

Air France-KLM
AFKLM Annual General Shareholders' Meeting of May 26, 2020
Answers to the questions in writing from shareholders

Preliminary remark

Note that, to be admissible, questions in writing must:

- Relate to the agenda for the Shareholders' Meeting.
- Be sent to the Chair by registered letter with acknowledgement of receipt or by email no later than four business days before the Meeting.
- Be accompanied by a securities account registration certificate.

The answers to questions in writing are posted on our www.airfranceklm.com website prior to the Meeting in a special section pursuant to law. Article L.225-108 of the French Commercial Code stipulates that "*the answer to a question in writing is deemed to have been given when it figures on the company's website*". Shareholders may request a copy of the answers posted on our website from the Secretary of the Meeting.

In the same spirit, the text of the questions has been summarized (without altering its meaning) whenever their full wording is not required for the purposes of proper understanding.

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1/ Domestic network:

In the press, Bruno Le Maire announced that the €3 billion loan was, amongst other things, conditional on no air competition with rail on journeys lasting less than 2h30. Has this condition been the subject of a Parliamentary vote or a Government Ordinance?

The French State support, in the form of the guaranteed bank loan and a shareholder loan, was conditional on a number of commitments from the Air France-KLM Group. In particular, these commitments include a return to competitiveness for Air France via a transformation plan. This plan includes a significant environmental dimension. Within this framework, changes to the Air France domestic network are foreseen to reflect, notably, the existence of rail alternatives with journeys lasting under 2h30 and excluding the flights serving Roissy-CDG.

These commitments have not been the subject of a legislative text. On the other hand, as part of the second Amending Finance Bill, which the Government is expected to bring before Parliament, a report at the end of twelve months is foreseen on the implementation of the social, societal and environmental objectives of companies having benefited from State support.

What is the status of the discussions with the Government and the European Commission concerning the conditions for reducing the number of flights on routes served by rail in under 2h30 and what measures are being implemented by Air France?

Work on developing this transformation plan will continue in the coming weeks. In particular, in terms of network capacity, the Group is examining the best possible way to satisfy the expectations of its customers and those of the regional authorities. In parallel, it is engaged in discussions with the French Government and all the interested parties on the best way to integrate, over the long term, rail alternatives in an efficient multi-modal approach, without penalizing itself unduly relative to its direct competitors.

What is the Group's strategy concerning the different stations in the French provinces, including Corsica, and how is the Group preparing itself for the multi-modal transport priorities thus advocated by the Minister?

Within the framework of its commitments made to the French Government, Air France has also set itself a target of halving the CO₂ emissions on its domestic flights on departure from Orly, and on inter-regional flights, by 2024. This target will be achieved, notably, by the modernization of the short and medium-haul fleet (with Airbus A220s), the progressive use of sustainable biofuels within the framework of the industry established by the French Government and by the adaptation of its domestic network when there is an effective rail alternative with journeys lasting under 2h30.

Over the summer, Air France will thus present a roadmap for its domestic network which will take into account these environmental targets but also the need for a financial turnaround in this activity (which posted €200 million of losses in 2019).

Air France will, however, continue to ensure territorial continuity and thus link the French regions to Paris and the world.

2/ Alliances and partnerships:

Does the Covid-19 public health emergency call into question our alliances and partnerships, particularly with Delta and China?

The strategic partnerships and Alliances are more important than ever to enable the Group to weather the current crisis, thanks notably to the complementarity of the networks and commercial presences of our partners.

Furthermore, concerning Delta Airlines and China Eastern, which are two of the Group's largest shareholders, our commercial agreements with them on the United States and China will enable us more rapidly to regain our levels of activity prior to the current crisis towards these destinations.

3/ Consolidation:

What is the Air France-KLM Group's position on consolidation in the coming months?

Many airlines will clearly not survive the current crisis and the consolidation of the European sky is likely to be part of the "natural" course of events. Should opportunities arise, the Group will examine them to see if they are a good fit with its strategy, as has always been the case. For the moment, however, the Group's priority is to safeguard its activity and accelerate its transformation through a reconstruction plan to consolidate its position in key markets, and notably for Air France in the French market which continues to offer significant possibilities.

4/ Recovery plan for the Air France-KLM Group:

Following the French State support, a recovery plan for the Air France-KLM Group was announced. What are its goals and calendar?

The go-forward dynamic of the strategic plan launched in November 2019 has been stopped in full progress by the Covid-19 public health emergency. This strategy had been beginning to pay off, as seen in the fourth quarter 2019 and first quarter 2020 results, particularly for Air France.

We can't disclose more on this subject at this stage but Benjamin Smith has announced that a reconstruction plan for the Air France-KLM Group will be unveiled over the summer of 2020. It will be based on the main strategic priorities we had already identified in November 2019.

- Re-establish social stability within Air France, while transforming the current model and regaining sustainable competitiveness.
- Continue to develop KLM's current successful model.
- Maintained growth for Transavia.

This plan will also aim to safeguard our assets and our position in Europe and on rapidly-growing markets, and the strength of our hubs and our people, who have demonstrated their unwavering commitment during this crisis. To this end, our methodology remains unchanged since it has proven its effectiveness, based on the following pillars: consultation, dialogue and the inclusion of all internal and external stakeholders.

5. Appointment of Angus Clarke

Angus Clarke was recently appointed CCO. Could you explain what was behind this appointment and its goals?

In addition to his duties as Executive Vice-President Strategy for the Air France KLM Group, Angus Clarke also held a cross-functional, non-formalized role within Air France coordinating the Network Planning/Fleet/Customer

Experience functions. This appointment formalizes this role. In a context of major crisis for the air transport industry, Air France must rapidly reinforce all the actions which will fuel the recovery in its financial trajectory. In this respect, strict cost-reduction management has been in place since the beginning of the Covid-19 crisis, in addition to the transformation process initiated in 2019. Similarly, the optimization of the levers at the service of revenue need to be reinforced. Angus Clarke will be in charge of ensuring the consistency of the airline's commercial levers when business restarts, to optimize the Air France's revenues. In concrete terms, Angus Clarke will be tasked with putting in place, as soon as possible, a governance structure to ensure the steering and coherence of these levers at the service of our revenues, in particular between the Network, Fleet and Customer Experience teams of Air France and the Sales and RMP teams of the Air France-KLM Group. Angus Clarke joins the Air France Executive Committee. The Fleet Director and the Customer Experience Director will retain their roles and will now report to him hierarchically. The EVP Transformation & Network retains an unchanged role within the Air France Executive Committee.

Covid-19

1/ Social distancing:

What are the social distancing rules to be applied by Air France on its flights to give customers the confidence to return to flying?

The safety of our customers and staff is our absolute priority. In managing this crisis, this is the imperative that is guiding our decisions.

Currently and within the framework of the progressive resumption of our flights, we have deployed robust sanitary measures to reassure our customers. All our teams are mobilized to implement them on a daily basis.

Since May 11, on the departure of all our flights, we have implemented a procedure to check the temperature of passengers, using contactless infrared thermometers. A body temperature of below 38°C is required to be able to travel. We have also made the wearing of masks compulsory on all flights operated by Air France, in application of the French directive on the wearing of masks on public transport. Lastly, the wearing of masks is compulsory for all Air France crew members and agents in contact with customers.

Furthermore, we have adapted the "customer channels at airports", in coordination with the airport managers, with the application of physical distancing measures throughout the customer journey and, where possible, the installation of plexiglas protection screens.

Similarly, we have reinforced the daily aircraft cleaning procedures with the disinfection of all surfaces in contact with customers, like arm rests, tables and screens, and the implementation of a specific procedure for disinfecting aircraft by spraying an approved virucidal product with an effective duration of ten days.

Lastly, we have adapted the in-flight service to limit interaction between customers and crew members. On domestic and short-haul flights in Europe, the meal and beverage services have been suspended. On long-haul flights, the cabin service is limited and preference is given to products that are wrapped in plastic or individually wrapped.

Whenever possible, we have put in place physical distancing on board. On most flights, the current low load factors (below 50% on average) enable us to separate customers. In cases where this is not possible, the compulsory wearing of masks by all passengers and the crew will ensure adequate health protection. This measure was amongst the European Union Aviation Safety Agency (EASA) recommendations, circulated last week.

Lastly, the air in the cabin is renewed every three minutes. The air recycling system on board Air France aircraft is equipped with High Efficiency Particulate Air or HEPA filters, identical to those used in hospital operating theaters. These filters extract more than 99.99% of the smallest viruses, including coronavirus-types.

2/ Repatriation:

How was the repatriation of French nationals stranded abroad organized? How were these flights allocated to the airlines landing in France?

The repatriation of French nationals is organized by the French Ministry of Foreign Affairs and it is not for us to comment on the strategy adopted. It is nonetheless important to stress that this was the largest repatriation operation ever seen across the world. It required the deployment of technical and human resources, and the coordination needed to repatriate several hundred thousand French nationals just as the airlines were one by one grounding their fleets and borders were closing. Many French nationals were, moreover, stranded in countries or regions where Air France does not operate.

Air France mobilized and is working in close cooperation with the French Ministry of Foreign Affairs and the Secretary of State for Transport to identify and prioritize the needs in the various countries, in liaison with embassies and the Air France delegations around the world. An operational crisis unit was opened to coordinate operations and obtain the authorizations required to maintain the program of scheduled flights and put in place special flights dedicated to repatriation operations.

Since March 14, 2020, Air France and Transavia have operated more than 2,300 flights from 132 airports across 83 countries, enabling the repatriation of more than 320,000 passengers, including nearly 170,000 French nationals. In a severely deteriorated economic context and although most aircraft had to leave Paris empty, Air France and Transavia introduced special, capped fares for repatriation passengers.

The implementation of this repatriation and operational continuity plan was made possible thanks to the solidarity commitment of all the Air France and Transavia teams: ground staff, pilots, hostesses and stewards.

3/ What is the policy of Air France and KLM on the refunding of tickets in the event of flight cancellations linked to Covid-19?

The current and unprecedented Covid-19 public health emergency has led to never-before-seen situations for airlines and their customers. Since the beginning of this crisis, Air France and KLM have issued refundable vouchers as a commercial response to massive flight cancellations and the virtual impossibility of our passengers to travel. These vouchers can be reimbursed after 12 months if they have not been (fully) used.

Recent developments in the global health situation and the progressive lifting of quarantine measures give more clarity on the evolution of the flight schedule. Air France and KLM have thus decided to adjust their refund policy for flight cancellations effective since May 15. The relevant customers will have a choice between a cash refund and a voucher. Air France and KLM are also enhancing the attractiveness of the vouchers issued before or after May 15, by enabling, in certain conditions, customers to benefit from a bonus of 15% to the total value of the initial ticket. As necessary, this bonus will be applied to a new booking. This extra value can be used for a new booking but will not be included in the cash payout after 12 months if no new booking has been made.

Since the beginning of the crisis Air France and KLM have sought to offer their customers a maximum amount of flexibility and to facilitate the deferral of their current or future bookings. Thus, for all tickets issued prior to April 21 inclusive, for a journey whose departure is planned before August 31, its postponement is possible at no charge in the same cabin until November 30 and for a flight at the same fare as of December 1. A voucher in the amount of

the ticket price and valid for one year is also proposed to customers wishing to postpone their trip without yet being in a position to confirm the booking. All tickets issued since April 22, 2020 are modifiable at no charge to available flights at the same fare.

Fleet/Cargo

1/ A380:

What is Air France's policy concerning the operation of the A380?

Faced with the Covid-19 public health emergency and its impact on anticipated activity levels, on May 20 the Air France-KLM Group announced the termination Air France's Airbus A380 operations. Initially scheduled for the end of 2022, the phase-out of the Airbus A380 fleet is an integral part of the Air France-KLM Group's fleet simplification strategy aimed at making the fleet more competitive, by continuing its transformation with more modern, high-performance aircraft whose environmental footprint is significantly reduced.

2/ Cargo:

Faced with the public health emergency linked to Covid-19, why has Air France not converted passenger aircraft into full freighters?

Faced with the crisis, our cargo business has been constantly adapting itself. The first priority was the establishment of an air bridge with China, in cooperation with the State services. Thanks to the use of the bellies of our passenger aircraft in addition to our full freighters, we are operating twelve flights a week to Shanghai, of which four in full freighters, together with three additional frequencies on departure from Vietnam. More broadly, our passenger aircraft are used to satisfy the need for air freight transportation, without passengers on board. We are now operating around fifty rotations of this type per week and this figure could be increased to some 80 in June. Air freight is mainly carried in the holds but also in the cabins to maximize our loading capacity. Carrying freight in the cabins enables an additional load of 82m3. At present, three aircraft are equipped for these operations, their configurations having been modified to free up seat rows to the benefit of the volume available in the cabins. The equipping of a fourth aircraft with the complete removal of the seats in the rear cabin is currently being studied. Air France adapted very rapidly to the change in the Cargo market within this context of crisis and is already operating four Passenger aircraft in Cargo versions (Boeing 777-300ERs). This new capacity is in addition to that of the seven weekly rotations which are currently transporting nearly 500,000 tons of medical equipment to France.

3/ Cabin retrofitting and in-flight service:

Given the effects of the current crisis, what network restructuring is envisaged and, as a result, how will the fleet change? Do you expect to curtail cabin retrofitting and changes to the in-flight service?

Air France and KLM continue to invest in modernizing the cabins of the aircraft that will remain in the fleet over the long term, while adapting the schedule for the retrofitting. Furthermore, the upgrade to in-flight services has led to a significant increase in the satisfaction of our customers in recent months, as shown in the Net Promoter Scores of the two companies. The in-flight service has been temporarily adapted to meet the sanitary imperatives of the current crisis. Air France's aim remains to offer its customers a product which is at the highest world level.

Servair

What percentage shareholding does Air France currently own in Servair and what is Air France's position vis-à-vis Servair at this critical time for the catering industry?

Air France currently still holds 49.99% of Servair's share capital. The sale of this stake to Gategroup remains an option at our discretion, which was foreseen in the initial sale contract.

Share capital

1/ Shareholder nationality:

Recently, two US fund management companies (Causeway Cap Management and Donald Smith & Co) both crossed the 5% threshold. Should we be worried about an eventual change of control for Air France-KLM to the benefit of non-European shareholders?

The two aforementioned US funds (Causeway Cap Management and Donald Smith & Co) do not wish to exercise their voting rights. What are the reasons for this?

Air France-KLM is a listed company whose shares are traded on a daily basis. New investors can express their interest, talk to the Investor Relations teams and/or management, and are free to purchase shares.

This dynamic was reinforced in 2019 with the arrival of Benjamin Smith and the holding of an Investor Day which gave him the opportunity to present a new strategic plan in detail. This event was well attended by the financial community and aroused the interest of new investors in the Air France-KLM Group.

This has notably been the case, since the autumn of 2019, with Causeway Capital, a long-term investor which has gradually built up an equity interest in Air France-KLM. For its part, Donald Smith is a shareholder which has been present in the Group's share capital for many years.

Both Causeway Capital and Donald Smith support the management of the Group and, to our knowledge, do not act in concert with any other shareholders.

2/ Crossing of the declaration thresholds:

What measures have been taken by the Board of Directors with certain investors who may not have respected the conditions for declaring the crossing of thresholds. Have their voting rights been neutralized on the thresholds crossed and for which notification has not been made by the appropriate deadlines?

When it receives the results of the quarterly TPI (*Titres au Porteur Identifiables* or Identifiable Bearer Shares) shareholder analysis monitoring shareholders with shareholdings of around 2% the Group is particularly vigilant. The Board of Directors is kept regularly informed of the positions of the Group's largest shareholders. In the event that thresholds are crossed, the Group closely monitors the notifications to be made in coordination with the relevant shareholders.

a. Concerning the legal thresholds

Pursuant to the provisions of Article L. 233-7 of the French Commercial Code, any private individual or legal entity, acting alone or in concert, acquiring directly or indirectly a number of shares representing more than 5%, 10%, 15%, 20%, 25%, 30%, 1/3, 50%, 2/3, 90% or 95% of the capital or voting rights must inform Air France-KLM and the AMF no later than four stock market trading days as of the date on which the threshold is crossed.

In the event of failure to comply with this notification obligation or notifications not made by this deadline, the voting rights on the shares exceeding the fraction (capital or voting rights) which has not been duly declared will be suspended for the two-year period following compliance with the notification procedures. This sanction is automatic. Shareholders having failed to declare the crossing of legal thresholds have effectively been sanctioned pursuant to law.

b. Concerning the statutory thresholds

Pursuant to the provisions of Article 13 of the Air France-KLM Articles of Incorporation "*any private individual or legal entity, whether acting alone or in conjunction with others, who comes to hold, whether directly or indirectly, 0.5% at least of the share capital or voting rights in the Company, or any multiple of that percentage, shall be bound to inform the Company by letter sent by registered or certified mail, return receipt requested, within four trading days of the date on which this equity threshold has been reached. Such declaration must include all the information that the Company must provide to the Autorité des Marchés Financiers in the event of crossing legal thresholds, as well as the information provided for in Article 10 of the Air France-KLM Articles of Incorporation*".

In the event of failure to comply with the notification procedure for the crossing of a statutory threshold, the Articles of Incorporation foresee the same sanction as that applicable in the event of failure to comply with the notification procedure for the crossing of a legal threshold, at the request of one or more shareholders holding together at least 0.5% of the Air France-KLM capital.

Environment/Sustainable development

1/ With the emergence of a new environmental awareness, the aviation industry was already in difficulty prior to the Covid-19 public health emergency. What are Air France-KLM's new commitments in terms of sustainable development in the post-Covid world?

In 2019, the Group had achieved a 30% reduction in its CO₂ emissions relative to the 2005 level (operational and market-based measures, i.e. a 20% reduction taking only operational measures into account). Air France-KLM has since set itself a 2030 target of reducing its CO₂ emissions by 50% relative to 2005 (in g of CO₂/passenger/km, including market-based measures).

To this end, the Group has implemented a Climate Action Plan to reduce its carbon footprint. This plan is composed of six main priorities, on the basis of which targets have been identified and action plans deployed:

- fleet modernization and contributing to aeronautical research;
- use of sustainable biofuels and involvement in research into renewable energies;
- reduction in CO₂ through operational measures;
- support for the implementation of the global climate agreement (CORSIA), with a fair contribution for aviation;
- regulatory and voluntary offsetting of CO₂ emissions;

- support for environmental programs;
- deployment of carbon offsetting programs for customers.

The Covid-19 crisis has accelerated the phase-out of the aircraft which are the least adapted to our environmental roadmap: the Airbus A380s and the Airbus A340s at Air France and the Boeing 747s at KLM. These phase-outs will have a positive impact on our environmental footprint.

For Air France, within the framework of the support from the French State, a new commitment was made for the French domestic network, applied as follows:

- 50% reduction in the volume of CO₂ emissions from French metropolitan flights by the end of 2024 relative to the 2019 level,
- Reduction in domestic routes where there is an effective rail alternative with journeys lasting less than 2h30 and excepting the flights serving Roissy-CDG,
- Ongoing offsetting of CO₂ emissions (regulatory and voluntary on 100% of domestic flights).

With the emergence of a new environmental awareness, the aviation industry had already been in difficulty prior to the Covid-19 public health emergency. What are Air France-KLM's new commitments in terms of sustainable development for the post-crisis world? (AFKL Group)

- The post-crisis world will no longer be the same. We see this crisis as a catalyst to propel the transformation of civil aviation: accelerate our long-standing commitment to the environmental transition by seeking to align the ecological and economic balances.
- The Air France-KLM Group has always been a pioneer in sustainable development, seeking to advance the sustainable transition of the airline industry. This commitment has been recognized for many years by its leadership position in the DJSI ranking.
- The companies in the group are mobilized to reduce their environmental footprints and notably reduce their CO₂ emissions via the modernization of their fleets with the entry of new-generation aircraft, the use of new technologies – e.g. to optimize fuel consumption - and the development of aviation biofuels. They also deploy carbon offsetting schemes and waste reduction procedures.
- Within the framework of the French State support, Air France has committed to reducing the emissions from its domestic network by 50% by 2024. More globally, Air France is targeting a 50% reduction in its emissions/passenger/kilometer by 2030.

2/ Last year KLM launched the Flying Responsibly campaign. Where does KLM stand on its implementation? Has this program been called into question by the Covid-19 crisis?

In June 2019, KLM launched the Fly Responsibly initiative, in which the carrier commits to a more sustainable future for the airline industry. The initiative is built on five strategic pillars: Reduce, Replace, Compensate, Invest and Collaborate. By way of an open letter, KLM initiated contact with stakeholders in the airline industry to collaborate on developing sustainable solutions for the sector. Under the Fly Responsibly flag, KLM invited and continues to invite other airline carriers, partners customers and employees to use KLM's sustainable projects and resources and in exchange share their insights and experiences.

Reducing CO₂-emissions, sustainable biofuels and carbon offsetting

The KLM Group has reduced its CO₂ emissions by 4% compared to 2005, a total of 31% per passenger (compared to 2005). The targets for 2030 for this are, respectively, -15% and -50%. Fleet renewal in particular has contributed to this result. In 2019, KLM welcomed eight new, quieter and more efficient aircraft, such as the Boeing Dreamliner 787-10.

KLM continues to invest in Sustainable Aviation Fuel (SAF). Last year KLM purchased 6,911 tons of SAF and, with its partner SkyNRG, announced the construction of the first SAF factory in the Netherlands, meaning that KLM can increase its use of SAF in the near future. New partners have also joined KLM's Corporate Biofuel Programme: Microsoft, SHV Energy and Neste.

KLM is also working to reduce carbon emissions on the ground. The aim is to realise a CO₂-neutral operation by 2030. Last year, KLM achieved a 50% reduction in the CO₂ emissions from its ground operations compared to the previous year (2018), notably by purchasing green energy and using electric ground equipment.

Last year, 175,000 passengers travelled CO₂-neutrally thanks to KLM's compensation program CO2ZERO, enabling the planting of 680 hectares of tropical forest in Panama.

Reducing waste

KLM has reduced non-recyclable waste by 19%. The target is to realise a 50% reduction in 2030 (compared to 2011). This target will be achieved by producing less overall waste and by increasing the amount of waste which can be recycled. KLM has also invested in other innovative concepts, such as the recycling of various catering items within a closed system and the recycling of PET bottles to make tools for repairing and maintaining aircraft with 3D printers.

Flying V

KLM has contributed to research conducted by the University of Delft into an innovative flight concept known as Flying-V. This concept is based on a completely different approach to designing aircraft which would enable long-haul flights to be operated more sustainably in the future.

Replacement of short-haul flights

Within the framework of the Smart and Sustainable sector plan, Thalys, NS (*Nederlandse Spoorwegen*, the Dutch railways) and KLM are collaborating to replace the flights between Brussels and Amsterdam Airport Schiphol with international rail services over the course of 2020.

Loans from the banks and the French and Dutch States

1/ Was the financial negotiation with the banks and the French government conducted by the Chair and/or the Chief Executive Officer of Air France-KLM with the approval of the members of the Air France-KLM Board of Directors?

The Loan Guaranteed by the French State (*Le Prêt Garanti par l'Etat français - PGE*) and the shareholder loan granted by the French State were approved by the Air France-KLM Board of Directors, with authority delegated to Air France-KLM's Chief Executive Officer to finalize the terms and conditions of these two instruments.

2/ What conditions were set for the granting of the loans guaranteed and granted by the French State?

On May 6, 2020, the Air France-KLM Group benefited from a support package amounting to €7 billion, approved by the European Commission on May 4, 2020. This package is composed of two loans destined to finance the liquidity requirement of Air France and its subsidiaries:

- A Loan Guaranteed by the French State (*Prêt Garanti par l'Etat français* - PGE) granted by a syndicate of nine banks in the amount of €4 billion, of which 90% guaranteed by the French State. This loan has an initial maturity of 12 months, with a one or two-year extension option, exercisable by Air France-KLM; and
- A shareholder loan granted to Air France-KLM by the French State in the bullet amount of €3 billion, with a four-year maturity, with two consecutive one-year extension options exercisable by Air France-KLM.

Air France-KLM has given an undertaking not to pay dividends until these loans have been repaid in full. Furthermore, on May 7, 2020, the Group repaid €1.1 billion in respect of the revolving credit facility which had been drawn down in March 2020 and terminated this credit facility.

A press release on this subject dated May 7, 2020 to be found on the Air France-KLM website details the main characteristics of this support mechanism : https://www.airfranceklm.com/EN/Signing_of_financing_for_a_total_amount_of_7_billion_euros_enabling_the_Air_France-KLM_Group_and_Air_France_to_weather_the_crisis_and_prepare_for_the_future

3/ Why are there no Dutch banks amongst the mandated arrangers for the implementation of the Loan Guaranteed by the French State granted to Air France-KLM?

No Dutch banks were involved in the syndication of the joint revolving credit facility issued to the Air France-KLM Group and Air France, in force prior to the signature of these loans, and there are no new banks amongst the mandated arrangers of the Loan Guaranteed by the French State. On the other hand, several Dutch banks should be able to participate in the KLM financing guaranteed by the Dutch State and which remains to be put in place.

4/ Besides the shareholder loan granted to Air France-KLM by the French State, are there plans for a support mechanism of a similar nature to be granted to KLM by the Dutch State ? If so, in what amount?

The Dutch State has announced that it will provide support for KLM amounting to between €2 billion and €4 billion. The form of this support is expected to combine a syndicated bank loan guaranteed by the Dutch State and a direct loan from the State to KLM. At this stage, the discussions on the putting in place of these loans are ongoing.

5/ If a negotiation is planned with the Dutch State on this financial support, why was it not possible to do so in concert with the negotiations with the French State?

In the Netherlands, the approval mechanism for this type of operation is different from the one applicable in France. The Dutch Parliament must thus first approve any State intervention and, thus, any direct loan granted to KLM by the Dutch State. This can take several weeks. The discussions should nonetheless be finalized by the end of June.

6/ The Group is currently losing €25 million a day and has obtained €7 billion in financial support. The Group has stated that its capacity will not return to the 2019 level before 2022. How does Air France-KLM plan to repay this financial support?

Faced with the scale of the crisis and the violence of the shock, the Air France-KLM Group's priority has been to secure Air France's 12-month liquidity position. The €7 billion comes firstly from a loan guaranteed by the French State (€4 billion) and secondly from a shareholder loan from the French State (€3 billion).

This support effectively increases the Group's gross debt and, in exchange, it increases the Group's liquidity by the same amount. The real challenge remains to weather a crisis whose duration is currently uncertain. This is why a major effort has immediately been made to reduce capital expenditure as of 2020 (from €3.6 billion to €2.4 billion in the 2020 financial year) as well as a portion of the operating costs for the current financial year. In this respect, in the second quarter of 2020, the operating cash requirement has been reduced from €2 billion to €400 million per month.

Beyond these measures, the Air France-KLM Group must continue to accelerate its transformation and will present a strategic plan adapted to this exceptional situation by the summer of 2020. This plan will allow the redefinition of a credible and ambitious financial trajectory to enable the Group to refinance itself and gradually pay down its debt. Once this plan has been established, helped by more clarity on the "post-crisis" air traffic parameters and subject to market conditions, the Air France-KLM Group's Board of Directors will consider proceeding with a transaction to reinforce its stockholders' equity.

7/ Can the loans be repaid in the company's shares?

The loan agreement foresees repayment in cash, insofar as these two loans are debt instruments. Concerning the shareholder loan granted by the French State, the incorporation in the Air France-KLM share capital of all or part of this debt may be envisaged in exchange for shares. In this respect, the latter has announced its intention to review the conditions of its participation in a transaction to reinforce stockholders' equity which may be proposed by the Air France-KLM Group which could take place, at the latest, at the end of the Shareholders' Meeting convened to approve the financial statements for the 2020 financial year. This intention does not concern the bank loan guaranteed by the French State.

8/ Can the current delegations of authority granted to the Board of Directors for the purpose of issuing Ordinary Company shares and securities be used to this end?

At this stage this is a possibility concerning only the shareholder loan from the French State, offset against all or part of its debt.

9/ Will the other shareholders be able to take part in order to maintain their relative ownership positions?

The Group's intention is to enable all its current shareholders to participate in its recovery. It is, however, still too early to decide on the modalities of any transaction to reinforce the company's stockholders' equity. The resolutions submitted to the Shareholders' Meeting notably include the option of issuing shares or securities with maintained priority subscription rights for shareholders. At this stage, there are no plans to proceed with a transaction to reinforce stockholders' equity that would be reserved to the French State without specific approval from the Shareholders' Meeting.

Wage negotiations

1/ The loan granted by the French State to Air France-KLM is subject to the realization of agreements required for the transformation of Air France via a social dialogue with the unions. Will this consultation with the unions be conducted with all the unions representing all categories of staff within the company and the Group's airline subsidiaries?

The Air France management will conduct the negotiations in question with the organizations representing all categories of staff, aimed at attaining the signature of agreements contributing to the realization of the objectives of the transformation and recovery plan.

2/ Have you already begun negotiations with the SNPL (*Syndicat National des Pilotes de Lignes*) pilots' union on the future of domestic and short-haul traffic, and the development of Transavia? Do you think that you will be able to achieve significant results with this union?

Changes in the Air France domestic and short-haul network are required to ensure the company's sustainability and profitability. The question of its evolution within Air France will be examined with the competent staff representative bodies and the different unions representative of the company, as has always been the case.

Concerning the growth of Transavia France, it had been limited by agreements. The aim of the Air France management is to remove a maximum of these constraints, within the framework outlined above.

As a general rule, the social dialogue with all the representative unions has always been strong within Air France and is supported by a commitment to transparency, responsibility, respect and trust.

3/ Voluntary Departure Plan:

Faced with the Covid-19 crisis, the Group has announced two new voluntary departure plans, one at KLM and the other at Air France. What will be the long-term consequences for employment within the Group?

A return to the airline industry's pre-crisis growth rate will probably not happen for several years. In exchange for the support obtained from the French State, the Group is working on a recovery plan to be based, notably, on an acceleration in the transformation of Air France to improve its competitiveness and profitability, and thus ensure the sustainability of the company.

At the level of employment, Air France has always prioritized voluntary departures during periods of staff reduction imposed by the company's situation. The severity of the current crisis does not call into question this approach. However, the needed acceleration in the company's transformation will require mobility wherever voluntary departures prove insufficient. In June, the Air France management will present a response adapted to the new resources requirements through to 2022.

Governance

1/ Why do the Internal Rules of the Board of Directors not figure on the Air France-KLM website like the company's Articles of Incorporation?

The Internal Rules of the Air France-KLM Board of Directors are available on the Company's website (www.airfranceklm.com) on the page dedicated to the Board of Directors (Group/Governance/Board of Directors).

2/ Nearly one third of the current members of the Board of Directors have passed the age limit of 70 years figuring in the company's Articles of Incorporation. There are no age exemptions in the Articles of Incorporation. How does the Group plan to comply with the Company's Articles of Incorporation?

Article 26 of Air France-KLM's Articles of Incorporation foresees an age limit of 70 years for "*the Chairman, General Manager and the Deputy General Manager(s)*". This age limit does not apply to Board directors.

Article L.225-19 of the French Commercial Code provides that, in the absence of an explicit provision in the constitution, "*the number of directors over the age of seventy years may not be more than one third of the directors in office*". At May 26, 2020, five Board directors (of a total of 19) have reached or surpassed the age of seventy years, i.e. 26% of the Board members. The composition of the Board of Directors thus complies with the law.

3/ Board directors must own at least ten shares in the company. Is this currently the case for all the Board directors?

Pursuant to the provisions of Article L.225-25 of the French Commercial Code, Article 19 of the Air France-KLM Articles of Incorporation provides that "*Each director must own at least 10 shares throughout his or her term of office*". These provisions do not, however, apply to the Board directors representing the employee shareholders and the Board directors representing the employees (Article L.225-25 paragraph 3 of the French Commercial Code) or to the Board directors appointed by the State and the Board directors appointed by the Shareholders' Meeting as proposed by the State (Articles 5 paragraph 5 and 6 VI of French Ordinance No.2014-948 of August 20, 2014).

4/ Article 28 the company's Articles of Incorporation mentions the possible appointment of observers. For more than twenty years, this function has no longer existed within the Group. Could this Article have become obsolete?

Article 28 enables the Board of Directors to propose, to the Ordinary Shareholders' Meeting, the appointment of observers. The Board of Directors will be able to use this provision in the Articles of Incorporation if it deems necessary.

Flying Blue

Faced with the current crisis, does the Group envisage asking the holders of Miles within the framework of its loyalty programs to forfeit some of the options linked to their acquired entitlements?

In the current exceptional circumstances, we have decided to extend the validity of Miles liable to expire in the coming few months until the end of 2020. We thus do not plan to ask our customers to forfeit their Miles.

Flying Blue does, however, enable members to show their generosity by donating their Miles to the staff of public health or medical/social institutions, who can exchange them for airline tickets for holidays. Between May 15 and June 15, Flying Blue is even doubling the donations of its members up to 75 million Miles.

With a target of 100 million Miles proposed to health professionals having worked during the emergency period in the Grand-Est, Hauts-de-France, Ile-de-France and Bourgogne-Franche-Comté regions which were particularly badly affected by Covid-19, this amounts to 50,000 Miles to be potentially offered to every professional beneficiary, i.e. the equivalent of two return tickets in Europe or France, or access to other types of products and services, like car rentals and hotel accommodation. These Miles will remain valid for two years.

Financial results

1/ The financial communication documents report restructuring provisions of €31 million. Do you expect to have to reassess this level of provisioning to reflect future strategic decisions?

At this stage in the decision-making process, the conditions required for the booking of the restructuring provisions are not fulfilled. It is thus premature to advance any costings. As soon as all the conditions are met, the Group will book the provisions required to cover these new restructuring costs. These amounts will be disclosed during the following quarterly report.

2/ Page 103 of the consolidated financial statements mentions Air France-KLM Finances, SAS Air France Finances and SAS Air France Finances Ireland. What are the corporate purposes of these companies?

These three companies are holding companies whose corporate purpose covers any activity within the framework of a holding company.

Customer experience

A panel of experts and the readers of USA Today have crowned Delta Airlines "Best Airline". The American airline is followed by three of its colleagues: Southwest Airlines in second place, Alaska Airlines, third, and JetBlue, fourth. Korean Air is ranked sixth, Japan Airlines seventh and All Nippon Airways eighth. Singapore Airlines is ranked ninth and Cathay Pacific tenth. A single European airline company has succeeded in making it into the top 10; KLM which is ranked eighth. Why does Air France not figure in this ranking?

The evaluation criteria enabling this ranking are not shared with us. We do know that it corresponds to a two-stage opening mode, starting with the editor shortlisting a number of airlines followed by a vote by readers. This system does not offer the best guarantees of representativeness (impossible to verify the nature of the voters, no qualification of the nature and number of their trips). While Air France is not in the global top 10, it is ranked fourth in the "Best Business Class and First Class" category, behind JAL, ANA and Emirates. Still in this ranking, in the category "Best In-flight Food", Air France is ranked third, after Air New Zealand and JAL.