CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2009

CONSOLIDATED INCOME STATEMENT

In € millions **Period from April 1 to March 31,**	*Notes*	**2009**	**2008 (adjusted)**
Sales	***5***	**23 970**	**24 123**
Other revenues		5	4
Revenues		**23 975**	**24 127**
External expenses	***6***	(14 930)	(13 814)
Salaries and related costs	***7***	(7 317)	(7 018)
Taxes other than income taxes		(250)	(250)
Amortization and depreciation	***8***	(1 604)	(1 606)
Provisions	***8***	(115)	(17)
Other income and expenses	***9***	112	(8)
Income from current operations		**(129)**	**1 414**
Sales of aircraft equipment	***10***	5	9
Negative goodwill	***4***	17	40
Other non-current income and expenses	***10***	(86)	(182)
Income from operating activities		**(193)**	**1 281**
Cost of financial debt		(368)	(387)
Income from cash and cash equivalents		268	288
Net cost of financial debt	***11***	***(100)***	***(99)***
Other financial income and expenses	***11***	(911)	(24)
Income before tax		**(1 204)**	**1 158**
Income taxes	***12***	439	(359)
Net income of consolidated companies		**(765)**	**799**
Share of profits (losses) of associates	***20***	(42)	(24)
Net income from continuing operations		**(807)**	**775**
Net income for the period		**(807)**	**775**
- Group		**(814)**	**756**
- Minority interests		7	19
Earnings per share – Group (in euros)	***14.1***		
- basic		(2.76)	2.66
- diluted		(2.76)	2.49

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

Assets *In € millions*	*Notes*	**March 31, 2009**	**March 31, 2008 (adjusted)**
Goodwill	***15***	400	377
Intangible assets	***16***	559	475
Flight equipment	***18***	12 125	12 280
Other property, plant and equipment	***18***	2 313	2 193
Investments in equity associates	***20***	446	177
Pension assets	***21***	2 499	2 245
Other financial assets *(including € 740 million of deposits related to financial leases as of March 31, 2009 and € 735 million as of March 31, 2008)*	***22***	938	956
Deferred tax assets	***12.5***	811	29
Other non-current assets	***25***	629	1 810
Total non-current assets		**20 720**	**20 542**
Assets held for sale	***13***	93	-
Other short-term financial assets *(including € **538** million of deposits related to financial leases and investments between 3 months and 1 year as of March 31, 2009 and € 266 million as of March 31, 2008)*	***22***	580	303
Inventories	***23***	527	507
Trade accounts receivable	***24***	2 038	2 569
Income tax receivables		2	3
Other current assets	***25***	1 065	2 385
Cash and cash equivalents	***26***	3 748	4 381
Total current assets		**8 053**	**10 148**
Total assets		**28 773**	**30 690**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET (continued)

Liabilities and equity *In € millions*	***Notes***	**March 31, 2009**	**March 31, 2008 (adjusted)**
Issued capital	***27.1***	2 552	2 552
Additional paid-in capital	***27.2***	765	765
Treasury shares	***27.3***	(124)	(119)
Reserves and retained earnings	***27.4***	2 429	6 702
Equity attributable to equity holders of Air France-KLM		**5 622**	**9 900**
Minority interests		54	75
Total Equity		**5 676**	**9 975**
Provisions and retirement benefits	***29***	1 334	1 439
Long-term debt	***30***	7 864	6 914
Deferred tax	***12.5***	339	1 416
Other non-current liabilities	***32***	2 170	819
Total non-current liabilities		**11 707**	**10 588**
Liability related to assets held for sale	***13***	7	-
Provisions	***29***	480	441
Current portion of long-term debt	***30***	1 353	905
Trade accounts payable		1 887	2 218
Deferred revenue on ticket sales	***31***	3 048	3 215
Current tax liabilities		11	25
Other current liabilities	***32***	4 322	3 151
Bank overdrafts	***26***	282	172
Total current liabilities		**11 390**	**10 127**
Total liabilities		**23 097**	**20 715**
Total liabilities and equity		**28 773**	**30 690**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In € millions

	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Minority interests	Total equity
March 31, 2007	**279 365 707**	**2 375**	**539**	**(30)**	**5 415**	**8 299**	**113**	**8 412**
First application of IFRIC 13 interpretation (note 3.1.)	-	-	-	-	(644)	**(644)**	(3)	**(647)**
March 31, 2007 (adjusted)	**279 365 707**	**2 375**	**539**	**(30)**	**4 771**	**7 655**	**110**	**7 765**
Fair value adjustment on available for sale securities	-	-	-	-	9	**9**	-	**9**
Gain / (loss) on cash flow hedges	-	-	-	-	1 260	**1 260**	13	**1 273**
Currency translation adjustment	-	-	-	-	8	**8**	(2)	**6**
Net income for the year	-	-	-	-	756	**756**	19	**775**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**2 033**	**2 033**	**30**	**2 063**
Stock based compensation (ESA) and stock option	-	-	-	-	32	**32**	-	**32**
Issuance of share capital	20 853 571	177	226	-	-	**403**	-	**403**
Dividends paid	-	-	-	-	(134)	**(134)**	(3)	**(137)**
Treasury shares (note 27.3)	-	-	-	(89)	-	**(89)**	-	**(89)**
Change in consolidation scope	-	-	-	-	-	**-**	(62)	**(62)**
March 31, 2008 (adjusted)	**300 219 278**	**2 552**	**765**	**(119)**	**6 702**	**9 900**	**75**	**9 975**
Fair value adjustment on available for sale securities	-	-	-	-	(13)	**(13)**	-	**(13)**
Gain / (loss) on cash flow hedges	-	-	-	-	(3 309)	**(3 309)**	(8)	**(3 317)**
Currency translation adjustment	-	-	-	-	6	**6**	1	**7**
Net income for the year	-	-	-	-	(814)	**(814)**	7	**(807)**
Total of income and expenses recognized	-	-	-	-	**(4 130)**	**(4 130)**	**-**	**(4 130)**
Stock based compensation (ESA) and stock option	-	-	-	-	28	**28**	-	**28**
Dividends paid	-	-	-	-	(171)	**(171)**	(6)	**(177)**
Treasury shares (note 27.3)	-	-	-	(5)	-	**(5)**	-	**(5)**
Change in consolidation scope	-	-	-	-	-	**-**	(15)	**(15)**
March 31, 2009	**300 219 278**	**2 552**	**765**	**(124)**	**2 429**	**5 622**	**54**	**5 676**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES RECOGNIZED

In € millions	**March 31, 2009**	**March 31, 2008 (adjusted)**
Fair value adjustment on available for sale securities		
Change in fair value recognized directly in equity	(13)	9
Change in fair value transferred to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	(3 623)	2 348
Change in fair value transferred to profit or loss	(1 180)	(534)
Currency translation adjustment	6	8
Tax on items recognized directly in or transferred from equity		
Income / (expense) recognized directly in equity	1 494	(554)
Income and expenses directly recognized in equity attributable to holders of Air France-KLM	**(3 316)**	**1 277**
Net income for the period – Group	(814)	756
Total of income and expenses recognized for the period – Group	**(4 130)**	**2 033**
Total of income and expenses recognized for the period – Minority interest	-	30
Total recognized income and expenses for the period	**(4 130)**	**2 063**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In € millions **Period from April 1 to March 31,**	***Notes***	**2009**	**2008 (adjusted)**
Net income for the period – Group		(814)	756
Minority interests		7	19
Amortization, depreciation and operating provisions	***8***	1 719	1 623
Financial provisions	***11***	14	17
Gain on disposals of tangible and intangible assets		(22)	(43)
Loss / (gain) on disposals of subsidiaries and associates		(13)	(46)
Gain on WAM (ex Amadeus GTD) transactions	***10***	-	(284)
Reversal of provision for cargo investigation		(225)	-
Derivatives – non monetary result	***11***	333	(65)
Unrealized foreign exchange gains and losses, net		6	27
Negative goodwill	***4***	(17)	(40)
Share of (profits) losses of associates	***20***	42	24
Deferred taxes	***12***	(340)	262
Other non-monetary items		(188)	16
Subtotal		**502**	**2 266**
(Increase) / decrease in inventories		8	(70)
(Increase) / decrease in trade receivables		676	69
Increase / (decrease) in trade payables		(401)	118
Change in other receivables and payables		13	211
Net cash flow from operating activities		**798**	**2 594**
Acquisitions of subsidiaries and investments in associates, net of cash acquired	***38***	(348)	(272)
Purchase of property, plant and equipment and intangible assets	***19***	(2 043)	(2 340)
Proceeds on disposal of subsidiaries and investments in associates	***38***	16	84
Proceeds on WAM (ex Amadeus GTD) transactions	***10***	-	284
Proceeds on disposal of property, plant and equipment and intangible assets		141	282
Dividends received		6	5
Decrease (increase) in investments, net between 3 months and 1 year		(246)	349
Net cash used in investing activities		**(2 474)**	**(1 608)**
Increase in capital		1	597
Issuance of long-term debt		1 899	681
Repayments on long-term debt		(312)	(414)
Payment of debt resulting from finance lease liabilities		(573)	(886)
New loans		(58)	(53)
Repayments on loans		149	79
Dividends paid		(177)	(137)
Decrease in equity		-	(10)
Net cash flow from financing activities		**929**	**(143)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**4**	**2**
Change in cash and cash equivalents and bank overdrafts		**(743)**	**845**
Cash and cash equivalents and bank overdrafts at beginning of period	***26***	4 209	3 364
Cash and cash equivalents and bank overdrafts at end of period	***26***	3 466	4 209
Income tax (paid) / reimbursed (flow included in operating activities)		89	(96)
Interest paid (flow included in operating activities)		(372)	(410)
Interest received (flow included in operating activities)		224	288

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS DESCRIPTION

As used herein, the term "Air France–KLM" refers to Air France-KLM S.A., a limited liability company organized under French law excluding its consolidated subsidiaries.
The Group is headquartered in France and is one of the largest airlines in the world. The Group's core business is passenger transportation. The Group's activities also include cargo, aeronautics maintenance and other air-transport related activities, including principally catering and charter services.
The limited company Air France-KLM SA, domiciled at 2 rue Robert Esnault-Pelterie 75007 Paris – France, is the parent company of the Air France-KLM group. Air France-KLM is listed for trading in Paris (Euronext), Amsterdam (Euronext).
The Group's functional currency is the euro.

2. SIGNIFICANT EVENTS OF THE YEAR

On December 17, 2008, the European Commission approved the acquisition of 50% of Martinair by the company KLM which, after this operation, held 100% of the share capital. Martinair, for which the fair valuation of assets and liabilities is under way, has been fully consolidated since January 1, 2009. Until this date, it remained consolidated by the equity method in the Group's consolidated accounts.

On January 12, 2009, Air France-KLM and Alitalia Compagnia Aero Italiana Spa concluded an agreement to reinforce their strategic partnership cemented by Air France-KLM taking a minority holding in the Italian company. As of March 25, 2009, Air France-KLM subscribed to a reserved capital increase for € 323 million. Following this operation, Air France-KLM holds 25% of the Alitalia paid-in capital. Alitalia shares are consolidated by the equity method in the Group consolidated financial statements starting March 31, 2009.

The impact of these two operations on the Group consolidated financial statements is detailed in section 4.

3. ACCOUNTING POLICIES

3.1. Accounting principles

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the Group adopted International Financial Reporting Standards ("IFRS") as adopted by the European Commission ("EU") at the date of these consolidated financial statements drawing up.

IFRS as adopted by the EU differ in certain respects from IFRS as published by the International Accounting Standards Board ("IASB"). The Group has, however, determined that the financial information for the periods presented would not differ substantially had the Group applied IFRS as published by the IASB.

The consolidated financial statements were approved by the Board of Directors on May 19, 2009.

The IASB issued in June 2007 a new text in relation the treatment of loyalty programs (IFRIC13).
This text is effective for annual periods beginning on or after January 1st, 2009, with possible early application. For the Group, which decided to apply as of April 1st, 2008, the main change regards the valuation methodology for miles granted to frequent flyers, which now uses the deferred revenue approach versus the former valuation according to the incremental cost method.
As with all new texts applied, the first time application was performed retrospectively and the impact, net of tax, on previous periods was booked in total equity as of April 1st, 2007 (refer to "Statement of changes in equity").

The impact on financial statements issued as of March 31, 2008 is presented below:

In € millions *Period ended March 31, 2008*	**Issued**	**IFRIC 13 First Time Application**	**Adjusted**
Income statement impacts			
Sales	24 114	9	24 123
Income taxes	(358)	(1)	(359)
Balance sheet impacts			
Equity attributable to equity holders of Air France-KLM as of April 1, 2007	8 299	(644)	7 655
Net income – Group share	748	8	756
Other movements	1 489	-	1 489
Equity – Group share as of March 31, 2008	**10 536**	**(636)**	**9 900**
Minority interests	78	(3)	75
Total Equity as of March 31, 2008	**10 614**	**(639)**	**9 975**
Deferred tax liability	1 713	(297)	1 416
Deferred revenue on ticket sales	2 279	936	3 215

New standards, interpretations and amendments to existing standards, effective for periods beginning on or after April 1, 2009, were not adopted early by the Group for the preparation of these consolidated financial statements:

- the revision to standard IAS 1 "Presentation of financial statements", effective for periods beginning on or after January 1, 2009;
- the standard IFRS 8 "Operating Segments", effective for periods beginning on or after January 1, 2009 ; The Group does not expect any impact concerning application of IFRS 8.
- the revision to standard IAS 23 "Borrowing costs", effective for periods beginning on or after January 1, 2009;
- the revision to standard IFRS 3 "Business combinations", effective for periods beginning on or after July 1, 2009;
- the revision to standard IAS 27 "Consolidated and separate financial statements", effective for periods beginning on or after July 1, 2009;
- the interpretation IFRIC 15 "Agreements for the construction of real estate", effective for periods beginning on or after January 1, 2009;
- the interpretation IFRIC 16 "Hedges of a net investment in a foreign operation", effective for periods beginning on or after January 1, 2009;

The interpretation IFRIC 14 "IAS 19: The limit of a defined benefit asset, minimum funding requirements and their interaction", has been anticipated by the Group on or after March 31, 2008 (see note 3.17). The application of this interpretation, effective for periods on or after January 1, 2009 will not have any impact for the Group.

Other new standards, interpretations and amendments to existing standards are not applicable to the Group.

3.2. Use of estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. The main estimates are described in the following notes:

- Note 3.6 – Revenue recognition related to deferred revenue on ticket sales,
- Notes 3.13 and 3.12 – Tangible and intangible assets,
- Note 3.10 – Financial assets,
- Note 3.21 – Deferred tax assets
- Note 3.7 – Flying Blue frequent flyer program
- Notes 3.17, 3.18 and 3.19 – Provisions

The Group's management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable.

Then, consolidated accounts of the year have been closed taken into account the current economical and financial crisis and are based on financial parameter available at the closing date. The immediate effects of the crisis have been taken into account, in particular the valuation of current assets and liabilities. Concerning the more long-term assets, i.e. the long-term assets, assumption has been taken that the crisis would have a limited duration.

Actual results could differ from these estimates depending on changes in the assumptions used or different conditions.

3.3. Consolidation principles

3.3.1 Subsidiaries

Companies in which the Group exercises control are fully consolidated. Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

Minority interests are presented within equity and on the income statement separately from Group stockholders' equity and the Group's net income.

3.3.2. Interest in associates and joint ventures

Companies in which the Group has the ability to exercise significant influence on financial and operating policy decisions are accounted for using the equity method; the ability to exercise significant influence is presumed to exist when the Group holds more than 20% of the voting rights.

In addition, companies in which the Group exercises joint control by virtue of a contractual agreement are accounted for using the equity method.

The consolidated financial statements include the Group's share of the total recognized gains and losses of associates and joint ventures from the date the ability to exercise significant influence commences to the date it ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the investor's proportionate interest in the investee arising from changes in the investee's equity that have not been recognized in the investee's profit or loss. The investor's share of those changes is recognized directly in the Group's equity.

The Group's share of losses of an associate that exceed the value of the group's interest and net investment (long term receivables) in this entity are not accounted for, unless:
- the Group has incurred contractual obligations; or
- the Group has made payments on behalf of the associate.

Any surplus of the investment cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate company on the date of acquisition is accounted for as goodwill and included in the book value of the investment accounted for using the equity method.

The investments in which the Group has ceased to exercise significant influence or joint control are no longer consolidated and are valued at the carrying value on the date of withdrawal from the consolidation scope.

3.3.3. Intragroup operations

All intragroup balances and transactions, including income, expenses and dividends are eliminated in full. Profits and losses resulting from intragroup transactions that are recognized in assets are eliminated in full.
Gains and losses realized on internal sales with associates and joint control entities are eliminated, to the extent of the Group's interest in the associate or joint control entity, only when they do not represent an impairment.

3.3.4 Closing date

With the exception of a few non-significant subsidiaries and equity affiliates with a December 31 closing date, all Group companies are consolidated based on financial statements for the year ended March 31.

3.4. Translation of foreign companies' financial statements and transactions in foreign currencies

3.4.1. Translation of foreign companies' financial statements

The financial statements of foreign subsidiaries are translated into euros on the following basis:

- with the exception of the equity for which historical prices are applied, balance sheet items are converted on the basis of the foreign currency rates in effect at the closing date;

- the income statement and the statement of cash flows are converted on the basis of the average foreign currency exchange rates for the period;

- the resulting translation adjustment is recorded in the "Translation adjustments" item included within equity.

Goodwill is expressed in the functional currency of the entity acquired and is converted into euros using the foreign currency rate in effect at the closing date.

3.4.2. Translation of foreign currency transactions

Foreign currency transactions are translated using the exchange rate prevailing on the date of the transaction.

Assets and liabilities denominated in foreign currencies are translated at the rates in effect on the balance sheet date or at the rate of the related hedge for assets resulting from firm commitments documented in fair value hedge relationships.

The corresponding exchange rate differences are recorded in the Group's consolidated income statement. Changes in fair value of the hedging instruments are recorded using the accounting treatment described in note "3.10. Financial instruments, valuation of financial assets and liabilities".

3.5. Business combinations

Business combinations are accounted for using the purchase method in accordance with IFRS 3. In accordance with this standard, all assets, liabilities assumed and contingent liabilities are at fair value measured at the acquisition date. The time period for adjustments to goodwill/negative goodwill is limited to 12 months from the date of acquisition.
Assets meeting the criteria of IFRS 5, as described in note 3.22, are recorded at the lower of their net book value and their fair value less costs to sell.

Goodwill arising from the difference between the acquisition cost, which includes the potential equity instruments issued by the Group to gain control on the acquired entity and other costs potentially dedicated to the business combination, and the Group's interest in the fair value of the identifiable assets and liabilities acquired is no longer amortized, but instead is subject to annual impairment tests or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

Should the fair value of identifiable assets acquired and liabilities assumed exceed the cost of acquisition, the resulting negative goodwill is recognized immediately in the income statement.

3.6. Sales

Sales related to air transportation operations are recognized when transportation service is provided, net of any discounts granted. Transportation service is also the trigger for the recognition of external expenses, such as the commissions paid to agents.

Upon issue, both passenger and cargo tickets are recorded as “Deferred revenue on ticket sales”.

Revenues representing the value of tickets that have been issued, but which will never be used, are recognized as revenues. The amounts recognized are based on a statistical analysis, which is regularly updated.

Sales on third-party maintenance contracts are recorded based on the stage of completion.

3.7. Loyalty programs

The two sub-groups Air France and KLM have a common frequent flyer program "Flying Blue". This program allows members to acquire "miles" as they fly on Air France, KLM or with other partner companies. These miles entitle members to a variety of benefits such as free flights with the two companies.

The probability of air miles being converted into award tickets is estimated using a statistical method.

The estimate takes into consideration the conditions of use of free tickets and other awards. The value of air miles is estimated based on the deferred revenue approach, based on its fair value. Until March 31, 2008, the Group used the discounted incremental cost of the passenger carried (e.g. catering ticket issue costs, etc) and discounted cost of the miles used on participating partner companies. The impact of change in accounting policies on the period’s financial statements and on comparative figures is disclosed in note 3.1.

The estimated value of air miles is recorded as a deduction from revenues and recorded under the caption “Deferred revenue on ticket sales” as debt on the balance sheet at the same time the qualifying flight for which air miles are awarded is recognized.

The Group also sells miles to partner companies participating in current loyalty programs, such as credit card companies, hotel chains and car rental firms. The Group defers a portion of the miles sold representing the value of the subsequent travel award to be provided, in a manner consistent with the determination of the liability for earned flight awards discussed above. The remainder is recognized as revenue immediately.

3.8. Distinction between income from current operations and income from operating activities

The Group considers it relevant to the understanding of its financial performance to present on the face of the income statement a subtotal within the income from operating activities. This subtotal, named “Income from current operations”, excludes those elements that have little predictive value due to their nature, frequency and/or materiality.

Such elements can be divided into three categories:

- Elements that are both very infrequent and material, such as the recognition in the income statement of negative goodwill.

- Elements that have been incurred for both periods presented and may recur in future periods but for which (i) amounts have varied from period to period, (ii) the Group believes that amounts to be incurred in future periods will continue to vary materially in amount and nature such as sales of aircraft equipment and disposals of other assets.

- Elements that are by nature unpredictable and non-recurring, if they are material such as restructuring costs or gains/(losses) resulting from specific transactions. The Group considers that materiality must be assessed not only by comparing the amount concerned with the income (loss) from operating activities of the period, but also in terms of changes in the item from one period to the other.

3.9. Earnings per share

Earnings per share are calculated by dividing net income attributable to the equity holders of Air France-KLM by the average number of shares outstanding during the period. The average number of shares outstanding does not include treasury shares.

Diluted earnings per share are calculated by dividing the net income attributable to the equity holders of Air France-KLM adjusted for the effects of dilutive instrument exercise, by the average number of shares outstanding during the period, adjusted for the effect of all potentially-dilutive ordinary shares.

3.10. Financial instruments, valuation of financial assets and liabilities

3.10.1 Valuation of trade receivables and non-current financial assets

Trade receivables, loans and other non-current financial assets are considered to be assets issued by the Group and are recorded at fair value, then subsequently using the amortized cost method less impairment losses, if any. The purchases and sales of financial assets are accounted for as of the transaction date.

3.10.2 Investments in debt and equity securities

Investments in debt and equity securities qualifying as assets available for sale are stated at fair value in the Group's balance sheet. For publicly-traded securities, the fair value is considered to be the market price. For other securities, if the fair value cannot be reliably estimated, it equals the acquisition cost less impairment, if any.

Potential gains and losses, except for impairment charges, are recorded in a specific component of equity "Derivatives and available for sale securities reserves". If there is an indication of impairment of the financial asset, the amount of the loss is recorded in the income statement for the period.

3.10.3 Derivative instruments

The Group uses various derivative instruments to hedge its exposure to the risks of exchange rates, changes in interest rates or fuel prices.

Forward currency contracts and options are used to cover exposure to exchange rates. For firm commitments, the unrealized gains and losses on these financial instruments are included in the carrying value of the hedged asset or liability.

The Group also uses rate swaps to manage its exposure to interest rate risk. Most of the swaps traded convert floating-rate debt to fixed-rate debt.

Finally, exposure to the fuel risk is hedged by swaps or options on jet fuel, diesel or Brent.

Most of these derivatives are classified as hedging instruments if the derivative is eligible as a hedging instrument and if the hedging contracts are documented as required by IAS 39.

These derivative instruments are recorded on the Group's consolidated balance sheet at their fair value. The method of accounting for changes in fair value depends on the classification of the derivative instruments. There are three classifications:

- *Derivatives classified as fair value hedge*: changes in the derivative fair value are recorded through the income statement and offset within the limit of its effective portion against the changes in the fair value of the underlying item (assets, liability or firm commitment), which are also recognized as earnings.
- *Derivatives classified as cash flow hedge*: the changes in fair value are recorded in equity for the effective portion and are reclassified as income when the hedged element affects earnings. The ineffective portion is recorded as financial income or financial losses.
- *Derivatives classified as trading*: changes in the derivative fair value are recorded as financial income or losses.

3.10.4 Convertible bonds

Convertible bonds are financial instruments comprised of two components: a bond component recorded as debt and a stock component recorded in equity. The bond component is equal to the discounted value of all coupons due for the bond at the rate of a simple bond that would have been issued at the same time as the convertible bond. The value of the stock component recorded in the Group's equity is calculated by the difference between such value and the bond's nominal value at issue. The difference between the financial expense recorded and the amounts effectively paid out is added, at each closing, to the amount of the debt component so that, at maturity, the amount to be repaid if there is no conversion equals the redemption price.

3.10.5 Financial assets, cash and cash equivalents

Financial assets at fair value through profit and loss
Financial assets are made up of financial assets at fair value through profit and loss (French mutual funds such as SICAVs and FCPs, treasury bills, certificates, etc.) that the Group intends to sell in the near term to realize a capital gain, or that are part of a portfolio of identified financial instruments managed collectively and for which there is evidence of a practice of short-term profit taking. They are classified in the balance sheet as current financial assets. Furthermore, the Group did not designate any asset at fair value through the income statement upon option.

Cash and cash equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10.6 Long-term debt

Long-term debt is recognized initially at fair value. Subsequently to initial recognition, long-term debt is recorded at amortized cost using the effective interest method. Under this principle, any redemption and issue premiums are recorded as debt in the balance sheet and amortized as financial income or expense over the life of the loans.

In addition, long-term debt documented in the context of fair value hedging relationships is revalued at the fair value for the risk hedged, i.e. the risk related to the fluctuation in interest rates. Changes in fair value of the hedged debt are recorded symmetrically in the income statement for the period with the change in fair value of the hedging swaps.

3.11. Goodwill

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities.

For acquisitions prior to April 1, 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded under French GAAP. The classification and accounting treatment of business combinations that occurred prior to April 1, 2004 was not modified at the time international standards were adopted, on April 1, 2004, in accordance with IFRS 1.

Goodwill is valued in the functional currency of the entity acquired. It is recorded as an asset.

It is not amortized and is tested for impairment annually and at any point during the year when an indicator of impairment exists. The impairment recorded, as discussed in note 3.14, may not subsequently be reversed.

When the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the acquisition cost, there is negative goodwill which is recognized and immediately reversed in the Group's income statement.

At the time of the sale of a subsidiary, an equity affiliate or a jointly controlled entity, the amount of the goodwill attributable to the entity sold is included in the calculation of the income from the sale.

3.12. Intangible assets

Intangible assets are recorded at initial cost less accumulated amortization and any accumulated impairment losses.
Software development costs are capitalized and amortized over their useful lives. The Group has the necessary tools to enable the tracking by project of all the stages of development, and particularly the internal and external costs directly related to each project during its development phase.
Identifiable intangible assets acquired with a finite useful life are amortized over their useful life from the date they are available for use.
Identifiable intangible assets acquired with an indefinite useful life are not amortized but tested annually for impairment or whenever there is an indication that the intangible asset may be impaired. If necessary, an impairment as described in note 3.14 is recorded.

Intangible assets with a finite useful life are amortized on a straight line basis over the following periods:

Software	1 to 5 years
Customer relationships	5 to 12 years

3.13. Property, plant and equipment

3.13.1 Principles applicable

Property, plant and equipment are recorded at the acquisition or manufacturing cost, less accumulated depreciation and any accumulated impairment losses.

The financial interest attributed to progress payments made on account of aircraft and other significant assets under construction is capitalized and added to the cost of the asset concerned. Insofar as investment installments are not financed by specific loans, the Group uses the average interest rate on the current unallocated loans of the period.

Maintenance costs are recorded as expenses during the period when incurred, with the exception of programs that extend the useful life of the asset or increase its value, which are then capitalized (e.g. maintenance on airframes and engines, excluding parts with limited useful lives).

3.13.2 Flight equipment

The purchase price of aircraft equipment is denominated in foreign currencies. It is translated at the exchange rate at the date of the transaction or, if applicable, at the hedging price assigned to it. Manufacturers' discounts, if any, are deducted from the value of the related asset.

Aircraft are depreciated using the straight-line method over their average estimated useful life of 20 years, assuming no residual value.

During the operating cycle, in developing fleet replacement plans, the Group reviews whether the amortizable base or the useful life should be adjusted and, if necessary, determines whether a residual value should be recognized.

Any major airframes and engines (excluding parts with limited useful lives) are treated as a separate asset component with the cost capitalized and depreciated over the period between the date of acquisition and the next major overhaul.

Aircraft components that allow to insure the use of the fleet are recorded as fixed assets and are amortized on a straight-line basis on the estimated residual life time of the aircraft / engine type on the world market. The useful lives is 30 years as a maximum.

3.13.3 Other property, plant and equipment

Other property, plant and equipment are depreciated using the straight line method over their useful life. Such useful lives are as follows:

Buildings	20 to 50 years
Fixtures and fittings	8 to 15 years
Flight simulators	10 to 20 years
Equipment and tooling	5 to 15 years

3.13.4. Leases

In accordance with IAS 17 "Leases", leases are classified as finance leases when the lease arrangement transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The assets held under a finance lease are recognized as assets at the lower of the following two values: the present value of the minimum lease payments under the lease arrangement or their fair value determined at inception of the lease. The corresponding obligation to the lessor is accounted for as long-term debt.

These assets are depreciated over the shorter of the useful life of the assets and the lease term when there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term.

In the context of sale and operating leaseback transactions, the related profit or losses are accounted for as follows:

- They are recognized immediately when it is clear that the transaction is established at fair value;
- If the sale price is below fair value, any profit or loss is recognized immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used;
- If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

In the context of sale and finance leaseback transactions, any gain on the sale is deferred and recognized as finance income over the lease term. No loss is recognized unless the asset is impaired.

3.14. Impairment

In accordance with IAS 36, "Impairment of Assets", the Group reviews at each balance sheet date whether there is any indication of impairment of tangible and intangible assets. If such an indication exists, the recoverable value of the assets is estimated in order to determine the amount, if any, of the impairment. The recoverable value is the higher of the following values: the fair value reduced by selling costs and its value in use. The value in use is determined using discounted cash flow assumptions established by management.

When it is not possible to estimate the recoverable value for an individual asset, this asset is grouped together with

other assets which form a cash generating unit (CGU).
Thus, the Group has determined that the lowest level at which assets shall be tested are the CGUs, which correspond to the Group's operating segments (see segment information).

When the recoverable value of a CGU is lower than its carrying value, an impairment charge is recognized. When applicable, this impairment loss is allocated first to the goodwill, the remainder being allocated to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the unit.

The recoverable value of the CGUs is their value in use determined, notably, by the use of a discount rate corresponding to the Group's weighted average cost of capital and a growth rate reflecting the market assumptions specific to the activities.

3.15. Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present condition and location. These costs include the direct and indirect production costs incurred under normal operating conditions.

Inventories are valued on a weighted average basis.

The net realizable value of the inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

3.16. Treasury shares

Air-France-KLM shares held by the Group are recorded as a deduction from the Group's consolidated equity at the acquisition cost. Subsequent sales are recorded directly in equity. No gains or losses are recognized in the Group's income statement.

3.17. Employee Benefits

The Group's obligations in respect of defined benefit pension plans and termination indemnities on retirement are calculated, in accordance with IAS 19, using the projected units of credit method, factoring in the specific economic conditions in the various countries concerned. The commitments are covered either by insurance or pension funds or by provisions recorded on the balance sheet as and when rights are acquired by employees.

Actuarial gains or losses are recognized in the Group's income statement only if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed the greater of 10% of the present value of the defined benefit obligation at that date and 10% of the fair value of any plan assets at that date. The fraction exceeding 10% is then recognized over the expected average remaining working lives of the employees participating in the plan.

Specific information related to the recognition of some pension plan assets

Pension plans in the Netherlands are generally subject to minimum funding requirements ("MFR") that can involve pension surplus recognition.
These pension surplus constituted by the KLM sub group are recognized in the balance sheet according to the IFRIC 14 interpretation "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

3.18. Provisions for restitution of aircraft under operating leases

For certain operating leases, the Group is contractually committed to restitute aircraft to a defined level of potential.

The Group accrues for restitution costs related to aircraft under operating leases as soon as the asset does not meet the return condition criteria.

When the condition of aircraft exceeds the return condition as set per the lease arrangement, the group capitalizes the related amount in excess in "Flight equipment" caption. Such amounts are subsequently amortized on a straight line basis over the period during which the potential exceeds the restitution condition. Any remaining capitalized excess potential upon termination of a lease is reimbursable by the lessor.

3.19. Other provisions

The Group recognizes a provision in the balance sheet when the Group has an existing legal or implicit obligation to a third party as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amounts recorded as provisions are discounted when the effect of the passage of time is material.
The effect of the time value of money is presented as a component of financial income.
Restructuring provisions are recognized once the Group has established a detailed and formal restructuring plan which has been announced to the parties concerned.

3.20. Equity and debt issuance costs

Debt issuance costs are amortized as financial expenses over the term of the loans using the effective interest method.

Common stock issuance costs are deducted from additional paid-in capital.

3.21. Deferred taxes

The Group records deferred taxes using the balance sheet liability method, providing for any temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for exceptions described in IAS 12.

The tax rates used are those enacted or substantively enacted at the balance sheet date.

Net deferred tax balances are determined on the basis of each entity's tax position.

Deferred tax assets related to temporary differences and carry forwards are recognized only to the extent it is probable that a future taxable profit will be available against which the asset can be utilized at the tax entity level.

A deferred tax liability is also recognized for the undistributed reserves of the equity affiliates.

Taxes payable and/or deferred are recognized in the income statement for the period, unless they are generated by a transaction or event recorded directly as equity. In such a case, they are recorded directly in equity.

3.22. Non-current assets held for sale and discontinued operations

Non-current assets or groups of assets intended for sale meet the criteria of such a classification if their carrying amount will be recovered principally through a sale rather than through their continuing use. This condition is considered to be met when the sale is highly probable and the asset (or the group of assets intended for sale) is available for immediate sale in its present condition. Management must be committed to a plan to sell, with the expectation that the sale will be realized within a period of twelve months from the date on which the asset or group of assets was classified as a non-current asset held for sale.

The Group determines on each closing date whether any assets or group of assets meet the above criteria and presents such assets, if any, as "non-current assets held for sale".
Any liabilities related to these assets are also presented on a separate line in liabilities on the balance sheet.

Non-current assets and groups of assets held for sale are valued at the lower of their book value or their fair value minus exit costs. As of the date of such a classification, the asset is no longer depreciated.

The results from discontinued operations are presented separately from the results from continuing operations in the income statement.

3.23. Share-based compensation

Pursuant to the transitional provisions of IFRS 2, only the share based plans awarded after November 7, 2002, for which the rights did not vest by April 1, 2004, were valued and recorded as salaries and related costs. The other plans are not valued and remain unrecognized. For the Group, the latter only affects the Shares-for-Salary Exchange realized in 1998.
Stock subscription or purchase option schemes are valued at the fair value on the date the plans are awarded.
The fair value of the stock option schemes is determined using the Black-Scholes model. This model takes into account the features of the plan (exercise price, exercise period) and the market data at the time they are granted (risk-free interest rate, market value of the share, volatility and expected dividends).
This fair value is estimated to be the fair value of the services rendered by the employees in consideration for the options received. It is recognized as salary cost with a corresponding increase to equity over the period for which the rights vest. The compensation cost is adjusted, if applicable, to take into account the number of options effectively vested.

4. CHANGES IN THE SCOPE OF CONSOLIDATION

4.1. Acquisitions

- **Year ended March 31, 2009**

Alitalia Compagnia Aero Italiana Spa

On January 12, 2009, Air France-KLM and Alitalia Compagnia Aero Italiana Spa ("Alitalia") concluded an agreement to reinforce their strategic partnership. This partnership was realized by Air France-KLM taking a minority holding in the Italian company. On March 25, 2009, Air France-KLM subscribed to a reserved capital increase for € 323 million. After this operation, Air France-KLM holds 25% of the Alitalia share capital. Alitalia shares have been consolidated by the equity method in the Group consolidated accounts as of March 31, 2009.
Alitalia, consistent with IFRS 3, has been recorded according to the acquisition method.

Acquisition price

Additional costs directly linked to the acquisition of Alitalia have been included in the acquisition price. They mainly correspond to fees paid for accounting, legal, banking and valuation missions.

The Alitalia acquisition price breaks down as follows:

	Compensation (in € millions)
Subscription to the reserved capital increase	323
Costs linked to the transaction	7
Total acquisition price	**330**

According to the methodology applicable at the date of inclusion in the scope of an entity, the Group has a 12 month period to value the assets and liabilities of Alitalia. As consequence, the acquisition value has not been allocated between investments inequity associates and a potential goodwill.

Martinair

Martinair company is a Dutch entity operating mainly in cargo business.
On December 17, 2008, the Group bought a further 50% of the airline Martinair, in addition to its existing 50% holding. Consequently, until December 31, 2008, Martinair was consolidated by the equity method. Starting January 1, 2009, it has been fully consolidated in the Group financial accounts.
The acquisition price for the additional 50% amounted to € 10 million. This amount is almost equal to the acquired net asset.

Martinair's contribution to revenues and results over a three-month period (from January to March 2009) amounted, respectively to € 170 million and € (20) million.

KLM

During the second quarter of the year ended March 2009, the Group acquired an additional 0.35% of the share capital of KLM. After this acquisition, Air France-KLM held 99.10% of the common shares representing 49% of KLM voting rights. This operation involved negative goodwill amounting to €16 million that has been directly recognized as an operating profit on the line "negative goodwill".

Based on the Air France-KLM ownership not only of voting shares but also of a financial interest, and the mode of functioning of the Group's Executive Committee, Air France-KLM has the power to decide the Group's financial and operational strategies and, therefore, controls KLM. KLM is thus fully consolidated in Air France-KLM's consolidated financial statements.

- **Year ended March 31, 2008**

KLM

In January 2008, the Group acquired an additional 1.25% of the share capital of KLM. After this acquisition, Air France-KLM held 98.75% of the common shares representing 49% of KLM voting rights. This operation involved a negative goodwill amounting to €40 million thatwas directly recognized as an operating profit on the line “negative goodwill”.

VLM Airlines

On February 14, 2008, the Group bought 100% of shares of the regional airline VLM Airlines. The business airline based in Antwerp manages a fleet of 19 aircraft, offering flights from Amsterdam, Antwerp, Brussels, Groningen (via Amsterdam), the Isle of Man, Jersey, Luxembourg, Manchester and Rotterdam to London City. The acquisition cost of VLM’s shares amounted to €178 million. Following the acquisition of this entity, goodwill amounting to € 166 million was recognized.

The VLM Airlines’ contribution to revenues and results over a one-month period (March 2008) is notsignificant.

4.2. Disposals

No significant disposal of subsidiaries occurred during the year ended March 31, 2009.

On June 8, 2007, the Group sold its shares in Alpha Plc resulting in a capital gain of €40 million. Alpha Plc, previously held at 26%, was accounted for under the equity method in the Group’s consolidated financial statements.

5. INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

The Group's primary reporting format is business segmentation.

The results, assets and liabilities of the business segments are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments mainly correspond

- as far as the income statement is concerned, to the current operating income,
- as far as the balance sheet is concerned, to intangible assets, flight equipment and other property, plant and equipment, the share in equity affiliates, some account receivables, deferred revenue on ticket sales and a portion of provisions and retirement benefits.

Other elements of the income statement and of the balance sheet are presented in the "non allocated" column.

Inter-segment transactions are evaluated based on normal market conditions.

The Group's secondary reporting format is geographical segmentation, based on origin of sales.
Only segment revenue is allocated by geographical sales area.
The carrying amount of segment assets by geographical location and the costs incurred to acquire segment assets are not presented, since most of the Group's assets (flight equipment) cannot be allocated to a geographical area.

Business segments

Passenger: Passenger operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code, including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, revenues from excess baggage and airport services supplied by the Group to thirdparty airlines and services linked to IT systems.

Cargo: Cargo operating revenues come from freight transport on flights under the companies' codes, including flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from sales of cargo capacity to third parties.

Maintenance: Maintenance operating revenues are generated through maintenance services provided to other airlines and customers globally.

Other: The revenues from this segment come primarily from catering supplied by the Group to third-party airlines and to charter flights operated primarily by Transavia.

Geographical segments

The Group's activities are broken down into five geographical regions:

- Europe and North Africa
- Caribbean, French Guiana and Indian Ocean
- Africa, Middle East
- Americas, Polynesia-Asia and New Caledonia

5.1. Information by business segment

Assets allocated by business segment comprise goodwill, intangible and tangible assets, investments in equity associates and account receivables.
Liabilities allocated by business segment comprise provision for restitution of aircraft, provision for pensions, other provisions when they can be allocated, and deferred revenue on ticket sales.

- **Year ended March 31, 2009**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	19 762	2 874	2 896	1 950	-	27 482
Intersegment sales	(930)	(17)	(1 922)	(643)	-	(3 512)
External sales	**18 832**	**2 857**	**974**	**1 307**	**-**	**23 970**
Income from current operations	(21)	(207)	95	4	-	(129)
Income from operating activities	(21)	(207)	95	4	(64)	(193)
Share of profits (losses) of associates	-	-	-	-	(42)	(42)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(1 011)	(1 011)
Income taxes	-	-	-	-	439	439
Net income from continuing operations	**(21)**	**(207)**	**95**	**4**	**(678)**	**(807)**
Depreciation and amortization for the period	(1 062)	(109)	(259)	(174)	-	(1 604)
Other non monetary items	(133)	6	-	(51)	(80)	(258)
Total assets	**13 742**	**1 313**	**2 546**	**5 160**	**6 012**	**28 773**
Segment liabilities	5 171	200	611	893	6 723	13 598
Financial debt, bank overdraft and equity	-	-	-	-	15 175	15 175
Total liabilities and equity	**5 171**	**200**	**611**	**893**	**21 898**	**28 773**
Purchase of property, plant and equipment and Intangible assets	**1 522**	**135**	**229**	**157**	**-**	**2 043**

Non-allocated assets amounting to € 6.0 billion are mainly financial assets held by the Group, comprising marketable securities of € 3.4 billion, deferred tax of € 0.8 billion, cash of € 0.3 billion and derivatives of € 1.0 billion.

Non-allocated liabilities amounting to € 6.7 billion, mainly comprise a part of provisions and retirement benefits of € 1.1 billion, tax and employee-related liabilities of € 1.4 billion and derivatives of € 3.7 billion.

Financial debts, bank overdraft and equity are not allocated.

- **Year ended March 31, 2008 (adjusted)**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total (adjusted)
Total sales	20 004	2 945	2 859	1 694	-	27 502
Intersegment sales	(839)	(17)	(1 890)	(633)	-	(3 379)
External sales	**19 165**	**2 928**	**969**	**1 061**	**-**	**24 123**
Income from current operations	1 300	39	63	12	-	1 414
Income from operating activities	1 300	39	63	12	(133)	1 281
Share of profits (losses) of associates	-	-	-	-	(24)	(24)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(123)	(123)
Income taxes	-	-	-	-	(359)	(359)
Net income from continuing operations	**1 300**	**39**	**63**	**12**	**(639)**	**775**
Depreciation and amortization for the period	(1 094)	(112)	(226)	(174)	-	(1 606)
Other non monetary items	42	(18)	17	(161)	(530)	(650)
Total assets	**14 752**	**1 142**	**2 344**	**2 136**	**10 316**	**30 690**
Segment liabilities	4 495	96	383	587	7 193	12 754
Financial debt, bank overdraft and equity	-	-	-	-	17 936	17 936
Total liabilities and equity	**4 495**	**96**	**383**	**587**	**25 129**	**30 690**
Purchase of property, plant and equipment and intangible assets	**1 800**	**117**	**238**	**185**	**-**	**2 340**

Non-allocated assets amounting to €10.3 billion are mainly financial assets held by the Group, comprising marketable securities of €4.1 billion, pension assets of €2.2 billion and derivatives of €3.4 billion.

Non-allocated liabilities amounting to €7.2 billion, mainly comprise trade payables of €2.2 billion, tax and employee-related liabilities of €1.4 billion, deferred tax of €1.4 billion and derivatives of €1.7 billion.

Financial debts, bank overdraft and equity are not allocated.

5.2. Information by geographical area

Sales by geographical area

- **Year ended March 31, 2009**

In € millions	**Europe, North Africa**	**Caribbean, French Guiana, Indian Ocean**	**Africa, Middle East**	**Americas, Polynesia**	**Asia, New Caledonia**	**Total**
Scheduled passenger	12 272	371	1 147	2 708	1 439	17 937
Other passenger sales	692	29	39	52	83	895
Total passenger	**12 964**	**400**	**1 186**	**2 760**	**1 522**	**18 832**
Scheduled cargo	1 258	32	186	409	789	2 674
Other cargo sales	105	4	8	35	31	183
Total cargo	**1 363**	**36**	**194**	**444**	**820**	**2 857**
Maintenance	961	-	-	-	13	974
Others	1 263	23	21	-	-	1 307
Total	**16 551**	**459**	**1 401**	**3 204**	**2 355**	**23 970**

- **Year ended March 31, 2008 (adjusted)**

In € millions	**Europe, North Africa**	**Caribbean, French Guiana, Indian Ocean**	**Africa, Middle East**	**Americas, Polynesia**	**Asia, New Caledonia**	**Adjustment**	**Total (adjusted)**
Scheduled passenger	12 489	368	1 117	2 807	1 405	9	18 195
Other passenger sales	729	55	35	54	97	-	970
Total passenger	**13 218**	**423**	**1 152**	**2 861**	**1 502**	**9**	**19 165**
Scheduled cargo	1 231	36	206	363	903	-	2 739
Other cargo sales	122	4	8	25	30	-	189
Total cargo	**1 353**	**40**	**214**	**388**	**933**	**-**	**2 928**
Maintenance	959	-	-	-	10	-	969
Others	1 027	23	11	-	-	-	1 061
Total	**16 557**	**486**	**1 377**	**3 249**	**2 445**	**9**	**24 123**

Traffic sales by geographical area of destination

- **Year ended March 31, 2009**

In € millions	Europe, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	6 983	1 282	2 618	4 191	2 863	17 937
Scheduled cargo	117	183	415	843	1 116	2 674
Total	**7 100**	**1 465**	**3 033**	**5 034**	**3 979**	**20 611**

- **Year ended March 31, 2008 (adjusted)**

In € millions	Europe, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Adjustment	Total
Scheduled passenger	7 220	1 255	2 527	4 222	2 962	9	18 195
Scheduled cargo	67	190	382	849	1 251	-	2 739
Total	**7 287**	**1 445**	**2 909**	**5 071**	**4 213**	**9**	**20 934**

6. EXTERNAL EXPENSES

In € millions ***Year ended March 31,***	**2009**	**2008**
Aircraft fuel	5 703	4 572
Chartering costs	624	658
Aircraft operating lease costs	646	611
Landing fees and en route charges	1 793	1 755
Catering	483	470
Handling charges and other operating costs	1 353	1 331
Aircraft maintenance costs	1 123	1 038
Commercial and distribution costs	1 010	1 176
Other external expenses	2 195	2 203
Total	**14 930**	**13 814**
Excluding aircraft fuel	*9 227*	*9 242*

7. SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions ***Year ended March 31,***	**2009**	**2008**
Wages and salaries	5 421	5 151
Net periodic pension cost	143	106
Social contributions	1 743	1 647
Expenses related to share-based compensation	30	30
Other expenses	(20)	84
Total	**7 317**	**7 018**

The Group pays contributions to a multi-employer plan in France, the CRPN (public pension fund for crew). This plan is accounted for as a defined contribution plan in "social contributions".

Average number of employees

Year ended March 31,	**2009**	**2008**
Flight deck crew	8 720	8 259
Cabin crew	22 903	21 605
Ground staff	75 310	74 795
Total	**106 933**	**104 659**

8. AMORTIZATION, DEPRECIATION AND PROVISIONS

In € millions ***Year ended March 31,***	**2009**	**2008**
Amortization and depreciation		
Intangible assets	47	44
Flight equipment	1 277	1 295
Other property, plant and equipment	280	267
	1 604	**1 606**
Provisions		
Inventories	2	4
Trade receivables	25	(1)
Risks and contingencies	88	14
	115	**17**
Total	**1 719**	**1 623**

A description of changes in amortization is included in notes 16 and 18.

The detail of changes in inventory and trade receivables impairment is included in notes 23, 24 and 25.

The movements in provisions for risks and charges are detailed in note 29.

9. OTHER INCOME AND EXPENSES

In € millions ***Year ended March 31,***	**2009**	**2008**
Joint operation of routes	(31)	(3)
Operations-related currency hedges	103	(24)
Other	40	19
Total	**112**	**(8)**

10. OTHER NON-CURRENT INCOME AND EXPENSES

In € millions ***Year ended March 31,***	**2009**	**2008**
Sales of aircraft equipment	**5**	**9**
Gain on WAM (ex Amadeus GTD) transactions	-	284
Provision for cargo investigation	-	(530)
Restructuring costs	(14)	2
Disposal of subsidiaries and affiliates	13	46
Compensation on slot swaps	14	22
Loss on aircraft held for sale	(54)	-
Other	(45)	(6)
Other non-current income and expenses	**(86)**	**(182)**

Gain on WAM (ex Amadeus GTD) transactions

At march 31, 2008, the €284 million gain on the WAM (ex Amadeus GTD) transaction corresponds to a €202 million reimbursement of the share capital, a €76 million reimbursement of shareholders' loan and a €6 million interest payment. The shares and the loan had been recognized at a value of nil in the Group reinvestment transaction within the LBO operation initiated in July 2005.

Provision for cargo investigation

Please refer to note 29.2

Restructuring costs

During the last quarter of the year 2008-09, Martinair implemented a voluntary leave plan, in the context of a fleet

reduction.
The provision recorded supports the voluntary retirement of the concerned Martinair staff. These retirements will occur over the year 2009-10. It is recorded on the balance sheet in "other creditors – current".

Disposal of subsidiaries and affiliates

No significant disposal of subsidiaries or affiliates occurred during the year ended March 31, 2009.

On June 8, 2007 the Group sold its shares in Alpha Plc resulting in a capital gain of €40 million. Alpha Plc, previously held at 26%, was accounted under the equity method in the Group's consolidated financial statements.

Loss on aircraft held for sale

As of March 31, 2009, this line comprises the impacts of depreciation to fair value of aircraft held for sale for € (54) million (refer to note 13).

Other

As of March 31, 2009, this line comprises the impact of the change in French law concerning pension for € (17) million.

As of March 31, 2008, this line mainly comprises the costs relating to the review of Alitalia's financial situation. This review not having resulted in the acquisition of Alitalia, the costs were recorded in the income statement.

11. NET COST OF FINANCIAL DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

In € millions

Year ended March 31,	2009	2008
Income from marketable securities	106	113
Other financial income	162	175
Financial income	**268**	**288**
Loan interest	(236)	(225)
Lease interest	(143)	(187)
Capitalized interest	58	46
Other financial expenses	(47)	(21)
Cost of financial debt	**(368)**	**(387)**
Net cost of financial debt	**(100)**	**(99)**
Foreign exchange gains (losses), net	(179)	(71)
Change in fair value of financial assets and liabilities	(715)	65
Net (charge) release to provisions	(14)	(17)
Other	(3)	(1)
Other financial income and expenses	**(911)**	**(24)**
Total	**(1 011)**	**(123)**

The interest rate used in the calculation of capitalized interest is 4.85 % for the year ended March 31, 2009 and 4.82% for the year ended March 31, 2008.

The financial income mainly comprises interest income and gains on sale of financial assets at fair value through profit and loss.

The change in fair value of financial assets and liabilities recorded as of March 31, 2009 comes mainly from the variation in the ineffective portion of fuel and foreign currency exchange derivatives for € (333) million, as well as from the change in value of derivative instruments no more qualified to hedge accounting for € (382) million.

As of March 31, 2008, the change in fair value of financial assets and liabilities corresponds mainly to the ineffective portion of the variation of the fair value of hedge derivatives.

As of March 31, 2009, the net charge to provisions includes an impairment on the shares in the former Alitalia amounting to €12 million, the latter having filed for bankruptcy protection. This additional provision takes the total write-down to100% of the shares owned.
As of March 31, 2008, the net charge to provisions included an unrealized loss on shares in the former Alitalia amounting to €13 million, as a result of the significant fall in the stock price during this period.

12. INCOME TAXES

12.1. Income tax charge

Current and deferred income taxes are detailed as follows:

In € millions		
Year ended March 31,	**2009**	**2008 (adjusted)**
Current tax (expense) / income	**99**	**(97)**
(Charge) / income for the year	99	(97)
Deferred tax income / (expense) from continuing operations	**340**	**(262)**
Change in temporary differences	13	(222)
Change in tax rates	-	-
(Use) / recognition of tax loss carryforwards	327	(39)
IFRIC 13 adjustment	-	(1)
Income tax (expense) / income from continuing operations	**439**	**(359)**

The current tax charge relates to the amounts paid or payable in the short term to the tax authorities in respect of the financial year, in accordance with the regulations prevailing in various countries and any applicable treaties.

During the year ended March 31, 2009, the Group recognized a deferred tax asset amounting to €327 million given the realized profits previously and perspectives of recoverability.

12.2. Deferred tax recorded directly in equity

In € millions ***Year ended March 31,***	**2009**	**2008 (adjusted)**
Cash flow hedge	1 494	(554)
IFRIC 13 adjustment	-	296
Total	**1 494**	**(258)**

12.3. Effective tax rate

The difference between the standard tax rate in France and the effective tax rate is detailed as follows:

In € millions ***Year ended March 31,***	**2009**		**2008 (adjusted)**	
Income before tax		(1 204)		1 158
Theoretical tax calculated with the standard tax rate in France	34.43%	(414)	34.43%	398
Differences in French / foreign tax rates		26		(43)
Negative goodwill		(4)		(10)
Non deductible expenses		14		143
Non-taxable income		(2)		(85)
Impact of tax loss carryforwards		(58)		(6)
TSDI settlement		-		(31)
IFRIC13 adjustment		-		(1)
Other		(1)		(6)
Income tax expenses	36.50%	**(439)**	31.0%	**359**

The tax rates applicable in France and in the Netherlands were set at respectively 34.43% and 25.5% unchanged since last fiscal year.

12.4. Unrecognized deferred tax assets (basis)

In € millions ***Year ended March 31,***	**2009**	**2008**
Temporary differences	85	106
Tax losses	294	294
Total	**379**	**400**

As of March 31, 2009, unrecognized deferred tax assets mainly represent a part of tax losses carry forward of Air France Group subsidiaries, as well as, tax losses carry forwards in certain subsidiaries in the United Kingdom.

In France, tax losses can be carried forward for an unlimited period. In Netherlands, tax losses can be carried forward until their 9th birthday.

12.5. Deferred tax recorded on the balance sheet

In € millions	April 1, 2008 (adjusted)	Amounts recorded in income	Amounts recorded in equity	Business combination	Currency translation adjustment	Reclassification	March 31, 2009
Intangible assets	102	13	-	2	-	-	117
Flight equipment	873	56	(119)	(9)	-	11	812
Other property, plant and equipment	169	12	-	(1)	(2)	-	178
Investments in equity associates	-	-	-	-	-	-	-
Other non-current financial assets	98	(161)	-	-	-	-	(63)
Pension assets	562	61	-	-	-	-	623
Other non-current assets	416	71	(204)	-	-	(55)	228
Other short term financial assets	(5)	2	-	-	-	-	(3)
Other current assets	542	(76)	(557)	-	-	25	(66)
Provisions and retirement benefits – non-current	88	(32)	-	(2)	-	-	54
Long-term debt	(414)	1	(16)	-	-	22	(407)
Other non-current liabilities	(325)	73	(500)	-	-	22	(730)
Provisions – current	(15)	11	-	-	-	-	(4)
Deferred revenue on ticket sales	(225)	16	-	-	-	-	(209)
Short term portion of long-term debt	(52)	17	-	-	-	-	(35)
Other current liabilities	(92)	48	(117)	-	-	(20)	(181)
Others	(78)	(125)	19	-	2	(5)	(187)
Deferred tax corresponding to fiscal losses	(257)	(327)	-	(18)	3	-	(599)
Deferred tax (Asset) / Liability	**1 387**	**(340)**	**(1 494)**	**(28)**	**3**	**-**	**(472)**

In € millions	April 1, 2007	Amounts recorded in income	Amounts recorded in equity	Adjustment	Reclassificat-ion	March 31, 2008 (adjusted)
Intangible assets	89	13	-	-	-	102
Flight equipment	616	151	108	-	(2)	873
Other property, plant and equipment	137	32	-	-	-	169
Investments in equity associates	-	-	-	-	-	-
Other non-current financial assets	(100)	198	-	-	-	98
Pension assets	529	37	-	-	(4)	562
Other non-current assets	161	(161)	379	-	37	416
Other short term financial assets	(3)	(2)	-	-	-	(5)
Other current assets	128	3	424	-	(13)	542
Provisions and retirement benefits – non-current	62	28	-	-	(2)	88
Long-term debt	(377)	(30)	(7)	-	-	(414)
Other non-current liabilities	(27)	(13)	(285)	-	-	(325)
Provisions – current	(43)	28	-	-	-	(15)
Deferred revenue on ticket sales	-	1	-	(226)	-	(225)
Short term portion of long-term debt	23)	(29)	-	-	-	(52)
Other current liabilities	(36)	(13)	(56)	-	13	(92)
Others	(16)	(20)	(5)	-	(37)	(78)
Deferred tax corresponding to fiscal losses	(232)	39	-	(72)	8	(257)
Deferred tax (Asset) / Liability	**865**	**262**	**558**	**(298)**	**-**	**1 387**

13. ASSETS HELD FOR SALE AND LIABILITIES RELATED TO ASSETS HELD FOR SALE

During the year 2008-09, in the world financial crisis context and with the fall of the traffic, the Group decided to ground 7 aircraft, 6 being held for sale and one being previously operated trough an operating lease.
The fair values of these 6 aircraft amount to € 93 million and were reclassified on the balance sheet as "assets held for sale".
The provision for future rentals of the operating leased aircraft was reclassified as "liabilities related to assets held for sale" for a € 7million.
The impact on the profit and loss statement recorded in "other non current income and expense" (note 10) amounts to € (54) million. It mainly comprises a complementary depreciation for € (47) million, and the provision for future rents for € (7) million.

14. EARNINGS PER SHARE

14.1. Income for the period – Group share per share

Reconciliation of income used to calculate earnings per share

In € millions *Year ended March 31,*	2009	2008 (adjusted)
Income for the period – Group share	(814)	756
Dividends to be paid to priority shares	-	-
Income for the period – Group share (used to calculate basic earnings per share)	**(814)**	**756**
Impact of potential ordinary shares : - interest paid on convertible bonds (net of tax)	-	11
Income for the period – Group share (used to calculate diluted earnings per share)	**(814)**	**767**

Reconciliation of the number of shares used to calculate earnings per share

Year ended March 31,	2009	2008
Weighted average number of:		
- Ordinary shares issued	300 219 278	287 730 391
- Treasury stock held regarding stock option plan	(1 727 705)	(1 648 899)
- Treasury stock held in stock buyback plan	(812 635)	(232 110)
- Other treasury stock	(2 968 679)	(1 173 801)
Number of shares used to calculate basic earnings per share	**294 710 259**	**284 675 581**
Weighted average number of ordinary shares:		
- Conversion of convertible bonds	-	22 609 143
- Conversion of warrants	-	-
- Exercise of stock options	-	481 656
Number of potential ordinary shares	**-**	**23 090 799**
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	**294 710 259**	**307 766 380**

14.2. Non dilutive instruments

- **As of March 31, 2009**

According to the Air France-KLM share average value evolution during the year 2008-09, non dilutive instruments correspond to all stock options plan described in note 28 and also to the OCEANE described in note 30.

- **As of March 31, 2008**

Non-dilutive instruments corresponded to 417,850 stock options (after forfeited), described in note 28, for an average exercise price of €34.21.

14.3. Instruments issued after the closing date

No instruments were issued after the closing date.

15. GOODWILL

Detail of consolidated goodwill

In € millions **Year ended March 31,**	**2009**			**2008**		
	Gross value	**Impairment**	**Net value**	**Gross value**	**Impairment**	**Net value**
UTA	112	-	112	112	-	112
Régional	60	-	60	60	-	60
Britair	18	-	18	18	-	18
CityJet	11	-	11	11	-	11
VLM	168	-	168	166	-	166
Aeromaintenance Group	21	-	21	-	-	-
Others	10	-	10	10	-	10
Total	**400**	**-**	**400**	**377**	**-**	**377**

All the goodwill concerns mainly the 'Passenger ' business.

Movement in net book value of goodwill

In € millions *Year ended March 31*	**2009**	**2008**
Opening balance	**377**	**204**
Acquisitions	15	167
Reclassification	8	6
Disposals	-	-
Closing balance	**400**	**377**

During the year ended March 31, 2009, the Group has acquired additional shares of Aeromaintenance Group which was previously held. The percentage increases from 39.47% to 81.79% as of March 31, 2009. Aeromaintenance Group was consolidated by equity in Group consolidated accounts until March 31, 2009. The historical goodwill, amounting to € 8 million, has been transferred from "Investments in equity associates" to "goodwill" and the goodwill on acquisition of new parts recorded for € 13 million.

During the year ended March 31, 2008, the Group acquired 100% of the company VLM(see note 4) involving the recognition of a definitive goodwill amounting to €168 million.

16. INTANGIBLE ASSETS

In € millions	Trademarks and slots	Customer relationships	Other intangible assets	Total
Gross value				
Amount as of March 31, 2007	**308**	**107**	**261**	**676**
Additions	1	-	90	**91**
Change in scope	-	-	3	**3**
Disposals	-	-	(12)	**(12)**
Transfer	-	-	1	**1**
Amount as of March 31, 2008	**309**	**107**	**343**	**759**
Additions	-	-	115	**115**
Change in scope	7	-	13	**20**
Disposals	-	-	(2)	**(2)**
Transfer	-	-	1	**1**
Amount as of March 31, 2009	**316**	**107**	**470**	**893**
Depreciation				
Amount as of March 31, 2007	**-**	**(47)**	**(205)**	**(252)**
Charge to depreciation	-	(17)	(27)	**(44)**
Releases on disposal	-	-	12	**12**
Transfer	-	-	-	**-**
Amount as of March 31, 2008	**-**	**(64)**	**(220)**	**(284)**
Charge to depreciation	-	(17)	(30)	**(47)**
Releases on disposal	-	-	-	**-**
Transfer	-	-	(3)	**(3)**
Amount as of March 31, 2009	**-**	**(81)**	**(253)**	**(334)**
Net value				
As of March 31, 2008	309	43	123	**475**
As of March 31, 2009	316	26	217	**559**

Amounts in “change in scope” during the year 2008-09 correspond to the inclusion in the scope of Martinair (see note 4). The Martinair brand has been acquired by the Group as part of the acquisition of Martinair.

The KLM and Transavia brands and slots (takeoff and landing) were acquired by the Group as part of the acquisition of KLM. These intangible assets have an indefinite useful life as the nature of the assets means they have no time limit.

17. IMPAIRMENT

Concerning the methodology used for the asset impairment test, the Group has allocated all goodwill and intangible assets with indefinite lives to the cash-generating units (CGU), which correspond to the Group’s businesses (please refer to “Accounting policies”).

As of March 31, 2009, the net book value of the “passenger” business includes € 369 million relating to goodwill and € 350 million relating to intangible assets with indefinite useful lives.
The recoverable value of the passenger CGU, the Group’s main CGU, which corresponds to its value in use, has been determined using:

- the future discounted cash flows of the mid-term target validated by the management made for the three years after the date of the test, and
- the discounted cash flows with a growth rate which reflects the market consensus on the business.

- they amount to 5% a year from year four to year ten, and 2% thereafter.

The discount rate used remains at 7% for the years ended March 31, 2009 and 2008. It corresponds to the weighted average cost of the Group's capital.

At the date of testing, an increase of one point of the discount rate or a decrease of one point of growth rate would have no impact on the recoverable value.
In another hand, for the determination of the CGU and according to the definition of assets by component, the Group has made a reclassification to the passenger business of the belies of passenger-business aircraft allocated to the cargo business as operational leases.
No impact on the test of assets value has been generated by this reclassification.

18. TANGIBLE ASSETS

In € millions	Flight equipment					Other tangible assets					Total
	Owned aircraft	Leased aircraft	Assets in progress	Other	Total	Land and buildings	Equipment and machinery	Assets in progress	Other	Total	
Gross value											
Amounts as of March 31, 2007	**7 972**	**4 435**	**1 170**	**1 716**	**15 293**	**2 172**	**933**	**145**	**831**	**4 081**	**19 374**
Additions	492	28	1 210	211	1 941	92	105	205	82	484	2 425
Disposals	(493)	(43)	-	(280)	(816)	(53)	(25)	(1)	(71)	(150)	(966)
Changes in consolidation scope	12	-	-	15	27	-	1	2	4	7	34
Fair value hedge	-	-	335	-	335	-	-	-	-	-	335
Transfer	975	(112)	(901)	(24)	(62)	63	24	(130)	35	(8)	(70)
Currency translation adjustment	(12)	(21)	-	(1)	(34)	-	(4)	-	(3)	(7)	(41)
Amounts as of March 31, 2008	**8 946**	**4 287**	**1 814**	**1 637**	**16 684**	**2 274**	**1 034**	**221**	**878**	**4 407**	**21 091**
Additions	253	6	1 127	224	1 610	142	64	114	69	389	**1 999**
Disposals	(278)	(12)	(5)	(184)	(479)	(17)	(28)	-	(38)	(83)	**(562)**
Changes in consolidation scope	235	-	-	-	235	19	3	14	1	37	**272**
Fair value hedge	-	-	(473)	-	(473)	-	1	-	-	1	**(472)**
Transfer	1 691	(161)	(1 108)	177	599	38	43	(114)	37	4	**603**
Assets held for sale	(139)	-	-	-	(139)	-	-	-	-	-	**(139)**
Currency translation adjustment	(18)	(5)	-	-	(23)	-	-	2	(3)	(1)	**(24)**
Amounts as of March 31, 2009	**10 690**	**4 115**	**1 355**	**1 854**	**18 014**	**2 456**	**1 117**	**237**	**944**	**4 754**	**22 768**
Depreciation											
Amounts as of March 31, 2007	**(2 091)**	**(908)**	**-**	**(743)**	**(3 742)**	**(909)**	**(572)**	**-**	**(593)**	**(2 074)**	**(5 816)**
Charge to depreciation	(801)	(281)	-	(213)	(1 295)	(119)	(76)	-	(72)	(267)	**(1 562)**
Releases on disposal	267	40	-	284	591	36	22	-	69	127	**718**
Changes in consolidation scope	(3)	-	-	(10)	(13)	-	(1)	-	(2)	(3)	**(16)**
Transfer	71	(19)	-	(24)	28	(1)	1	-	-	-	**28**
Currency translation adjustment	9	17	-	1	27	-	2	-	1	3	**30**
Amounts as of March 31, 2008	**(2 548)**	**(1 151)**	**-**	**(705)**	**(4 404)**	**(993)**	**(624)**	**-**	**(597)**	**(2 214)**	**(6 618)**
Charge to depreciation	(872)	(250)	-	(205)	(1 327)	(123)	(83)	-	(74)	(280)	**(1 607)**
Releases on disposal	177	16	-	184	377	16	27	-	36	79	**456**
Changes in consolidation scope	-		-	-	-	-	7	-	-	7	**7**
Transfer	(922)	359	-	(41)	(604)	(13)	(12)	-	(9)	(34)	**(638)**
Assets held for sale	49	-	-	-	49	-	-	-	-	-	**49**
Currency translation adjustment	16	4	-	-	20	-	-	-	1	1	**21**
Amounts as of March 31, 2009	**(4 100)**	**(1 022)**	**-**	**(767)**	**(5 889)**	**(1 113)**	**(685)**	**-**	**(643)**	**(2 441)**	**(8 330)**
Net value											
As of March 31, 2008	6 398	3 136	1 814	932	**12 280**	1 281	410	221	281	**2 193**	**14 473**
As of March 31, 2009	6 590	3 093	1 355	1 087	**12 125**	1 343	432	237	301	**2 313**	**14 438**

Note 36 details the amount of pledged tangible assets.

Commitments to property purchases are detailed in notes 35 and 36.

The net book value of tangible assets financed under capital lease amounted to € 3 399 million as of March 31, 2009 against €3,417 million as of March 31, 2008.

As of March 31, 2009, the Group has recorded an additional amortization amounting to € (47) million in "Other non-current income and expenses" (see note 13).

19. CAPITAL EXPENDITURE

The detail of capital expenditures for tangible and intangible assets presented in the consolidated cash flow statements is as follows:

In € millions		
Year ended March 31,	**2009**	**2008**
Acquisition of tangible assets	1 999	2 290
Acquisition of intangible assets	114	91
Accounts payable on acquisitions and capitalized interest	(70)	(41)
	2 043	**2 340**

20. EQUITY AFFILIATES

Movements over the period

The table below presents the movement in equity affiliates:

In € millions	**WAM Acquisition (Amadeus GTD)**	**Alpha Plc**	**Martinair**	**Kenya Airways**	**Alitalia**	**Other**	**Total**
Value of share in investment as of March 31, 2007	**-**	**30**	**84**	**60**		**54**	**228**
Share in net income of equity affiliates	-	(1)	(33)	8		2	(24)
Distributions	-	-	-	(2)		(1)	(3)
Change in consolidation scope	-	(29)	-	-		(4)	(33)
Transfers and reclassifications	-	-	-	-		-	-
Other variations	-	-	9	-		6	15
Currency translation adjustment	-	-	-	(4)		(2)	(6)
Carrying value of share in investment as of March 31, 2008	**-**	**-**	**60**	**62**		**55**	**177**
Share in net income of equity affiliates	-		(48)	5		1	(42)
Distributions	-		-	-	-	(2)	(2)
Change in consolidation scope (note 4)	-		(12)	-	330	(3)	315
Other variations	-		-	-	-	5	5
Currency translation adjustment	-		-	(7)	-	-	(7)
Carrying value of share in investment as of March 31, 2009	**-**		**-**	**60**	**330**	**56**	**446**
Market value for listed companies				**22**			

As of March 31, 2009, the ownership structure of WAM Acquisition was as follows: 22.09% Air France, 11.05% Iberia, 11.05% Lufthansa, 50.39% Amadelux Investments and 5.42% management.
On December 17, 2008, KLM bought a further 50% of the company Martinair, increasing its holding to 100% of the share capital. Thus, until December 31, 2008, Martinair was consolidated by the equity method. Starting January 1, 2009, it has been fully consolidated in the Group financial accounts.
KLM holds 26% of the capital of Kenya Airways.
On march 25, 2009, Air France-KLM subscribed to a reserved capital increase of the company Alitalia. Following this operation, Air France-KLM holds 25% of the Alitalia share capital. Alitalia shares have been consolidated by the equity method in the Group consolidated accounts as of March 31, 2009. Alitalia's other shareholders are 16 Italian entrepreneurs.

The share of profits (losses) of associates includes, notably, the negative contribution from Martinair amounting to € 48 million. This corresponds mainly to the loss on fuel derivatives recorded before the acquisition of shares by the Group. It also comprises a new provision for risk concerning the European Commission inquiry into an alleged conspiracy to fix the price of air shipping services.

As of March 31, 2008, the ownership structure of WAM Acquisition was as follows: 22.08% Air France, 11.04% Iberia, 11.04% Lufthansa, 50.34% Amadelux Investments and 5.50% management.
On June 8, 2007, the Group sold its shares in Alpha Plc, previously held at 26%.
The KLM and P&O Nedlloyd groups each owned 50% of the capital of Martinair.
KLM held 26% of the capital of Kenya Airways.

Martinair's contribution to the share of profits (losses) of associates includes a provision for risk estimated on the basis of the status of the discussions related to the inquiry of the US Department Of Justice (DOJ) about an alleged conspiracy to fix the price of air shipping services. The Group's share of this provision is €11 million after tax.

Simplified financial statements of the main equity affiliates

The equity affiliates as of March 31, 2009 mainly concern the following companies, in which the Group has a significant influence:

- **WAM Acquisition**
  WAM Acquisition is the holding company of the Amadeus group. The Amadeus group develops booking tools and technology solutions dedicated to business and leisure travel. This expertise makes it the global partner of choice for travel agents, rail and airline operators, hotel chains and car rental companies. Furthermore, the Amadeus group also partners businesses involved in the reservation and management of business travel.

- **Kenya Airways**
  Kenya Airways is a Kenyan airline based in Nairobi.

- **Alitalia**
  Alitalia Compagnia Aero Italiana Spa comprises the passenger business of the former Alitalia and the assets acquired with the acquisition of Air One. This company started trading on January 12, 2009 and will serve 73 destinations.

The financial information for the principal equity affiliates for the years ended March 31, 2009 and 2008 (excluding consolidation adjustments) is presented below.

In € millions	**WAM Acquisition (Amadeus GTD)**	**Martinair**	**Kenya Airways**	**Alitalia**
	31/12/2007	**31/12/2007**	**31/03/2007**	
% holding as of March 31, 2008	22.1%	50.0%	25.7%	
Operating revenues	2 986	951	646	
Operating income	468	(61)	85	
Net income / loss	202	(69)	45	
Stockholders' equity as of March 31, 2008	(635)	242	235	
Total assets	5 528	642	839	
Total liabilities and stockholders' equity	5 528	642	839	
	31/12/2008		**31/03/2008**	
% holding as of March 31, 2009	22.1%		25,7%	25%
Operating revenues	2 938		553	ND(*)
Operating income	557		61	ND(*)
Net income / loss	184		35	ND(*)
Stockholders' equity as of March 31, 2009	(539)		235	ND(*)
Total assets	5 513		760	ND(*)
Total liabilities and stockholders' equity	5 513		760	ND(*)

(*) Because Alitalia shares have been acquired on March 25, 2009 and the entity has started its activity on January 12, 2009, no financial condensed information is available at the date of the publication of these financial statements.

Other information

The share of WAM Acquisition's result that has not been recorded in the Group's consolidated financial statements amounts to € 41 million for the year ended March 31, 2009 (€ 45 million for the year ended March 31, 2008). Given the negative net equity after neutralization of the sum reinvested by the Air France-KLM Group, its contribution to the consolidated financial statements is nil.

21. Pension assets

In € millions ***Year ended March 31,***	**2009**	**2008**
Opening balance	**2 245**	**2 097**
Net periodic pension (cost) / income for the period	(10)	7
Contributions paid to the funds	255	142
Reclassification	4	
Currency translation adjustment	5	(1)
Closing balance	**2 499**	**2 245**

The detail of these pension assets is presented in note 29.1.

22. Other financial assets

In € millions *Year ended March 31,*	2009		2008	
	Current	Non current	Current	Non current
Financial assets available for sale				
Shares	-	46	-	78
Assets at fair value through profit and loss				
Marketable securities	432	-	185	-
Loans and receivables				
Loans and receivables	121	947	91	934
Miscellaneous financial assets	29	-	27	-
Gross value	**582**	**993**	**303**	**1 012**
Impairment at opening	**-**	**(56)**	**-**	**(54)**
New impairment charge	(2)	-	-	(4)
Use of provision	-	1	-	2
Impairment at closing	**(2)**	**(55)**	**-**	**(56)**
Total	**580**	**938**	**303**	**956**

Financial assets available for sale

In € millions	Fair Value	% interest	Stockholder's equity	Net income	Stock price (in €)	Closing date
As of March 31, 2009						
Club Med (*)	4	2.00%	494	2	9,05	October 2008
Voyages Fram	9	8.71%	ND	ND	NA	December 2008
Others	33					
Total	**46**					
As of March 31, 2008						
Alitalia (*)	13	2.00%	726	(211)	0.48	December 2007
Club Med (*)	13	2.00%	490	(8)	33.95	October 2007
Opodo	-	5.60%	(33)	(55)	NA	December 2006
Voyages Fram	9	8.71%	121	7	NA	December 2007
Others	43					
Total	**78**					

(*) Listed company

Assets at fair value through profit and loss

It mainly comprises shares in mutual funds that do not meet the "cash equivalents" definition.

Loans and receivables

Loans and receivables mainly include deposits on flight equipment, on operating and capital leases.

23. INVENTORY AND WORK IN PROGRESS

In € millions **Year ended March 31**	**2009**	**2008**
Aeronautical spare parts	552	499
Other supplies	135	175
Production work in progress	6	5
Gross value	**693**	**679**
Opening valuation allowance	**(172)**	**(102)**
Charge to allowance	(10)	(12)
Use of allowance	12	8
Releases of allowance no longer required	-	-
Reclassification	4	(66)
Closing valuation allowance	**(166)**	**(172)**
Net value of inventory	**527**	**507**

24. TRADE ACCOUNTS RECEIVABLE

In € millions **Year ended March 31,**	**2009**	**2008**
Airlines	473	579
Other clients:		
* Passenger	1 005	1 318
* Cargo	269	374
* Maintenance	296	301
* Other	81	78
Gross value	**2 124**	**2 650**
Opening valuation allowance	**(81)**	**(91)**
Charge to allowance	(31)	(17)
Use of allowance	18	25
Reclassification	8	2
Closing valuation allowance	**(86)**	**(81)**
Net value	**2 038**	**2 569**

25. OTHER ASSETS

In € millions *Year ended March 31,*	2009		2008	
	Current	**Non current**	**Current**	**Non current**
Suppliers with debit balances	51	-	71	-
French State receivable	113	-	93	-
Derivative instruments	398	626	1 575	1 807
Prepayments	233	2	185	1
Other debtors	276	1	465	2
Gross value	**1 071**	**629**	**2 389**	**1 810**
Opening valuation allowance	**(4)**	**-**	**(7)**	**-**
Charge to allowance	(2)	-	-	-
Use of allowance	-	-	-	-
Release of allowance no longer required	-	-	1	-
Reclassification	-	-	2	-
Closing valuation allowance	**(6)**	**-**	**(4)**	**-**
Net realizable value of other assets	**1 065**	**629**	**2 385**	**1 810**

26. CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS

In € millions **Year ended March 31,**	**2009**	**2008**
Negotiable debt securities (assets at fair value through profit and loss)	48	49
Mutual funds (SICAV) (assets at fair value through profit and loss)	2 635	3 059
Bank deposits (assets at fair value through profit and loss)	735	943
Cash in hand	330	330
Total cash and cash equivalents	**3 748**	**4 381**
Bank overdrafts	(282)	(172)
Cash, cash equivalents and bank overdrafts	**3 466**	**4 209**

27. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM SA

27.1. Issued capital

As of March 31, 2009, the issued capital of Air France-KLM comprised 300,219,278 fully paid-up shares. Each share is entitled to one vote. The nominal value of each share amounts to € 8.50.

The change in the number of issued shares is as follows:

In number of shares **As of March 31,**		**2009**	**2008**
At the beginning of the period		**300 219 278**	**279 365 707**
Issuance of shares for BASA exercise		-	20 853 046
Issuance of shares for OCEANE conversion		-	525
At the end of the period		**300 219 278**	**300 219 278**
Of which:	- number of shares issued and paid	300 219 278	300 219 278
	- number of shares issued and not paid	**-**	**-**

The shares comprising the issued capital of Air France-KLM are subject to nor restriction nor priority for dividend distribution and reimbursement of the issued capital.

Authorized stock

The Extraordinary Shareholders' Meeting of July 12, 2007, authorized the Board of Directors, for a period of 26 months from the date of the Meeting, to issue shares and/or other securities giving immediate or future rights to Air France-KLM capital limited to a total maximum of €500 million corresponding to 58,823,529 shares.

Breakdown of share capital and voting rights

The breakdown of share capital and voting rights is as follows:

Year ended March 31,	**% of capital**		**% of voting rights**	
	2009	**2008**	**2009**	**2008**
French State	16%	16%	16%	16%
Employees and former employees	12%	11%	12%	11%
Treasury shares	2%	2%	-	-
Other	70%	71%	72%	73%
	100%	**100%**	**100%**	**100%**

The item "Employees and former employees" includes shares held by employees and former employees identified in funds or by a Sicovam code.

Other securities giving access to common stock

Equity warrants (BASA)

Following the Exchange Offer of KLM's shares in April 2004, 45,093,299 Equity Warrants for new or existing

shares (Bons d'Acquisition et/ou de Souscription d'Actions, BASA) were issued. Three BASAs gave to the holder the right to purchase and/or subscribe to 2.066 new or existing shares of Air France-KLM stock, with a par value of € 8.50, at an exercise price of € 20 per Air France-KLM share. BASA holders had the option, at any time during a 24-month period beginning November 2005, to obtain new or existing shares, at the Group's discretion, upon exercise of the BASAs.
Between April 1 and November 6, 2007, the date of the end of the program, 30,280,575 BASAs were exercised, leading to the issuance of 20,853,046 shares.
The total number of BASAs exercised during the exchange period was 44,783,922, corresponding to 99.3% of the total number of BASAs issued.

<u>OCEANE</u>

Please refer to note 30.2.

27.2. Additional paid-in capital

Additional paid-in capital represents the difference between the nominal value of equity securities issued and the value of contributions in cash or in kind received by Air France-KLM.

In € millions **Year ended March 31,**	**2009**	**2008**
Equity part of hybrid instruments	46	46
Other paid-in capital	719	719
	765	**765**

27.3. Treasury shares

	Treasury shares Number	In € millions
March 31, 2007	**2 061 339**	**(30)**
Change in the period	3 271 102	(89)
March 31, 2008	**5 332 441**	**(119)**
Change in the period	557 020	(5)
March 31, 2009	**5 889 461**	**(124)**

As of March 31, 2009, the Group held 1 667 488 shares of its own stock within the framework of stock option programs of KLM. The Group also held 1 140 000 shares of its own stock within the framework of a liquidity agreement approved by the Shareholders' Meeting of July 12, 2007. Finally, the Group held 3 081 973 hares of its own stock without any affectation. All these treasury shares are classified as a reduction of equity.

27.4. Reserves and retained earnings

In € millions **Year ended March 31,**	**2009**	**2008 (adjusted)**
Legal reserve	67	57
Distributable reserve	1 005	988
Derivatives and available for sale securities reserves	(1 503)	1 819
Other reserves	3 674	3 082
Net income (loss) – Group share	(814)	756
Total	**2 429**	**6 702**

As of March 31, 2009, the legal reserve of € 67 million represents 3% of Air France-KLM's issued capital. French company law requires that a limited company (*société anonyme*) allocates 5% of its unconsolidated statutory net result each year to this legal reserve until it reaches 10% of the Group's issued capital. The amount allocated to this legal reserve is deducted from the distributable income for the current year. This restriction on the payment of dividends also applies to each of the French subsidiaries on an individual statutory basis. The legal reserve of any company subject to this requirement may only be distributed to shareholders upon liquidation of the company.

28. SHARE BASED COMPENSATION

28.1. Outstanding share-based compensation plans

Plans	**Grant date**	**Number of shares granted**	**Start date for option exercise**	**Date of expiry**	**Exercise price (euros)**	**Number of options exercised as of 31/03/2009**
<u>Stock-option plans</u>						
KLM	26/06/2003	355,379	30/06/2004	30/06/2008	6.48	355,379
KLM	25/06/2004	463,884	30/06/2004	25/06/2009	13.19	149,858
KLM	26/07/2005	390,609	31/07/2005	16/07/2010	13.11	3,500
KLM	26/07/2006	411,105	31/07/2006	26/07/2011	17.83	-
KLM	27/07/2007	428,850	31/07/2007	25/07/2012	34.21	-

Other plans

Plans	**Grant date**	**Number of shares granted**	**Date of expiry**	**Exercise price (euros)**	**Number of shares exercised as of 31/03/2009**
Air France - ESA (*) 1998 pilots	01/05/1999	15,023,251	31/05/1999	14.00	15,023,251
Air France - KLM – ESA(*) 2003	01/02/2005	12,612,671	21/02/2005	14.00	12,612,671

(*) ESA: Shares-for-salary exchange

28.2. Changes in options

	Average exercise price (€)	Number of options
Options outstanding as of March 31, 2007	**14.87**	**1,985,930**
Of which : options exercisable at March 31, 2007	***14.87***	***1,985,930***
Options forfeited during the period	19.02	(59,722)
Options exercised during the period	15.06	(806,500)
Options granted during the period	34.21	428,850
Options outstanding as of March 31, 2008	**19.96**	**1,548,558**
Of which : options exercisable at March 31, 2008	***19.96***	***1,548,558***
Options forfeited during the period	19.60	(36 812)
Options exercised during the period	9.59	(46 060)
Options granted during the period	-	-
Options outstanding as of March 31, 2009	**20.30**	**1 465 686**
Of which : options exercisable at March 31, 2009	***20.30***	***1 465 686***

28.3. Outstanding options by range of exercise prices

Range of exercise prices per share	Number of options	Weighted average remaining life (years)	Weighted average exercise price per share (in euros)
From 10 to 15 euros per share	663 971	0,83	13,15
From 15 to 20 euros per share	391 199	2,32	17,83
From 20 to 35 euros per share	410 516	3,34	34,21
Total	**1 465 486**	**1,93**	**20,30**

28.4. Plans description

KLM stock-option plans

Prior to the combination with Air France, members of the Management Board and the key executives of KLM had been granted KLM stock options. Within the combination agreement between KLM and Air France, stock-options and SAR (Share Appreciation Rights) that were not exercised during the operation were modified on May 4, 2004, so that their holders could purchase Air France-KLM shares and SARs attached to Air France-KLM shares. The shares held by KLM within this plan were converted into Air France-KLM shares and transferred to a foundation whose sole purpose is their retention until the stock options are exercised or forfeited.

Stock-option plans granted by KLM between 2003 and 2004 had a vesting period of three years. The vesting conditions of the options granted by KLM on July 2007, 2006 and 2005 are such that one third of the options vest at grant date with a further one third afterone and two years, respectively. Vesting is conditional on KLM achieving predetermined non-market performance criteria.

Air France pilots 1998 Shares-for-salary exchange

On October 28, 1998, Air France signed an agreement granting Air France shares to pilots in return for a reduction in salary (these shares being attributed by the French State, the major shareholder at the time). The offer was launched on May 1, 1999 and closed on May 31, 1999. By the end of the offer, 15,023,251 shares were allocated to pilots. Payment for these shares, priced at €14, was to be made through a reduction in salary spread over (i) a 7-year period for 10,263,001 shares and (ii) the remaining career of pilots for the remaining 4,760,250 shares.

In accordance with the transitional provisions of IFRS 2, only plans granted after November 7, 2002 and not yet vested as of April 1, 2004 have been valued and recorded as salary expense. IFRS 2 is therefore not applicable to this plan.

Air France 2003 Shares-for-salary exchange

On February 1, 2005, the Group launched a shares-for-salary exchange scheme, in which all Air France employees residing in France were offered the opportunity to purchase Air France-KLM shares at a price of €14 per share in exchange for wage concessions over a 6-year period. The offer was limited to a maximum of 13,186,853 ordinary shares. At the date the offer was closed, February 21, 2005, Air France employees had acquired 12,612,671 Air France-KLM shares.

These shares were granted by the French State, the largest Air France-KLM shareholder, subject to a €110 million payment made by the Group in April 2007.

The wage concessions cover the period from May 2005 to May 2011.

In the event an employee leaves the Group prior to the end of the 6-year period, the unvested shares are returned to Air France which, in turn, returns them to the French State. The fair value of the services provided under the shares-for-salary exchange scheme was calculated on the basis of the market price of the Air France-KLM share on the date the offer was closed, namely €14.30 and amounts to €180 million. The corresponding salary expense covers the acquisition period of voting rights from May 2005 to May 2011. Each installment, corresponding to the annual decrease of salary, is treated as a separate grant. The ESA 2003 plan share-based payment is therefore recognized on a straight-line basis over the requisite service period for each separately vested portion.

KLM SARs plan

During the period ending March 31, 2009, Share Appreciation Rights (SARs) have been granted by KLM. SARs correspond to plans founded on shares and paid in cash. The number of SARs granted on Jully 1, 2008 amounts to 153 080. During the year 2008-09, no SARs have been exercised and 1 200 were forfeited.

The vesting conditions of the SARs granted by KLM on July 1, 2008 are such that one third of the options vest at grant date, with a further one third after one and two years, respectively. Vesting is conditional on KLM achieving predetermined non-market performance criteria.

The fair value of the services provided under the SARs plan have been determined according to the market value of the Air France-KLM share at March 31, 2009, €6.7, and amounts to € 1 million.

28.5. Salary expenses related to share-based compensation

In € millions **Year ended March 31,**	**Note**	**2009**	**2008**
ESA 2003		(26)	(28)
Stock option plan		(4)	(2)
Salary expense	**7**	**(30)**	**(30)**

29. PROVISIONS AND RETIREMENT BENEFITS

In € millions		Retirement benefits note 29.1	Restitution of aircraft	Restruc-turing	Litigation	Others	Total
Amount as of March 31, 2007		**990**	**374**	**39**	**92**	**117**	**1 612**
Of which:	*non-current*	*990*	*221*	*32*	*32*	*112*	***1 387***
	current	*-*	*153*	*7*	*60*	*5*	***225***
New provision		111	140	-	528	60	**839**
Use of provision		(352)	(108)	(30)	(9)	(54)	**(553)**
Reversal of unnecessary provisions		-	-	-	(3)	(2)	**(5)**
Currency translation adjustment		(12)	(6)	-	-	(3)	**(21)**
Change in scope		3	1	-	-	4	**8**
Discount impact		-	1	-	-	-	**1**
Reclassification		-	-	(1)	-	-	**(1)**
Amount as of March 31, 2008		**740**	**402**	**8**	**608**	**122**	**1 880**
Of which:	*non-current*	*740*	*273*	*-*	*310*	*116*	***1 439***
	current	*-*	*129*	*8*	*298*	*6*	***441***
New provision		150	215	5	21	25	**416**
Use of provision		(110)	(120)	(3)	(248)	(38)	**(519)**
Reversal of unnecessary provisions		-	-	-	(1)	-	**(1)**
Currency translation adjustment		15	5	-	-	2	**22**
Change in scope		-	48	-	52	4	**104**
Discount impact		-	-	-	-	-	**-**
Reclassification		4	(9)	-	(73)	(10)	**(88)**
Amount as of March 31, 2009		**799**	**541**	**10**	**359**	**105**	**1 814**
Of which :	*non-current*	*799*	*368*	*-*	*67*	*100*	***1 334***
	current	*-*	*173*	*10*	*292*	*5*	***480***

Movements in provisions for retirement benefits which have an impact on the income statement are recorded in “salaries and related costs”.
As of march 31, 2009, impact of change of French law on pension has been recorded in “Other non-current income and expenses” (see note 10).
Movements in provisions for restructuring which have an impact on the income statement are recorded in “other non-current income and expenses” when the plans concerned have a material impact.
Movements in provisions for restitution of aircraft which have an impact on the income statement are recorded in “provisions” except for discount impact which is recorded in “other financial income and expenses”.
Movements in provisions for litigation and in provisions for other risks and charges which have an impact on the income statement are recorded, depending on their nature, in the different lines of the income statement.

29.1. RETIREMENT BENEFITS

The Group has a large number of retirement and other long-term benefits plans for its employees. The specific characteristics (benefit formulas, funding policies and types of assets held) of the plans vary according to the regulations and laws in the particular country in which the employees are located. Several of the plans are defined benefit plans.

Pension fund surplus

For a certain number of pension obligations, the Group funds pension funds.
The obligations of KLM Group are, for the most part, funded in accordance with Dutch regulation and the Group’s

collective agreement. With regard to the level of coverage of the commitments, particularly for the pilots' program, significant "safeguard" constraints force the Group to be always in a position of "over-funding".

Actuarial assumptions used

Actuarial valuations of the Group's benefit obligation were computed as of March 31, 2009 and 2008. These calculations include:

- Assumptions on staff turnover, life expectancy and salary inflation.
- A retirement age of 55 to 65 depending on localization and the applicable laws.
- Discount rates used to determine the actuarial present value of the projected benefit obligations. The discount rates for each geographical area are determined according to the duration of each plan and applying the average of the main indices published. They are as follows:

Year ended March 31,	2009	2008
Euro zone	Between 4.5% and 5.5%	Between 4.75% and 5.5%
United Kingdom	6.7%	6.5%
USA-Canada	Between 5.75% and 7.18%	Between 5.0% and 6.45%
Other countries	Between 1.4% and 17%	Between 1.7% and 19.5%

The sensitivity of the annual cost and the obligation to variations in the discount rate is as follows:

In € millions	Sensitivity of the assumptions for the year ended March 31, 2009	Sensitivity of the assumptions for the year ended March 31, 2008
0.25% increase in the discount rate		
Impact on the cost	(32)	(28)
Impact on the obligation	(386)	(383)
0.25% decrease in the discount rate		
Impact on the cost	38	24
Impact on the obligation	386	383

- The expected long-term rates of return for plan assets are as follows:

Year ended March 31,	2009	2008
Euro zone	Between 4.0% and 7.0%	Between 4.0% and 6.75%
United Kingdom	Between 5.9% and 6.7%	Between 4.9% and 6.8%
USA-Canada	Between 5.7% and 7.0%	Between 5.5% and 7.0%
Other countries	Between 4.0% and 9.48%	Between 4.0% and 10.0%

The expected average long-term rates of return for plan assets have been determined based on the expected long-term rates of return of the different asset classes: equities, bonds, real estate or other, weighted according to the asset allocation strategy in these schemes.

- Assumption on increase in healthcare costs:

Year ended March 31,	2009	2008
USA-Canada	Between 9.5% and 10.0%	Between 9.5% and 11.0%

The sensitivity of the annual cost and the obligation to variations in the healthcare costs of the schemes is as follows:

In € millions	**Sensitivity of the assumptions for the year ended March 31, 2009**	**Sensitivity of the assumptions for the year ended March 31, 2008**
1% increase in healthcare costs		
Impact on the cost	-	1
Impact on the obligation	4	4
1% decrease in healthcare costs		
Impact on the cost	-	(1)
Impact on the obligation	(4)	(4)

On average, the main assumptions used in the actuarial valuations of obligations are summarized below:

Year ended March 31,	**Pension benefits**		**Other benefits**	
	2009	**2008**	**2009**	**2008**
Discount rate	5.54%	5.53%	6.97%	5.92%
Salary inflation rate	2.65%	2.65%	-	-
Expected long-term rate of return on plan assets	6.20%	5.80%	-	-

Changes in benefit obligations

The following chart details the reconciliation between the benefits obligation and plan assets of the Group and the amounts recorded in the financial statements for the years ended March 31, 2009 and 2008.

(In € millions)	Pension benefits		Other benefits	
	2009	2008	2009	2008
Benefit obligation at beginning of year	**10 873**	**11 582**	**36**	**54**
Service cost	307	359	-	1
Interest cost	606	529	2	2
Employees' contribution	38	34	-	-
Plan amendments	15	90	-	-
Change of scope	-	3	-	-
Settlements / curtailments	(9)	(6)	-	(11)
Benefits paid	(487)	(473)	(2)	(3)
Actuarial loss / (gain)	(253)	(1 167)	(5)	(1)
Currency translation adjustment	(30)	(78)	4	(6)
Benefit obligation at end of year	**11 060**	**10 873**	**35**	**36**
Including benefit obligation resulting from schemes totally or partly financed	*10 891*	*10 716*	-	-
Including not-financed benefit obligation	*169*	*157*	*35*	*36*
Fair value of plan assets at beginning of year	**13 176**	**13 404**	-	-
Actual return on plan assets	(2 027)	(208)	-	-
Employers' contributions	350	476	-	-
Employees' contributions	38	34	-	-
Change of scope	-	-	-	-
Settlements / curtailments	-	-	-	-
Benefits paid	(474)	(458)	-	-
Currency translation adjustment	(32)	(72)	-	-
Fair value of plan assets at end of year	**11 031**	**13 176**	**-**	**-**
Funded status	(29)	2 303	(35)	(36)
Unrecognized prior service cost	242	262	-	-
Unrecognized actuarial (gains) / losses	1 524	(1 028)	(2)	4
Prepaid (accrued) pension cost	**1 737**	**1 537**	**(37)**	**(32)**
Amounts recorded in the balance sheet(*) :				
Pension asset (note 21)	2 499	2 245	-	-
Provision for retirement benefits	(762)	(708)	(37)	(32)
Net amount recognized	**1 737**	**1 537**	**(37)**	**(32)**
Net periodic cost :				
Service cost	307	359	-	1
Interest cost	606	529	2	2
Expected return on plan assets	(762)	(781)	-	-
Settlement / curtailment	(10)	(2)	-	(11)
Amortization of prior service cost	36	17	-	-
Amortization of unrecognized actuarial (gain) loss	(19)	(10)	-	-
Other	-	-	-	-
Net periodic cost	**158**	**112**	**2**	**(8)**

(*) Except for those pension plans for which the balance is a net asset fully recorded as a non-current asset, all the obligations are recorded as non-current liabilities.

The benefit obligation, fair value of plan assets and experience adjustments are as follows:

In € millions	Benefit obligation	Fair value of plan assets	Funded status	Experience adjustments on	
				Benefit obligation	Plan asset
As of March 31, 2007	11 636	13 404	1 768	230	207
As of March 31, 2008	10 909	13 176	2 267	(95)	(989)
As of March 31, 2009	11 095	11 031	(64)	(133)	(2 788)

Asset allocation

The weighted average allocation of funds invested in Group pension plans as of March 31, 2009 and 2008 is as follows:

Year ended March 31,	**Funds invested**	
	2009	**2008**
Equities	34%	38%
Bonds	55%	49%
Real estate	9%	11%
Insurer assets	1%	1%
Short term investments	1%	1%
Other	-	-
Total	**100%**	**100%**

Expected cash outflows

The table below shows the expected cash outflows on pensions and other post-employment benefits, as of March 31, 2009, over the next ten years:

In € millions	**Pensions and similar benefits**
Estimated contribution to be paid in 2009-10	356
Estimated benefit payments:	
2010	503
2011	480
2012	510
2013	509
2014	518
2015-2019	2 946

29.2. OTHER PROVISIONS

Provision for litigation with third parties

An assessment of litigation risks with third parties was carried out with the group's attorneys and provisions were recorded whenever circumstances rendered it necessary.
Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up when the Group considers that the tax authorities could challenge a tax position adopted by the Group or one of its subsidiaries.

In the current course of its activities, Air France-KLM Group and its subsidiaries Air France and KLM (and their subsidiairies) are involved in litigations some of which may be significant.

Litigations concerning anti-trust laws

a) Investigation of the Competition Authorities into the airfreight business

Air France and KLM are involved, since February 2006, with twenty five other airlines in anti-trust investigations conducted by the competition authorities of a number of countries about possible agreements and for concerted practices between undertakings in air shipping services.

In July 2008, Air France and KLM concluded a Plea Agreement ending the anti-trust procedure in the United States, against the payment of a USD 350 millions fine (USD 210 millions for Air France and USD 140 millions for KLM), corresponding to € 221 million.

During the second Semester of the 2008/09 period, Air France and KLM concluded agreements ending anti-trust procedures in Canada and Australia. The agreement in Australia entailed the payment over the same period of a 6 million Australian dollars fine, i.e. € 3,6 million (3 million Australian dollars for Air France and 3million Australian dollars for KLM). The agreement in Canada entails the payment of a 9 million Canadian dollars fine, i.e. €5,7 million, which was provisioned as of March 31, 2009 (4 million Canadian dollars for Air France and 5 million Canadian dollars for KLM).

The procedure with EU is still under way as of March 31 2009. A decision is expected in the second half of the 2009 calendar year. The provision recorded in the books as of March 31, 2009 to face the risk of the two companies to be condemned by the EU Commission still represent the best estimation of the risk supported as of March 31, 2009.

Finally, the Competition Authorities do not allege that the holding company Air France-KLM would have taken part in illicit practices. Nevertheless, as the mother company of the Group, Air France-KLM is considered by the EU Commission as jointly and severally responsible for illicit practices for which Air France and KLM would be responsible.

Procedures in Switzerland, Brazil, South Korea and South Africa are also still under way as of the closing date. They do not give rise to the constitution of provisions, as the Group is not able at this stage of procedures to determine the risks supported, which as regards the concerned sales, are not individually significant.

Martinair, a subsidiary wholly owned by KLM since January 1, 2009 is also involved the investigation of competition authorities in USA, Europe, Canada, Australia and South Africa.
Martinair concluded a Plea Agreement in the USA for USD 42 million (i.e. €28,4 million) in June 2008 and partially paid for USD 4,7 million as well as an agreement in Australia for 5 million Australian dollars in February 2009 (i.e. €2,5 million). Other procedures under way in Europe and Canada gave rise to the booking of provisions for € 24,2 million. Regarding South Africa, Martinair did not book any provision, as the amount of possible incurred penalty is not deemed significant.

The amount recorded in Air France and KLM as of March 31, 2009 regarding investigations from competition authorities of the concerned states in the airfreight business amounts to € 316 million, including related costs.

b) Investigation of the European Commission into the passenger business between Europe and Japan

Air France and KLM, as other airlines, were subject, on March 11, 2008, to a down-raid and professional documents were seized within the framework of an European Commission investigation into possible agreements or concerted practices between undertakings in the air transportation business between the States concerned by the EEC agreement and Japan.

As of February 13, 2009, Air France and KLM answered a questionnaire from the Commision recalling the context of air political relationships between France and the Netherlands on one side, and Japan on the other side. These relationships are regulated by bilateral agreements that indicate that fares must be approved by the civil aviation regulators of the two States after agreement between the air carriers named in these agreements.

As March 31, 2009, this procedure is still under way and the Group is unable to predict the outcome of these investigations by the European Commission.

c) Civil actions relating to airfreight business

As of March 31, 2009, over 140 purported class action lawsuits had been filed in the USA against air freight operators including Air France, KLM, Martinair and other cargo carriers.

The plaintiffs allege that the defendants engaged in a conspiracy to fix the price of air shipping services as of January

1, 2000 including miscellaneous surcharges in air freight services in violation of antitrust laws. They consequently seek compensatory damages and treble monetary damages in unspecified amounts, costs and lawyers' fees, as well as injunctive relief amounting to triple the amount of compensatory damages.

Most of these actions have been transferred and pooled before the US District Court of the Eastern District of NewYork. The Group intends to defend these cases. As the other cargo carriers, in July 2007 Air France, KLM and Martinair filed a motion to dismiss the claims of plaintiffs.
As of September 26, 2008, the Judge recommended the District Judge to decide to dismiss the plaintiffs, but to allow them to file new requests based on the breach of anti-trust federal laws ("dismissal without prejudice"). On the contrary, if this recommendation should be adopted, the plaintiffs that had based their demands on the breach of European competition rights and/or anti-trust law adopted individually by each of the states of the United States would not be allowed to file new requests to the Court ("dismissal without prejudice").
The District Judge should give his opinion during 2009.

At this stage, Air France-KLM group is unable to predict the outcome of these investigations or the amount of penalties and compensatory damages which could be due.

d) Civil actions relating to air passenger business

As of September 30, 2008, two purported class action lawsuits had been filed in the USA against air passenger operators including Air France, KLM and Air France-KLM, respectively in Philadelphia and in New-York. The plaintiffs allege that the defendants engaged in a conspiracy to fix the price of air fares or surcharges on relationships between Europe and Japan and transatlantic relationships.

Air France, KLM and Air France-KLM intend to defend these cases, which they judge illegitimate. At this stage, Air France and KLM filed a motion to dismiss the claims of plaintiffs. The Air France-KLM group is unable to predict the outcome of these procedures which are only at a preliminary stage.

Other provisions

Other provisions are mainly provisions for power-by-hour contracts (maintenance activity of the Group).

29.3. CONTINGENT LIABILITIES

The Group is involved in a number of governmental, legal and arbitrage procedures for which provisions have not necessarily been recorded in the financial statements.

a) Pretory

On July 20, 2006, Air France was indicted for (i) possible illegal employment practices and (ii) being a possible accessory to misappropriation of funds by Pretory, a company that supplied on board safety guards to Air France for flights to the US or other destinations following the September 11 terrorist attacks.

The company immediately filed an appeal against the judge's decision. In its decision dated April 16, 2008, the Court of Appeal dismissed Air France's request to cancel this indictment. Air France has lodged an appeal in the High Court against this decision. Air France intends to defend this case vigorously.

b) KLM minority shareholders

The Dutch association Vereniging van Effectenbezitters (VEB) together with an individual KLM shareholder have served Air France-KLM (in its capacity of priority shareholder) and KLM with a claim that KLM be ordered to acknowledge entitlement of minority shareholders of KLM to a higher dividend over the fiscal year 2007-08 and pay the same, claiming that the dividend that was declared is unfair and not equitable and that the special rights of minority shareholders have not been observed. Proceedings have been brought before the Amsterdam court and are in a first stage. It is yet too early to assess the outcome.

To Air France-KLM's knowledge, there is no other litigation, arbitration or exceptional fact that could have or have had in the recent past a material impact on the financial position, the profitability or patrimony of the group.

Other than the points indicated in notes 29.2 and 29.3, to the Group's knowledge, there is no other litigation, arbitration or other threatened or pending disputes that could have or has had, for a period covering at least the last twelve months, a material impact on the financial position or the profitability of the issuer and/or the Group

30. FINANCIAL DEBT

In € millions **Year ended March 31,**	**2009**	**2008**
Non current financial debt		
Perpetual subordinated loan stock in Yen	228	190
Perpetual subordinated loan stock in Swiss francs	277	267
OCEANE (convertible bonds)	393	389
Bonds	750	750
Capital lease obligations (non current portion)	3 381	3 441
Other long-term debt (non current portion)	2 835	1 877
	7 864	**6 914**
Current financial debt		
Capital lease obligations (current portion)	512	524
Other short-term debt (current portion)	761	310
Accrued interest	80	71
	1 353	**905**

30.1. Perpetual subordinated loan stock

30.1.1 Perpetual subordinated loan stock in Yen

The perpetual subordinated loan stock in Yen was issued by KLM in 1999 for a total amount of 30 billion Yen, i.e. € 228 million as of March 31, 2009.
The perpetual subordinated loan stock in Yen is subject to the payment of a coupon considered to be fixed-rate (5.065% on a 10 billion Yen portion, and 4.53% on a 20 billion Yen portion) after swaps.
The debt is perpetual and reimbursable at nominal value at the Group's discretion; the reimbursement date is expected to be August 28, 2019. The reimbursement does not involve a premium. A premium would be due if the debt were to be reimbursed in a currency other than the yen. The borrower would also have to reimburse the issuer for all reasonable legal fees.

This debt is subordinated to all other existing and future KLM debts.

30.1.2 Perpetual subordinated loan stock in Swiss francs

The perpetual subordinated loan stock in Swiss francs was issued by KLM in two tranches in 1985 and 1986 for a total original amount of 500 million Swiss francs. The subordinated loan amounts to 420 million Swiss francs, i.e. € 277 million as of March 31, 2009.
The loan is reimbursable at any time by the Group at nominal value.

This loan is subject to the payment of a coupon considered to be fixed-rate (5¾ % on a 270 million Swiss francs portion and 2 7/8 % on a 150 million Swiss francs portion) for the years ended March 31, 2009 and 2008.

This debt is subordinated to all other existing and future KLM debts.

30.2. OCEANE (Convertible bonds)

On April 22, 2005, the company Air France, a subsidiary of the Air France-KLM Group, issued convertible bonds maturing in 15 years. The conversion option allows for conversion and/or exchange at any time into new or existing Air France-KLM shares (OCEANE). 21,951,219 bonds were issued for a total amount of €450 million. Each bond has a nominal value of €20.50. As of March 31, 2009, the conversion ratio is 1.03 Air France-KLM shares for one bond.

The maturity date for this convertible bond is April 1, 2020. Bonds holders may ask for reimbursement as of April 1, 2012 and April 1, 2016. Air France holds a call option triggering early cash reimbursement which can be exercised starting April 1, 2010 under certain conditions prompting OCEANE holders to convert into Air France-KLM shares. The annual coupon is 2.75% payable in arrears at the end of each period ended April 1.
The conversion period of these bonds runs from June 1, 2005 to March 23, 2020.

Upon issue of this convertible debt, Air France-KLM recorded a debt of €379 million, corresponding to the present value of future payments of interest and nominal discounted at the rate of a similar bond without a conversion option.

The option value was evaluated by deducting this debt value from the total nominal amount (i.e. €450 million) and was recorded in equity (see note 27.2).

30.3. Bonds

On September 11, 2006 and April 23, 2007, the company Air France, a subsidiary of the Air France-KLM Group, issued bonds for a total amount of €750 million maturing on January 22, 2014. The characteristics of these bonds are as follows:

- Amount: €750 million
- Coupon: 4.75%
- Maturity date: January 22, 2014

30.4. Capital lease commitments

The breakdown of total future minimum lease payments related to capital leases is as follows:

As of March 31, *In € millions*		2009	2008
Aircraft			
Future minimum lease payments – due dates			
N+1		609	635
N+2		587	572
N+3		597	539
N+4		366	545
N+5		425	302
Over 5 years		1 644	1 708
Total		**4 228**	**4 301**
Including:	Principal	3 534	3 588
	Intérêts	694	713
Buildings			
Future minimum lease payments – due dates			
N+1		33	36
N+2		33	34
N+3		33	33
N+4		32	33
N+5		30	30
Over 5 years		132	156
Total		**293**	**322**
Including:	Principal	217	242
	Intérêts	76	80
Other property, plant and equipment			
Future minimum lease payments – due dates			
N+1		27	32
N+2		14	14
N+3		14	14
N+4		14	14
N+5		14	14
Over 5 years		191	182
Total		**274**	**270**
Including:	Principal	142	135
	Intérêts	132	135

The lease expenses over the period do not include contingent leases. Deposits made on purchase options are presented in note 22.

30.5. Other long-term debt

Other long-term debt breaks down as follows:

In € millions *Year ended March 31,*	**2009**	**2008**
Flight equipment securitization	312	339
Reservation of ownership clause and mortgage debt	1 170	963
Other long term debt	2 114	885
Total	**3 596**	**2 187**

- Flight equipment securitization

In July 2003, Air France finalized the securitization of flight equipment for an amount of €435 million.

This financing arrangement was secured by a portfolio of sixteen aircraft initially valued at €525 million. Three ten-year debt tranches were issued:

- a senior A1 floating rate tranche of €98 million initially with a final maturity of July 20, 2013. As of March 31, 2009, this tranche's book value amounted to € 48 million, compared with € 59 million as of March 31, 2008.
- A senior A2 fixed rate (4.575%) non-amortized tranche of €194 million with a final maturity of July 20, 2013.
- A mezzanine floating rate B tranche of €143 million with a final maturity of July 20, 2013. As of March 31, 2009, this tranche's book value amounted to € 70 million, compared with € 86 million as of March 31, 2008.

- Mortgage debt is a debt secured by a mortgage on an aircraft. The mortgage is filed at the national civil aviation authority (the DGAC in France) in order to be publicly available to third parties. A mortgage grants to the mortgagee a right to enforce the security (by order of a judge), the sale of the asset and a priority claim on the sale proceeds in line with the amount of the loan, the balance reverting to the other creditors.

30.6. Maturity analysis

The maturities of financial debts break down as follows:

In € millions **Year ended March 31,**		**2009**	**2008**
Maturities in			
N+1		1 657	1 249
N+2		1 326	949
N+3		1 050	921
N+4		1 381	908
N+5		1 778	1 190
Over 5 years		3 781	4 500
Total		**10 973**	**9 717**
Including:	- Principal	9 217	7 819
	- Interest	1 756	1 898

As of March 31, 2009, expected financial costs amount to € 305 million for 2009-10, € 968 million for the periods from 2010-11 until 2013-14, and € 483 million thereafter.

30.7. Currency analysis

The breakdown of financial debt by currency after impact of derivative instruments is as follows:

In € millions **Year ended March 31,**	**2009**	**2008**
Euro	7 953	6 969
US dollar	851	699
Swiss franc	278	264
Pound Sterling	152	50
Other	(17)	(163)
Total	**9 217**	**7 819**

The « Other » line mainly comprises the fair value of a « cross currency swap » hedging perpetual loans in JPY and CHF.

30.8. Credit lines

The Group had credit lines amounting to € 2 006 million as of March 31, 2009. The three main credit lines, undrawn as of March 31, 2009, amounted respectively, to € 1 200 million, € 540 million and to € 250 million. € 790 million mature in 2010 and € 1 200 million mature in 2012

On October 17, 2008, Air France drew down €500 million, with a 6-month maturity, of the € 1.2 billion credit facility. The maturity of this credit line has been 6-months extended as of April 17, 2009. Entity Air France-KLM drew down € 250 million on March 24, 2009.

31. DEFERRED REVENUE ON TICKET SALES

"Deferred revenue on ticket sales" that amounts to € 3 048 million includes € 915 million corresponding to the Flying Blue debt (see note 3.1).

32. OTHER LIABILITIES

In € millions **Year ended March 31,**	**2009**		**2008**	
	Current	**Non current**	**Current**	**Non current**
Tax liabilities	497	-	405	-
Employee-related liabilities	925	-	1 014	-
Non current assets' payables	231	-	202	-
Financial derivatives	1 673	2 001	984	667
Deferred income	47	-	66	-
Other	949	169	480	152
Total	**4 322**	**2 170**	**3 151**	**819**

The "other" debts as of March 31, 2009 include an amount of € 167 million corresponding to the lose early terminated fuel hedges. According to the rule IAS 39, this amount will be recycled in the income statement when the hedged item (future fuel purchase) will affect the income statement.

33. FINANCIAL INSTRUMENTS

33.1. Risks management

- **Market risk management**

Market risk coordination and management is the responsibility of the Risk Management Committee (RMC) which comprises the Chief Executive Officer and the Chief Financial Officer of Air France, the Chief Executive Officer and the Chief Financial Officer of KLM. The RMC meets each quarter to review Group reporting of the risks relating to the fuel price, the principal currency exchange rates and interest rates, and to decide on the hedging to be implemented: targets for hedging ratios, the time periods for the respect of these targets and, potentially, the preferred types of hedging instrument. The aim is to reduce the exposure of Air France-KLM and, thus, to preserve budgeted margins. The decisions taken by the RMC are implemented by the treasury and fuel purchasing departments within each company, in compliance with the procedures governing the delegation of powers. In-house procedures governing risk management prohibit trading or speculation.
Regular meetings are held between the fuel purchasing and treasury departments of both companies in order to exchange information concerning matters such as hedging instruments used, strategies planned and counterparties.
The cash management departments of each company circulate information on the level of cash and cash equivalents to their respective executive managements on a daily basis. Every month, a detailed report including, amongst other information, interest rate and currency positions, the portfolio of hedging instruments, a summary of investments and financing by currency and the monitoring of risk by counterparty is transmitted to the executive managements. The instruments used are swaps and options.
The policy on fuel hedging is the responsibility of the fuel purchasing departments which are also in charge of purchasing fuel for physical delivery. Counterparty quality is verified by the financial departments. A weekly report is supplied to the executive managements. This mainly covers the transactions carried out during the week, the valuation of all positions, the hedge percentages as well as the breakdown of instruments and the underlyings used, average hedge levels and the resulting net prices, as well as commentary market. All these data cover the current year and next four financial years. Furthermore, a weekly Air France-KLM group report (known as the GEC Report) consolidates the figures from the two companies relating to fuel hedging. The instruments used are swaps and options.

- **Currency risk**

Most of the group's revenues are generated in euros. However, because of its international activities, the group incurs a foreign exchange risk. The principal exposure is to the US dollar, and then, to a lesser extent, to pound sterling and the Japanese yen. Thus, any changes in the exchange rates for these currencies relative to the euro may have an impact on the Group's financial results.
With regard to the US dollar, since expenditures such as fuel, operating lease or component costs exceed the level of revenue, the Group is a net buyer. This means that any significant appreciation in the dollar against the euro could result in a negative impact on the group's activity and financial results.
Conversely, Air France-KLM is a net seller of the yen and of sterling, the level of revenues in these currencies exceeding expenditure. As a result, any significant decline in these currencies relative to the euro could have a negative effect on the group's activity and financial results
In order to reduce their currency exposure, the Group has adopted hedging strategies.
For the US dollar, both companies hedge progressively their net exposure over a rolling 12 months. In particularly favourable market conditions, the hedging period may be extended to several financial years.
For the other currencies, hedging levels depend on market conditions and may reach 70% of the exposure for the current year and, in certain cases, the next few financial years if conditions are very favourable.
Aircraft are purchased in US dollars, meaning that the group is highly exposed to a rise in the dollar against the euro for its aeronautics investments. The hedging policy plans the progressive and systematic implementation of hedging between the date of the aircraft order and their delivery date.
The exchange rate risk on the group's financial debt is limited. At March 31, 2009, 88% of the Group's gross debt, after taking into account derivative instruments, was issued in or converted into euros, thereby sharply reducing the

risk of currency fluctuations on the debt.
Despite this active hedging policy, not all exchange rate risks are covered, notably in the event of a major currency fluctuation. The Group and its subsidiaries might then encounter difficulties in managing currency risks, which could have a negative impact on the Group's business and financial results.

- **Interest rate risk**

At both Air France and KLM, most financial debt is contracted in floating-rate instruments in line with market practice. However, given the historically low level of interest rates, Air France and KLM have used swap strategies to convert a significant proportion of their floating-rate debt into fixed rates. After swaps, the Air France-KLM group's gross debt contracted at fixed rates represents 65% of the overall total.
Given this policy, the group has negative net exposure to interest rates, the cash invested at variable rates exceeding the debt at floating rates. Air France-KLM is thus exposed to a fall in interest rates.

- **Fuel price risk**

Risks linked to the jet fuel price are hedged within the framework of a hedging strategy for the whole of the Air France-KLM group. This strategy has been suspended in November 2008 : no new position, termination of positions already subscribed in order to reduce significatively the risk of decrease and to benefit from the level of the current market. Nevertheless, this strategy was based until this date on the following principles:

Minimum hedge percentage

- quarter underway: 65% of the volumes consumed,
- quarter 1 to quarter 4: 65% of the volumes consumed,
- quarter 5 to quarter 8: 45% of the volumes consumed,
- quarter 9 to quarter 12: 25% of the volumes consumed,
- quarter 13 to quarter 16: 5% of the volumes consumed.

Underlyings

For the current financial year, at least 30% of volumes consumed are hedged in distillates, including a minimum 20% in Jet fuel. Beyond this minimum in distillates for the current financial year, the choice of underlying is at the discretion of Air France and of KLM provided that this choice is based on compliant underlyings as defined by IAS 39.
For subsequent years, the choice of underlying is at the discretion of Air France and KLM provided that this choice is based on compliant underlyings as defined by IAS 39.

Instruments

The instruments used within the framework of the strategy must be compliant with IAS 39.

The hedging strategy used previously is under modification ; it will be of course approved by the RMC.
The main evolution expected will be to reduce the horizon (24 months in place of 48), to have volumes gloabally protected to less than one year of consumption (in place of 2 currently), finally to use only option structures that open a large potential to the decrease.

- **Investment risks**

Given the current financial market crisis, the cash resources of Air France, KLM and Air France-KLM are currently invested in short term, primarily money market mutual funds and certificates rated A1 or P1. A portion of KLM's liquid assets is invested in foreign-currency AAA-rated bonds, in order to reduce the currency risk on the debt.

- **Counterparty risk management**

Transactions which can lead to counterparty risk for the Group are as follows:
- temporary financial investments;
- derivative instruments;
- trade receivables.

- Financial investments are diversified, in blue-chip securities with top tier banks.
- Group transactions on derivative instruments have the sole aim of reducing its overall exposure to exchange risks, interest rate risks and commodity risks in its normal course of business. Such transactions are limited to organized markets or over-the-counter transactions with first-class counterparties.
- Counterparty risk relating to trade receivables is limited due to the large number and geographical diversity of customers comprising the trade receivables portfolio.

.As at March 31; 2009, The group identified the following exposure to counterparty risk:

LT Rating (Standards & Poors)	Total exposure in € millions
AAA	352
AA	25
AA-	6
A+	644
A	246
Total	1 273

At March 31, 2009, the exposure is mainly constituted by the fair market value of the short term marketable securities.
At March 31, 2008 the Group did not identify any significant counterparty risk

33.2. Derivative instruments

- **Year ended March 31, 2009**

Book value *in € millions*	**Assets**		**Liabilities**	
	Non-current	**Current**	**Non-current**	**Current**
Currency exchange risk (operating and financial operations)				
Fair value hedge	62	24	13	33
Cash flow hedge	36	70	34	62
Fair value through profit and loss	-	8	1	2
Interest rate risk (operating and financial operations)				
Cash flow hedge	-	-	57	2
Fair value hedge	13	-	34	2
Fair value through profit and loss	-	-	13	-
Commodities risk				
Fair value hedge	-	-	-	-
Cash flow hedge	515	296	1 837	1 350
Fair value through profit and loss	-	-	12	222
Total	**626**	**398**	**2 001**	**1 673**

- **Year ended March 31, 2008**

Book value *in € millions*	**Assets**		**Liabilities**	
	Non-current	**Current**	**Non-current**	**Current**
Currency exchange risk (operating and financial operations)				
Fair value hedge	54	16	361	167
Cash flow hedge	26	18	123	140
Interest rate risk (operating and financial operations)				
Cash flow hedge	49	2	30	-
Fair value hedge	13	-	83	42
Fair value through profit and loss	51	1	14	1
Commodities risk				
Fair value hedge	-	-	-	-
Cash flow hedge	1 614	1 538	56	634
Total	**1 807**	**1 575**	**667**	**984**

Exposure to interest rate risk

In the frame of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of hedged items.

In order to manage interest rate risk, on short-term and long–term borrowings, the Group uses instruments with the following nominal values as of the balance sheet date:

- **Year ended March 31, 2009**

In € millions	Nominal	Maturity below 1 year	Maturity between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Operations qualified as cash flow hedging								
Interest rate swaps	2 672	358	274	348	291	257	1 144	(59)
Operations qualified as fair value hedging								
Interest rate swaps	528	123	176	119	54	27	29	(23)
Operations qualified as fair value through profit and loss	160	29	-	-	29	-	102	(13)
TOTAL	**3 360**	**510**	**450**	**467**	**374**	**284**	**1 275**	**(95)**

- **Year ended March 31, 2008**

In € millions	Nominal	Maturity below 1 year	Maturity between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Operations qualified as cash flow hedging								
Interest rate swaps	2 790	362	313	256	234	213	1 412	21
Operations qualified as fair value hedging								
Interest rate swaps	845	251	111	175	178	68	62	(112)
Operations qualified as fair value through profit and loss	642	416	-	-	-	35	191	37
TOTAL	**4 277**	**1 029**	**424**	**431**	**412**	**316**	**1 665**	**(54)**

These instruments have different purposes:

- Hedging fair value risk relating to fixed-rate financial debt:
  In contracting a fixed-rate debt, the Group is exposed to an opportunity risk if the rate decreases. Given the current level of market rates compared with the fixed contractual rates on part of its debt, the Group entered into a number of fixed to floating-rate swaps.

- Hedging of cash-flow risk relating to floating-rate financial debt:
  The Group has sought to fix the rate of certain floating-rate loans and has thus entered into a number of floating to fixed-rate swaps.

Based on the hedging arrangements, the Group's interest rate exposure breaks down as follows:

In € millions *Year ended March 31,*	2009				2008			
	Before hedging		After hedging		Before hedging		After hedging	
	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed-rate financial assets and liabilities								
Fixed-rate financial assets	**2 800**	**3.9%**	**2 800**	**3.9%**	**1 918**	**4.8%**	**1 918**	**4.8%**
Perpetual subordinated loans	505	4.9%	507	4.8%	457	5.5%	500	4.6%
OCEANE (convertible bond)	393	2.8%	393	4.2%	389	2.8%	389	4.2%
Bonds	750	4.8%	750	4.8%	750	4.7%	750	4.7%
Other financial debts	2 126	5.5%	4 292	4.4%	2 317	6.3%	4 198	4.6%
Fixed-rate financial liabilities	**3 774**	**5.0%**	**5 942**	**4.4%**	**3 913**	**5.5%**	**5 837**	**4.6%**
Floating-rate financial assets and liabilities								
Floating-rate financial assets	**2 466**	**4.3**	**2 466**	**4.3%**	**3 722**	**5.3%**	**3 722**	**5.3%**
Other financial debts	5 443	4.4%	3 275	4.4%	3 906	4.7%	1 982	4.9%
Bank overdraft	282	-	282	-	172	-	172	-
Floating-rate financial liabilities	**5 725**	**4.4%**	**3 557**	**4.4%**	**4 078**	**4.7%**	**2 154**	**4.9%**

Exposure to exchange rate risk

Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of hedged items.

Current operations:
Although the Group's reporting currency is the euro, part of its cash flow is denominated in other currencies, such as the US dollar, the yen, the pound sterling and the Swiss franc. Commercial activities also generate and incur income and expenses in foreign currencies. The Group's policy is to hedge against exchange risks related to forecast cash surpluses or shortfalls in each of the principal currencies (US dollar, yen, non-euro European currencies). Hedging is achieved through forward sales or purchase contracts and/or option-based strategies.

Acquisition of flight equipment:
Capital expenditure on flight equipment is denominated in US dollars. The Group hedges this exchange risk on the basis of projected fluctuations in the US dollar exchange rate via forward purchases and/or option-based strategies.

Long-term debt and capital leases:
A number of loans are denominated in foreign currencies so as to diversify sources of funding and take into account cash surpluses generated in various currencies. In order to hedge against the risk of exchange rate fluctuations on debt and capital leases, currency rate swaps are used. This is a micro-hedging mechanism matched specifically to the borrowing to which it relates.
Nominal amounts of forward currency hedges and swaps are shown below, based on the nature of the hedging instrument.

- **Year ended March 31, 2009**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Exchange risk (cash flow hedging of operating flows)	**1 643**	**1 159**	**288**	**153**	**20**	**11**	**12**	**10**
Exchange rate options								
US Dollar	74	47	27	-	-	-	-	2
Yen	220	122	64	34	-	-	-	(20)
Other currencies	102	90	12	-	-	-	-	5
Forward purchases								
US Dollar	323	179	68	41	12	11	12	5
Forward sales								
US Dollar	143	109	34	-	-	-	-	(16)
Yen	207	74	79	54	-	-	-	(4)
Pound sterling	225	225	-	-	-	-	-	21
Norwegian Krone	111	111	-	-	-	-	-	5
Swiss franc	49	49	-	-	-	-	-	-
Other currencies	110	110	-	-	-	-	-	7
Others								
US Dollar	40	4	4	24	8	-	-	7
Yen	39	39	-	-	-	-	-	(2)
Exchange risk (Fair value hedging of flight equipment acquisition)	**2 070**	**960**	**658**	**178**	**51**	**8**	**215**	**40**
Forward purchases								
US Dollar	1 972	922	626	150	51	8	215	33
Exchange rate options of US Dollar	98	38	32	28	-	-	-	7
Exchange risk (trading)	**204**	**204**	**-**	**-**	**-**	**-**	**-**	**5**
Forward purchases US Dollar	130	130	-	-	-	-	-	3
Exchange rate options US Dollar	51	51	-	-	-	-	-	3
Other US Dollar	23	23	-	-	-	-	-	(1)
Total	**3 917**	**2 323**	**946**	**331**	**71**	**19**	**227**	**55**

- **Year ended March 31, 2008**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Exchange risk (cash flow hedging of operating flows)	**3 856**	**1 900**	**1 004**	**714**	**71**	**19**	**148**	**(219)**
Exchange rate options								
US Dollar	2 207	1 003	653	551	-	-	-	(197)
Yen	180	90	71	19	-	-	-	(1)
Forward purchases								
US Dollar	658	259	196	120	51	11	21	(56)
Forward sales								
US Dollar	59	26	33	-	-	-	-	8
Yen	123	54	48	21	-	-	-	1
Pound sterling	132	132	-	-	-	-	-	8
Norwegian Krone	129	129	-	-	-	-	-	1
Swiss franc	56	56	-	-	-	-	-	(1)
Other currencies	139	139	-	-	-	-	-	2
Others								
US Dollar	173	12	3	3	20	8	127	16
Exchange risk (Fair value hedging of flight equipment acquisition)	**4 478**	**1 319**	**1 337**	**847**	**662**	**133**	**180**	**(458)**
Forward purchases								
US Dollar	4 313	1 271	1 276	816	637	133	180	(453)
Exchange rate options of US Dollar	94	2	36	31	25	-	-	(4)
Exchange risk (trading)								
Forward purchases of US Dollar	71	46	25	-	-	-	-	(1)
Total	**8 334**	**3 219**	**2 341**	**1 561**	**733**	**152**	**328**	**(677)**

Commodity risk linked to fuel prices

Within the framework of cash flow hedges, maturities relate to realization dates of hedged items. Therefore, amounts of fair value presented in stockholders' equity are recycled in income at realization dates of hedged items.

In the normal course of its business, the Group conducts transactions on petroleum product markets in order to effectively manage the risks related to its purchases of fuel.
The nominal amounts of the Group's commitments on the crude and refined oil markets are shown below:

- **Year ended March 31, 2009**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Commodity risk (cash flow hedging operating flows)	**6 214**	**2 548**	**1 329**	**1 480**	**857**	**-**	**-**	**(2 376)**
Swap	106	103	3	-	-	-	-	(33)
Options	6 108	2 445	1 326	1 480	857	-	-	(2 343)
Commodity risk (trading)	**232**	**203**	**29**	**-**	**-**	**-**	**-**	**(234)**
Swap	105	105	-	-	-	-	-	(76)
Options	127	98	29	-	-	-	-	(158)
Total	**6 446**	**2 751**	**1 358**	**1 480**	**857**	**-**	**-**	**(2 610)**

- **Year ended March 31, 2008**

In € millions	Nominal	Maturity below 1 year	Maturities between 1 and 5 years					Fair value
			1-2 years	2-3 years	3-4 years	4-5 years	+ 5 years	
Commodity risk (cash flow hedging operating flows)	**7 536**	**2 582**	**1 884**	**2 266**	**804**	**-**	**-**	**2 462**
Swap	819	253	484	82	-	-	-	529
Options	6 717	2 329	1 400	2 184	804	-	-	1 933

33.3. Market value of financial instruments

Market values are estimated for most of the Group's financial instruments using a variety of valuation methods, such as discounted future cash flows. However, the methods and assumptions used to provide the information set out below are theoretical in nature. They bear the following inherent limitations:

- Market values cannot take into consideration the effect of subsequent fluctuations in interest or exchange rates,
- Estimated amounts as of March 31, 2009 and 2008 are not indicative of gains and/or losses arising upon maturity or in the event of cancellation of a financial instrument.

The application of alternative methods and assumptions may, therefore, have a significant impact on the estimated market values.

The methods used are as follows:

- *Cash, trade receivables, other receivables, short-term bank facilities, trade payables and other payables :*
  The Group believes that, due to their short-term nature, net book value can be deemed a reasonable approximation of market value.

- *Marketable securities, investments and other securities:*
  The market value of securities is determined based mainly on the market price or the prices available on other similar securities. Where no comparable exists, the Group uses their book value, which is deemed a reasonable approximation of market value in this instance.

- *Borrowings, other financial debts and loans:*
  Floating-rate loans and financial debts are recorded at net book value.
  The market value of fixed-rate loans and financial debts is determined based on discounted future cash flows at market interest rates for instruments with similar features.

- *Off balance-sheet instruments:*
  The market value of off-balance-sheet instruments corresponds to the amounts payable or receivable were the positions to be closed out as of March 31, 2009 and 2008 calculated using the year-end market rate.

Market values calculated in this way are shown in the table below:

In € millions	March 31, 2009		March 31, 2008	
	Net book value	**Estimated market value**	**Net book value**	**Estimated market value**
Financial assets				
Financial assets available for sale				
Shares	46	46	78	78
Assets at fair value through profit and loss				
Marketable securities	432	432	185	185
Loans and receivables				
Loans				
Fixed-rate	353	392	294	319
Floating-rate	99	98	85	84
Interest rate derivative instruments				
Interest rate swaps	13	13	116	116
Exchange rate derivative instruments				
Exchange rate options	52	52	2	2
Forward currency contracts	142	142	92	92
Currency swaps	6	6	20	20
Commodity derivative instruments				
Petroleum swaps and options	811	811	3 152	3 152
Trade accounts receivables	2 038	2 038	2 569	2 569
Other assets (except derivatives instruments)	676	676	817	817
Cash and cash equivalents				
Cash equivalents	3 418	3 418	4 051	4 051
Cash in hand	330	330	330	330
Financial liabilities				
Debt measured at amortized cost				
Bonds (*)				
Fixed-rate	1 143	1 037	1 139	1 063
Perpetual subordinated loans	505	507	457	417
Other borrowings and financial debt				
Fixed-rate	2 090	2 034	2 318	2 226
Variable-rate	5 479	5 377	3 905	3 905
Derivatives				
Interest rate derivative instruments				
Interest rate swaps	108	108	170	170
Exchange derivative instruments				
Exchange rate options	55	55	203	203
Forward currency contracts	87	87	572	572
Currency swaps	3	3	16	16
Commodity derivative instruments				
Petroleum swaps and options	3 421	3 421	690	690
Other debt				
Trade accounts payable	1 887	1 887	2 218	2 218
Deferred revenue on ticket sales	3 048	3 048	2 279	2 279
Other liabilities (except derivatives instruments)	2 818	2 818	2 319	2 319

(*) the fixed rate bonds comprise the OCEANE (convertible bonds) issued in April 2005, as well as the €750 million bond issue made in September 2006 and April 2007 by Air France.

OCEANE: The market value of € 410 million, was determined based on the bond's market price as of March 31, 2009. This market value includes the fair value of the debt component (amount of € 393 million in the financial statements as of March 31, 2009) as well as the fair value of the conversion option recorded in equity for € 57 million.

Bond issued in September 2006 and April 2007: the characteristics of this bond are described in note 30.3. The market value is € 684 million.

33.4. Sensitivity

The sensitivity is only calculated on the valuation of derivatives at the closing date of each period presented.

Fuel hedge sensitivity

The impact on "income before tax " and on the "gains/(losses) taken to equity" of the variation of +/- USD 10 on a barrel of Brent is presented below:

In € millions	March 31, 2009		March 31, 2008	
	Increase of USD 10 per barrel of Brent	Decrease of USD 10 per barrel of Brent	Increase of USD 10 per barrel of Brent	Decrease of USD 10 per barrel of Brent
Income before tax	(147)	25	43	(46)
Gains / (losses) taken to equity	746	(626)	888	(921)

Currency hedge sensitivity

The value in euros of all monetary assets and liabilities is presented below:

In € millions	Monetary assets		Monetary liabilities	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
US dollar	537	528	1 248	919
Pound sterling	17	26	5	49
Yen	2	4	239	202
Swiss franc	2	10	279	271
Canadian dollar	7	3	2	2

The amounts of monetary assets and liabilities disclosed above do not include the effect of the revaluation of assets and liabilities documented in fair value hedged.

The impact on " income before tax " and on "gains/(losses) taken to equity" of a 10% increase in exchange rates relative to the euro is presented below:

In € millions	US dollar		Pound sterling		Yen	
At March 31	2009	2008	2009	2008	2009	2008
Income before tax	(31)	49	3	5	(22)	4
Gains / (losses) taken to equity	18	(28)	(21)	7	(28)	(17)

The impact of the change in fair value of currency derivatives on " income before tax " and on "gains/(losses) taken to equity" of a 10% decrease in exchange rates relative to the euro is presented below:

In € millions	US dollar		Pound sterling		Yen	
At March 31	2009	2008	2009	2008	2009	2008
Income before tax	33	(105)	(3)	(5)	19	15
Gains / (losses) taken to equity	(3)	68	20	(9)	26	13

Interest rate sensitivity

The group is exposed to the risk of interest rate variation. The variation of 100 basic points in interest rates would have an impact on the net result of € 7 million on the financial gains and losses for the year ending March 31, 2009 against €25 million for the year ending March 31, 2008.

34. LEASE COMMITMENTS

34.1. Capital leases

The debt related to capital leases is detailed in note 30.

34.2. Operating leases

The minimum future payments on operating leases are as follows:

In € millions	Minimum lease payments	
Year ended March 31,		
	2009	**2008**
Flight equipment		
Due dates		
N + 1	775	630
N + 2	686	589
N + 3	517	483
N + 4	447	356
N + 5	369	281
Over 5 years	1 152	433
	3 946	**2 772**
Buildings		
Due dates		
N + 1	217	227
N + 2	218	226
N + 3	216	224
N + 4	218	225
N + 5	220	228
Over 5 years	349	657
	1 438	**1 787**

The expense relating to operating leases for flight equipment amounted to € 646 million for the year ended March 31, 2009 and to €611 million for the year ended March 31, 2008.
The Group may sub-lease flight equipment and buildings. The revenue generated by this activity is not significant for the Group.

35. FLIGHT EQUIPMENT ORDERS

Due dates for commitments in respect of flight equipment orders are as follows:

In € millions **Year ended March 31,**	**2009**	**2008**
N+1	1 441	999
N+2	1 473	1 292
N+3	1 128	945
N+4	456	706
N+5	-	133
> 5 years	-	-
Total	**4 498**	**4 075**

These commitments relate to amounts in US dollars, converted into euros at the closing date exchange rate. Furthermore these amounts are hedged.

The number of aircraft on firm order as of March 31, 2009 decreased by 3 units compared with March 31, 2008 to 102 units. The number of options was decreased by 5 units over the same period to 58 aircraft. These movements can be explained by:

- the delivery of 22 aircraft over the period;
- new orders: 5 firm orders and 9 options;
- the conversion of 14 options into firm orders.

Long-haul fleet

Passenger

The Group took delivery of 2 Boeing B777s. Concerning this aircraft type, the Group placed a firm order for 3 units, converted one option into firm orders.

As of March 31, 2009, the Group's backlog for the long-haul fleet comprised firm orders for 12 Airbus A380s, 22 Boeing B777s. It also comprised options: 2 Airbus A380s, 2 Airbus A330s and 12 Boeing B777s.

Cargo

The Group took delivery of 2 Boeing B777F.

As of March 31, 2009, the Group's backlog for the long-haul cargo fleet comprised 6 Boeing B777Fs (3 firm order and 3 options).

Medium-haul fleet

The Group took delivery of 4 Boeing B737s, one Airbus A320 and one Airbus A321. It has converted a firm order A320 on A321.

As of March 31, 2009, the Group's backlog comprised firm orders 10 Airbus A320s, 6 Airbus A321s and 16 Boeing B737s. The Group also has options: 10 Airbus A320s and 11 Boeing B737s.

Regional fleet

The Group took delivery of 3 Embraer 170, 5 Embraer 190, 4 AVRO RJ85. It converted 6 options on Canadair CRJ1000 and 7 options on Embraer 190. It placed an firm order with 2 AVRO RJ85 and option with 9 Embraer 170.

As of March 31, 2009, the Group's backlog comprised 16 Embraer 170 (including 10 options), 19 Embraer 190 (including 6 options) and 16 CRJ 1000 (including 2 options).

The Group's commitments concern the following aircraft:

Aircraft type		To be delivered in	N+1	N+2	N+3	N+4	N+5	Beyond N+5
A320	As of March 31, 2009	Firm orders	-	1	9	-	-	-
		Options	-	-	-	8	2	-
	As of March 31, 2008	Firm orders	1	1	2	8	-	-
		Options	-	-	-	-	8	2
A321	As of March 31, 2009	Firm orders	1	2	3	-	-	-
		Options	-	-	-	-	-	-
	As of March 31, 2008	Firm orders	1	-	2	3	-	-
		Options	-	-	-	-	-	-
A330	As of March 31, 2009	Firm orders	-	-	-	-	-	-
		Options	-	-	1	1	-	-
	As of March 31, 2008	Firm orders	-	-	-	-	-	-
		Options	-	-	-	2	-	-
A380	As of March 31, 2009	Firm orders	3	4	3	2	-	-
		Options	-	-	1	1	-	-
	As of March 31, 2008	Firm orders	-	5	3	3	1	-
		Options	-	-	-	1	1	-
B737	As of March 31, 2009	Firm orders	3	7	4	2	-	-
		Options	-	-	1	3	4	3
	As of March 31, 2008	Firm orders	4	3	7	4	2	-
		Options	-	-	-	1	3	7
B777	As of March 31, 2009	Firm orders	6	6	6	4	-	-
		Options	-	-	4	6	2	-
	As of March 31, 2008	Firm orders	5	5	5	4	1	-
		Options	-	-	-	4	8	1
B777 F	As of March 31, 2009	Firm orders	2	1	-	-	-	-
		Options	-	-	-	1	2	-
	As of March 31, 2008	Firm orders	3	2	-	-	-	-
		Options	-	-	2	1	-	-
Embraer 170	As of March 31, 2009	Firm orders	4	2	-	-	-	-
		Options	-	2	7	1	-	-
	As of March 31, 2008	Firm orders	3	4	2	-	-	-
		Options	-	-	1	-	-	-
Embraer 190	As of March 31, 2009	Firm orders	8	5	-	-	-	-
		Options	-	1	3	2	-	-
	As of March 31, 2008	Firm orders	5	6	-	-	-	-
		Options	-	-	5	8	-	-
AVRO RJ85	As of March 31, 2009	Firm orders	-	-	-	-	-	-
		Options	-	-	-	-	-	-
	As of March 31, 2008	Firm orders	2	-	-	-	-	-
		Options	-	-	-	-	-	-
CRJ 1000	As of March 31, 2009	Firm orders	2	4	4	4	-	-
		Options	-	2	-	-	-	-
	As of March 31, 2008	Firm orders	-	1	4	3	-	-
		Options	-	-	-	-	-	8

36. OTHER COMMITMENTS

36.1. Commitments made

In € millions **Year ended March 31,**	**2009**	**2008**
Call on investment securities	1	1
Put on investment securities	(2)	(5)
Warranties, sureties and guarantees	92	113
Mortgaged or secured assets	5 546	5 398
Other purchase commitments	229	159

The restrictions and pledges as of March 31, 2009 were as follows:

In € millions	**Starting date of pledge**	**End of pledge**	**Amount pledged**	**NBV of balance sheet entry concerned**	**Corresponding %**
Intangible assets	-	-	-	559	-
Tangible assets	December 1999	March 2021	5 645	14 438	39%
Other financial assets	September 1986	November 2019	848	1 518	56%
			6 493	**16 515**	**39%**

36.2. Commitments received

In € millions **Year ended March 31,**	**2009**	**2008**
Warranties, sureties and guarantees	219	302
Other	-	2

Warranties, sureties and guarantees are principally comprised of letters of credit from financial institutions.

37. Related parties

37.1. Transactions with the principal executives

Directors and their relatives hold less than 0.05% of the voting rights.

Advantages granted to the two principal executives are detailed as follows:

In € millions **Year ended March 31,**	**2009**	**2008**
Short term benefits	2.4	4.7
Post employment benefits	7.9	7.5
Total	**10.3**	**12.2**

Fees paid during the year ended March 31, 2009, but concerning attendance at Board meetings for the year ended March 31, 2008, amounted to € 0.6 million.

37.2. Transactions with other related parties

The total amounts of transactions with related parties for the financial years ended March 31, 2009 and 2008 are as follows:

In € millions **Year ended March 31,**	**2009**	**2008**
Assets		
Net trade accounts receivable	111	105
Other current assets	2	5
Other non-current assets	17	21
	130	**131**
Liabilities		
Trade accounts payable	119	104
Other current liabilities	44	43
Other long-term liabilities	53	56
	216	**203**

In € millions **Year ended March 31,**	**2009**	**2008**
Net sales	144	310
Landing fees and other rents	(609)	(584)
Other selling expenses	(125)	(255)
Passenger service	(131)	(61)
Other	(46)	238
	(767)	**(352)**

As a part of its normal business, the Group enters into transactions with related parties including transactions with State-owned and governmental entities such as the Defense Ministry, the Paris Airport Authority ("Aéroports de Paris", or "ADP") and the French civil aviation regulator ("DGAC"). Air France-KLM considers that such transactions are concluded on terms equivalent to those of transactions with third parties. The most significant transactions are described below:

Aéroport De Paris (ADP)

- Land and property rental agreements
- Airport and passenger related fee arrangements.

In addition, ADP collects airport landing fees on behalf of the French State.

Total expenses incurred by the Group in connection with the above mentioned arrangements amounted to € 648 million and €548 million for the periods ended March 31, 2009 and 2008.

Defense Ministry

Air France-KLM has entered into contracts with the French Defense Ministry to maintain certain aircraft of the French Air Force. The net revenue derived from such arrangements amounted to € 63 million for the year ended March 31, 2009 and €116 million for the year ended March 31, 2008.

DGAC

The civil aviation regulator is the French State service organization, which manages security and safety in French air space. As a result, the DGAC charges fees to Air France-KLM for the use of installations and services amounting to € 123 million for the year ended March 31, 2009 and €98 million for the year ended March 31, 2008.

Transactions with equity affiliates

During the financial year, Air France-KLM executed transactions with equity affiliates. The principal transaction concerned WAM Acquisition (ex Amadeus GTD). For the year ended March 31, 2009, total transactions with WAM Acquisition amounted to a gain of € 101 million (compared with €72 million for the year ended March 31, 2008) and a charge of € 199 million (compared with €228 million for the year ended March 31, 2008).
The Group also conducted business with Martinair, with revenues until December 31, 2008 amounting to € 12 million for the year ended March 31, 2009 and €32 million for the year ended March 31, 2008. Moreover, the Group contracted Martinair's services whose total cost until December 31, 2008 amounted to € 13 million for the year ended March 31, 2009 and €28 million for the year ended March 31, 2008.

38. CASH FLOW STATEMENT

38.1. Acquisition of subsidiaries and investments

Net cash disbursements related to the acquisition of subsidiaries and investments in associates were as follows:

In € millions **Year ended March 31,**	**2009**	**2008**
Cash disbursement for acquisitions	(376)	(294)
Cash from acquired subsidiaries	28	22
Net cash disbursement	**(348)**	**(272)**

- **Year ended March 31, 2009**

The cash disbursement relating to acquisitions corresponds mainly to the purchase of 25% of the Alitalia shares for € 330 million and 50% Martinair shares for €10 million.

- **Year ended March 31, 2008**

The cash disbursement relating to acquisitions corresponds mainly to the purchase of VLM for €178 million, Air France-KLM shares for €88 million and KLM shares for €12 million.

38.2. Disposal of subsidiaries

Net proceeds from the disposal of subsidiaries can be analyzed as follows:

In € millions **Year ended March 31,**	**2009**	**2008**
Proceeds from disposals	17	84
Cash of disposed subsidiaries	(1)	-
Net proceeds from disposals	**16**	**84**

- **Year ended March 31, 2009**

Net proceeds from disposals mainly correspond to the sale of Reenton for a total amount of €4 million and Opodo for € 5 million.

- **Year ended March 31, 2008**

Net proceeds from disposals mainly correspond to the sale of Alpha Airport Plc for a total amount of €69 million.

38.3. Non cash transactions

During the year ended March 31, 2009, there were no significant non-cash transactions.

During the year ended March 31, 2008, the Group entered into a financial lease concerning a share in a luggage sorter named the “Trieur Bagages Est” (TBE) at Charles de Gaulle airport. Neither the acquisition of the TBE nor the debt attached has an impact on the cash flow statement.

39. FEES OF STATUTORY AUDITORS

In € millions	KPMG network including KPMG N.V.			
As of March 31,	**2009**		**2008**	
	Amount	**%**	**Amount**	**%**
Audit				
Statutory audit, certification, review of stand-alone and consolidated accounts	4,3	98%	4,3	97%
- Air France-KLM SA	*0,8*		*0,8*	
- Consolidated subsidiaries	*3,5*		*3,5*	
Other accessory services and other audit services	-	-	-	-
Sub-total	**4,3**	**98%**	**4,3**	**97%**
Other services				
Legal, tax and corporate	0,1	2%	0,2	3%
Information technology	-	-	-	-
Internal audit	-	-	-	-
Others	-	-	-	-
Total Air France-KLM	**4,4**	**100%**	**4,5**	**100%**

In € millions	Deloitte & Associés			
As of March 31,	**2009**		**2008**	
	Amount	**%**	**Amount**	**%**
Audit				
Statutory audit, certification, review of stand-alone and consolidated accounts	4,0	98%	3,8	100%
- Air France-KLM SA	*0,7*		*0,7*	
- Consolidated subsidiaries	*3,3*		*3,1*	
Other accessory services and other audit services	-	-	-	-
Sub-total	**4,0**	**98%**	**3,8**	**100%**
Other services				
Legal, tax and corporate	0,1	2%	-	-
Information technology	-	-	-	-
Internal audit	-	-	-	-
Others	-	-	-	-
Total Air France-KLM	**4,1**	**100%**	**3,8**	**100%**

40. SUBSEQUENT EVENTS

There has been no significant event since the close of the financial year.

41. CONSOLIDATION SCOPE AS OF MARCH 31, 2009

The scope includes 161 fully consolidated entities and 26 equity affiliates

41.1. Consolidated entities

Entity	Segment	% interest	% control
AIR FRANCE SA	Multisegment	100	100
KLM N.V.	Multisegment	99	49
MARTINAIR	Multisegment	99	49
AEROLIS	Passager	50	50
AIR FRANCE SERVICES LTD	Passager	100	100
AIR France GROUND HANDLING INDIA PVT LTD	Passager	51	51
BLUE LINK (EX FREQUENCE PLUS SERVICES)	Passager	100	100
BRIT AIR	Passager	100	100
CITY JET	Passager	100	100
CYGNIFIC (UK) LIMITED	Passager	99	49
CYGNIFIC B.V.	Passager	99	49
IAS ASIA INCORPORATED	Passager	99	49
IASA INCORPORATED	Passager	99	49
ICARE	Passager	100	100
INTERNATIONAL AIRLINE SERVICES EUROPE LIMITED	Passager	99	49
INTERNATIONAL AIRLINE SERVICES LIMITED	Passager	99	49
INTERNATIONAL AIRLINE SERVICES OFFSHORE LIMITED	Passager	99	49
INTERNATIONAL MARINE AIRLINE SERVICES LIMITED	Passager	99	49
INTERNATIONAL MARINE AIRLINE SERVICES LIMITED LIABILITY COMPANY	Passager	99	49
KLM CITYHOPPER B.V.	Passager	99	49
KLM CITYHOPPER UK LTD	Passager	99	49
KLM GROUND SERVICES LIMITED	Passager	99	49
KLM LUCHTVAARTSCHOOL B.V.	Passager	99	49
LYON MAINTENANCE	Passager	100	100
REGIONAL COMPAGNIE AERIENNE EUROPEENNE	Passager	100	100
SOCIETE D'EXPLOITATION AERONAUTIQUE	Passager	100	100
Stichting Studentenhuisvesting Vliegveld Eelde	Passager	99	49
TEAMTRACKERS SA	Passager	100	100
TEAMTRACKERS SRO	Passager	100	100
VLM AIRLINES NV	Passager	100	100
BLUE CROWN B.V.	Cargo	99	49
MEXICO CARGO HANDLING	Cargo	100	100
ROAD FEEDER MANAGEMENT B.V.	Cargo	99	49
SODEXI	Cargo	75	75
AIR FRANCE INDUSTRIE US	Maintenance	100	100
CRMA	Maintenance	100	100
EUROPEAN PNEUMATIC COMPONENT OVERHAUL AND REPAIR (EPCOR) B.V.	Maintenance	99	49
KLM UK ENGINEERING LIMITED	Maintenance	99	49
AEROMAINTENANCE GROUP	Maintenance	82	82

Entity	Segment	% interest	% control
		Air France-KLM Group	
TURBINE SUPPORT INTERNATIONAL LLC	Maintenance	60	60
ABIDJAN CATERING	Other	69	70
ACNA	Other	98	100
ACSAIR	Other	50	51
AEROFORM	Other	98	100
AFRIQUE CATERING	Other	50	51
AIDA	Other	77	77
AIR CHEF	Other	49	50
AIR FRANCE FINANCE	Other	100	100
AIR FRANCE FINANCE IRELAND	Other	100	100
AIR FRANCE PARTNAIRS LEASING NV	Other	45	45
AIR UK (Jersey) LIMITED	Other	99	49
AIR UK LEASING LIMITED	Other	99	49
AIRCRAFT MAINTENANCE AMSTERDAM B.V.	Other	99	49
AIRGO B.V.	Other	99	49
AIRPORT MEDICAL SERVICES B.V.	Other	79	49
AIRPORT MEDICAL SERVICES C.V.	Other	79	49
ALL AFRICA AIRWAYS	Other	80	80
AMA HOLDING B.V.	Other	99	49
AMSTERDAM SCHIPOL PIJPLEIDING BEHEER B.V.	Other	59	49
AMSTERDAM SCHIPOL PIJPLEIDING B.V.	Other	59	49
AMSTERDAM SCHIPOL PIJPLEIDING C.V.	Other	72	49
AQUILA INVEST B.V.	Other	99	49
BASE HANDLING	Other	98	100
BLUE YONDER II B.V.	Other	99	49
BLUE YONDER IX B.V.	Other	99	49
BLUE YONDER X B.V.	Other	99	49
BLUE YONDER XI B.V.	Other	99	49
BLUE YONDER XII B.V.	Other	99	49
BLUE YONDER XIII B.V.	Other	99	49
BLUE YONDER XIV B.V.	Other	99	49
BLUE YONDER 15	Other	99	49
BRUNEAU PEGORIER	Other	98	100
CARI	Other	98	100
CATERING FDF	Other	98	100
CATERING PTP	Other	98	100
CELL K16 INSURANCE COMPANY	Other	99	0
CENTRE DE PRODUCTION ALIMENTAIRE	Other	98	100
CULIN'AIR PARIS	Other	98	100
DAKAR CATERING	Other	49	50
ETS Equipment Techno Services	Other	99	49
EUROPEAN CATERING SERVICES	Other	98	100
GIE JEAN BART	Other	10	10
GIE SERVCENTER	Other	98	100
GIE SURCOUF	Other	100	100
HANDICAIR	Other	98	100
HEESWIJK HOLDING B.V.	Other	99	49
JET CHEF	Other	98	100
KES AIRPORT EQUIPMENT FUELLING B.V.	Other	99	49

Entity	Segment	Air France-KLM Group % interest	% control
KES AIRPORT EQUIPMENT LEASING B.V.	Other	99	49
KLEUR INVEST B.V.	Other	99	49
KLM AIRLINE CHARTER B.V.	Other	99	49
KLM CATERING SERVICES SCHIPOL B.V.	Other	99	49
KLM EQUIPMENT SERVICES B.V.	Other	99	49
KLM FINANCIAL SERVICES B.V.	Other	99	49
KLM FLIGHT CREW SERVICES GMBH	Other	99	49
KLM HEALTH SERVICES B.V.	Other	99	49
KLM INTERNATIONAL CHARTER B.V.	Other	99	49
KLM INTERNATIONAL FINANCE COMPANY B.V.	Other	99	49
KLM OLIEMAATSCHAPPIJ B.V.	Other	99	49
KLM UK HOLDINGS LIMITED	Other	99	49
KLM UK LIMITED	Other	99	49
KROONDUIF B.V.	Other	99	49
LYON AIR TRAITEUR	Other	98	100
MALI CATERING	Other	70	99
MANAGEMENT MAATSCHAPPIJ B.V.	Other	99	49
MARTINIQUE CATERING	Other	91	93
MAURITANIE CATERING	Other	25	51
O'FIONNAGAIN HOLDING COMPANY LIMITED	Other	100	100
ORION-STAETE B.V.	Other	99	49
ORLY AIR TRAITEUR	Other	98	100
OUAGADOUGOU CATERING SERVICES	Other	98	100
PASSERELLE	Other	98	100
PASSERELLE CDG	Other	64	66
PELICAN	Other	100	100
PHK FREIGHT SERVICES B.V.	Other	99	49
PMAIR	Other	50	51
PRESTAIR	Other	98	100
PYRHELIO-STAETE B.V.	Other	99	49
QUASAR-STAETE B.V.	Other	99	49
RIGEL-STAETE B.V.	Other	99	49
ROSC LIMITED	Other	99	49
SAVEUR DU CIEL	Other	98	100
Senca	Other	30	60
SERVAIR (Cie d'exploitation des services auxiliaires aériens)	Other	98	98
SERVAIR SATS	Other	50	51
SERVANTAGE	Other	98	100
SERVCLEANING	Other	98	100
SERVLING	Other	98	100
SESAL	Other	54	55
SKYCHEF	Other	54	55
SKYLOGISTIC	Other	98	100
SOCIETE D'INVESTISSEMENT AEROPORTUAIRE	Other	98	100
SOGRI	Other	95	97
SORI	Other	49	50
SPECIAL MEALS CATERING	Other	98	100
SPICA-STAETE B.V.	Other	99	49
STICHTING GARANTIEFONDS KLM LUCHTVAARTSCHOOL	Other	99	49

Entity	Segment	% interest	% control
SYSTAIR	Other	98	100
TAKEOFF 1 LIMITED	Other	100	100
TAKEOFF 2 LIMITED	Other	100	100
TAKEOFF 3 LIMITED	Other	100	100
TAKEOFF 4 LIMITED	Other	100	100
TAKEOFF 5 LIMITED	Other	100	100
TAKEOFF 6 LIMITED	Other	100	100
TAKEOFF 7 LIMITED	Other	100	100
TAKEOFF 8 LIMITED	Other	100	100
TAKEOFF 9 LIMITED	Other	100	100
TAKEOFF 10 LIMITED	Other	100	100
TAKEOFF 11 LIMITED	Other	100	100
TAKEOFF 12 LIMITED	Other	100	100
TAKEOFF 13 LIMITED	Other	100	100
TAKEOFF 14 LIMITED	Other	100	100
TAKEOFF 15 LIMITED	Other	100	100
TAKEOFF 16 LIMITED	Other	100	100
TOULOUSE AIR TRAITEUR	Other	98	100
TRANSAVIA AIRLINES BV	Other	99	49
TRANSAVIA AIRLINES C.V.	Other	99	49
TRANSAVIA France	Other	99	100
TRAVEL INDUSTRY SYSTEMS B.V.	Other	99	49
UILEAG HOLDING COMPANY LIMITED	Other	100	100
WEBLOK B.V.	Other	99	49

41.2. Equity affiliates

Entity	Segment	% interest	% control
ALITALIA	Passager	25	25
FINANCIERE LMP	Passager	20	20
HEATHROW CARGO HANDLING	Cargo	50	50
CSC INDIA	Cargo	49	50
SPAIRLINERS	Maintenance	50	50
BAAN TARA DEVELOPMENT LTD	Other	99	49
BAAN TARA HOLDING LTD	Other	99	49
DOUAL'AIR	Other	25	25
FLYING FOOD CATERING	Other	48	49
FLYING FOOD MIAMI	Other	48	49
FLYING FOOD SAN FRANCISCO	Other	43	44
FLYING FOOD SERVICES	Other	48	49
GUANGHOU NANLAND CATERING COMPANY	Other	24	25
INTERNATIONAL AEROSPACE MANAGEMENT COMPANY S.C.R.L.	Other	20	20
KENYA AIRWAYS LIMITED	Other	26	26

		Air France-KLM Group	
Entity	**Segment**	**% interest**	**% control**
LOGAIR	Other	49	50
LOME CATERING SA	Other	17	35
MACAU CATERING SERVICES	Other	17	34
Newrest Servair UK LTD	Other	39	40
PAVILLON D'OC TRAITEUR	Other	34	35
PRIORIS	Other	33	34
SCHIPOL LOGISTICS PARK CV	Other	52	49
SEREP	Other	38	39
SERVAIR EUREST	Other	34	35
TERMINAL ONE GROUPE ASSOCIATION	Other	25	25
WAM	Other	22	22