Minutes of the Shareholders' Meeting on May 31, 2012

The Ordinary General Shareholders’ Meeting on May 31, 2012, chaired by Jean-Cyril Spinetta, Chairman and Chief Executive Officer, brought together some 1,000 people in the Carrousel du Louvre, in the presence of the members of the Board of Directors. The quorum for the Meeting reached 37.65%, i.e. 111,468,698 votes of a total of 296,029,812 shares with voting rights, each share conferring the right to one vote. In total, 14,371 shareholders present or represented adopted nine of the ten resolutions submitted to the vote.

The scrutineer functions were fulfilled by the French Government Shareholding Agency (APE), represented by Jean-Dominique Comolli, and by Bernard Pédamon, the two members attending the Meeting with the most votes.

The retransmission of the Meeting is available on the website www.airfranceklm-finance.com.

Results of the voting on the resolutions

		For	Abstention	Against
1	Approval of the Company financial statements for 2011	96.82%	0.29%	2.89%
2	Approval of the consolidated financial statements for 2011	96.83%	0.28%	2.89%
3	Allocation of the results for 2011	97.24%	0.27%	2.49%
4	Related party agreements and commitments	19.44%	1.76%	78.80%
5	Ratification of the co-opting of Mr Alexandre de Juniac as a Board director	79.62%	0.22%	20.16%
6	Renewal of Mr Leo van Wijk’s Board director mandate	80.57%	1.95%	17.48%
7	Renewal of Mr Cornelis van Lede’s Board director mandate	82.67%	0.19%	17.14%
8	Renewal of Mr Jean-François Dehecq’s Board director mandate	74.10%	0.23%	25.67%
9	Authorization to be granted to the Board of Directors to perform operations in the Company’s shares	97.09%	0.13%	2.78%
10	Powers to accomplish formalities	99.28%	0.17%	0.55%

Governance

Change of governance

In his opening address to the Meeting, the Chairman noted the change in the Group’s governance taking place in October and November 2011.

Within a context marked by economic uncertainty and increased competition, the Board of Directors considered that the absolute priority should be given to improving the results of Air France and KLM. Consequently, the implementation of a fully-fledged Air France-KLM holding company, which had been planned for early 2012, was postponed until 2013, resulting in Mr Pierre-Henri Gourgeon resigning his mandates as Chief Executive Officer and Board director of Air France-KLM and Air France. The Board then decided to separate responsibility for Air France-KLM and its subsidiary Air France and to reunite the functions of Chairman and Chief Executive Officer. It appointed Jean-Cyril Spinetta as Chairman and Chief Executive Officer and Leo van Wijk as Deputy Chief Executive Officer. On November 16, 2011, Alexandre de Juniac was appointed Chairman and Chief Executive Officer of Air France.

Composition of the Board of Directors

The mandates of Mr Jean-François Dehecq, Mr Cornelis van Lede and Mr Leo van Wijk were renewed for a period of four years. The appointment of Mr Alexandre de Juniac was ratified for a period of four years. At the end of the Meeting, the Board of Directors comprised 15 members, of which three are women.

Remuneration

The Chairman and Chief Executive Officer and the Deputy Chief Executive Officer receive fixed annual remuneration of €200,000 and €150,000 respectively, whose amount was set by the Board of Directors, with the exclusion of any other remuneration.

Furthermore, Mr Spinetta made a formal commitment before the Shareholders' Meeting not to request, for the future, the benefit of any specific clauses relating to the termination of his functions, for example in the form of a non-compete or any other type of indemnity.

Presentation of the resolutions

The Chairman presented all the resolutions submitted to the vote by shareholders. With reference to the fourth resolution concerning the indemnity paid to Mr Pierre-Henri Gourgeon in return for a non-compete commitment for a period of three years, Mr Spinetta reiterated the circumstances of Mr Gourgeon's resignation and the reasons why the Board of Directors had granted this indemnity.

Fiscal year 2011 (see also the Registration Document and the Annual Report available on request and on the website)

Key figures

Revenues: €24.36 billion	Net result: €(809) million
EBITDAR: €2.19 billion	Free cash flow: €(333) million
Operating result: €(353) million	Net debt: €6.5 billion

As a result of the change in fiscal year end from March 31 to December 31, the fiscal year spanned only nine months (April-December 2011). To facilitate understanding of the business and the results, the latter were presented over twelve months (January-December 2011) with a comparison over the same period in 2010.

Activity and results

Philippe Calavia, Chief Financial Officer of the Air France-KLM Group, presented the activity and financial results for the fiscal year. He reminded the Meeting that the difficult economic environment during 2011 had led to pressure on unit revenues which were insufficient to offset the increased price of fuel. He then reviewed the different businesses.

The passenger business recorded a good level of traffic but its level of unit revenue was insufficient to offset the rise in the fuel bill. For its part, the cargo business had to contend with the ongoing weakness of global trade. Although they saw growth in revenues, these two businesses generated operating losses. On the other hand, as in previous years, the maintenance business generated a comfortably positive operating result thanks to the growth in its engine and component support activities. The other businesses (leisure and catering) also saw a significant improvement in their profitability in 2011 even if this division continued to post a modest loss.

The Shareholders' Meeting was also the opportunity for Philippe Calavia to reiterate the Group's sustainable development commitments and outline the measures taken by the two airlines to reduce their carbon footprints and noise disturbance. The Group's policy has achieved widespread recognition, Air France-KLM having being confirmed sector leader for the seventh consecutive year by the DJSI (Dow Jones Sustainable Development Index).

During his commentary on the financial results, Philippe Calavia explained the trend in the operating result which, over the twelve months of 2011, had moved from a €28 million positive to a €353 million negative under the impact of the increase in the fuel bill (+€904 million). Although stable year on year, the net cost of financial debt together with one-off items weighed on the net result which stood at €(809) million. Furthermore, with operating cash flow not enough to cover total investment, net debt increased to €6.5 billion (+€450 million). However, at December 31, 2011, the Group enjoyed a good level of liquidity with €2.9 billion of cash and €1.85 billion of available credit facilities.

Philippe Calavia concluded his presentation with the following comments: "*The situation is unsatisfactory and this is being reflected in the share price. This is why decisions have been taken to improve the situation and enable the share price to regain a level which corresponds to the value and financial potential represented by your company."*

Strategy

The Chairman, Mr Spinetta, then took the floor to talk about the outlook for the Group. He reiterated that the Group's strategy had not been called into question by these poor results although the Group did have to adapt its business model. The economic environment, the structural change in customer behavior and the increased competition from new players all require the Group to engage in efforts to transform its business. This is the aim of the Transform 2015 plan, approved by the Board of Directors, which puts the priority on reducing net debt by €2 billion by the end of 2014. On the roll-out of the plan, the Chairman indicated that some measures had already been implemented like freeze in general salary increase, reducing capacity, adjusting the investment plan and cost-saving initiatives. This should enable some €1 billion of savings by the end of 2014. At the same time, a number of industrial projects have been launched whose key lever is a significant improvement in productivity: +20% at Air France and +15% at KLM. Discussions with the unions are underway in the two airlines aimed at the signature of a new collective agreement framework at Air France by the end of June and, at KLM, in the autumn. While all the Group's businesses are concerned, medium-haul is the main focus. Having posted a loss of €700 million in 2011, a return to break-even for this business is vital for the Group.

The Chairman concluded his presentation with the following comments: "*Given the concerted action which has been taken by Air France and KLM, I would like to take the opportunity offered by your Shareholders' Meeting to assure you of my confidence in the success of the Transform 2015 Plan".*

Dialogue with shareholders

The Chairman opened the dialogue with shareholders by noting that the Board of Directors had replied to 31 questions in writing and that he would alternate reading aloud these replies with the questions from shareholders attending the Meeting.

The themes addressed in this dialogue lasting more than two hours were the Group's strategy, governance and the Transform 2015 plan. Given the large number of questions, the questions and answers figuring below provide an effective summary of the different exchanges.

Governance

Most of the questions on governance concerned the non-compete indemnity paid to Mr Pierre-Henri Gourgeon.

Jean-Cyril Spinetta

At the beginning of the Meeting, I mentioned the reasons behind the resignation of Pierre-Henri Gourgeon. In view of these circumstances, the Board of Directors deemed it necessary to decide on additional compensation and a non-compete indemnity which could not have been foreseen in Mr Gourgeon's employment contract since, in his capacity as a company officer, Mr Gougeon did not have an employment contract with the company.

This indemnity was justly and reasonably decided during the Board of Directors' meeting of October 17, 2011, aimed at protecting the company against the risk that it would have incurred had this indemnity not existed, Mr Pierre-Henri Gourgeon having significant knowledge of the air transport industry.

I would like to address the consequences of a possible rejection by your Shareholders' Meeting of this resolution.

The French Commercial Code, which makes it mandatory for related party agreements to be submitted for approval by Shareholders' Meetings, stipulates that the agreements submitted to Shareholders' Meetings, whether or not they are approved, are nonetheless applicable with regard to third parties, except when they are cancelled in the event of fraud.

Pursuant to the French Commercial Code, the rejection of this resolution will thus have no direct impact on the non-compete indemnity received by Pierre-Henri Gourgeon. The controversy surrounding this indemnity is not due to the indemnity itself but the timing of its occurrence within an environment as already outlined. Naturally, and particularly in these circumstances, company senior executives must participate in the efforts being asked of all employees and, in my view, this is already the case. 58 senior executives of Air France have accepted a 17% reduction in their salaries, the Chairman and Chief Executive Officer of Air France has waived half his variable compensation in respect of the 2012 fiscal year, and the Board members have proposed a halving in their Directors' fees (whose overall amount has remained unchanged for the past eight years) in respect of 2012.

Strategy

Question: Are you not arriving too late and in an unfavorable negotiating position with low-cost partners and airlines in the Near and Middle East, as well as with the Gulf State airlines.

Jean-Cyril Spinetta

My response is that it is rather the opposite. Air France-KLM was the first airline to sign a partnership agreement with a low-cost Brazilian carrier, Gol, which has major positions in the Brazilian domestic market. Since then, agreements have been signed with other carriers like, for example, West Jet in Canada and Indigo in the Indian market.

This cooperation requires IT systems that are compatible for the handling of our respective customers which may limit the possible agreements. We are equally dynamic for the Near and Middle Eastern carriers, with Saudi Airlines and East Airlines both preparing to join our SkyTeam alliance.

In terms of the Gulf State carriers, we are currently in discussions with Etihad and may make a decision in the next few months.

Question: Do you envisage increasing your shareholding in Alitalia in 2013 beyond the current economic and commercial cooperation.

Jean-Cyril Spinetta

Alitalia has again become an exceptional airline in terms of its level of commercial and operational performance. Obviously it has not yet returned to break-even at the operating level in view of the difficulties currently being traversed by the air transport industry globally, and particularly the European carriers, but we certainly plan to maintain and reinforce our cooperation with Alitalia.

As for any changes in our Alitalia stake which is currently some 25%, there are no immediate plans. Furthermore, the shareholders' pact signed in 2009 prohibits any change before the end of 2012.

Question: You used to have a very effective fuel hedging policy. What is your current fuel hedging policy?

Philippe Calavia

The fuel hedging policy is aimed at mitigating the impact of market price volatility and was redefined in 2009. Over a two-year horizon, we hedge 60% of our consumption for the coming twelve months and 20% for the following 12 months. We take a prudent approach given the price volatility. This hedging proved effective last year since it enabled us to reduce the fuel bill by €459 million. The movement leading to losses in the past has been reversed and, this year, although the oil price remains around or slightly above $100, this policy will also produce positive effects. If the oil price moves below this level, this policy will produce slightly negative effects but the non-hedged fuel bill will then see the full benefits of the fall in prices.

*Question**:** The Transform plan looks clear, effective and full of hope. However, if the environment remains very competitive and your competitors also implement cost-saving plans what will then be your room for manœuvre at the level of the Transform plan?*

Jean-Cyril Spinetta

You are right that our European competitors have launched action plans resembling our own. This is the case for, for example, Iberia and Lufthansa. These plans aim, as does ours, to improve their performance. Their results for the 2012 first quarter were mediocre as indeed were ours.

If we achieve our objective in terms of unit cost per equivalent available-seat kilometer of 4.4 euro cents, I genuinely believe that, whatever the efforts made by our competitors, we shall be in a very satisfactory position for the years to come and able to take any new oil shocks in our stride. We are going to have to make very considerable efforts but in my view we can achieve this. These efforts are adapted to the situation and will enable Air France-KLM to regain a comfortable margin of profitability.