

5th October 2015

Presentation of the Air France restructuring plan

Frédéric Gagey, Air France's Chairman and Chief Executive Officer, today gave the Central Works Council a progress update on the Perform 2020 plan.

The Group strongly condemns the physical attacks that took place on the fringes of this Works Council, which were perpetrated by particularly aggressive isolated individuals. These events do nothing to alter management's determination to pursue discussions with the unions at any point aimed at implementing the most efficient and constructive path to recovery for the Group.

Facing the impossibility of signing agreements enabling the implementation of productivity measures to restore long-term profitability, Air France is now forced to launch a restructuring plan of its long-haul network.

Air France's long-haul capacity should decline by around 10% between 2015 and 2017. At the level of the Air France-KLM's passenger network business, capacity should fall by around 2% between 2015 and 2017, compared with a previous expectation of around 3% growth.

The plan currently foresees the closure of five routes and the cancellation of 35 weekly frequencies by 2017. The schedule modifications will focus on routes where losses are highest, serving principally Asia and the Middle-East. The impact on the commercial footprint of the Group will be minimal thanks to, among other, the numerous partnerships in the relevant markets.

Air France's long-haul fleet will be scaled back by 14 aircraft, from 107 aircraft in operation during Summer 2015 to 93 in Summer 2017. This adjustment will mainly be made via the accelerated retirement of Airbus A340s which will not be replaced by Boeing 787s as had been initially planned. In 2016 and 2017, the related capex reduction could reach up to €200 million.

This reduction in activity will result in estimated overstaffing of 2,900 people, comprising approximately 300 pilots, 900 cabin crew and 1,700 ground staff. In segments where consultation/negotiations enable the achievement of the Perform 2020 targets, the adaptation in staff will take the form of voluntary departures. In the other segments, compulsory redundancies cannot be ruled out. The restructuring charges will be recorded once the pace and conditions for these departures has been determined.

The targeted reduction in the Air France network, focused on the most loss-making routes, combined with, firstly, a reduction in fixed costs and, secondly, cost-saving measures across all Air France's businesses and the Group as a whole, will enable the enduring turnaround in the Group's results to be pursued.

Air France-KLM maintains all its financial targets set for the current year and for 2017 within the framework of the Perform 2020 plan: annual reduction in unit costs¹ to average 1.5%² over the 2015-2017 period, an adjusted net debt¹/EBITDAR¹ ratio of around 2.5 in 2017, generation of positive free cash flow every year by the base businesses.

Alexandre de Juniac, Chairman and Chief Executive Officer of Air France-KLM, said: *"We regret that no agreement has been reached with the Air France flight crew unions. The turnaround of the company can only be fulfilled with the mobilisation of all its employees. The Air France management remains available to reopen negotiations with its unions at any point. We reaffirm our determination to implement the adaptation measures vital to ensuring the long-term future of Air France and allow it to finance its growth."*

Investor relations

Bertrand Delcaire

+33 1 49 89 52 59

bedelcaire@airfranceklm.com

www.airfranceklm-finance.com

Dirk Voermans

+33 1 49 89 52 60

divoermans@airfranceklm.com

Press contact

+33 1 41 56 56 00

www.airfranceklm.com

¹ See definitions on pages 171-176 of the 2014 registration document

² On a constant currency, fuel price and pension-related expense basis.