

## **Statutory auditors' special report on regulated agreements and commitments**

### **Shareholders' Meeting held to approve the financial statements**

**for the year ended March 31, 2011**

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

To the Shareholders,

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

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

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

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

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## AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

### Agreements and commitments authorized during the year

We hereby inform you that we have not been advised of any agreement or commitment authorized during the year to be submitted to the approval of the Shareholders' Meeting pursuant to Article L.225-38 of the French Commercial Code.

## AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

### 1) Agreements and commitments approved in prior years which remained in force during the year

Pursuant to Article R.225-30 of the French Commercial Code, we have been informed that the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

#### *a) Agreement relating to the issuance by Air France-KLM of bonds convertible and/or exchangeable for new or existing Air France-KLM shares*

Pursuant to the authorization granted by your Board of Directors, in its meeting on June 17, 2009, Air France-KLM launched on June 18, 2009, an issue of bonds convertible and/or exchangeable for new or existing Air France-KLM shares (OCEANes) for a nominal amount of €661 million, maturing on April 1, 2015. To this effect, the Board of Directors approved the signature of:

- an agreement under the terms of which Société Air France and KLM jointly, unconditionally and irrevocably guarantee the payment of all monetary amounts due by Air France-KLM in respect of these bonds;
- a secondary agreement organizing the terms of remuneration paid by Air France-KLM to Société Air France and KLM in consideration for the grant of this guarantee;
- a secondary agreement organizing the terms and conditions of the credit facility granted by Air France-KLM to Société Air France and KLM;
- an underwriting agreement covering the aforementioned issue, between Air France-KLM, Société Air France, KLM and a banking syndicate.

At the end of March 2011, Société Air France invoiced your Company a €6,538,072 guarantee commission.

Pursuant to the secondary agreement organizing the terms and conditions of the credit facility, at the end of March, Société Air France had drawn down €200,000,000, that was repaid in June 2010. In respect of this transaction, your Company invoiced Société Air France interest in the amount of €1,071,733.33 during fiscal year 2010-11.

***b) Agreement relating to the issuance by Air France-KLM of bonds***

Pursuant to the authorization granted by your Board of Directors, in its meeting on September 24, 2009, Air France-KLM launched on October 14, 2009, a seven-year €700 million bond issue. To this effect, the Board of Directors approved the signature of:

- an agreement under the terms of which Société Air France and KLM severally, unconditionally and irrevocably guarantee the payment of all monetary amounts due by Air France-KLM in respect of these bonds;
- a secondary agreement organizing the terms of remuneration paid by Air France-KLM to Société Air France and KLM in consideration for the grant of this guarantee;
- a secondary agreement organizing the terms and conditions of the credit facility granted by Air France-KLM to Société Air France and KLM;
- an underwriting agreement covering the aforementioned issue, between Air France-KLM, Société Air France, KLM and a banking syndicate.

At the end of March 2011, Société Air France invoiced your Company a €4,042,222 guarantee commission.

Pursuant to the secondary agreement organizing the terms and conditions of the credit facility, at the end of March 2011, Société Air France had drawn down €200,000,000, that was repaid in June 2010. In respect of this transaction, your Company invoiced Société Air France interest in the amount of €855,044.45 during fiscal year 2010-11.

***c) Agreement between Air France-KLM and Société Air France (Aéroports de Paris guarantee)***

On November 21, 2007, your Board of Directors authorized an agreement under which Société Air France agreed to compensate Air France-KLM for guaranteeing rental payments granted by the latter to Aéroport de Paris for the benefit of Société Air France.

On November 19, 2008, your Board of Directors renewed the authorization of this agreement which was agreed on March 30, 2009.

During fiscal year 2010-11, your Company invoiced Société Air France €54,000 with respect to this agreement.

***d) Agreement entered into by Air France-KLM and Société Air France with respect to the issuance by Air France of bonds convertible and/or exchangeable for new or existing Air France-KLM shares***

Air France-KLM and its subsidiary Société Air France entered into an agreement in 2005 for the purpose of organizing the financial and legal relations between the two companies with respect to the issuance by Société Air France of bonds convertible and/or exchangeable for new or existing Air France-KLM shares.

The terms of this agreement stipulate:

- the remuneration paid by Société Air France to Air France-KLM in consideration for the option granted to bondholders to request the conversion of their bonds into Air France-KLM shares;

- should this option be exercised by a bondholder, the conditions in which Air France-KLM shall hand over new or existing shares (or a combination of both), and deliver to the centralizing agent the corresponding number of shares;
- the terms and conditions covering the payment by Société Air France to Air France-KLM of the amount corresponding to the value of the bonds that are to be converted or exchanged.

This agreement was authorized by your Board of Directors on April 13, 2005.

During fiscal year 2010-11, your Company invoiced Société Air France €6,494,056.97 with respect to this agreement.

***e) Trademark licensing agreement between Air France-KLM and Société Air France***

Air France-KLM and its subsidiary Société Air France entered into a licensing agreement for the “Air France-KLM” trademark.

This agreement was authorized by your Board of Directors on September 1, 2005.

During fiscal year 2010-11, your Company invoiced Société Air France €10,290,082 with respect to this agreement.

***f) Agreement relating to a portion of the remuneration paid to executive officers invoiced to Société Air France by Air France-KLM***

The remuneration of Air France-KLM executive officers is invoiced to Société Air France based on the percentage of activity devoted to Société Air France.

This agreement was authorized by your Board of Directors on November 23, 2004.

On November 19, 2008, your Board of Directors renewed the authorization to invoice Société Air France for the remuneration paid to executive officers with a view to the separation of the Chairman and Chief Executive Officer functions as of January 1, 2009.

During fiscal year 2010-11, your Company invoiced Société Air France €25,291.91 with respect to this agreement.

***g) Service agreement between Air France-KLM and Société Air France***

Air France-KLM and its subsidiary Société Air France entered into an agreement in 2004 for the purpose of defining the conditions under which Air France will provide, at the request of Air France-KLM, technical and administrative support services to Air France-KLM. These accounting, administrative, legal and IT related services are invoiced at cost. They include a portion of the obligation relating to the supplementary collective pension scheme for the Chief Executive Officer based on the percentage of activity devoted to Air France-KLM, in accordance with your Board of Directors’ decision on November 19, 2008.

This agreement was authorized by your Board of Directors on September 15, 2004.

During fiscal year 2010-11, Société Air France invoiced your Company €2,865,679 with respect to this agreement.

### ***h) Domiciliation agreement between Air France-KLM and Société Air France***

Air France-KLM and its subsidiary Société Air France entered into an agreement for the domiciliation and use of the premises of the Air France-KLM registered office.

This agreement was authorized by your Board of Directors on September 15, 2004.

During fiscal year 2010-11, Société Air France invoiced your Company €259,082.26 with respect to this agreement.

## **2) Agreements and commitments approved in prior years not performed during the year**

In addition, we have been informed of the following agreements and commitments, previously approved by Shareholders' Meetings of prior years, which were not performed during the year.

### ***a) Commitment relating to the pension plan of the Chief Executive Officer of Air France-KLM***

In its deliberation of January 15, 2004, your Board of Directors approved a separate collective pension scheme for Air France principal executives, including executive officers.

This pension scheme aims to guarantee these executives, once they fulfill the particular conditions for eligibility (notably 7 years' service with Air France), an annual pension benefit of between 35% and 40% of their average annual remuneration during the last three years of employment, with the amount capped, on any assumption, at 40% of average remuneration during the last three years.

On November 19, 2008, in an express decision taken in application of the "Breton" law of July 26, 2005, your Board of Directors confirmed that Mr. Pierre-Henri Gourgeon, in his new capacity as Chief Executive Officer as of January 1, 2009, would benefit from this defined benefit pension scheme under the same terms and conditions as the other beneficiary executives.

### ***b) Cash agreement between Air France-KLM and Société Air France***

Air France-KLM and its subsidiary Société Air France entered into an agreement in order to provide Air France-KLM with a credit line. This cash agreement bears interest at EONIA + 60 points.

This agreement was authorized by your Board of Directors on September 15, 2004.

As of March 31, 2010, the amount payable by your Company to Société Air France in respect of this cash agreement totaled €0.

During fiscal year 2010-11, your Company recorded no interest expenses with respect to this agreement.

Paris La Défense and Neuilly-sur-Seine, May 31, 2011

The Statutory Auditors

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