



Summary of proceedings at the
Ordinary General Meeting of Shareholders, 19 May 2016

Chaired by Mr Alexandre de Juniac, Chairman and Chief Executive Officer, the ordinary General Meeting of Shareholders held on 19 May 2016 at the Carrousel du Louvre was attended by over 500 shareholders and by members of the Board of Directors. The quorum reached was 56.85%, representing 168,305,187 shares owned by shareholders present or represented out of a total 296,069,700 shares with voting rights, each share entitling its owner to one or two votes, depending on the situation (since 3 April 2016, and absent any clause in the Air France-KLM Articles of Association¹, all fully paid-up shares registered for two years in the name of the same shareholder have double voting rights). In all, the 11,401 shareholders present or represented adopted all eleven resolutions put to the vote.

The role of scrutineers was performed by Audrey Mariani (representing the French state shareholder) and by Louis Jobard (a pilot employee shareholder); these were the two members present at the Meeting with the greatest number of votes and agreeing to perform this role.

The General Meeting of Shareholders was broadcast live on www.airfranceklm-finance.com.

Results of voting on the resolutions

#	Resolutions	For	Against	Abstention
1	Approval of the 2015 financial statements	99.28%	0.65%	0.07%
2	Approval of the 2015 consolidated financial statements	99.28%	0.65%	0.07%
3	Appropriation of 2015 earnings	99.48%	0.45%	0.07%
4	Appointment of Ms Anne-Marie Couderc as a Director for a four-year term	98.50%	1.40%	0.10%
5	Appointment of Mr Hans N.J. Smits as a Director for a four-year term	79.67%	20.23%	0.10%
6	Appointment of Mr Alexander R. Wynaendts as a Director for a four-year term	98.81%	1.09%	0.10%
7	Renewal of the mandate of Deloitte & Associés as titular Statutory Auditors	97.75%	2.11%	0.14%
8	Renewal of the mandate of BEAS as alternate Statutory Auditors	97.87%	1.99%	0.14%
9	Opinion on the composition of the remuneration due to or vested in 2015 to Mr Alexandre de Juniac, Chairman and Chief Executive Officer	93.46%	6.49%	0.05%
10	Authorization for the Board of Directors to trade in Company shares	99.34%	0.60%	0.06%
11	Powers for formalities	99.47%	0.45%	0.08%

Governance

¹ The resolution put to the General Meeting of Shareholders held on 21 May 2015 to introduce a clause designed to maintain single voting rights into the Articles of Association was rejected.

Composition of the Board of Directors

The Chairman began by outlining the changes in the make-up of the Board of Directors in 2015 and its current make-up.

Mr Dehecq, Chair of the Appointments and Governance Committee, next presented the Directors whose appointment was being proposed to the General Meeting of Shareholders. Ms Anne-Marie Couderc and Messrs N.J. Hans Smits and Alexander R. Wynaendts were appointed as Directors for a term of four years each, until the close of the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2019, replacing Messrs Jean-François Dehecq, Cornelis van Lede and Leo van Wijk, whose mandates were due to expire at the end of that General Meeting of Shareholders.

Following these appointments, the Board of Directors comprised 15 members, including (i) five women (35.7% of Board members, Directors representing employees not being taken into account in the calculation referred to Article L. 225-18-1 of the French Commercial Code, pursuant to Article L. 225-27-1 of French Commercial Code) and (ii) six independent Directors within the meaning of the AFEP-MEDEF Code of corporate governance (50% of Board members pursuant to the AFEP-MEDEF Code of corporate governance, under which Directors representing employee shareholders and Directors representing employees are not counted when determining the percentage of independent directors).

Mr Dehecq next presented the discussions of the Appointments and Governance Committee as part of the succession plan approved by the Board of Directors leading to the decision to appoint Mr Janaillac as Chairman and CEO of Air France-KLM to replace Mr Alexandre de Juniac. He paid tribute to the work of Alexandre de Juniac at the head of Air France and Air France-KLM Group over the past five years and wished him success in his future duties as Director General and CEO of IATA. He then presented Mr Janaillac, who was present at the meeting, and said he would be co-opted onto the Board of Directors at the end of June and take office on 4 July 2016.

Presentation of the 2015 financial year

(See also the shelf document and the annual report, available at www.airfranceklm.com or on request in writing).

Mr Riolacci, Air France-KLM Group Chief Financial Officer presented the activity and financial results for the 2015 financial year.

Key figures

- Turnover: 26.1 billion euros
- EBITDA: 2,447 million euros
- Operating result: 816 million euros
- Net income: 118 million euros
- Debt: 4.3 billion euros

Business activity

Much of the improvement in results was due to the improvement in the contribution from **Passenger** operations, by far the most important activity, with more than 20 billion euros in turnover. This improvement reflects both a real discipline as regards capacity, and the successful restructuring of domestic medium-haul point-to-point activity in France. The market was difficult, however, due to overcapacity, while pressure on prices was very real. Revenue per available seat-km (RASK) remained volatile, down 3.3% like-for-like compared to the 2014 financial year. The unit cost per available seat-km (CASK) decreased 6.7% like-for-like, mainly due to the lower fuel bill. The positive operating result amounted to 842 million euros.

Transavia was growing rapidly, with nearly 11 million passengers carried, close to 1.1 billion euros in turnover, greatly accelerated expansion in France and, in spring 2016, the opening of the first European base in Munich. This activity is growing rapidly, and its results were stable compared to the previous year.

However, 2015 was a very difficult year for the **Cargo** business. The market remained significantly depressed, with persistent marked overcapacity. Despite a reduction in capacity of 23%, yield per available seat-km (CASK) was down sharply, by 12.8%. There had been a decrease in unit costs of

approximately 10.8% due to lower fuel prices, but above all, a drop in non-fuel unit costs at constant exchange rates of around 3%.

The **Maintenance** business generated strong organic growth of 7%, bolstered by the dollar effect. The order book rose sharply, as did the operating result, which amounted to 214 million euros, generating an operating margin of around 5%.

Financial results

The most significant factor is the large increase in operating income, amounting to over 800 million euros, a total improvement of over 500 million euros. This increase can be explained by the drop in oil prices (the fuel bill fell by 1.7 billion euros), partly offset by pressures on revenues and exchange rate effects.

Alongside this net effect, there was a decrease in unit costs of around 150 million euros. 2015 was, therefore, a transitional year in terms of unit cost reductions in an environment of tight discipline and capacity reductions at Cargo.

Thanks to these improvements in operating performance, EBITDA also improved significantly to 2.45 billion euros. Free cash-flow from operations was also significantly up. The reduction in debt levels was significant, with a 2 billion euro-plus reduction over four years. The higher cash flow and declining debt led to a significant improvement in credit ratios

Outlook

Mr Riolacci spoke about the very positive first-quarter results, with resilient good turnover, a 2-point increase in seat-load factor, now at a very competitive level with the Group's competitors, despite still very mixed demand, sectors affected by political and economic events, and the preservation of part of the decrease in the oil bill. There had been an improvement in all operational aggregates, and especially in operating income (EBITDA), of around 300 million euros over one quarter, whereas the first quarter is considered to be the most difficult because of the seasonal nature of the airline industry.

Share price and relations with individual shareholders

Mr Riolacci welcomed the work of the Individual Shareholders Committee, which is an important discussion forum, and spoke of the many initiatives implemented by Air France-KLM in favour of individual shareholders, including the regular Letter to Shareholders.

Mr Riolacci reported on changes in the share price in recent years and months. He acknowledged that the share price was disappointing, especially after the announcement of the first-quarter results, whose improvement was greater than that of the Group's main competitors.

Strategy

Before going on to outline the main strategic directions, the Chairman outlined the highlights of 2015, aided by an introductory video setting out the Group's ambitions.

Results of the TRANSFORM Plan/objectives of the PERFORM Plan

The TRANSFORM Plan had been implemented and had resulted in:

- a return to profit in 2015
- a 2.2 billion euro reduction in debt
- a reduction in non-fuel unit costs of close to 10%.

These efforts are noticeable activity by activity. In the Cargo business, for example, the freighter segment fell from 21 aircraft to five between 2011 and 2017, and was now trending towards breakeven. Most importantly, there had been significant growth in the Maintenance business. Between 2011 and 2015, turnover at Maintenance grew 52% and operating income doubled. The profitability of long-haul operations had also increased significantly. Not least, premiumization, commercial reconquest, and the

digitization of the Company had significantly improved the quality of the offering and strengthened the relationship with customers.

This performance was made possible by really far-reaching labour talks with the different personnel categories across all Group sectors, whether at KLM, Air France, HOP! or Transavia.

This success of the TRANSFORM Plan, followed by the implementation of the PERFORM Plan had also helped maintain and increase the level of integration at Air France-KLM. For one thing, it was integrated because everything to do with the customer was completely managed in common: sales, marketing, digital systems, frequent flyer programme, international outstations, Revenue Management, and the Schedule. Furthermore, activities were fully integrated at Cargo, Maintenance, and at supporting activities such as IT and technology. Not forgetting the importance of brands: Air France, KLM, HOP!, Transavia, Air France Industries KLM Engineering & Maintenance, and Air France-KLM Cargo.

Commercial performance

Twenty-fifteen also saw good commercial performance despite a very difficult environment for revenue due to competitive pressures from low-cost carriers and the Gulf airlines. Despite these difficulties, the seat-load factor increased and revenue per available seat-km (ASK) increased by 2% in nominal terms, adjusted for strike action (down 3.3% like-for-like). This is mainly the outcome of two factors: the management of capacity and aggressive sales and marketing, with global stimulus packages aimed at Japan, the US, and China following the terror attacks in Paris; upgrades to our long-haul Products, namely World Business Class at KLM, the Best cabin at Air France long-haul, and the Smart cabin at Air France medium-haul; the winning of new Corporate customers thanks to BlueBiz products; and the development of ancillary revenues.

Security

Before addressing the Group's outlook, Mr Alexandre de Juniac spoke of the importance of security in the airline industry, especially in view of the latest news of the Egyptair jet loss that night.

A video on safety and security was next shown, demonstrating the importance of these topics and how great a priority they are for the Group.

Market growth

Chairman Alexander de Juniac next spoke of the forecasting horizon and the future of the Group.

The air transport market was still growing. In 2015, traffic grew by 6.8% worldwide in terms of revenue passenger-km. In Europe, growth was 7.2%, but with strong competitive pressures from the low-cost segment, which was growing faster than the legacy airline segment.

"We are in a growing market and the key issue for us is to capture growth wherever it is, with the best instrument possible. If we do not have the best, the most competitive instrument, or are badly positioned geographically, we will not capture the growth, and that is what is most at stake."

Improving competitiveness

To capture that growth, the Group's competitiveness must be strengthened in order to return to a position among the best European airlines. This is the challenge of the strengthening and of the lowering of costs in connection with the competitiveness component of the PERFORM 2020 Plan. To achieve this, action must focus on three main areas:

- The upgrading of the production base through fleet renewal;
- Cost reductions;
- - The renegotiation of agreements with different personnel categories, both at KLM and Air France. *"KLM carried out that renegotiation in 2015 and resumed negotiations in 2016 with two personnel categories since the previous negotiation was for 15 or 18 months. Air France has successfully negotiated with ground staff. Negotiations will take place with cabin crew in the weeks ahead. With the pilots, negotiations have so far failed to reach agreement. Maybe some of you have seen that there were calls for strike action and a refusal to continue negotiations. I would consider that such a course of action just as the Company is managing to get its head*

out of the water, to recover, and to resume its place among the best, would be to seriously jeopardize not only the recovery effort, but basically, the sacrifices that have been made by the Group's 100,000 employees. It would be very bad for this business."

Government support

Following his report on competitiveness, Mr de Juniac stressed that it was important for national and European authorities to assist the Group, not by the payment of subsidies, but by adopting a more competitive fiscal and social framework. He said that at national level, the LE ROUX report had listed a dozen major steps to reduce the costs burdening air transport in France. In the Netherlands, measures designed to reduce infrastructure costs were continuing.

In addition, Air France-KLM was requesting the establishment of a specific social system for long-haul pilots to ease the payroll taxes mainly affecting French flight crews. At EU level, Air France-KLM was supporting the "Aviation Package" implemented by the European Commission and was asking for negotiations to be started with a number of third-party states to ensure fair competition, and the introduction of a trade defence and litigation instrument.

The importance of partnerships for long-haul operations

Contributing to market growth, especially on long-haul routes, would be achieved primarily through partnerships, and in particular through the SkyTeam alliance. Some partnerships were also particularly essential, including the transatlantic joint venture with Delta, worth 12 billion dollars in revenue.

It was also necessary to build on the highly dynamic joint ventures with China Southern and China Eastern. These had made Air France-KLM the leading European carrier on flights to China, with eight destinations in all. Overall turnover of the joint venture was close to one billion dollars. In two or three years it should overtake some of the Group's traditional domestic markets.

Strengthening partnerships with India was also fundamental. Agreements had been signed with India's leading private sector airline, Jet Airways, covering the development of joint flights, and a cooperation programme.

Strengthening the hubs for medium-haul

Air France-KLM's strategy is based on the power of its two hubs, Charles-de-Gaulle and Schiphol. In the first place, to preserve this fundamental position and connectivity, it is necessary to strengthen the hubs' attractiveness and their feeder networks. That requires investment in technology on the ground and infrastructure investment. The Group must also strengthen the partnership between the Paris and Schiphol airports by seeking lower fees and improving services. It must also increase the density of medium-haul feeder networks. This was the case of KLM, which had managed, with an extremely dense network, to optimize feeder flights to its hub. Air France continued to work on this issue, partly by restructuring the Charles-de-Gaulle Hub.

Continued development of Transavia for the medium-haul sector

The Chairman emphasized that Transavia was the Group's low-cost instrument, whose development had to be continued as rapidly as possible as it represented the fastest-growing market sector in Europe.

"We will have to count on Transavia. It is the largest low-cost airline operating out of Orly. Profitability is rising.... It is a growing airline, with three major national bases in the Netherlands, France (mainly at Orly), and now in Munich, with four aircraft based in one of the wealthiest regions in Europe."

The growing Maintenance business

The Chairman noted that Maintenance was a very important market, representing nearly 65 billion dollars in turnover. Air France-KLM was world number two, with very strong growth and outstanding profitability.

He invited Mr Franck Terner (EVP Air France-KLM Engineering & Maintenance) onstage to be interviewed by Mr Jacques Louvet (a member of the Individual Shareholders Committee), highlighting the performance of the business in 2015, and addressing continued growth objectives and key challenges facing it in a highly competitive market, especially as regards technology issues.

Customer products and services

The Chairman stressed the importance of digital systems: he felt that it was the future of customer relations and Air France-KLM was well positioned in this area.

“25% of our sales are done online. One in three tickets is sold via airfrance.com or klm.com. Some 70% of check-ins are self-service, while 50% of online interactions are via mobile phones. The Group had nearly 23 million fans on Facebook and 3 million Twitter followers, which is huge. Some 12,000 cases are dealt with on social networks each week. We usually reply in under an hour, in 13 languages and seven days a week. We have been voted one of the most socially invested brands on Facebook.”

He outlined the latest developments in the inflight and ground products in the long haul segment, aimed at constant improvement in customer service, including the deployment of Best cabins in the Air France fleet, the World Business Class Product in the KLM fleet, the forthcoming new IFE system (TV on board), and investments in La Première lounges.

The trend is the same for improvements to inflight and ground products in the medium-haul sector, including the development of the new Smart & Beyond product with new seats and new on-board catering.

Awards received by Air France-KLM

The Chairman highlighted the awards received by the Group and its affiliates in 2015:

- Air France-KLM was the airline that had most improved in 2015 according to SkyTrax, and the third most admired company in 2016 in the Airlines category.
- KLM was voted Best Airline in 2016 by Reisgala, while Transavia was voted best low-cost airline in Europe.
- At the Freddie Awards, Air France-KLM took five awards out of nine for its Flying Blue frequent flyer programme.
- According to Aviation Week, Air France-KLM's Maintenance arm was the year's best.

Presentation of the resolutions - Remuneration

After the Statutory Auditors had presented their reports, Mr Le Pape presented the 11 resolutions being put to shareholder vote.

Mr van Wijk, Chairman of the Remuneration Committee, reported on the remuneration policy for the Chairman.

As Chairman and CEO of Air France-KLM, Mr de Juniac had received total remuneration (fixed and performance-related) for the 2015 financial year amounting to 1.062 million euros, including a fixed component of 600,000 euros and a performance-related amount of 462,000 euros, as set by the Board of Directors.

This amount was submitted to the advisory vote of shareholders in accordance with the AFEP-MEDEF Corporate Governance Code.

Dialogue with shareholders

After the screening of a video on sustainable development the Chairman, accompanied by Messrs Gagey, Elbers, Riolacci and Le Pape, began a question and answer session with shareholders in the auditorium. Answers to written questions had been posted on www.airfranceklm.com at the start of the General Meeting of Shareholders, as permitted by law.

The questions asked during this hour-long exchange focused on the Group's strategy and labour relations situation. A selection of questions and answers reflecting these discussions is provided below. The full discussion is available on the Group website at: <http://www.airfranceklm.com/fr/finance/actionnaires/webcast-ag>.

Request from a member of ground staff to suspend the Servair sale process

The Chairman explained that the situation at Servair had improved dramatically, that the company was now in profit and that the Group's situation was not dependent on the sale of the asset. Servair was being sold not for financial but for industrial reasons: to ensure its international development and accelerate its industrial development, it had become necessary to find a better partner than Air France, despite the goodwill and the links between Air France and Servair.

The investment required by Servair was not on the list of Air France's priority investments, which were aircraft, spare parts, maintenance, and then factories. Among Servair's potential buyers there were only very large industrial partners which saw Servair as a tremendous opportunity for mutual development. Furthermore, Air France would retain an equity interest in Servair for at least a few years to ensure the supply at Charles de Gaulle, which is strategic in nature.

Question on the agreements and relations with Alitalia as regards destinations other than North Atlantic ones

The Chairman pointed out that Alitalia was a member of the transatlantic joint venture with Delta. As such, it benefits from the strengths of the joint venture, like the other members. He added that there were other partnership agreements with Alitalia which were bilateral agreements between Air France and KLM on the one hand and Alitalia on the other, mainly concerning routes serving the Netherlands, France, and Italy. These agreements were beneficial to all parties, ie, Air France, KLM, and Alitalia. It therefore seemed desirable to maintain that European partnership. He explained that there were other agreements, particularly at Maintenance, that were working very well. He said that he was quite favourable to continuing the cooperation with Alitalia, but that it was up to Alitalia's majority shareholder, Etihad, to decide whether it wanted to continue the cooperation.

Question on negotiations with Singapore Airlines. (question from an employee shareholder)

The Chairman said that such a partnership was only a press rumour but it would be a good thing because the group lacked a partner in South East Asia. He said that Southeast Asia represented a market of 600 million people, was enjoying very strong growth, and included a number of very dynamic countries. He said that the Group's partner in that region was Malaysian, which was a strong partner of KLM at the time, and had been hit by two successive disasters that prompted the Malaysian airline to retrench and therefore weakened the partner.

Question from a shareholder on the ballot organized by the SNPL on possible strike action

The Chairman said that at that stage it was not possible to prejudge the outcome of a ballot, due to close on 30 May, asking if the SNPL National Union of Airline Pilots should file a notice of strike action lasting more than 144 hours, ie, six days. He felt that a strike at that time of year, and of that magnitude, just as the Group was getting its head out of the water, would be the worst possible blow not only to the recovery but also to the sacrifices of Group employees. He felt that such action could be called sabotage of the huge efforts and sacrifices that had already been made by everyone, and which were bearing fruit.

Mr Gagey said that for him, 2015 was a very important year because Air France had clawed back a very significant operating margin, comparable to that of KLM. This really was the result of far-reaching efforts that had been undertaken by all categories of Air France personnel, who had dedicated themselves, developed their intelligence and their imagination, had made efforts, and managed costs, but who had also showed their ability to sell in order to generate profits. He stressed that this had not happened for a long time. He felt that the Company should sustain that momentum today by finding the necessary compromises. He believed that, while they could be proud of the efforts accomplished, it was all still very fragile. He stressed the importance of playing the team game, of keeping up the efforts so as to

sustain the recovery of Air France and allow it to express its ambitions. He hoped that the efforts to date would not be wasted.