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Air France-KLM S.A.

**Statutory Auditors' special report
on regulated agreements**

Shareholders' Meeting held to approve the financial
statements for the year ended December 31, 2019
Air France-KLM S.A.
2, rue Robert Esnault-Pelterie – 75007 Paris



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Air France-KLM S.A.

Registered office: 2, rue Robert Esnault-Pelterie - 75007 Paris
Share capital: €428,634,035

Statutory Auditors' special report on regulated agreements

Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2019.

To the Shareholders' Meeting of the company Air France-KLM S.A.,

In our capacity as Statutory Auditors of your company, we hereby present to you our report on regulated agreements.

The terms of our engagement require us to communicate to you, based on the information provided to us, the principal terms, conditions and justifications of interest for the company of agreements brought to our attention, or that may have been discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness, and without identifying the existence of other agreements if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (*Code de commerce*), to assess the interest related to the conclusion of those agreements for approval purposes.

Our role is also to provide you with the information stipulated in Article R.225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the Shareholders' Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in verifying the consistency of the information provided to us with their underlying documentation.



AGREEMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Agreements authorized and/or concluded during the year

In accordance with the provisions of article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of the following agreements which have been subject to the preliminary authorization by your Board of Directors.

Modification of the transatlantic partnership between Air France-KLM, Delta Air Lines and Virgin Atlantic

Common directors concerned:

Delta Airlines Inc.: member of the Board of Directors of Air France-KLM, represented by M. George N.Mattson, and Virgin Atlantic

Nature, purpose and terms:

Air France-KLM (AF-KLM), Delta Air Lines Inc. (Delta) et Virgin Atlantic (VAL) announced on February 3, 2020, the implementation of the an expanded transatlantic partnership (the « **Partnership** »), as well as the confirmation that AF-KLM would no longer proceed with the acquisition of a 31% equity interest in VAL. This decision resulted in the amendment of the Partnership agreements concluded in May 15, 2018, and authorized by your Board of Directors during meetings held in March 14 and May 15, 2018, without affecting the AF-KLM position in the commercial joint venture involving Delta, VAL and AF-KLM. Those agreements had been approved by the shareholders' meeting held in May 28, 2019, on the special report of the statutory auditors dated Mach 29, 2019.

The following signed agreements, authorized by your Board of Directors dated October 30, 2019, lead to the implementation of the Partnership:

1. Termination of the Share Purchase Agreement (“**SPA**”) between Air France-KLM Finance SAS (“AFKL Finance”) and Virgin Investments Limited, related to the purchase of 31% stake in VAL, and termination of other agreements ancillary to the SPA.
2. Amendment and updating of the Joint-Venture Agreement between Delta, Virgin Atlantic Airways Limited, AF-KLM, KLM and Société Air France (signed on January 30, 2020 and effective as per January 1, 2020), in order to reflect the termination of the SPA.
3. Amendment and updating of the Implementation Agreement between AFKL Finance, Société Air France, KLM, Delta, VAL, Virgin Investments Limited, Virgin Atlantic Airways Limited and Sir Richard Branson (signed on January 9, 2020 and effective as per January 1, 2020), in order to reflect the termination of the SPA.



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4. Signature of an agreement between AF-KLM, Delta et Virgin Group (signed and effective as per January 30, 2020) granting AF-KLM, subject to specific conditions, a right to acquire shares in VAL in the event of a sale by Virgin Group of shares in VAL to a third party (the « **Agreement** »).

Justification of the interest of the agreement for the company

Your Board of Directors considered:

- The amendment of the Joint-Venture agreement and of the Implementation agreement has been concluded in order to reflect, among other interests, the AF-KLM decision not to proceed with the acquisition of a 31% equity interest in VAL, without affecting AF-KLM commercial position within the Joint-Venture, as approved on May 15, 2018.
- Following the AF-KLM decision not to proceed with the acquisition of a 31% equity interest in VAL, Virgin Group maintains its majority interest by 51% in VAL, with Delta owning 49%. AF-KLM benefits from a right to acquire shares in VAL from Virgin Group subject to specific conditions defined in the Agreement.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements approved in prior years which remained current during the year

We hereby inform you that we have not been advised of any agreement previously approved by the Shareholders' Meeting which remained in force during the year.

Paris La Défense, April 7, 2020

The Statutory Auditors

KPMG Audit
A division of KPMG S.A.
Eric Jacquet
Partner

Deloitte & Associés
Guillaume Troussicot
Partner

Pascal Colin
Partner

This is a free translation into English of the Statutory Auditors' special report on regulated agreements with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.