Prospectus dated 12 June 2014

Air France-KLM

€600,000,000 3.875 per cent. Notes due June 2021

(ISIN: FR0011965177)

Issue Price: 99.250 per cent. of the aggregate principal amount of the Notes

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and the Council dated 4 November 2003, as amended (which includes the amendments made by Directive 2010/73/EU of the European Parliament and the Council dated 24 November 2010) (the "**Prospectus Directive**").

The €600,000,000 3.875 per cent. notes due June 2021 (the "**Notes**") of Air France-KLM (the "**Issuer**") will be issued outside the Republic of France on 18 June 2014 (the "**Issue Date**").

Each Note will bear interest on its principal amount from (and including) the Issue Date to (but excluding) 18 June 2021 at a fixed rate of 3.875 per cent. per annum payable annually in arrear on 18 June in each year and commencing on 18 June 2015, as further described in the section "Terms and Conditions of the Notes – Interest" of this Prospectus. Payments in respect of the Notes will be made without deduction for or on account of taxes imposed or levied by the Republic of France to the extent described under "Terms and Conditions of the Notes – Taxation".

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in full at their principal amount on 18 June 2021. The Notes may, and in certain circumstances shall, be redeemed, in whole but not in part, at their principal amount together with accrued interest in the event that certain French taxes are imposed (See "Terms and Conditions of the Notes - Redemption and Purchase").

Noteholders (as defined in "Terms and Conditions of the Notes") will be entitled, in the event of a change of control of the Issuer or in the event that a third party comes to hold (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (subject to certain exemptions), to request the Issuer to redeem their Notes at their principal amount together with any accrued interest as more fully described in "Terms and Conditions of the Notes – Change of Control".

Application has been made for approval of this Prospectus to the *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements the Prospectus Directive.

Application has been made to Euronext Paris for the Notes to be listed and admitted to trading on Euronext Paris ("**Euronext Paris**"). Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission.

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of accountholders. No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier* will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders (as defined in "Terms and Conditions of the Notes – Form, Denomination and Title"), including Euroclear Bank SA/N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The Notes have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are not being offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act ("**Regulation S**") or pursuant to an exemption from the registration requirements of the Securities Act.

The Notes are not expected to be assigned a rating. At the date hereof, the Issuer is not rated.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Articles L. 412-1 et L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement général*) of the AMF, in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa n°14-291 on 12 June 2014.

This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa has been granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information in it is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this Prospectus and, in particular, the information set out in the section entitled "Risk Factors" before making a decision to invest in the Notes.

So long as any of the Notes remain outstanding, copies of this Prospectus and all documents incorporated by reference in this Prospectus will be available free of charge (i) on the website of the AMF (www.amf-france.org) and (ii) on request at the registered office of the Issuer during normal business hours.

Global Coordinators and Joint Lead Managers

HSBC **Natixis**

Joint Lead Managers

ING **Société Générale Corporate & Investment Banking**

*This Prospectus has been prepared for the purpose of giving information with respect to (i) the Issuer, (ii) the Issuer and its subsidiaries and affiliates taken as a whole (the "**Group**") and (iii) the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer.*

This Prospectus does not constitute an offer of, or an invitation or solicitation by or on behalf of the Issuer or the Joint Lead Managers (as defined in "Subscription and Sale" below) to subscribe or purchase, any of the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions, including, without limitation, the United States, the United Kingdom and the Republic of France, may be restricted by law. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Notes and distribution of this Prospectus, see "Subscription and Sale" below.

*The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered or sold within the United States, or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).*

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Lead Managers have not separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or any of them as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes.

In making an investment decision regarding the Notes, potential investors should rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax *advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes.*

Potential investors should read carefully the section entitled "Risk factors" below for certain information relevant to an investment in the Notes and before making a decision to invest in the Notes.

In this Prospectus, unless otherwise specified or the context requires, references to "euro", "EUR" and "€" are to the single currency of the participating member states of the European Economic and Monetary Union and references to "dollars", "USD" or "$" are to the single currency of the United States of America. References to "Air France" and "KLM" are respectively to Air France and KLM and their respective subsidiaries, unless the context otherwise requires.

*In connection with the issue of the Notes, Natixis (the "**Stabilising Manager**") (or any person acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.*

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's business strategies, expansion and growth of operations, trends in its business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward- looking statements, which speak only as of the date hereof.

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RESPONSIBILITY STATEMENT

Air France-KLM

I declare, after taking all reasonable measures for this purpose and to the best of my knowledge, that the information in relation to Air France-KLM contained or incorporated by reference in this Prospectus is in accordance with the facts and that it makes no omission likely to affect its import.

The statutory auditors' report on the consolidated financial statements of the Issuer for the year ended 31 December 2013 included on pages 250 and 251 of the 2013 Registration Document (as defined in "Incorporation by Reference") contain the following observation: "*Without qualifying our opinion, we draw your attention to the note 2.1 to the consolidated financial statements which sets out the change in accounting policy relating to the application of IAS 19 revised "Employee Benefits" effective as from January 1st, 2013*."

Air France – KLM
2, rue Robert Esnault-Pelterie
75007 Paris
France

Duly represented by:
Alexandre de Juniac
Chairman and Chief Executive Officer

on 12 June 2014

INCORPORATION BY REFERENCE

This Prospectus should be read and construed in conjunction with the following sections identified in the cross-reference table below of the following documents (the "**Documents Incorporated by Reference**"), which have been previously published and have been filed with the AMF. Such sections shall be incorporated in, and shall be deemed to form part of, this Prospectus:

(i) the Issuer's 2013 Registration Document "*Document de Référence*" in the French language which was filed with the AMF on 8 April 2014 under number D14-0311, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2013 and the related notes thereto and the related statutory auditors' report (the "**2013 Registration Document**"), except for the third paragraph of the section "*Attestation du responsable*" on page 292; and

(ii) the Issuer's 2012 Registration Document "*Document de Référence*" in the French language which was filed with the AMF on 9 April 2013 under number D13-0314, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2012 and the related notes thereto and the related statutory auditors' report (the "**2012 Registration Document**"), except for the third paragraph of the section "*Attestation du responsable*" on page 289.

Free translations in the English language of the 2013 Registration Document and the 2012 Registration Document are available on the Issuer's website (www.airfranceklm.com). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a Document Incorporated by Reference shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of the Documents Incorporated by Reference are available free of charge (i) on the website of the Issuer (www.airfranceklm.com) and on the website of the AMF (www.amf-france.org) and (ii) on request at the registered office of the Issuer or the Paying Agent during normal business hours so long as any of the Notes is outstanding, as described in the section "General Information" below.

For the purposes of the Prospectus Directive, information can be found in such Documents Incorporated by Reference or in this Prospectus in accordance with the following cross-reference table. Any information not listed in the cross-reference list but included in the Documents Incorporated by Reference is given for information purposes only.

CROSS-REFERENCE TABLE

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RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus. Terms defined in "Terms and Conditions of the Notes" below shall have the same meaning in the following section.

RISK FACTORS RELATING TO THE ISSUER

The risk factors relating to the Issuer are set out in pages 81 to 103 and 218 to 220 of the 2013 Registration Document incorporated by reference in this Prospectus, as described in the section "Incorporation by Reference".

RISK FACTORS RELATING TO THE NOTES

Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of such investor's own circumstances. In particular, each potential investor should:

(i) be experienced with respect to transactions on capital markets and notes and understand the risks of transactions involving the Notes;

(ii) reach an investment decision only after careful consideration of the information set forth in this Prospectus and general information relating to Notes;

(iii) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

(iv) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(v) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(vi) understand thoroughly the terms of the Notes;

(vii) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks;

(viii) make their own assessment of the legal, tax, accounting and regulatory aspects of purchasing the Notes; and

(ix) consult its legal advisers on legal, tax and related aspects of investment in the Notes.

Some potential investors are subject to restricting investment regulations. These potential investors should consult their legal counsel in order to determine whether investment in the Notes is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them.

No Limitation on Issuing Debt

There is no restriction on the amount of debt which the Issuer may issue or guarantee. The Issuer and its subsidiaries may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including non-payment of the interest and, if the Issuer or the Principal Subsidiaries were liquidated (whether voluntarily or involuntarily), loss of their entire investment.

Redemption Risk

The Notes may at the option of the Issuer, and shall in certain circumstances, be redeemed, in whole but not in part, at their principal amount together with accrued interest for certain tax reasons (see "Terms and Conditions of the Notes – Redemption and Purchase"). In such circumstances, any early redemption of the Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated. An investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Furthermore, the Issuer may be unable to redeem the Notes at the maturity date. The Issuer could also be compelled to redeem the Notes if an event of default, Change of Control or Share Transfer (as defined in "Terms and Conditions of the Notes – Change of Control") were to occur. If the Noteholders, upon an event of default, a Change of Control or a Share Transfer, were to require from the Issuer the redemption of their Notes, the Issuer cannot guarantee that it will be able to pay the whole required amount. The Issuer's capacity to redeem the Notes will in particular depend on its financial situation at the time of the redemption and may be limited by any applicable legislation, by the conditions of its indebtedness and also by any new financings in place at that date and which shall replace, add or modify the existing or future debt of the Issuer. Furthermore, the Issuer's failure to redeem the Notes may result in an event of default pursuant to the terms and conditions of another loan.

Exchange rate risk and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euro (the "**Investor's Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected.

Fixed Rate

The Notes bearing interest at a fixed rate, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes.

An active trading market for the Notes may not develop (liquidity risk)

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. The Issuer is entitled to buy and sell the Notes for its own account or for the account of others, and to issue further Notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing products are introduced in the markets, this may adversely affect the value of the Notes.

Market Value of the Notes

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest and yield rates and the time remaining to the maturity date. The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Noteholder.

Modification of the Terms and Conditions of the Notes

Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 11 ("Representation of the Noteholders") of the Terms and Conditions of the Notes, and a general meeting of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

The Notes are effectively subordinated to subsidiary debt and unlike the notes previously issued by the Issuer do not benefit from a guarantee from Société Air France ("SAF") and Koninklijke Luchtvaart Maatschappij N.V. ("KLM").

The Issuer is a holding company with no material assets other than its shareholdings in its subsidiaries including in particular SAF and KLM. Accordingly, the Notes will effectively be subordinated to claims of all creditors of the Issuer's subsidiaries, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries. Such priority claims include guarantees granted by the subsidiaries in respect of the Issuer's borrowings. Upon the insolvency or liquidation of any of the Issuer's subsidiaries, the Issuer will have the right, in its capacity as a shareholder, to receive assets of such subsidiary only after all claims of creditors of the subsidiary are fully satisfied. In addition, even if the Issuer has claims as a creditor in the insolvency or liquidation of a subsidiary, the Issuer's rights will effectively be subordinated to the claims of secured creditors of the subsidiary. As of 31 December 2013, the Group's total borrowings amounted to €10.7 billion, of which €5.76 billion were secured by specific assets of the Issuer's subsidiaries and €2.41 billion was borrowed by the Issuer and guaranteed by the Issuer's subsidiaries.

Change of Law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Prospectus.

Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial notes such as the Notes. Potential investors are advised not to rely upon the tax section contained in this prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

A Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes.

EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Savings Directive**"). The Savings Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State, or to certain limited types of entities established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The rate of this withholding tax is currently 35 per cent. The Luxembourg government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Directive amending the Savings Directive (the "Amending Directive"), which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the Amending Directive will broaden the categories of entities required to provide information and/or withhold tax pursuant to the Savings Directive, and will require additional steps to be taken in certain circumstances to identify the beneficial owner of interest (and other income) payment, through a "look through" approach. The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this Amending Directive.

Investors should inform themselves of, and where appropriate take advice on the impact of the Savings Directive and the Amending Directive on their investment.

Pursuant to the Terms and Conditions of the Notes, if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer will be required to maintain or appoint a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Austria Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovenia and Slovakia (the **"Participating Member States"**).

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The FTT would impose a charge at generally not less than 0.1 per cent. of the sale price on such transactions. Primary market transactions referred to in Article 5(c) of regulation (EC) No 1287/2006 are exempt.

Under the latest proposals dated 14 February 2013 the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. If the proposed directive or any similar tax were adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Change of Control

In the event of a change of control of the Issuer or in the event that a third party comes to hold (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (subject to certain exemptions, all as more fully described in "Terms and Conditions of the Notes – Change of Control"), each Noteholder will have the right to request the Issuer to redeem all or part of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

French insolvency law

Under French insolvency law as amended by ordinance no.2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order no.2009-160 dated 12 February 2009 and law no.2010-1249 dated 22 October 2010 which came into force on 1 March 2011 and related order no.2011-236 dated 3 March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated safeguard procedure (*procédure de sauvegarde accélérée*) (as from 1 July 2014), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law. The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated safeguard plan (*projet de plan de sauvegarde accélérée*) (as from 1 July 2014), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or proposed judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders expressing a vote). No quorum is required to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in this Prospectus would not be applicable with respect to the Assembly to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

Rating

Neither the Notes nor the long-term debt of the Issuer are rated. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Potential conflict of interest

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes to be issued hereunder. Any such short positions could adversely affect future trading prices of Notes to be issued hereunder. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €600,000,000 3.875 per cent. Notes due June 2021 (the "**Notes**") by Air France-KLM (the "**Issuer**") has been authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 29 April 2014 and a decision of its *Président Directeur général* dated 4 June 2014. The Issuer has entered into a fiscal agency agreement dated 12 June 2014 as amended and supplemented from time to time (the "**Fiscal Agency Agreement**") with BNP Paribas Securities Services as fiscal agent, paying agent and put agent (the "**Fiscal Agent**", the "**Paying Agent**" and the "**Put Agent**" which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent and put agent). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agent. References below to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs below. In these Conditions, "**holder of Notes**", "**holder of any Note**" or "**Noteholder**" means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

1 Form, Denomination and Title

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of € 100,000 each. Title to the Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, "**Account Holders**" shall mean any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books, and only in the denomination of €100,000.

2 Status of the Notes

The Notes and the interest thereon constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 below) unsecured obligations of the Issuer and rank and will rank all times *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with any other unsubordinated and unsecured obligations, present or future, of the Issuer.

3 Negative Pledge

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes not to, and undertakes to ensure that none of its Principal Subsidiaries (as defined below), grant to holders of other present or future notes (*obligations*), any mortgage (*hypothèque*) over the Issuer's or its Principal Subsidiaries' present or future assets or real property interests, nor any pledge (*nantissement*) on all or part of the Issuer's or its Principal Subsidiaries' business (*fonds de commerce*), nor any other security (*sûreté réelle, gage or nantissement*) on its present or future assets or income, unless the Issuer's obligations under the Notes are equally and rateably secured so as to rank *pari passu* with such other present or future notes (*obligations*) so secured. Such undertaking is given only in relation to security interests given for the benefit of holders of notes (*obligations*) and does not affect in any way the right of the Issuer to dispose of its assets or to grant any security in respect of such assets in any other circumstance.

For the purposes of these Conditions:

"**Principal Subsidiary**" means at any time relevant:

(a) Société Air France ("**SAF**"); or

(b) Koninklijke Luchtvaart Maatschappij N.V. ("**KLM**"); or

(c) any Subsidiary of the Issuer (other than SAF and KLM) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

"**outstanding**" means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 after such date) have been duly paid to the Fiscal Agent, (iii) those which have become void or in respect of which claims have become prescribed and (iv) those which have been purchased and cancelled as provided in the Conditions.

"**Subsidiary**" means in relation to any person or entity at any time, a subsidiary as defined in Article L.233-1 of the French *Code de commerce* or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 I.1 and I.2 of the French *Code de commerce*.

4 Interest

(a) Interest Payment Dates

The Notes bear interest from, and including, 18 June 2014 (the "**Issue Date**") to but excluding 18 June 2021 at the rate of 3.875 per cent. per annum payable annually in arrear on 18 June in each year (each an "**Interest Payment Date**"), commencing on 18 June 2015.

(b) Interest Payments

Each Note will cease to bear interest from the due date for redemption, unless payment of principal is improperly withheld or refused on such date. In such event, interest on such Note shall continue to accrue at such rate until, and including, whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder and (ii) the day of receipt by or on behalf of Euroclear France of all sums due in respect of all the Notes.

Interest shall be calculated on an Actual/Actual – ICMA basis, as follows:

(i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the Actual/Actual-ICMA basis will be the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(ii) if the Accrual Period is longer than one Determination Period, the Actual/Actual- ICMA basis will be the sum of:

(a) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(b) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

"**Accrual Period**" means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

"**Determination Period**" means the period from, and including, the Issue Date to, but excluding, the first Interest Payment Date and each successive period from, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date.

5 Redemption and Purchase

The Notes may not be redeemed otherwise than in accordance with this Condition and with Conditions 8 and 9.

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 18 June 2021.

(b) Redemption for Taxation Reasons

(i) If, by reason of a change in any law or regulation of the Republic of France or any political subdivision or authority therein or thereof having power to tax, or any change in the official application or interpretation of such law or regulation (including a holding by a competent court), becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7, the Issuer may, at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.

(ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

(c) Purchase

The Issuer may at any time purchase Notes in the open market or otherwise (including by way of tender or exchange offer) at any price. Notes so purchased by the Issuer may be cancelled or held and resold in accordance with Articles L.213-1 A and D.213-1-A of the French Code *monétaire et financier* and the applicable provisions of the *Règlement général* of the *Autorité des marchés financiers* for the purpose of enhancing the liquidity of the Notes

(d) Cancellation

All Notes which are purchased for cancellation by, or on behalf of, the Issuer pursuant to this Condition 5 or redeemed by the Issuer pursuant to Conditions 8 and 9 shall be immediately cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France and may not be re-issued or resold.

6 Payments

(a) Method of Payment

Payments of principal, interest and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks use the TARGET System (as defined below). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Fiscal Agent, as the case may be, in respect of such payment.

Payments of principal, interest and other amounts in respect of the Notes will be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable thereto, but without prejudice to the provisions described in Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) Payments on Business Days

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined below), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the relevant Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of these Conditions, "**Business Day**" means any day, not being a Saturday or a Sunday, (i) on which foreign exchange markets and commercial banks are open for business in Paris, (ii) on which Euroclear France, Euroclear and Clearstream, Luxembourg are operating and (iii) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system (the "**TARGET System**") or any successor thereto is operating.

(c) Fiscal Agent, Paying Agents and Put Agent

The name and specified offices of the initial Fiscal Agent, initial Put Agent and other initial Paying Agent are as follows:

FISCAL AGENT, PAYING AGENT AND PUT AGENT

BNP Paribas Securities Services
Les Grands Moulins de Pantin
9, rue du Débarcadère
93500 Pantin
France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Put Agent or any Paying Agent and/or appoint a substitute Fiscal Agent or Put Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Put Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times be (i) a Fiscal Agent having a specified office in a major European city, (ii) so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, at least one Paying Agent having a specified office in a European city and ensuring financial services in the Republic of France (which may be the Fiscal Agent).

Such appointment or termination shall be notified to the Noteholders in accordance with Condition 12.

7 Taxation

(a) Withholding Tax

All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) Additional Amounts

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)):

(i) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note; or

(ii) where such deduction or withholding is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7.

(c) Supply of information

Each holder of Notes shall be responsible for supplying to the Paying Agent, in a timely manner, any information as may be required by the latter in order for it to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 or any subsequent meeting of the Council of the European Union on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or Directives.

8 Change of Control

In the event of a Change of Control, as defined below, or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L.233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (a "**Share Transfer**"), each Noteholder may at its sole option require the early redemption of all or part of its Notes, subject to the conditions set out below.

The Notes will be redeemed at their principal amount plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date).

In the event of a Change of Control or Share Transfer, the Issuer will inform the Noteholders, no later than thirty (30) calendar days following the effective Change of Control or Share Transfer, by means of a notice in accordance with Condition 12. This notice will remind Noteholders that they are entitled to require the early redemption of all or part of their Notes and will indicate (i) the date which has been set for the early redemption, such date should fall between the twenty-fifth (25th) and the thirtieth (30th) Business Day following the date of the publication of the notice, (ii) the redemption amount and (iii) the period of at least fifteen (15) Business Days, during which early redemption requests and the corresponding Notes should be transmitted to the Put Agent.

The Noteholders seeking early redemption of their Notes must make such request to the financial intermediary through whose books the Notes are held. Once received by the financial intermediary through whose books the Notes are held, the request for early redemption will be irrevocable.

Redemption requests and the corresponding Notes shall be submitted to the Put Agent between the 20th and the fifth (5th) Business Day before the early redemption date.

A form of redemption request will be obtainable from the specified office of any Paying Agent.

The date of the early redemption request shall correspond to the Business Day during the course of which the last of conditions (1) and (2) below is met, at the latest at 5 p.m. Paris time or the next following Business Day if such condition is met after 5 p.m. Paris time:

(1) the Put Agent would have received the early redemption request from the financial intermediary through whose books the Notes are held;

(2) the Notes would have been transferred to the Put Agent by the relevant financial intermediary.

For the purposes of this Condition 8, "**Change of Control**" means, for one or more individuals or entities acting alone or in concert, acquiring the control of the Issuer, being specified that "**control**" means, for the purpose of the present definition, the holding (directly or indirectly via entities controlled by the relevant person(s)) of (x) the majority of the voting rights of the shares of the Issuer or (y) more than 40% of such voting rights if no other shareholder of the Issuer, acting alone or in concert, holds (directly or indirectly via entities controlled by such shareholder(s)) a percentage of voting rights in excess of the above stake.

9 Events of Default

The Representative (as defined in Condition 11 below), acting on behalf of the *Masse* (as defined in Condition 11 below), may, upon written notice to the Issuer (copy to the Fiscal Agent) before all defaults shall have been cured, cause all, but not some only, of the Notes to become immediately due and payable, at their principal amount together with any accrued interest thereon, upon the occurrence of any of the following events:

(a) the Issuer fails to make payment of any sum due in respect of the Notes and if the Issuer does not remedy such default within fifteen (15) calendar days from such due date; or

(b) the Issuer breaches any of the other provisions relating to the Notes, as the case may be, and does not remedy such breach within thirty (30) calendar days from the date the Issuer receives written notice of such breach from the Representative; or

(c) a payment default by the Issuer and/or any of its Principal Subsidiaries occurs in relation to any payment of any other borrowed money or loans guaranteed by the Issuer and/or any of its Principal Subsidiaries for an amount equal to or in excess of €125 million, or its equivalent in any other currency, on their due date, or on such date as may have been extended by any applicable grace period, unless the Issuer and/or its relevant Principal Subsidiary challenges such default in good faith before a competent court, in which case an early redemption of the Notes will be mandatory only if the court has decided on the merits of the case (*statué au fond*); or

(d) judgment is rendered ordering the liquidation or transfer of the entirety of the assets of the Issuer or any of its Principal Subsidiaries, or any equivalent procedure; if the Issuer or any of its Principal Subsidiaries is subject to a conciliation procedure (*procédure de conciliation*) as provided under Articles L.611-4 *et seq.* of the French *Code de commerce*[1], or any equivalent procedure, are in a state of suspension of payments (*cessation de paiements*) or any similar state, or subject to judicial liquidation proceedings (*procédure de liquidation judiciaire*) or any equivalent procedure.

10 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

11 Representation of the Noteholders

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the "***Masse***").

The *Masse* will be governed in accordance with Article L.228-90 of the French *Code de commerce* (the "**Code**") by the provisions of the Code applicable to the *Masse* (with the exception of the provisions of

[1] As from 1 July 2014, the Issuer or any of its Principal Subsidiaries entering into a conciliation (*procédure de conciliation*) with creditors will not constitute an Event of Default pursuant to a new Article L.611-16 of the French *Code de commerce* which shall enter into force on such date (*Ordonnance* 2014-326 dated 12 March 2014). Pursuant to such new Article L.611-16 of the French *Code de commerce*, any contractual provision to the contrary shall be null and void.

Articles L.228-48, L.228-59, L.228-65 I 1°, L.228-71, R.228-67, R.228-69, R.228-72 and R.228-79 thereof), and by the provisions set out below:

(a) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L.228-46 of the Code, acting in part through a representative (the "**Representative**") and in part through a general assembly of Noteholders.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

(b) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

(i) the Issuer, the members of its Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, its employees and their ascendants, descendants and spouses;

(ii) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their board of directors, executive board (*directoire*) or supervisory board (*conseil de surveillance*), their statutory auditors, employees and their ascendants, descendants and spouses;

(iii) companies of which the Issuer possesses at least ten (10) per cent. of the share capital or companies possessing at least ten (10) per cent. of the share capital of the Issuer; or

(iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The Representative shall be

Sylvain Thomazo
20, rue Victor Bart
78000 VERSAILLES

The alternative representative (the "**Alternative Representative**") shall be

Sandrine D'HAUSSY
69 av Gambetta
94100 Saint Maur des Fossés

The Representative will be entitled to a remuneration of €600 (VAT excluded) per year, payable on each Interest Payment Date with the first payment at the Issue Date.

In the event of death, incompatibility, resignation or revocation of the Representative, such Representative will be replaced by the Alternative Representative. The Alternative Representative shall have the same powers as the Representative.

In the event of death, incompatibility, resignation or revocation of the Alternative Representative, a replacement will be elected by a meeting of the general assembly of the Noteholders.

The appointment of the Representative shall terminate automatically on the date of final redemption in full of the Notes. Such appointment shall, if applicable, be automatically extended until the final resolution of any proceedings in which the Representative may be involved and the enforcement of any judgements or settlements relating thereto.

All interested parties will have the right to obtain the names and the addresses of the Representative and Alternative Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of the general assembly of the Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, in order to be valid, must be brought against the Representative or by it.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) General Assemblies of Noteholders

General assemblies of Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth (1/30) of the outstanding principal amount of the Notes may address to the Issuer and the Representative a demand for convocation of the general assembly; if such general assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly will be published as provided under Condition 12 not less than fifteen calendar days prior to the date of the general assembly for a first convocation and not less than six calendar days in the case of a second convocation.

Each Noteholder has the right to participate in general assemblies of the *Masse* in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify[2], videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote.

(e) Powers of General Assemblies

A general assembly is empowered to deliberate on the fixing of the remuneration, dismissal or replacement of the Representative and the Alternative Representative and may also act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that a general assembly may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

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[2] At the date of this Prospectus, the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in general assemblies of the *Masse* by videoconference or any other means of telecommunications allowing the identification of the participating Noteholders.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Noteholders attending such meeting or represented thereat.

In accordance with Article R.228-71 of the Code, the right of each Noteholder to participate in a general assembly of the *Masse* will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant general assembly.

(f) Notice of decisions to the Noteholders

Decisions of the general assembly must be published in accordance with the provisions set out in Condition 12 not more than ninety (90) calendar days from the date thereof.

(g) Information to the Noteholders

Each Noteholder or representative thereof will have the right, during the fifteen (15) calendar day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of the general assembly.

(h) Expenses

The Issuer will pay all duly evidenced and reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of general assemblies and the expenses which arise by virtue of the remuneration of the Representative, if any, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes. Accordingly, the second sentence of the first paragraph of Article L.228-71 of the Code shall not apply to the Notes.

12 Notices

Any notice to the Noteholders will be valid if delivered to Euroclear France, Euroclear and Clearstream, Luxembourg for so long as the Notes are cleared through such clearing systems, provided that, so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to that stock exchange so require, such notice shall also be published in a leading daily newspaper having general circulation in the Republic of France (which is expected to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders).

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

13 Further Issues and Assimilation

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for the amount and date of the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the event of such an assimilation, the Noteholders and the holders of such further notes will be grouped together in a single *Masse* for the defence of their common interests.

14 Governing Law and Jurisdiction

(a) Governing Law

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

(b) Jurisdiction

Any legal action or proceeding arising out of or in connection with the Notes will be irrevocably submitted to the exclusive jurisdiction of the competent courts in Paris.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used to refinance existing debt of the Group and for general corporate purposes.

DESCRIPTION OF THE ISSUER

The description of the Issuer and its activities is set out in the 2013 Reference Document of the Issuer incorporated by reference herein (see the "*Incorporation by Reference*" section set forth above in this Prospectus).

RECENT DEVELOPMENTS

<u>Financial Year 2014: First Quarter results (Press release dated 30 April 2014)</u>

FIRST QUARTER RESULTS ON TRACK

- Revenues of 5.55 billion euros, stable on a like-for-like basis, impacted by Easter calendar effect
- Operating result of -445 million euros, an improvement of 87 million euros
- EBITDA[1] of -50 million euros, an improvement of 66 million euros
- Reported unit cost[1] down 4.3%, and 1.7% like-for-like

FULL YEAR 2014 OUTLOOK: OBJECTIVES CONFIRMED

- Positive effect of Transform 2015
- Operating environment remains tough
- Measures underway to address headwinds from Caracas route and the slower than expected recovery in cargo demand

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The Board of Directors of Air France-KLM, chaired by Alexandre de Juniac, met on 29th April 2014 to approve the accounts for the First Quarter 2014.

	First quarter		
	2014	**2013***	**Change**
Revenues (€m)	5,554	5,681	-2.2%
Change on a constant currency and scope basis	-	-	*+0.0%*
EBITDA[1] (€m)	-50	-116	+66
EBITDA margin (%)	*-1.0*	*-2.0*	*+1.0 pts*
▸ Operating result (€m)	-445	-532	+87
▸ *Operating margin (%)*	*-8.0*	*-9.4*	*+1.4 pts*
Net result, group share (€m)	-608	-641	+33
Adjusted net result, group share[1] (€m)	-485	-652	+167
Earnings per share (€)	-2.05	-2.17	+0.12
Diluted earnings per share (€)	-2.05	-2.17	+0.12
Adjusted earnings per share[1] (€)	-1.64	-2.20	+0.56
Operating free cash flow[1] (€m)	-80	+40	-120
Net debt[1] at end of period (€m)	5,538	5,348[2]	+190

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

First Quarter 2014 revenues stood at 5,554 million euros versus 5,681 million euros in 2013, down 2.2%, but stable on a constant currency and scope basis (like-for-like). Currencies had a negative 108 million euro impact on revenues.

Operating costs were reduced by 3.4% and by 2.0% on a constant currency basis. Ex-fuel, they decreased by 2.3%, and by 1.3% on a constant currency basis. Unit cost per EASK[1] (Equivalent Available Seat Kilometer) was reduced by 4.3%, and by 1.7% on a constant currency, fuel price and pension expense basis, against capacity measured in EASK up by 1.2%. The fuel bill amounted to 1,553 million euros, down 6.3%, and down 3.5% on a constant currency basis. Total employee costs including temporary staff were down 3.8% to 1,846 million euros, and by

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[1] See definition in appendix

[2] At 31 December 2013

3.6% on a constant currency basis. At constant pension expense and scope, they declined by 60 million euros, well on track towards the 120 million euro reduction targeted for the full year.

EBITDA amounted to -50 million euros, an improvement of 66 million euros. The EBITDA margin stood at -1.0%, a 1.0 point improvement on 2013. The operating result stood at -445 million euros versus -532 million euros in 2013, an 87 million euro improvement. Currencies had a 15 million euro net negative impact on First Quarter operating result.

Net result, group share stood at -608 million euros against -641 million euros a year ago. It was impacted by 117 million euros of foreign exchange losses, in particular related to an adjustment in the value of the cash held by the Group in Venezuela, to take into account the currency conversion risk. On an adjusted basis[3], the net result, group share stood at -485 million euros against -652 million in First Quarter 2013, a 167 million euro improvement.

Earnings and diluted earnings per share both stood at -2.05 euros (-2.17 euros in 2013), and at -1.64 euros on an adjusted basis (-2.20 euros in 2013).

Passenger business

Passenger	**Q1 2014**	**Q1 2013**	***Change***	***Change Like-for-like****
Capacity (ASK m)	64,047	63,252	*+1.3%*	-
Traffic (RPK m)	53,027	51,965	*+2.1%*	-
Load factor	82.8%	82.2%	*+0.6 pts*	-
Total passenger revenues (€m)	4,365	4,450	*-1.9%*	*+0.0%*
Scheduled passenger revenues (€m)	4,168	4,223	*-1.4%*	*+0.5%*
Unit revenues per ASK (€ cts)	6.51	6.69	*-2.7%*	*-0.7%*
Unit revenues per RPK (€ cts)	7.86	8.14	*-3.4%*	*-1.5%*
Unit cost per ASK (€ cts)	7.10	7.39	*-4.0%*	*-2.4%*
Operating result (€m)	-378	-447	*+69*	*+80*

** Like-for-like: on a constant currency basis and restated for change in revenue allocation (7 million euros transferred from "other passenger" to "scheduled passenger" revenues in Q1 2013)*

First Quarter 2014 passenger revenues amounted to 4,365 million euros, down 1.9%, but stable on a constant currency basis. The passenger business was particularly impacted by the calendar effect of Easter, which fell in March last year. The operating result of the passenger business stood at -378 million euros, versus -447 million euros in Q1 2013, an improvement of 80 million euros on a constant currency basis.

Total passenger traffic rose by 2.1% while capacity rose by 1.3% leading to a 0.6 point improvement in load factor to 82.8%. Unit revenue per Available Seat Kilometer (RASK) fell by 2.5% and by 0.7% like-for-like. Unit costs (CASK) were reduced by 3.9% and by 2.4% like-for-like.

Long-haul traffic rose 2.2% for a 2.1% rise in capacity, leading to a stable load factor at 85.2%. Long-haul RASK was down 0.4% like-for-like.

As planned in the framework of Transform 2015, medium-haul capacity was reduced by 2.2%. Traffic rose by 1.6%, leading to a 2.7 point improvement in load factor to 73.3%. Medium-haul RASK improved by 0.6% like-for-like.

[3] See definition in appendix

Cargo business

Cargo	Q1 2014	Q1 2013	*Change*	*Change Ex currency*
Capacity (ATK m)	3,798	3,834	*-0.9%*	-
Traffic (RTK m)	2,461	2,416	*+1.9%*	-
Load factor	64.8%	63.0%	*+1.8 pts*	-
Total Cargo revenues (€m)	676	700	*-3.4%*	*-1.3%*
Scheduled cargo revenues (€m)	630	656	*-4.0%*	*-1.9%*
Unit revenues per ATK (€ cts)	16.59	17.11	*-3.0%*	*-1.0%*
Unit revenues per RTK (€ cts)	25.60	27.15	*-5.7%*	*-3.7%*
Unit cost per ATK (€ cts)	17.46	18.44	*-5.4%*	*-3.7%*
Operating result (€m)	-34	-50	*+16*	*+18*

First Quarter 2014 cargo revenues amounted to 676 million euros, down 3.4% and by 1.3% on a constant currency basis**.** Traffic experienced a slight upturn, rising by 1.9% for a 0.9% decline in capacity, leading to a 1.8 point increase in load factor to 64.8%. However, the yield remained weak, leading to a 1.0% decline in unit revenue per Available Ton Kilometer (RATK) on a constant currency basis (-3.0% on a reported basis).

Thanks to a reduction in unit cost (down 3.7% on a constant currency basis, and 5.4% on a reported basis), the operating result improved, from -50 million euros in Q1 2013 to -34 million euros. Nevertheless the recovery of cargo demand is taking longer than expected, and further scenarios are now under consideration to restructure the full freighter business in order to accelerate the turnaround.

Maintenance

Maintenance	Q1 2014	Q1 2013	*Change*	*Change Ex currency*
Total revenues (€m)	804	788	*+2.0%*	-
Third party revenues (€m)	290	302	*-4.0%*	*-1.9%*
Operating result (€m)	22	20	*+2*	*+3*
Operating margin (%)	*+2.7%*	*+2.5%*	*+0.2 pts*	-

First Quarter 2014 third party maintenance revenues amounted to 290 million euros, down 4.0% and by 1.9% on a constant currency basis, reflecting quarterly variations in the scheduling of engine shop visits. The operating result stood at 22 million euros, up 2 million euros year-on-year. The operating margin stood at 2.7% versus 2.5% a year earlier.

In the quarter, the group recorded a 15% increase in its order book to 5.2 billion euros, including a major contract with Air China to cover the maintenance of GE90 engines.

Other business: Transavia

Transavia	Q1 2014	Q1 2013	*Change*	*Change Ex currency*
Capacity (ASK m)	3,265	3,034	*+7.6%*	-
Traffic (RPK m)	2,817	2,600	*+8.4%*	-
Load factor	86.3%	85.7%	*+0.6 pt*	-
Total passenger revenues (€m)	139	134	*+3.7%*	*+3.8%*
Scheduled passenger revenues (€m)	128	124	*+2.9%*	*+2.9%*
Unit revenues per ASK (€ cts)	3.91	4.08	*-4.3%*	*-4.3%*
Unit revenues per RPK (€ cts)	4.53	4.77	*-5.0%*	*-5.0%*
Unit cost per ASK (€ cts)	5.69	5.76	*-1.2%*	*-0.5%*

Operating result (€m)	-58	-51	*-7*	*-7*

In First Quarter 2014**,** Transavia traffic rose 8.4% for capacity up 7.6%, leading to a 0.6 point increase in load factor to 86.3%. Unit revenue was down 4.3%, also affected by Easter timing. Transavia's total revenue stood at 139 million euros, up 3.7%. The operating result was -58 million euros, down 7 million euros year-on-year.

Other business: Catering

Catering	**Q1 2014**	**Q1 2013**	***Change***	***Change At constant scope****
Total revenues (€m)	205	219	*-6.4%*	*+2.5%*
Third party revenues (€m)	73	84	*-13.1%*	*+12.3%*
Operating result (€m)	-4	-1	*-3*	*-1*

** At constant scope : with 2013 restated for deconsolidation of Air Chef*

First Quarter 2014 third party catering revenues amounted to 73 million euros, down 13.1% reflecting the deconsolidation of Air Chef. They were up 12.3% at constant scope.

Financial situation

In € million	**Q1 2014**	**Q1 2013***	***Change***
Cash flow before change in WCR and Voluntary Departure Plans	-167	-251	*+84*
Cash out related to Voluntary Departure Plans	-46	-19	*-27*
Change in Working Capital Requirement	+460	+483	*-23*
Operating cash flow	247	213	*+34*
Net investments before *sale & lease-back*	-327	-250	*-77*
Sale & lease-back transactions	0	+77	*-77*
Net investments after *sale & lease-back*	-327	-173	*-154*
Operating free cash flow	-80	40	*-120*

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

The further improvement in EBITDA translated into an 84 million euro increase in cash flow before change in WCR and the cash out related to Voluntary Departure Plans.

In the First Quarter, net investments before *sale & lease-back* transactions stood at 327 million euros, in line with the Transform 2015 full year capex budget. Operating free cash flow amounted to -80 million euros, versus a positive 40 million euros a year earlier, partly due to the fact that Q1 2013 benefited from a cash inflow of 77 million euros from *sale and lease-back* transactions.

Net debt amounted to 5.54 billion euros at 31st March 2014, versus 5.35 billion euros at 31st December 2013. The slight increase in net debt reflects foreign exchange losses partly relating to Venezuela. At 2.9x, the net debt / EBITDA ratio was stable compared to 31st December 2013.

Outlook

Delivery on the Transform 2015 plan is fully on track. However, the general operating environment remains tough. Under these conditions, the group remains committed to its objective of an EBITDA in the region of 2.5 billion euros in Full Year 2014, subject to the successful implementation of the measures aimed at compensating for the slower than expected recovery in cargo demand and the network adjustments linked to the situation on the Caracas route, and no reversal in other operating trends. The group will continue to reduce its net debt in line with its objective of 4.5 billion euros in 2015.

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The First Quarter 2014 accounts are not audited by the Statutory Auditors.

The results presentation is available at **www.airfranceklm-finance.com** on 30th April 2014 from 7.15h CET.

A conference call hosted by Pierre-François Riolacci, Chief Financial Officer of Air France-KLM will be held on 30th April 2014 at 09.00 CET.

To connect to the conference call, please dial:
- UK: 44 (0)20 7162 0125 (password: AKH)
- US: 1 334 323 6203 (password: AKH)

- To listen to a recording of the conference dial:
  - UK 44 (0)20 7031 4064 (code: **943732**)
  - US 1 954 334 0342 (code: **943732**)

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INCOME STATEMENT

In euros millions	First Quarter (January to March)		
	2014	2013*	variation
SALES	**5,554**	**5,681**	(2,2%)
Other revenues	8	-	nm
EXTERNAL EXPENSES	**(3,739)**	**(3,847)**	(2.8)%
Aircraft fuel	(1,553)	(1,657)	(6.3)%
Chartering costs	(98)	(115)	(14.8)%
Aircraft operating lease costs	(217)	(231)	(6.1)%
Landing fees and en route charges	(416)	(420)	(1.0)%
Catering	(137)	(136)	0.7%
Handling charges and other operating costs	(331)	(343)	(3.5)%
Purchasing of maintenance services and parts	(320)	(304)	(5.3)%
Commercial and distribution costs	(224)	(222)	0.9%
Other external expenses	(443)	(419)	5.7%
Salaries and related costs	(1,802)	(1,880)	(4.1)%
Taxes other than income taxes	(54)	(54)	0.0%
Amortization	(378)	(384)	(1.6)%
Depreciation and provisions	(17)	(32)	(46.9)%
Other income and expenses	(17)	(16)	6.3%
INCOME FROM CURRENT OPERATIONS	**(445)**	**(532)**	**(16.4)%**
Sales of aircraft equipment	1	(4	nm
Sales of subsidiaries	0	(6	(100.0%
Other non-current income and expenses	(1	(17	(94.1%
INCOME FROM OPERATING ACTIVITIES	**(445)**	**(559)**	**(20.4)%**
Income from cash and cash equivalents	18	20	(10.0)%
Cost of financial debt	(114)	(117)	(2.6)%
Net cost of financial debt	(96)	(97)	(1.0)%
Foreign exchange gains (losses), net	(117)	4	nm
Change in fair value of financial assets and liabilities	(6)	43	nm
Other financial income and expenses	(3)	4	nm
INCOME BEFORE TAX	**(667)**	**(605)**	**10.2%**
Income taxes	69	28	146.4%
NET INCOME OF CONSOLIDATED COMPANIES	**(598)**	**(577)**	**3.6%**
Share of profits (losses) of associates	(4)	(54)	(92.6)%
INCOME FROM CONTINUING OPERATIONS	**(602)**	**(631)**	**(4.6)%**
Net income from discontinued operations	(6)	(9)	(33.3)%
NET INCOME FOR THE PERIOD	**(608)**	**(640)**	**(5.0)%**
Minority interest	-	(1)	(100.0)%
NET INCOME FOR THE PERIOD - GROUP	**(608)**	**(641)**	**(5.1)%**

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

CONSOLIDATED BALANCE SHEET

Assets *In € millions*	March 31, 2014	December 31, 2013*
Goodwill	236	237
Intangible assets	914	896
Flight equipment	9,338	9,391
Other property, plant and equipment	1,779	1,819
Investments in equity associates	175	177
Pension assets	1,912	2,454
Other financial assets	1,926	1,963
Deferred tax assets	515	434
Other non-current assets	93	113
Total non current assets	16,888	17,484
Assets held for sale	71	91
Other short term financial assets	858	1,031
Inventories	551	511
Trade receivables	2,172	1,775
Current income tax receivables	33	23
Other current assets	862	822
Cash and cash equivalents	2,847	3,684
Total current assets	7,394	7,937
Total assets	24,282	25,421

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Liabilities and equity *In € millions*	March 31, 2014	December 31, 2013*
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(89)	(85)
Reserves and retained earnings	(2,135)	(941)
Equity attributable to equity holders of Air France-KLM	1,047	2,245
Non-controlling interests	44	48
Total Equity	1,091	2,293
Provisions and retirement benefits	3,220	3,102
Long-term debt	8,398	8,596
Deferred tax liabilities	17	178
Other non-current liabilities	375	397
Total non-current liabilities	12,010	12,273
Liabilities relating to assets held for sale	39	58
Provisions	640	670
Current portion of long-term debt	1,447	2,137
Trade payables	2,487	2,369
Deferred revenue on ticket sales	3,208	2,371
Frequent flyer programs	745	755
Current income tax liabilities	2	2
Other current liabilities	2,434	2,327
Bank overdrafts	179	166
Total current liabilities	11,181	10,855
Total liabilities	23,191	23,128
Total equity and liabilities	24,282	25,421

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

CONSOLIDATED STATEMENT OF CASH FLOWS

In € millions **Period from January 1 to March 31,**	**2014**	**2013***
Net income from continuing operations	(602)	(631)
Net income from discontinued operations	(6)	(9)
Amortization, depreciation and operating provisions	395	420
Financial provisions	4	(4)
Results on disposals of tangible and intangible assets	(4)	8
Results on disposals of subsidiaries and associates	-	6
Derivatives – non monetary result	6	(47)
Unrealized foreign exchange gains and losses, net	111	(4)
Share of (profits) losses of associates	4	54
Deferred taxes	(78)	(38)
Other non-monetary items	(43)	(25)
Subtotal	(213)	(270)
Of which discontinued operations	(6)	(5)
(Increase) / decrease in inventories	(39)	(11)
(Increase) / decrease in trade receivables	(385)	(422)
Increase / (decrease) in trade payables	144	64
Change in other receivables and payables	734	846
Change in working capital from discontinued operations	6	6
Net cash flow from operating activities	247	213
Acquisition of subsidiaries, of shares in non-controlled entities	(1)	(9)
Purchase of property plants, equipments and intangible assets	(337)	(281)
Loss of subsidiaries, of disposal of shares in non-controlled entities	-	9
Proceeds on disposal of property, plant and equipment and intangible assets	10	108
Dividends received	7	6
Decrease (increase) in net investments, more than 3 months	181	41
Net cash flow used in investing activities of discontinued operations	1	(1)
Net cash flow used in investing activities	(139)	(127)
Issuance of debt	308	882
Repayment on debt	(1,032)	(308)
Payment of debt resulting from finance lease liabilities	(150)	(143)
New loans	(5)	(33)
Repayment on loans	13	25
Net cash flow used in financing activities of discontinued operations	(1)	-
Net cash flow from financing activities	(867)	423
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(92)	(3)
Effect of exchange rate on cash and cash equivalent and bank overdrafts of discontinued operations	-	(1)
Change in cash and cash equivalents and bank overdrafts	(851)	505
Cash and cash equivalents and bank overdrafts at beginning of period	3,518	3,160
Cash and cash equivalents and bank overdrafts at end of period	2,667	3,666
Change in cash of discontinued operations	-	(1)

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

KEY FINANCIAL INDICATORS

EBITDA

(In € millions)	Q1 2014	Q1 2013*
Income/(loss) from current operations	(445)	(532)
Amortization	378	384
Depreciation and provisions	17	32
EBITDA	**(50)**	**(116)**

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Adjusted operating result and adjusted operating margin

	Q1 2014	Q1 2013*
Income/(loss) from current operations (in €m)	(445)	(532)
Portion of operating leases corresponding to financial charges (34%) (in €m)	74	79
Adjusted income/(loss) from current operations (in €m)	**(371)**	**(453)**
Revenues (in €m)	5,554	5,681
Adjusted operating margin	**(6.7)%**	**(8.0)%**

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Restated net income

	Q1 2014	Q1 2013*
Net income/(loss), Group share (in €m)	(608)	(641)
Net income/(loss) from discontinued operations (in €m)	6	9
Unrealized foreign exchange gains and losses, net (in €m)	111	(4)
Change in fair value of financial assets and liabilities (derivatives) (in €m)	6	(43)
Non current income and expenses (in €m)	0	27
Restated net income/(loss) (in €m)	**(485)**	**(652)**
Restated net income/(loss) per share (in €)	(1.64)	(2.20)

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Net debt

Balance sheet at *(In € millions)*	March 31, 2014	December 31, 2013*
Current and non-current financial debt	9,845	10,733
Deposits on aircraft under finance lease	(628)	(626)
Financial assets pledged (OCEANE swap)	(196)	(393)
Currency hedge on financial debt	7	8
Accrued interest	(93)	(144)
Gross financial debt (A)	**8,935**	**9,578**
Cash and cash equivalents	2,847	3,684
Marketable securities	135	126
Cash pledges	439	432
Deposits (bonds)	155	154
Bank overdrafts	(179)	(166)
Net cash (B)	**3,397**	**4,230**
Net debt (A) – (B)	**5,538**	**5,348**

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Operating free cash flow

(In € millions)	Q1 2014	Q1 2013*
Net cash flow from operating activities	247	213
Investment in property, plant, equipment and intangible assets	(337)	(281)
Proceeds on disposal of property, plant, equipment and intangible assets	10	108
Operating free cash flow	**(80)**	**40**

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

Net cost per EASK

	Q1 2014	Q1 2013*
Revenues (in €m)	5,554	5,681
Income/(loss) from current operations (in €m)	(445)	(532)
Total operating expense (in €m)	5,999	6,213
Passenger business – other passenger revenues (in €m)	197	220**
Cargo business – other air freight revenues (in €m)	46	44
Third-party revenues in the maintenance business (in €m)	290	302
Other businesses – revenues other than Transavia transportation (in €m)	95	105
Net cost (in €m)	**5,371**	**5,542**
Capacity produced, reported in EASK	77,164	76,238
Net cost per EASK (in € cents per ESKO)	**6.96**	**7.27**
Gross change	-4.3%	
Currency effect on net costs (in €m)		-79
Change at constant currency	-2.9%	
Fuel price effect (in €m)		-62
Change on a constant currency and fuel price basis	-1.8%	
Defined pension benefit expense included in salaries and related costs (in €m)	98	104
Net cost per EASK on a constant currency, fuel price and defined benefit pension expense basis (in € cents per EASK)	**6.96**	**7.08**
Change on a constant currency, fuel price and defined benefit pension expense basis	-1.7%	

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*
*** Restated for change in revenue allocation*

INDIVIDUAL AIRLINE RESULTS

Air France

	Q1 2014	Q1 2013*
Revenue (€ bn)	3.56	3.64
EBITDA (€m)	-12	-77
Operating result (€m)	-279	-370

** Restated for IFRIC 21, CityJet reclassified as discontinued operation*

KLM

	Q1 2014	Q1 2013*
Revenue (€ bn)	2.08	2.12
EBITDA (€m)	-44	-38
Operating result (€m)	-174	-163

** Restated for IFRIC 21*

NB: Sum of individual airline results does not add up to Air France-KLM total due to intercompany eliminations at Group level.

GROUP FLEET AS OF 31ST MARCH 2014

Air France fleet

Aircraft	AF	HOP! Airlinair*	HOP! Brit Air	HOP! Régional	Transavia	Owned	Finance lease	Operating lease	Total	In operation	Change / 12/31/13
B747-400	7					3	1	3	**7**	7	
B777-300	37					11	9	17	**37**	37	
B777-200	25					15	2	8	**25**	25	
A380-800	9					1	4	4	**9**	9	
A330-200	15					3	2	10	**15**	15	
Long haul	**106**					**37**	**24**	**45**	**106**	**106**	
B747-400-ERF	4					2		2	**4**	2	
B747-400-BCF											
B777- cargo	2					2			**2**	2	
Freighter	**6**					**4**		**2**	**6**	**4**	
B737-800					11			11	**11**	11	
A321	25					6	6	13	**25**	25	
A320	47					9	3	35	**47**	44	
A319	42					15	10	17	**42**	41	
A318	18					11	7		**18**	18	
Medium haul	**132**				**11**	**41**	**26**	**76**	**143**	**139**	
ATR72-500		9				1	3	5	**9**	9	+1
ATR72-200											-1
ATR42-500		13				4	4	5	**13**	13	
Canadair Jet 1000			13			13			**13**	13	
Canadair Jet 700			15			12	3		**15**	13	
Canadair Jet 100			12			12			**12**	7	
Embraer 190				10		4		6	**10**	10	
Embraer 170				16		8	2	6	**16**	16	
Embraer 145				19		14	5		**19**	18	
Embraer 135				6		4	2		**6**	2	
Regional		**22**	**40**	**51**		**72**	**19**	**22**	**113**	**101**	
TOTAL	**244**	**22**	**40**	**51**	**11**	**154**	**69**	**145**	**368**	**350**	

Cityjet : 19 aircraft AVRO RJ85 (17 in operation)
VLM : 12 aircraft FOKKER 50 (12 in operation)

(*) Integrated in the first quarter of 2013

KLM fleet

Aircraft	KLM	KLM Cityhopper	Transavia	Martinair	Owned	Finance lease	Operating lease	**Total**	In operation	Change / 12/31/13
B747-400	22				15	2	5	**22**	22	
B777-300	8					8		**8**	8	
B777-200	15					6	9	**15**	15	
A330-300	4						4	**4**	4	
A330-200	12					6	6	**12**	12	
MD11	5				4	1		**5**	4	
Long haul	**66**				**19**	**23**	**24**	**66**	**65**	
B747-400-ERF				4		3	1	**4**	3	
B747-400-BCF				3			3	**3**	1	
MD-11-CF				3	3			**3**	3	
MD-11-F				3		2	1	**3**	3	
Freighter				**13**	**3**	**5**	**5**	**13**	**10**	
B737 900	5					2	3	**5**	5	
B737-800	24		22		7	10	29	**46**	46	+1
B737-700	18		9		2	9	16	**27**	27	
Medium haul	**47**		**31**		**9**	**21**	**48**	**78**	**78**	**+1**
Embraer 190		27				13	14	**27**	27	+3
Fokker 70		26			26			**26**	22	-4
Regional		**53**			**26**	**13**	**14**	**53**	**49**	**-1**

KLM	**113**	**53**	**31**	**13**	**57**	**62**	**91**	**210**	**202**	

TOTAL Air France-KLM Group	**211**	**131**	**236**	**578**	**552**	

TOTAL Air France-KLM Group (including Cityjet and VLM airlines)	**232**	**131**	**246**	**609**	**581**	**-2**

April 2014 Traffic (Press release dated 12 May 2014)

- **Passenger: beneficial impact of Easter timing**
- **Cargo: stable unit revenues at constant currency**

Traffic highlights

Passenger	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Long-haul	**+1.4**	**+3.4**	**86.3**	**+1.6**
Americas	+4.5	+5.5	87.8	+0.8
Asia	-2.7	-1.0	86.3	+1.4
Africa / Middle East	+1.2	+6.0	82.0	+3.7
Caribbean / Indian Ocean	+1.4	+3.7	86.6	+1.9
Medium-haul	**-1.7**	**+1.5**	**79.1**	**+2.5**
Total	**+0.7**	**+3.0**	**84.7**	**+1.9**

- 6.7 million passengers, +1.8%
- Traffic and load factor positively impacted by Easter week falling in April versus March last year
- Strong impact of medium-haul restructuring: load factor up 4.1 points at Air France
- Unit revenue per available seat kilometer (RASK) ex-currency up compared with April 2013

Cargo	**Capacity** (ATK, %ch)	**Traffic** (TKT, %ch)	**Load Factor** (%)	**Change** (pts)
Total	**-1.3**	**-0.6**	**64.8**	**+0.5**

- Rise in load factor
- Unit revenue per available ton kilometer (RATK) ex-currency stable compared with April 2013

Recent developments

- At the end of April, the group announced that it had signed the biggest maintenance contract in its history, to support the GE90 engines of Air China. As a result, the maintenance order book progressed by 15% to 5.2 billion euros.
- At the beginning of May, Air France-KLM celebrated its 10-year anniversary: the first listing in Amsterdam and New York was on 5th May 2004. Between April 2004 and April 2014, the group's capacity has increased by 26%, of which 31% on long-haul and 10% on medium-haul. Traffic has risen 34% and the load factor has gained 5 points: 4 points on long-haul, and 10 points on medium-haul.
- In the latest phase of the group's product upscaling program, Air France presented at the beginning of May in Shanghai its new 'La Première' suite, which will be progressively rolled out on 19 Boeing 777-300s from September 2014.

Agenda

20th May 2014: Annual General Meeting, Carrousel du Louvre, 99 rue de Rivoli, Paris
6th June 2014: May 2014 Traffic
7th July 2014: June 2014 Traffic

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STATISTICS

Passenger activity (in millions)

	April			Year to date		
Total Group	**2014**	**2013**	**Variation**	**2014**	**2013**	**Variation**
Passengers carried (000s)	6,662	6,545	1.8%	23,979	23,537	1.9%
Revenue pax-kilometers (RPK)	19,224	18,664	3.0%	72,251	70,605	2.3%
Available seat-kilometers (ASK)	22,683	22,520	0.7%	86,730	85,735	1.2%
Load factor (%)	84.7%	82.9%	1.9	83.3%	82.4%	1.0
Long haul						
Passengers carried (000s)	2,045	1,972	3.7%	7,832	7,642	2.5%
Revenue pax-kilometers (RPK)	15,373	14,870	3.4%	59,080	57,645	2.5%
Available seat-kilometers (ASK)	17,815	17,566	1.4%	69,121	67,795	2.0%
Load factor (%)	86.3%	84.7%	1.6	85.5%	85.0%	0.4
Americas						
Passengers carried (000s)	844	798	5.7%	2,966	2,852	4.0%
Revenue pax-kilometers (RPK)	6,555	6,214	5.5%	23,442	22,517	4.1%
Available seat-kilometers (ASK)	7,462	7,141	4.5%	27,115	25,900	4.7%
Load factor (%)	87.8%	87.0%	0.8	86.5%	86.9%	(0.5)
Asia / Pacific						
Passengers carried (000s)	497	500	(0.6%)	1,921	1,930	(0.5%)
Revenue pax-kilometers (RPK)	4,411	4,457	(1.0%)	17,007	17,067	(0.4%)
Available seat-kilometers (ASK)	5,110	5,250	(2.7%)	19,689	20,020	(1.7%)
Load factor (%)	86.3%	84.9%	1.4	86.4%	85.3%	1.1
Africa / Middle East						
Passengers carried (000s)	426	405	5.1%	1,725	1,666	3.5%
Revenue pax-kilometers (RPK)	2,387	2,251	6.0%	9,755	9,400	3.8%
Available seat-kilometers (ASK)	2,912	2,876	1.2%	12,184	11,876	2.6%
Load factor (%)	82.0%	78.3%	3.7	80.1%	79.1%	0.9
Caribbean / Indian,Ocean						
Passengers carried (000s)	279	270	3.5%	1,220	1,193	2.2%
Revenue pax-kilometers (RPK)	2,019	1,948	3.7%	8,875	8,662	2.5%
Available seat-kilometers (ASK)	2,331	2,299	1.4%	10,133	9,999	1.3%
Load factor (%)	86.6%	84.7%	1.9	87.6%	86.6%	1.0
Medium haul (excluding Cityjet)						
Passengers carried (000s)	4,617	4,572	1.0%	16,147	15,896	1.6%
Revenue pax-kilometers (RPK)	3,852	3,793	1.5%	13,171	12,959	1.6%
Available seat-kilometers (ASK)	4,869	4,954	(1.7%)	17,609	17,940	(1.8%)
Load factor (%)	79.1%	76.6%	2.5	74.8%	72.2%	2.6

Cargo activity (in millions)

	April			Year to date		
Total Group	**2014**	**2013**	**Variation**	**2014**	**2013**	**Variation**
Revenue tonne-km (RTK)	831	835	(0.6%)	3,292	3,254	1.2%
Available tonne-km (ATK)	1,282	1,300	(1.3%)	5,080	5,134	(1.0%)
Load factor (%)	64.8%	64.3%	0.5	64.8%	63.4%	1.4
Americas						
Revenue tonne-km (RTK)	345	336	2.6%	1,382	1,347	2.6%
Available tonne-km (ATK)	531	538	(1.4%)	2,083	2,080	0.2%
Load factor (%)	65.0%	62.5%	2.5	66.4%	64.8%	1.6
Asia / Pacific						

Revenue tonne-km (RTK)	308	324	(5.1%)	1,221	1,210	1.0%
Available tonne-km (ATK)	397	412	(3.5%)	1, 560	1,590	(1.9%)
Load factor (%)	77.9%	78.7%	(1.3)	78.4%	76.1%	2.2
Africa / Middle East						
Revenue tonne-km (RTK)	132	131	0.8%	516	529	(2.5%)
Available tonne-km (ATK)	220	217	1.5%	892	913	(2.2%)
Load factor (%)	59.9%	60.4%	(0.5)	57.9%	58.0%	(0.2)
Caribbean / Indian Ocean						
Revenue tonne-km (RTK)	41	38	6.3%	150	145	3.5%
Available tonne-km (ATK)	87	87	0.4%	377	383	(1.7%)
Load factor (%)	46.3%	43.8%	2.6	40.0%	38.0%	2.0
Medium haul						
Revenue tonne-km (RTK)	6	6	(5.8%)	21	22	(3.5%)
Available tonne-km (ATK)	47	46	2.8%	168	168	(0.1%)
Load factor (%)	12.0%	13.1%	(1.1)	12.8%	13.2%	(0.4)

May 2014 Traffic (Press release dated 6 June 2014)

- **Passenger: disciplined capacity growth, increase in load factor**
- **Cargo: increase in unit revenues at constant currency**

Traffic highlights

Passenger	**Capacity** (ASK, %ch.)	**Traffic** (RPK, %ch.)	**Load Factor** (%)	**Change** (pts)
Long-haul	**+1.0%**	**+3.4%**	**84.7%**	**+2.0**
Americas	+4.2%	+4.1%	87.4%	-0.2
Asia	-2.3%	+0.6%	83.8%	+2.4
Africa / Middle East	-1.2%	+4.8%	78.5%	+4.5
Caribbean / Indian Ocean	+0.6%	+6.3%	85.6%	+4.6
Medium-haul	**-1.3%**	**-1.0%**	**78.5%**	**+0.2**
Total	**+0.5%**	**+2.5%**	**83.4%**	**+1.6**

- 6.7 million passengers, stable
- Capacity growth on the Americas driven by Latin America (+9.2%). Capacity up 1.8% on North America
- Unit revenue per available seat kilometer (RASK) ex-currency up compared with May 2013

Cargo	**Capacity** (ATK, %ch)	**Traffic** (TKT, %ch)	**Load Factor** (%)	**Change** (pts)
Total	**-3.0%**	**-0.1%**	**64.2%**	**+1.9**

- Rise in load factor
- Unit revenue per available ton kilometer (RATK) ex-currency up compared with May 2013

Agenda

7th July 2014: June 2014 Traffic
25th July 2014: H1 2014 results
7th August 2014: July 2014 Traffic

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STATISTICS

Passenger activity (in millions)

	May			Year to date		
Total Group	**2014**	**2013**	**Variation**	**2014**	**2013**	**Variation**
Passengers carried (000s)	6,700	6,701	(0.0%)	30,679	30,239	1.5%
Revenue pax-kilometers (RPK)	19,398	18,927	2.5%	91,648	89,532	2.4%
Available seat-kilometers (ASK)	23,260	23,152	0.5%	109,990	108,887	1.0%
Load factor (%)	83.4%	81.8%	1.6	83.3%	82.2%	1.1
Long haul						
Passengers carried (000s)	2,059	1,990	3.5%	9,891	9,632	2.7%
Revenue pax-kilometers (RPK)	15,463	14,953	3.4%	74,543	72,598	2.7%
Available seat-kilometers (ASK)	18,250	18,077	1.0%	87,371	85,872	1.7%
Load factor (%)	84.7%	82.7%	2.0	85.3%	84.5%	0.8
Americas						
Passengers carried (000s)	889	853	4.2%	3,855	3,705	4.1%
Revenue pax-kilometers (RPK)	6,881	6,613	4.1%	30,324	29,130	4.1%
Available seat-kilometers (ASK)	7,869	7,549	4.2%	34,984	33,448	4.6%
Load factor (%)	87.4%	87.6%	(0.2)	86.7%	87.1%	(0.4)
Asia / Pacific						
Passengers carried (000s)	500	498	0.4%	2,421	2,428	(0.3%)
Revenue pax-kilometers (RPK)	4,422	4,396	0.6%	21,429	21,463	(0.2%)
Available seat-kilometers (ASK)	5,279	5,402	(2.3%)	24,968	25,422	(1.8%)
Load factor (%)	83.8%	81.4%	2.4	85.8%	84.4%	1.4
Africa / Middle East						
Passengers carried (000s)	416	399	4.2%	2,141	2,066	3.7%
Revenue pax-kilometers (RPK)	2,307	2,201	4.8%	12,062	11,600	4.0%
Available seat-kilometers (ASK)	2,938	2,975	(1.2%)	15,122	14,851	1.8%
Load factor (%)	78.5%	74.0%	4.5	79.8%	78.1%	1.7
Caribbean / Indian,Ocean						
Passengers carried (000s)	254	240	5.8%	1,474	1,433	2.8%
Revenue pax-kilometers (RPK)	1,853	1,743	6.3%	10,728	10,405	3.1%
Available seat-kilometers (ASK)	2,164	2,151	0.6%	12,297	12,151	1.2%
Load factor (%)	85.6%	81.0%	4.6	87.2%	85.6%	1.6
Medium haul (excluding Cityjet)						
Passengers carried (000s)	4,641	4,711	(1.5%)	20,788	20,607	0.9%
Revenue pax-kilometers (RPK)	3,934	3,975	(1.0%)	17,106	16,934	1.0%
Available seat-kilometers (ASK)	5,010	5,075	(1.3%)	22,619	23,015	(1.7%)
Load factor (%)	78.5%	78.3%	0.2	75.6%	73.6%	2.0

Cargo activity (in millions)

Total Group	May 2014	May 2013	May Variation	Year to date 2014	Year to date 2013	Year to date Variation
Revenue tonne-km (RTK)	842	842	(0.1%)	4,133	4,096	0.9%
Available tonne-km (ATK)	1,311	1,352	(3.0%)	6,391	6,485	(1.4%)
Load factor (%)	64.2%	62.3%	1.9	64.7%	63.2%	1.5
Americas						
Revenue tonne-km (RTK)	352	346	1.8%	1,734	1,693	2.4%
Available tonne-km (ATK)	556	571	(2.5%)	2,640	2,650	(0.4%)
Load factor (%)	63.3%	60.6%	2.7	65.7%	63.9%	1.8
Asia / Pacific						
Revenue tonne-km (RTK)	314	324	(2.9%)	1,535	1,533	0.1%
Available tonne-km (ATK)	407	426	(4.4%)	1,967	2,016	(2.4%)
Load factor (%)	77.1%	75.9%	1.2	78.0%	76.0%	2.0
Africa / Middle East						
Revenue tonne-km (RTK)	136	134	1.2%	652	664	(1.7%)
Available tonne-km (ATK)	214	226	(5.3%)	1,106	1,139	(2.8%)
Load factor (%)	63.5%	59.4%	4.1	58.9%	58.3%	0.7
Caribbean / Indian Ocean						
Revenue tonne-km (RTK)	34	33	5.5%	185	178	3.8%
Available tonne-km (ATK)	84	82	3.2%	461	465	(0.8%)
Load factor (%)	40.7%	39.8%	0.9	40.1%	38.3%	1.8
Medium haul						
Revenue tonne-km (RTK)	5	6	(7.6%)	27	28	(4.3%)
Available tonne-km (ATK)	49	47	2.8%	217	215	0.5%
Load factor (%)	11.0%	12.3%	(1.2)	12.4%	13.0%	(0.6)

Air France-KLM continues to actively manage its debt (Press release dated 12 June 2014)

Following the successful launch last week of a seven-year bond for 600 million euros, Air France-KLM announces today the final results of the tender offer launched by HSBC on June 2, 2014 for outstanding bonds maturing in October 2016 (ISIN FR0010814459).

Bonds for a nominal amount of 94 million euros, representing 13.4% of the outstanding bonds were presented and accepted for repurchase. The principal amount of this bond will thus be reduced to 606 million euros.

In addition, the group intends to realize approximately 200 million euros of early repayments of bank debt.

These transactions enable Air France-KLM to lengthen its debt maturity profile while benefiting from favorable market conditions.

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TAXATION

The following is a summary limited to certain tax considerations in France and, as the case may be, the European Union relating to the Notes as of the date of this prospectus and subject to any changes in law, and is included herein solely for information purposes. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

EU savings directive

On 3 June 2003, the European Council of Economic and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Savings Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to so-called residual entities established in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of the beneficial owner.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The Luxembourg Government, in the bill of law introduced on 18 March 2014, confirmed its intention to abolish the withholding system with effect from 1 January 2015, in favour of the Disclosure of Information Method under the Savings Directive. The current withholding tax rate is 35 per cent.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 24 March 2014, the Council of European Union adopted a directive amending the Savings Directive, which, when implemented, will amend and broaden the scope of the requirements described above. In particular, the amending directive aims at extending the scope of the Savings Directive to new types of savings income and products that generate interest or equivalent income. In addition, tax authorities will be required in certain circumstances to take steps to identify the beneficial owner of interest payments (through a look through approach). The EU Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with this amending directive.

Investors should inform themselves of, and where appropriate take advice on, the impact of the Savings Directive and the amending directive on their investment.

France

The following specifically contains information on withholding taxes levied on the income from the Notes held by Noteholders (i) who do not otherwise hold shares of the Issuer and (ii) who are not related to the Issuer within the meaning of Article 39, 12 of the French Code général des impôts*. This summary is based on the laws in force in France as of the date of this Prospectus, as applied and construed by the French tax authorities, subject to any changes in law or in interpretation.*

The Savings Directive has been implemented in French law under Article 242 ter of the French *Code général des impôts* and Articles 49 I ter to 49 I sexies of Annex 3 to the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity end address of the beneficial owner and certain detailed information on the different categories of interest paid to that beneficial owner.

Payments of interest and other revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non- Cooperative State**"). If such payments under the Notes are made in a Non-Cooperative State, a 75% withholding tax will be applicable (subject to certain exceptions and to the more favourable provisions of any applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*.

Furthermore, in application of article 238 A of the French *Code général des impôts*, interest and other revenues on such Notes are not deductible from the Issuer's taxable income inter alia if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid in such a Non- Cooperative State (the "**Deductibility Exclusion**"). Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as deemed distributions pursuant to Articles 109 et seq. of the French Code *général des impôts*, in which case such non-deductible interest and other revenues may be subject to the withholding tax set out under Article 119 bis 2 of the French *Code général des impôts*, at a rate of 30% or 75% (subject to the more favourable provisions of any applicable double tax treaty).

Notwithstanding the foregoing, neither the 75% withholding tax provided by Article 125 A III of the French *Code général des impôts* nor, to the extent the relevant interest or other revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion and the related withholding tax set out in article 119 bis 2 of the French *Code général des impôts* will apply in respect of the issue of the Notes if the Issuer can prove that the principal purpose and effect of such issue of Notes were not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the BOI-INT-DG-20-50-20140211, n°550 and 990, BOI-RPPM-RCM-30-10-20-40-20140211, n°70, BOI-IR-DOMIC-10-20-20-60-20140211, n°10 and BOI-ANNX-000364-20120912, n°20, an issue of notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if such notes are, *inter alia*:

(i) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(ii) admitted, at the time of their issue, to the clearing operations of a central depositary or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non- Cooperative State.

Consequently, payments of interest and other revenues made by the Issuer under the Notes are not subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts*.

Payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A of the French *Code général des impôts* subject to certain limited exceptions, interest and similar income received as from 1 January 2013 by individuals who are fiscally domiciled (*domiciliés fiscalement*) in France are subject to a 24 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax at an aggregate rate of 15.5 per cent. on interest and similar income paid to individuals who are fiscally domiciled (*domiciliés fiscalement*) in France.

All prospective investors should seek independent advice as to their tax positions.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 12 June 2014 (the "**Subscription Agreement**") entered into between HSBC Bank plc, ING Bank N.V., London Branch, Natixis and Société Générale (the "**Joint Lead Managers**") and the Issuer, the Joint Lead Managers have agreed, subject to satisfaction of certain conditions, to jointly and severally subscribe and pay for the Notes at a price equal to 99.250 per cent. of their principal amount less the commissions agreed between the Issuer and the Joint Lead Managers. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

General Restrictions

Neither the Issuer nor any Joint Lead Manager has taken or will take any action in any jurisdiction that would, or is intended to, permit a public offering of the Notes or possession or distribution of this Prospectus (in preliminary, proof or final form) or of any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will comply, to the best of its knowledge, with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any other material. It will also ensure that no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

France

The Issuer and each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell directly or indirectly, any Notes to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in the Republic of France this Prospectus or any other offering material relating to the Notes, and such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*), to the exclusion of any individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act . Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

1. Application has been made to the AMF to approve this document as a prospectus and this Prospectus has received visa n°14-291 from the AMF on 12 June 2014. Application has been made for the Notes to be listed on, and admitted to trading on the regulated market (within the meaning of Directive 2004/39/EC, as amended) of Euronext Paris on 18 June 2014.

2. The Notes have been accepted for clearance through Euroclear France (66, rue de la Victoire, 75009 Paris, France), Clearstream, Luxembourg (42, avenue JF Kennedy, 1855 Luxembourg, Luxembourg) and Euroclear (1, boulevard du Roi Albert II, 1210 Brussels, Belgium) with the Common Code 107609261. The International Securities Identification Number (ISIN) for the Notes is FR0011965177.

3. The issue of the Notes has been authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 29 April 2014 and a decision of its Chairman and Chief Executive Officer (*Président Directeur général*) dated 4 June 2014.

4. The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of France in connection with the issue of, and performance of the Issuer's obligations under the Notes.

5. The total expenses related to the admission to trading are estimated at €11,500.

6. The yield of the Notes is 4.00 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

7. Save for any fees payable to the Joint Lead Managers, as far as the Issuer is aware, no person involved in the issue of the Notes has an interest material, including any conflicting interest, to the issue.

8. Save as disclosed in item 11.6 of the cross-reference table on page 9 of this Prospectus, there has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2013.

9. There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2013.

10. Save as disclosed in item 11.5 of the cross-reference table on page 9 of this Prospectus, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period of 12 months prior to the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

11. There are no material contracts (other than those entered into in the ordinary course of the Issuer's business) which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

12. For so long as any of the Notes are outstanding, copies of the following documents may be inspected during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the registered office of the Issuer, the Fiscal Agent or the Paying Agent:

    (a) this Prospectus;

    (b) the Fiscal Agency Agreement;

    (c) the *statuts* of the Issuer; and

(d) the Documents Incorporated by Reference.

The Prospectus and all documents incorporated by reference are also available on the website of the AMF (www.amf-france.org).

13. Deloitte & Associés and KPMG Audit, department of KPMG S.A. have audited the consolidated financial statements of the Issuer prepared in accordance with IFRS as adopted by the European Union as of and for the financial years ended 31 December 2013 and 31 December 2012. There reports with respect thereto are respectively dated 24 February 2014 and 28 February 2013.

Deloitte & Associés (185, avenue Charles de Gaulle, 92524 Neuilly sur Seine Cedex, France) and KPMG Audit, department of KPMG S.A. (1, cours Valmy, 92923 Paris-La Défense Cedex, France) are members of the *Compagnie régionale des Commisaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*.

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