex

Deputy Statutory Auditors

Beas
195 Avenue Charles de Gaulle,
92200 – Neuilly sur Seine

KPMG ID Audit
Tour Eqho, 2 avenue Gambetta,
CS60006,
92066 – Paris La Défense Cedex

10.3. Information updates concerning the Company

The information relating to the Group is in the Registration Document and the Update to the Registration Document, available free of charge from the Company's registered office as well as on the Company's website (www.airfranceklm.com/finance) and the AMF website (www.amf-france.org)

The Company confirms that information satisfying conditions of article 7 of Regulation (EU) N°596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which has been provided on a confidential basis, has subsequently been effectively made public in order to restore equal access to information relating to the Group between the different investors.