

15th March 2008

AIR FRANCE-KLM: SHARE EXCHANGE OFFER FOR ALITALIA

In accordance with the announced timetable, Air France-KLM submitted on 14th March 2008 a proposal to Alitalia aimed at combining Alitalia and the Air France-KLM Group and acquiring the control of the Italian company.

Air France-KLM is pleased to announce that Alitalia board of directors which met today approved unanimously its proposal. Such proposal foresees a share exchange offer on Alitalia shares and a cash offer on Alitalia bonds.

Air France-KLM's offer, conditional on a number of elements, is based on an industrial plan providing for the restructuring and re-launch of Alitalia. It calls for a network organised around the international and intercontinental hub of Rome-Fiumicino, the center for domestic Italian routes, and around European and selected inter-continental destinations operating from Milan.

In implementing this plan, Alitalia will benefit from:

- ▶ A unique combination of hubs from north to southern Europe, organised around the most powerful network linking Europe to the rest of the world, and giving the customers of the new group access to an unparalleled choice of schedules and destinations ;
- ▶ The support of global sale forces ; and
- ▶ Investment in products and services aimed at reinforcing and developing the Alitalia brand, one of the key assets for the group.

This will give Alitalia the means to restart its development, and in consequence, consolidate its position as the national leader.

Its membership of the Air France-KLM Group together with the implementation of the plan should enable Alitalia to return to operating profit as early as 2009, and to rapidly move to operating margin levels in line with those of other major European airline companies.

Air France-KLM is proposing to acquire 100% of the capital of Alitalia via an exchange offer with a parity of 1 Air France-KLM share for 160 Alitalia shares, equivalent to 8.7million Air France-KLM shares for 100pct of Alitalia.

The group also proposes to acquire the convertible bonds issued by Alitalia at their current market value of 0.3145 euro per bond, or a total of €608million.

Lastly, Air France-KLM undertakes to underwrite fully a capital increase for a total of €1bn, which will be launched immediately after the closing of the offer and open to all the shareholders of Alitalia. The proceeds of this significant capital increase will be largely directed towards funding the commercial re-launch of Alitalia.

The Air France-KLM offer is conditional on a number of factors, including the endorsement of Alitalia's shareholder, the Italian Ministry of Economy and Finance and its undertaking to tender its shares and bonds, and the formal agreement of Alitalia's unions. Air France-KLM is relying on the commitment of all the employees, which will be crucial to the successful re-launch of the company.

The launch of the offer is also conditional on the authorization from the relevant competition authorities. The latter should pronounce by the end of the first half of 2008.

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