IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached International Offering Memorandum, whether received by e-mail, accessed from an internet page or otherwise received as a result of electronic communication and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached International Offering Memorandum. In accessing the attached International Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS MESSAGE, PLEASE DO NOT DISTRIBUTE OR COPY THE INFORMATION CONTAINED IN THIS E-MAIL, BUT INSTEAD DELETE AND DESTROY ALL COPIES OF THIS E-MAIL.

This International Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither Air France-KLM nor any of the Underwriters, nor any person who controls, or is a director, officer, employee or agent of the same, nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the International Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Underwriters. You should take full responsibility for virus checking.

Confirmation of Your Representation: In order to be eligible to view this International Offering Memorandum, you must (i) not be located in the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and (ii) not be a U.S. person (within the meaning of Regulation S under the Securities Act). You have been sent the attached International Offering Memorandum on the basis that you have confirmed to the relevant Underwriter, being the sender of the attached International Offering Memorandum, that (A) (i) you and any customers you represent are neither located in the United States nor are U.S. persons and (ii) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States and (B) you are not resident in Canada, Australia or Japan.

In addition, in order to be eligible to view this e-mail and/or access the International Offering Memorandum or make an investment with respect to the securities described therein, you must either be (A) a person who is outside the United Kingdom or (B) an investment professional falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (C) a high net worth entity, or any other person to whom this prospectus may be lawfully communicated, falling within Article 49(1) of the Order.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF SECURITIES, IN ANY JURISDICTION WHERE SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY JURISDICTION.

No registration statement relating to these securities has been filed with the U.S. Securities and Exchange commission. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act, or pursuant to an exemption from such registration.

You are reminded that the attached International Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this International Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this International Offering Memorandum to any other person.
International Offering Memorandum

(incorporated into the laws of France as a société anonyme, i.e., a public limited company)

Bonds convertible into and/or exchangeable for new or existing shares of Air France-KLM due 2023 and guaranteed by Société Air France and KLM

(Obligations à option de conversion et/ou d’échange en actions nouvelles et/ou existantes)

Air France-KLM (“Air France-KLM”) is offering approximately €480 million principal amount of bonds (the “Bonds”) convertible and/or exchangeable for new or existing shares of Air France-KLM (OCEANEs) due 15 February 2023 and guaranteed on a senior unsecured basis by Société Air France and KLM, severally but not jointly (caution conjointes mais non solidaires) (the “Guarantee”) subject to an increase to up to approximately €550 million principal amount at the option of the Issuer with the agreement of the Global Coordinators, Joint Lead Managers and Joint Bookrunners. The Bonds will be offered, without preferential subscription rights and with a priority subscription period, in a public offering in France and internationally in private placements to institutional investors in accordance with applicable regulations, outside of the United States, Canada, Australia and Japan.

The par value of the Bonds will represent an issue premium of between 30% and 35% over the volume-weighted average of the trading price of Air France-KLM shares on the regulated market of NYSE Euronext in Paris (“Euronext Paris”) from the start of trading on 25 March until 12 noon (Paris time) on that same day.

Holders may exercise their right to convert or exchange their Bonds at their option at any time from 40 days after the settlement date (i.e., 7 May 2013) until the seventh business day inclusive preceding the Bonds’ maturity or the relevant early redemption date. The initial Conversion/Exchange Ratio will be one share of Air France-KLM for one Bond, subject to adjustment upon the occurrence of certain events described herein.

The Bonds will mature on 15 February 2023. At maturity, Air France-KLM will redeem the Bonds at par. Air France-KLM may redeem all of the outstanding Bonds at its sole option at any time from 28 September 2016 until their maturity at par, plus interest accrued since the most recent interest payment date, upon 30 calendar days’ notice, if the arithmetic average (calculated over a period of 10 consecutive trading days from among the 20 trading days that precede the date of publication of the notice of such early redemption) of the product of the opening trading price of Air France-KLM’s shares on Euronext Paris and the Conversion/Exchange Ratio in effect on each date exceeds 130% of the principal amount of the Bonds. If less than 10% of the Bonds remain outstanding, Air France-KLM may, at its sole option, at any time, subject to no less than 30 calendar days, redeem all of the outstanding Bonds at their principal amount plus interest accrued since the most recent interest payment date (or, as the case may be, since the issue date). All or part of the Bonds held by any Bondholder may be redeemed at the option of such Bondholder at their principal amount plus interest accrued since the last interest payment date (or, as the case may be, since the issue date) on 15 February 2019 in the event of a change of control of Air France-KLM 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 exceptions).

The Bonds will bear interest at an annual nominal rate between (RR-0.02)% and (RR+0.73)% payable in arrears on 15 February of each year (or, if that date is not a business day, the next following business day). “RR” or the Reference Rate will be the 9.89-year linearly interpolated mid swap rate based on the 9- and 10-year mid swap rates as they will appear on Bloomberg EUSA9 Index and EUSA10 Index pages on 25 March 2013 at 12 noon (Paris time). For the period from 28 March 2013 to 14 February 2014 inclusive, interest calculated pro rata temporis will be payable on 15 February 2014 (or, if that date is not a business day, the next following business day).

Application has been made to list the Bonds on Euronext Paris with effect from 28 March 2013. Air France-KLM’s shares are listed on Euronext Paris and on Euronext Amsterdam (ISIN number FR0000031122), as well as on the New York Stock Exchange (in the form of American Depositary Shares).

The terms and conditions of the Bonds and the Guarantee and information relating to Air France-KLM are set out in this International Offering Memorandum. This document should be read in conjunction with the English language version of the Registration Document and of the Update of the Registration Document incorporated by reference herein.

Investing in the Bonds involves risks. For a description of certain risks that you should consider before purchasing the Bonds, see Section 2 “Risk Factors” of this International Offering Memorandum and Chapter 3 “Risk factors” of the Registration Document as updated in the Update of the Registration Document, incorporated by reference herein.

The Bonds, the Guarantee and the shares deliverable upon conversion or exchange of the Bonds, if any, have not been registered and will not be under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws. Accordingly, the Bonds are being offered and sold only outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act.

A public offering is being made in France pursuant to a separate offering document prepared in accordance with French regulations. The private placement to institutional investors outside the United States, Canada, Australia and Japan, to which this International Offering Memorandum solely pertains, is separate from the public offering in France. This International Offering Memorandum has not been submitted to the clearance procedures of the French Autorité des marchés financiers and may not be used in connection with any offer to the public to purchase Bonds in France.

Delivery of the Bonds will be made to investors in French-law dematerialised book-entry form through Euroclear France, Euroclear Bank S.A./N.V. and/or Clearstream Banking S.A., Luxembourg, and is expected to occur on 28 March 2013, the settlement date of the Bonds.

Global Coordinators, Joint Lead Managers and Joint Bookrunners

BNP PARIBAS

Société Générale Corporate & Investment Banking

Citigroup

Commerzbank

Deutsche Bank

Goldman Sachs International

Mitsubishi UFJ Securities International plc

This International Offering Memorandum is dated 19 March 2013

STRITICLALLY CONFIDENTIAL
NOTICES TO INVESTORS

This International Offering Memorandum is confidential and is being furnished in connection with a private placement to institutional investors in several jurisdictions outside the United States, Canada, Australia and Japan solely for the purpose of enabling a prospective investor to consider whether to acquire Bonds as described herein. Any reproduction or distribution of this International Offering Memorandum, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds is prohibited. Each person, by accepting delivery of this International Offering Memorandum, agrees to the foregoing.

The distribution of this International Offering Memorandum and the acquisition of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this International Offering Memorandum comes must inform themselves about and observe any such restrictions. For a description of certain restrictions on the acquisition of the Bonds, see Section 5.2 “Plan of distribution and allocation of the Bonds”. This International Offering Memorandum does not constitute an offer of, or an invitation to purchase, any Bonds in any jurisdiction in which such offer or invitation would be unlawful. No action has been taken in any jurisdiction other than France that could permit a public offering of the Bonds, or the circulation or distribution of the International Offering Memorandum or any other offering material, where action for such purpose is required.

This International Offering Memorandum has been prepared by Air France-KLM on the basis that any purchaser of the Bonds is a person or an entity having such knowledge and experience of financial matters as to be capable of evaluating the merits and risks of such purchase.

In making an investment decision regarding the Bonds, prospective investors must rely (and will be deemed to have solely relied) on their own examination of Air France-KLM and the terms of this offering, and conduct such independent investigation and analysis regarding Air France-KLM and the Bonds, as they deem appropriate to evaluate the merits and risks involved. Prospective investors should not treat the contents of this International Offering Memorandum as advice relating to legal, taxation or investment matters. Prospective investors should consult their own professional advisers as to legal, tax, business, financial and related aspects concerning the acquisition, holding or disposal of the Bonds. No person is authorised to give any information or to make any representation other than those contained in this International Offering Memorandum in connection with the issue or sale of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by Air France-KLM, BNP Paribas, Société Générale, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank, Goldman Sachs International and Mitsubishi UFJ Securities International plc (the “Underwriters”) or any other person. Neither the delivery of this International Offering Memorandum nor any acquisition made in connection with this offering shall, at any time and under any circumstances, create any implication that there has been no change in the affairs of Air France-KLM or its subsidiaries since the date hereof or that the information contained in this International Offering Memorandum is correct as of any time subsequent to the date of this International Offering Memorandum or that there has been no change in Air France-KLM’s or its subsidiaries’ financial condition or affairs since the date of this International Offering Memorandum.

None of the Underwriters nor any of their respective representatives are making any representations to prospective investors regarding the legality of an investment in the Bonds, or the accuracy or completeness of the information set out in this International Offering Memorandum, and nothing contained herein is or shall be relied upon as a promise or representation by any of the Underwriters, or any of its or their representatives as to the past or future. Each person who receives this International Offering Memorandum acknowledges that such person has not relied on any of the Underwriters or any of its or their respective representatives in connection with its investigation of the accuracy of the information contained herein or of any additional information considered by it to be necessary in connection with its investment decision.

Prospective investors should not assume that the information contained in this International Offering Memorandum is accurate as of any date other than the date on the front cover of this International Offering Memorandum. Prospective Investors should not assume that the information contained in the documents incorporated by reference in this International Offering Memorandum is accurate as of any date other than the respective dates of those documents. Air France-KLM’s business, financial condition, results of operations and prospects may have changed since those dates.

In connection with the offering of the Bonds, each Underwriter and any of its affiliates each acting as an investor for its own account may take up Bonds and in that capacity may retain, purchase or sell Bonds or underlying shares for their own account and any other securities of Air France-KLM or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references in this document to the Bonds being offered or placed should be read as including any offering or placement of securities to each Underwriter and any of its respective affiliates acting in such capacity. The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Underwriters are acting exclusively for Air France-KLM and no one else in connection with the offering of the Bonds. They will not regard any other person (whether or not a recipient of this International Offering Memorandum) as their client in relation to the offering of the Bonds. The Underwriters will not be responsible to anyone other than Air France-KLM for providing the protections afforded to their respective clients nor for giving advice in relation to the offering of the Bonds or any transaction or arrangement referred to herein.

**Notice to Prospective Investors in the EEA**

With respect to each member state of the European Economic Area other than France (“Member States”) which has implemented Directive 2003/71/CE (the “Prospectus Directive”) no action has been undertaken or will be undertaken, to make an offer of any Bonds to the public and require a prospectus to be produced in any Member State. Consequently, the Bonds may only be offered in these Member States if they are offered:

(a) to qualified investors, as defined in the Prospectus Directive;

(b) to less than 100, or if the Member State has transposed to the relevant provision of the Amending Prospectus Directive, 150 physical persons or legal entities (other than qualified investors as defined in the Prospectus Directive) per Member; or

(c) in circumstances pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this clause, (i) the expression “Bonds offered to the public” in a Member State means any communication in any form and by any means, of sufficient information about the terms and conditions of the offer and the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive, (ii) the expression “Prospectus Directive” means the Directive 2003/71/CE dated 4 November 2003, as transposed in the Member State (as modified, including by the Amending Prospectus Directive insofar as the amending directive has been transposed by each Member State), and (iii) the expression “Amending Prospectus Directive” means the Directive 2010/73/UE of the European Parliament and Council, dated 24 November 2010.

These selling restrictions are in addition to any other selling restriction applicable in those Member States who have implemented the Prospectus Directive.
This International Offering Memorandum has been prepared on the basis that all offers of the Bonds, other than the offer to the public in France contemplated in the French Prospectus once such French Prospectus has been approved by the competent authority in France and published in accordance with the Prospectus Directive as implemented in France, will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States, from the requirement to produce a prospectus for offers of the Bonds. Accordingly, any person making or intending to make any offer within the European Economic Area of the Bonds that are the subject of the placement contemplated in this International Offering Memorandum should only do so in circumstances in which no obligation arises for Air France-KLM or the Underwriters to produce a prospectus for such offer. Neither Air France-KLM, nor the Underwriters have authorised, nor do they authorise, the making of any offer of the Bonds through any financial intermediary, other than offers made by the Underwriters, which constitutes the final placement of the Bonds contemplated in this International Offering Memorandum.

Notice to Prospective Investors in France
This International Offering Memorandum has not been and will not be submitted to the clearance procedures of the Autorité des marchés financiers (the “AMF”), and accordingly may not be distributed to the public in France or used in connection with any offer to purchase or sell any of the Bonds to the public in France.

For the purpose of the offering in France, a prospectus (the “French Prospectus”) in the French language has been prepared consisting of (i) Air France-KLM’s registration document (Document de référence) for financial year ended 31 December 2011 filed with the AMF on 19 April 2012 under No. D.12-0367, (ii) an update of the registration document (actualisation du Document de référence) filed with the AMF on 19 March 2013 under No. D.12-0367-A01 and (iii) the Note d’opération (including a summary of the French Prospectus) relating to the Bonds which received visa No. 13-077 dated 19 March 2013 from the AMF and includes a section describing certain risk factors relating to Air France-KLM and the offering. Such French Prospectus is the only document by which offers to subscribe for Bonds may be made to the public in France.

Notice to Prospective Investors in the United States of America
The Bonds, the Guarantee and the shares to be issued upon conversion or exchange of the Bonds have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“Regulation S”).

Each Underwriter has agreed that it will not offer or sell the Bonds or shares to be issued upon conversion or exchange of the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, 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 Bonds or shares to be issued upon conversion or exchange of the Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds or shares to be issued upon conversion or exchange of the Bonds, as the case may be, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds 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 Bonds, an offer or sale of Bonds or shares to be issued upon conversion or exchange of the Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Notice to Prospective Investors in The Netherlands
The Bonds are not and may not be offered in The Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) (which incorporates the term “qualified investors” as used in the Prospectus Directive, as amended).
Notice to Prospective Investors in the United Kingdom

Each intermediary selling the Bonds represents that:

(a) it has not communicated nor caused to be communicated and will not communicate nor cause to
be communicated an invitation or inducement to engage in investment activity (within the
meaning of section 21 of the Financial Services and Markets Act (“FSMA”)) received by it in
relation to the issue or sale of the Bonds, except in circumstances in which section 21(1) of the
FSMA does not apply to Air France-KLM; and

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

The International Offering Memorandum is addressed to and intended for only (i) persons outside the United
Kingdom, (ii) investment professionals under clause 19(5) of the Financial Services and Markets Act 2000
(Financial Promotion) Order 2005, or (iii) persons as set out by clause 49 (2) (a) to (d) (high net worth
companies, unincorporated associations, etc.) (the persons mentioned in paragraphs (i), (ii) and (iii) being
“Authorised Persons”). The Bonds are only intended for Authorised Persons and all invitation, offer,
underwriting agreement, purchase or acquisition of the Bonds may only be made with an Authorised Person.
No persons apart from Authorised Persons may use, or make decisions based on, the International Offering
Memorandum.

Notice to Prospective Investors in Canada, Australia and Japan

The Bonds are not being offered or sold in Canada, Australia or Japan.
INDUSTRY AND MARKET DATA

This International Offering Memorandum contains or incorporates by reference information concerning the markets in which Air France-KLM operates. This information is taken in significant part from research carried out by external organisations. While such information is believed to be reliable, it has not been independently verified, and neither Air France-KLM nor the Underwriters, nor any of its or their respective representatives make any representation as to the accuracy of such information. Trends in Air France-KLM’s business activities may differ from the market trends set forth in this International Offering Memorandum. Air France-KLM, the Underwriters, and any of its or their respective representatives undertake no obligation to update such information.

FORWARD-LOOKING STATEMENTS

Certain of the statements contained in or incorporated by reference into this International Offering Memorandum are not historical facts, but are statements of future expectations and other forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “expect”, “may”, “is expected to”, “will”, “will continue”, “should”, “would be”, “seeks”, “intends”, “plans”, “estimates” or “anticipates” or similar expressions or their negatives or other variations thereof, comparable terminology, or by discussions of strategy, plans or intentions. These statements are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those anticipated by such statements. Important factors that could cause actual results to differ materially from Air France-KLM’s expectations are discussed herein under the caption “Risk Factors”.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and Air France-KLM’s actual financial condition, actual results of operations and cash flows, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained or incorporated by reference in this International Offering Memorandum. In addition, even if Air France-KLM’s financial conditions, results of operations and cash flows, and the development of the industry in which it operates, are consistent with the forward-looking statements contained or incorporated by reference in this International Offering Memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive, and should be read in conjunction with other factors that are set forth or incorporated by reference in this International Offering Memorandum, including “Risk Factors” sections. Accordingly, all forward-looking statements should be read evaluated with an understanding of their inherent uncertainty. Air France-KLM’s forward-looking statements speak only as of the date on which they have been made.

Except as required by law or the rules of any stock exchange on which its securities are listed, Air France-KLM expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained or incorporated by reference in this International Offering Memorandum to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward-looking statements contained or incorporated by reference in this International Offering Memorandum is based. Air France-KLM operates in a very competitive and rapidly changing environment. New risks, uncertainties and other factors emerge from time to time and it is not possible for Air France-KLM to predict all such risks, nor can it assess the impact of all such risks on its business or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those contained in any forward-looking statements as a prediction or guarantee of actual results.
CERTAIN DEFINITIONS

Unless otherwise specified or the context otherwise requires, all references in this International Offering Memorandum to:

- “Air France-KLM”, the “Issuer” or the “Company” are to Air France-KLM; and
- the “Group” is to Air France-KLM and all of its subsidiaries.
This International Offering Memorandum contains an English translation of the *Note d’opération* forming part of the French Prospectus approved by the French Autorité des marchés financiers under visa No. 13-077 dated 19 March 2013, excluding certain sections (the “*Securities Note*”). The Securities Note presented in this International Offering Memorandum excludes the sections set forth in the table below (the “*Excluded Securities Note Sections*”):

<table>
<thead>
<tr>
<th>Page(s) in the Securities Note</th>
<th>Relevant Paragraph</th>
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</thead>
<tbody>
<tr>
<td>Cover page</td>
<td>AMF visa together with the related textbox and reference to copies available.</td>
</tr>
<tr>
<td>Page 6</td>
<td>AMF visa in the summary of the French Prospectus</td>
</tr>
<tr>
<td>Page 25</td>
<td>Reference to completion letter (<em>lettre de fin de travaux</em>) in Section 1.2 (Declaration of the person responsible for the French Prospectus).</td>
</tr>
<tr>
<td>Page 61</td>
<td>Section 7.2 (Information contained in the securities note reviewed by the Auditors).</td>
</tr>
</tbody>
</table>

Any references to the *Note d’opération* or the Securities Note shall be deemed to exclude the Excluded Securities Note Sections.

In addition, Air France-KLM has elected to incorporate by reference information into this International Offering Memorandum. The information incorporated by reference is deemed to be part of this International Offering Memorandum, except as described in the following sentence. Air France-KLM has incorporated by reference in this International Offering Memorandum:

- an English translation of Air France-KLM’s registration document (*Document de référence*) for the financial year ending 31 December 2011 filed with the AMF on 19 April 2012 under No. D.12-0367, excluding the sections set forth in the table below (the “*Excluded Registration Document Sections*”) (the “*Registration Document*”):

<table>
<thead>
<tr>
<th>Page(s) in the Registration Document</th>
<th>Relevant Paragraph</th>
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<tbody>
<tr>
<td>Page 1</td>
<td>Text box relating to the filing of the Registration Document with the AMF.</td>
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<tr>
<td>Page 288</td>
<td>Reference to completion letter (<em>lettre de fin de travaux</em>) in certification by the person responsible for the Registration Document.</td>
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<tr>
<th>Page(s) in the registration document for the financial year ended 31 March 2011, which is incorporated by reference in the Registration Document</th>
<th>Relevant Paragraph</th>
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<td>Page 1</td>
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<th>Page(s) in the registration document for the financial year ended 31 March 2010, which is incorporated by reference in the Registration Document</th>
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<tr>
<td>Page 1</td>
<td>Text box relating to the filing of the registration document with the AMF.</td>
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<td>Page 258</td>
<td>Reference to completion letter (<em>lettre de fin de travaux</em>) in certification by the person responsible the registration</td>
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- an English translation of Air France-KLM’s update of the Registration Document (Actualisation du Document de référence) filed with the AMF on 19 March 2013 under No. D. 12-0367-A01, excluding the sections set forth in the table below (the “Excluded Update of the Registration Document Sections”) (the “Update of the Registration Document”):

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<th>Relevant Paragraph</th>
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<tr>
<td>Cover page</td>
<td>Text box relating to the filing of the Update of the Registration Document with the AMF.</td>
</tr>
<tr>
<td>Page 5</td>
<td>Reference to completion letter (letter de fin de travaux) in certification by the person responsible for the Update of the Registration Document.</td>
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Any references to the Document de référence or Registration Document or to the Actualisation du Document de référence or Update of the Registration Document shall be deemed to exclude the Excluded Registration Document Sections or the Excluded Update of the Registration Document Sections, as the case may be.

Investors should not make an investment decision based on any information contained in the Excluded Securities Note Sections, Excluded Registration Document Sections or Excluded Update of the Registration Document Sections.

In the event of any ambiguity, discrepancy or conflict between corresponding statements or other items contained in this International Offering Memorandum and the terms and conditions of the Bonds, the relevant statements or items of the French version of such terms and conditions shall prevail. Neither Air France-KLM nor the Underwriters assume any liability with respect to the free translations.

Air France-KLM will provide without charge to each person to whom a copy of this International Offering Memorandum is delivered, on the written or oral request of any such person, a copy of these incorporated documents. Requests should be directed to Air France-KLM – 45, rue de Paris, 95747 Roissy CDG Cedex. The Registration Document and the Update of the Registration Document, as well as the registration documents for the financial years ended 31 March 2011 and 2010 (which are included by reference in the Registration Document), together with the English translations thereof, may also be consulted at Air France-KLM’s website at www.airfranceklm-finance.com. Other information contained on Air France-KLM’s website is not a part of this International Offering Memorandum.
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11 GUARANTEE OF SOCIETE AIR FRANCE AND KLM ........................................... 99
SUMMARY OF THE PROSPECTUS

[Intentionally Omitted]

This summary includes required information referred to as “Elements”. These Elements are numbered in Sections A - E (A.1 – E.7).

This summary contains all of the Elements required to be included in a summary for this type of financial instrument and Issuer. As certain Elements are not required to be addressed, the numbering of the Elements in the present summary is not in sequence.

Even where an Element is required in a summary for this type of financial instrument and Issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included alongside the words “Not applicable”.

<table>
<thead>
<tr>
<th>Section A – Introduction and warnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1 Warning to readers</td>
</tr>
<tr>
<td>This summary should be read as an introduction to the Prospectus.</td>
</tr>
<tr>
<td>Any decision to invest in the financial instruments offered or for which admission to trading on a regulated market is requested in the transaction described herein should be based on a thorough review of the Prospectus.</td>
</tr>
<tr>
<td>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States or parties to the European Economic Area Agreement have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</td>
</tr>
<tr>
<td>Civil liability attaches only to those persons who have prepared the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information needed by investors when making a decision whether or not to invest in the securities.</td>
</tr>
<tr>
<td>A.2 Resale or final placement of the securities</td>
</tr>
<tr>
<td>The Issuer consents to the use of this Prospectus by the Global Coordinators, Joint Lead Managers and Joint Bookrunners and the Joint Lead Managers and Joint Bookrunners (as defined in paragraph E.3 below) only for the purpose of the issue of the Bonds; the Issuer does not consent to the use of this Prospectus for the purposes of retail cascades within the meaning of Article 3, paragraph 2, subparagraph 3 of Directive 2003/71/CE, as amended.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Section B – Issuer and Guarantors</th>
</tr>
</thead>
<tbody>
<tr>
<td>B.1 Legal and commercial name</td>
</tr>
<tr>
<td>Air France-KLM (the “Issuer” and, together with its consolidated subsidiaries, the “Group”).</td>
</tr>
<tr>
<td>B.2 Registered office / Legal form / Legislation / Country of incorporation</td>
</tr>
<tr>
<td>Legal form: French law public limited company with a Board of Directors (société anonyme à conseil d’administration).</td>
</tr>
<tr>
<td>Applicable law: French law.</td>
</tr>
<tr>
<td>Country of incorporation: France.</td>
</tr>
<tr>
<td>B.3 Key factors of the issuer’s operations and its principal activities</td>
</tr>
<tr>
<td>The Air France-KLM group is a world leader in air transportation. Coordinated around the two intercontinental hubs at Roissy-Charles de Gaulle and Amsterdam-Schiphol, its network is the largest connecting Europe and the rest of the world. On more than 570 aircraft, the Air-France KLM group carried 77.4 million passengers during the 2012 financial year. The Issuer holds 100% of the share capital and voting</td>
</tr>
</tbody>
</table>
rights of Société Air France and 93.41% of the economic rights and 49% of the voting rights of KLM; both Société Air France and KLM are fully consolidated by the Issuer.

The Group’s activities are divided among passenger business (79% of consolidated revenue in 2012), cargo business (12%), aircraft maintenance business (4%) and other businesses (5%).

### B.4a Recent trends affecting the Issuer and the industry in which it operates

#### Full year results 2012

In 2012, the passenger transport business saw increases in traffic and capacity by 2.1% and 0.6%, respectively. The average occupancy rate per flight also increased 1.2% to 83.1%. Unit revenue per available seat (RASK) increased by 5.9% or 3.2% excluding the impact of currency exchange. In the cargo transport business, traffic decreased significantly (-6.3%) due to a decrease in capacity by 3.5%, leading to a 1.9% decline in average load factor to 64.5%. Unit revenue per available tonne kilometre (RATK) was stable but decreased by 3.8%, excluding the effects of currency exchange.

Total revenues amounted to €25.63 billion (+5.2% after a favourable currency effect of 2.7%). Operating costs increased by 1.8% excluding the fuel costs and by 4.9% including such costs together with a negative currency effect of 3.0%. The most significant change was in fuel costs, which rose by €890 million to €7.33 billion, largely due to the appreciation of the dollar. Employee costs of €7.66 billion increased by 2.7% after KLM incurred €81 million in additional pension charges based on actuarial assumptions at 31 December 2011.

The operating result was negative and amounted to €-300 million, compared to €-353 million at 31 December 2011. The adjusted operating result was €25 million.

Non-current income and expenses include a depreciation of the total goodwill of VLM, a subsidiary of CityJet, in an amount of €168 million.

Net interest charges declined to €353 million from €371 million a year earlier. Other financial income and costs increased from €-180 million to €+139 million including a positive currency effect of €62 million (versus €-116 million at 31 December 2011) and an increase of €62 million in the fair value of hedging instruments of (versus a fair value of €-66 million in 2011).

Taking account of these figures as well as the restructuring provision of €471 million, the net result, group share, amounted to €-1.19 billion (versus €-809 million a year earlier). Earnings and diluted earnings per share stood at €-4.03 per share (versus €-2.73 a year earlier). Excluding the restructuring provision, earnings per share amounted to €-2.40 (versus €-2.73 at 31 December 2011).

As of 31 December 2012, the Group had net cash on hand in the amount of €3.9 billion and available lines of credit in the amount of €1.85 billion.

#### 2013 Outlook

2013 has started amid an uncertain environment marked by further volatility in fuel costs and currency exchange. Against this backdrop, the Group will maintain strict control over its capacity and investments. Furthermore, the Transform 2015 plan will be rolled out. In this context, the Group's objective will be to reduce unit cost on a constant currency and fuel price basis, as well as net debt.

During the first two months of 2013, the Group’s passenger business saw stable traffic levels (-0.1%) compared to the same period of the
2012 financial year. The cargo business decreased by 3.6% during the same period.

The outlook for industry growth for the first half of 2013 is estimated at 2% compared to the same period in 2012 for long-haul flights out of Europe. For European flights, the outlook for traditional airlines is stable, whereas low-cost airlines are seeing a slowdown in growth compared to recent years.

Through the implementation of its Transform 2015 plan, the Group’s primary target is to attain a €2 billion reduction in net debt, from €6.5 billion as of 31 December 2011 to €4.5 billion by the end of 2014, with a net debt/EBITDA ratio of less than 2 based on EBITDA falling between €2.5 and €3 billion by the end of 2014. In addition, the Group is targeting an adjusted operating margin of between 6% and 8% in 2015.

B.5 Description of the Group
As of 31 December 2012, the Issuer is the parent company of a group of 161 consolidated subsidiaries (117 in foreign countries and 44 in France).

B.6 Main shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>% of shares</th>
<th>Voting rights</th>
<th>% of Voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>State</td>
<td>47,665,899</td>
<td>15.9</td>
<td>47,665,899</td>
<td>16.1</td>
</tr>
<tr>
<td>Employees</td>
<td>28,698,231</td>
<td>9.6</td>
<td>28,698,231</td>
<td>9.7</td>
</tr>
<tr>
<td>Treasury Shares</td>
<td>4,189,405</td>
<td>1.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>219,665,743</td>
<td>73.1</td>
<td>219,665,743</td>
<td>74.2</td>
</tr>
<tr>
<td><strong>Total number of shares and voting rights</strong></td>
<td><strong>300,219,278</strong></td>
<td><strong>100</strong></td>
<td><strong>296,029,873</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

To the Issuer’s knowledge, there are no other shareholders holding more than 5% of the Issuer’s share capital or voting rights.

B.7 Selected financial information

Change of Closing date
The Extraordinary Shareholders’ Meeting of 7 July 2011 approved the change of closing date for Air France Group’s financial statements from 31 March to 31 December, with effect from the year ended 31 December 2011, resulting in a nine-month period ended 31 December 2011. To facilitate comparison, pro forma financial information has been prepared based on the Group’s quarterly published financial information.

Annual data

Consolidated Statement of Operations

<table>
<thead>
<tr>
<th>(In € million, except for the results per share in €)</th>
<th>2012 (12 months)</th>
<th>2011 (pro forma 12 months)</th>
<th>2011 (9 months)</th>
<th>2010 (pro forma 12 months)</th>
<th>2011 (12 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>25,633</td>
<td>24,363</td>
<td>19,037</td>
<td>23,310</td>
<td>23,615</td>
</tr>
<tr>
<td>Income from current operations</td>
<td>(300)</td>
<td>(353)</td>
<td>50</td>
<td>28</td>
<td>122</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>(880)</td>
<td>(480)</td>
<td>26</td>
<td>634</td>
<td>886</td>
</tr>
</tbody>
</table>
### Net income for the period – Equity holders per share

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>(1,192)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders</td>
<td>(809)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>per share</td>
<td>(442)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share</td>
<td>(4.03)</td>
<td>(2.73)</td>
<td>(1.50)</td>
</tr>
<tr>
<td>Fully diluted earnings per share</td>
<td>(4.03)</td>
<td>(2.73)</td>
<td>(1.50)</td>
</tr>
</tbody>
</table>

### Consolidated Balance Sheet

#### (In € million)

<table>
<thead>
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<th></th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>19,895</td>
<td>20,909</td>
<td>20,581</td>
</tr>
<tr>
<td>Current assets</td>
<td>7,579</td>
<td>6,408</td>
<td>7,598</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>27,474</td>
<td>27,317</td>
<td>28,179</td>
</tr>
<tr>
<td>Total attributable to company’s equity holders</td>
<td>4,924</td>
<td>6,040</td>
<td>6,980</td>
</tr>
<tr>
<td>Total equity</td>
<td>4,980</td>
<td>6,094</td>
<td>7,032</td>
</tr>
<tr>
<td>Non-current financial debt</td>
<td>9,565</td>
<td>9,228</td>
<td>8,836</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>12,667</td>
<td>12,076</td>
<td>11,300</td>
</tr>
<tr>
<td>Trade accounts payable</td>
<td>2,219</td>
<td>2,599</td>
<td>1,928</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>257</td>
<td>157</td>
<td>145</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>9,827</td>
<td>9,147</td>
<td>9,847</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>22,494</td>
<td>21,223</td>
<td>21,147</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>27,474</td>
<td>27,317</td>
<td>28,179</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Cash Flows

#### (In € million)

<table>
<thead>
<tr>
<th></th>
<th>2012 (12 months)</th>
<th>2011 (pro forma 12 months)</th>
<th>2011 (9 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows generated by operations</td>
<td>851</td>
<td>934</td>
<td>558</td>
</tr>
<tr>
<td>Cash flows from investment activities</td>
<td>(245)</td>
<td>(1,829)</td>
<td>(1,401)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>434</td>
<td>(311)</td>
<td>(619)</td>
</tr>
<tr>
<td>Change in net cash flow</td>
<td>1,037</td>
<td>(1,225)</td>
<td>(1,462)</td>
</tr>
</tbody>
</table>

### Additional Information

**B.8 Pro forma information**

See paragraph B.7 above.

**B.9 Profit forecast**

Not applicable.

**B.10 Qualifications in the audit reports on the historical financial information**

Not applicable.

**B.17 Credit rating**

The Bonds will not be rated. The Group is not rated.

**B.18 Description of the guarantee**

Société Air France and KLM (Koninklijke Luchtvaart Maatschappij N.V.) (each a “Guarantor” and together the “Guarantors”) unconditionally and irrevocably guarantee as several but not joint guarantors (caution conjointes mais non solidaires) the payment of all sums due by Air France-KLM under the Bonds (principal, interest, fees and other expenses). If the
Guarantee is called, each Guarantor will be obliged to fulfil its payment obligations under the Guarantee only to the extent of its quota set out in the Guarantee, i.e., 60% in respect of Société Air France and 40% in respect of KLM.

<table>
<thead>
<tr>
<th>B. 19</th>
<th>Guarantors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Legal and commercial name</td>
</tr>
<tr>
<td></td>
<td>- Société Air France</td>
</tr>
<tr>
<td></td>
<td>- KLM</td>
</tr>
<tr>
<td></td>
<td>2. Registered office/Legal form/Legislation/Country of incorporation</td>
</tr>
<tr>
<td></td>
<td>- Société Air France</td>
</tr>
<tr>
<td></td>
<td>- Business name: Air France.</td>
</tr>
<tr>
<td></td>
<td>- Registered office: 45, rue de Paris, 95747 Roissy-Charles de Gaulle Cedex, France.</td>
</tr>
<tr>
<td></td>
<td>- Legal form: French law public limited company with Board of Directors (Société anonyme à Conseil d’administration).</td>
</tr>
<tr>
<td></td>
<td>- Country of incorporation: France.</td>
</tr>
<tr>
<td></td>
<td>- KLM</td>
</tr>
<tr>
<td></td>
<td>- Business name: Koninklijke Luchtvaart Maatschappij N.V.</td>
</tr>
<tr>
<td></td>
<td>- Registered office: Amsterdamseweg 55, 1182 GP Amstelveen, Pays-Bas.</td>
</tr>
<tr>
<td></td>
<td>- Legal form: public limited company (Naamloze Vennootschap).</td>
</tr>
<tr>
<td></td>
<td>- Legislation: Dutch law.</td>
</tr>
<tr>
<td></td>
<td>- Country of incorporation: The Netherlands.</td>
</tr>
<tr>
<td></td>
<td>3. Key factors of the Guarantors’ operations and their principal activities</td>
</tr>
<tr>
<td></td>
<td>- Société Air France</td>
</tr>
<tr>
<td></td>
<td>Historically the national airline of France, Air France is one of the world’s leading airlines. During the 2012 financial year, the Air France group carried 51.7 million passengers on a fleet of 374 aircraft.</td>
</tr>
<tr>
<td></td>
<td>KLM</td>
</tr>
<tr>
<td></td>
<td>Historically the national airline of The Netherlands, KLM is one of the leaders of the airline sector in Europe. During the 2012 financial year, KLM carried 25.8 million passengers on a fleet of 199 aircraft.</td>
</tr>
<tr>
<td></td>
<td>4. Recent trends affecting the Guarantors and the industry in which they operate</td>
</tr>
<tr>
<td></td>
<td>See paragraph B.4a.</td>
</tr>
<tr>
<td></td>
<td>5. Description of the Group</td>
</tr>
<tr>
<td></td>
<td>The Guarantors belong to the group Air France-KLM of which they are fully consolidated subsidiaries.</td>
</tr>
<tr>
<td></td>
<td>6. Main shareholders</td>
</tr>
<tr>
<td></td>
<td>- Société Air France</td>
</tr>
<tr>
<td></td>
<td>Air France-KLM holds 100% of the share capital and voting rights</td>
</tr>
</tbody>
</table>
of Air France.

- **KLM**

Air France-KLM holds 93.41% of the economic rights and 49% of the voting rights of KLM. The remainder is held by two Dutch foundations, SAK I and SAK II, which together hold 44.4%, and by the Dutch State, which holds 5.9%. Air France-KLM is entitled to 99.1% of any dividend paid on common shares by KLM.

### 7. Selected financial information

- **Société Air France**

#### Consolidated Statement of Operations

<table>
<thead>
<tr>
<th>(In € million, except for the results per share in €)</th>
<th>Period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Revenue</td>
<td>16,464</td>
</tr>
<tr>
<td>Income from current operations</td>
<td>(464)</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>(947)</td>
</tr>
<tr>
<td>Net income (loss), Group share</td>
<td>(1,011)</td>
</tr>
<tr>
<td>Earnings per share and diluted earnings per share</td>
<td>(7.98)</td>
</tr>
</tbody>
</table>

#### Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>(In € million)</th>
<th>As of 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>11,001</td>
</tr>
<tr>
<td>Current assets</td>
<td>4,173</td>
</tr>
<tr>
<td>Total assets</td>
<td>15,174</td>
</tr>
<tr>
<td>Equity attributable to equity holders</td>
<td>1,964</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,008</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>6,560</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6,006</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>13,166</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>15,174</td>
</tr>
</tbody>
</table>

#### Consolidated Statement of Cash Flows
<table>
<thead>
<tr>
<th>(In € million)</th>
<th>Period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Cash flows generated by operations</td>
<td>326</td>
</tr>
<tr>
<td>Cash flows from investment activities</td>
<td>22</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(143)</td>
</tr>
<tr>
<td>Change in net cash flow</td>
<td>201</td>
</tr>
</tbody>
</table>

**KLM**

**Consolidated Income Statement**

<table>
<thead>
<tr>
<th>(In € millions)</th>
<th>Period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Revenue</td>
<td>9,473</td>
</tr>
<tr>
<td>Income from current operations</td>
<td>153</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>58</td>
</tr>
<tr>
<td>Net income (loss), Group share</td>
<td>(46)</td>
</tr>
<tr>
<td>Earnings per share and diluted earnings per share</td>
<td>(0.98)</td>
</tr>
</tbody>
</table>

**Consolidated Balance Sheet**

<table>
<thead>
<tr>
<th>(In € millions)</th>
<th>At 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>8,304</td>
</tr>
<tr>
<td>Current assets</td>
<td>2,484</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>10,788</strong></td>
</tr>
<tr>
<td>Equity attributable to equity holders</td>
<td>2,439</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,441</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>5,073</td>
</tr>
</tbody>
</table>
Current liabilities  
3,274  
3,142  

Total liabilities  
8,347  
8,059  

Total liabilities and equity  
10,788  
10,617

Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th>(In € million)</th>
<th>Period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Cash flows generated by operations</td>
<td>572</td>
</tr>
<tr>
<td>Cash flows from investment activities</td>
<td>(354)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>(41)</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>178</td>
</tr>
</tbody>
</table>

8. Pro forma information
Not applicable.

9. Profit forecasts
Not applicable.

10. Qualifications in the audit reports on the historical financial information
Not applicable.

11. Credit rating
No Guarantor is rated.

Section C – Securities

C.1 Description of Securities
Bonds convertible into and/or exchangeable for new and/or existing shares of the Issuer (the “Bonds”). The Bonds are governed by French law. ISIN Code FR0011453463.

C.2 Currency
Euro.

C.3 Number of issued shares and par value of the shares
As of the date of this Prospectus, the share capital of the Issuer is €300,219,278 divided into 300,219,278 fully paid-up ordinary shares with a nominal value of €1.

C.5 Restriction on free transferability of the Bonds
Not applicable.

C.7 Dividend policy
The Issuer has not distributed a dividend during the past three financial years. The Group’s objective is nevertheless to maintain a sustained dividend policy as a function of growth in net income,
excluding exceptional items. In the framework of the Transform 2015 plan’s emphasis on net debt reduction, the Board of Directors of the Issuer has decided not to propose the payment of a dividend for the 2012 financial year.

<table>
<thead>
<tr>
<th>C.8</th>
<th>Rights attached to the securities</th>
<th>Rights attached to the Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>The Bonds are interest-bearing securities that give right to the issuance of new or the delivery of existing shares under the conditions summarized below.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Ranking of the Bonds</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Bonds and the interest thereon constitute unsecured, direct, general, unconditional, and unsubordinated and unsecured debt securities of the Issuer, and rank <em>pari passu</em> without any preference amongst themselves with all other unsecured and unsubordinated debts and guarantees (subject to exceptions posed by French law), present or future, of the Issuer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Negative Pledge applicable to the Bonds</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Only in respect of security interests (<em>sûretés réelles</em>) granted by the Issuer over all or any of its assets or revenues to holders of other bonds issued or guaranteed by the Issuer.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Guarantee</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Société Air France and KLM unconditionally and irrevocably guarantee as several but not joint guarantors (<em>caution conjointes mais non solidaires</em>), in the amount of 60% for Société Air France and 40% for KLM, the payment of all sums due by the Issuer under the Bonds (principal, interest, fees and other expenses) (the “Guarantee”).</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Ranking of the Guarantee</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Guarantee constitutes, proportionately for each of the Guarantors, a direct, general, unconditional, unsubordinated and unsecured obligation of Société Air France and KLM, and ranks <em>pari passu</em> with all other unsecured and unsubordinated debts and guarantees (subject to exceptions posed by law), present or future, of each of the Guarantors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Negative Pledge applicable to the Guarantee</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Only in respect of security interests (<em>sûretés réelles</em>) granted by a Guarantor over all or any of its assets or revenues, to holders of other bonds issued or guaranteed by Société Air France and KLM.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C.9</th>
<th>Rights attached to the securities</th>
<th>Nominal rates - Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>The Bonds will bear interest at an annual nominal rate between (RR-0.02)% and (RR+0.73)% payable in arrears on 15 February of each year (or, if that date is not a business day, the next following business day).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>“RR” or the Reference Rate will be equal to the 9.89-year linearly interpolated mid swap rate based on the 9- and 10-year mid swap rates as they will appear on Bloomberg EUSA9 Index and EUSA10 Index pages on 25 March 2013 at 12 noon (Paris time).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The interest calculated <em>pro rata temporis</em> for the period from 28 March 2013 to 14 February 2014 (inclusive).</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Rights entitlement date</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expected on 28 March 20132013 (the “Issue Date”).</td>
</tr>
</tbody>
</table>
Term
9 years and 324 days.

Maturity Date
15 February 2023.

Redemption at maturity
In full, on 15 February 2023 (or on the following business day if such date is not a business day) by redemption at par.

Early redemption of the Bonds at the Issuer’s option
- at any time, for all or part of the Bonds, without limitations as to price or quantity, by repurchases either on or off market or by means of public tender or exchange offers;
- at any time, for all Bonds outstanding from 28 September 2016 until the maturity date of the Bonds, subject to a minimum 30 calendar days prior notice, by redemption at par plus accrued interest, if the arithmetic mean, calculated over a period of 10 consecutive trading days selected by the Issuer during the 20 trading days that precede the publication of the early redemption notice, of the products of the opening trading price of the Issuer’s shares on Euronext Paris and the Conversion Ratio applicable on each such date exceeds 130% of the par value of the Bonds; and
- at any time, for all the Bonds outstanding by redemption at par plus accrued interest subject to a minimum 30 calendar days prior notice, if less than 10% of the Bonds originally issued remain outstanding.

Early redemption of the Bonds
Possible at par plus accrued interest, in particular in the event of the Issuer’s default or failure to comply with any other obligations relating to the Bonds.

Early redemption at the Bondholders’ option
Possible at par plus accrued interest on 15 February 2019 or 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.

Conversion/Exchange Right at the Bondholders’ option
At any time as from the 40th day following the settlement and delivery date, or 7 May 2013, until the seventh business day inclusive preceding the maturity date or the relevant early redemption date, the bondholders may convert or exchange the Bonds for shares of the Issuer, at the ratio of one share for one Bond, subject to adjustments (notably in the event dividends are paid by the Issuer).

The Issuer may elect to allocate new shares to be issued or existing shares or a combination of both.

Gross annual yield to maturity
Between (RR-0.02)% and (RR+0.73)% (in the absence of conversion and/or exchange for shares and in the absence of early redemption). “RR” will be the 9.89-year swap rate, as defined above.
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable law</td>
<td>French law</td>
<td></td>
</tr>
<tr>
<td><strong>Representative of the Bondholders</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Representative of the Masse of Bondholders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sylvain Thomazo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20, rue Victor Bart</td>
<td></td>
<td></td>
</tr>
<tr>
<td>78000 Versailles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative representative of the Masse of Bondholders.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sandrine d’Haussy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>69, avenue Gambetta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>95100 Saint Maur des Fossés</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C.10</td>
<td>Derivative instruments</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>C.11</td>
<td>Application for admission to trading on a regulated market</td>
<td>Application will be made for the Bonds to be listed on Euronext Paris and to be admitted to the clearing systems of Euroclear France, Euroclear Bank S.A./N.V. and Clearstream Banking (Luxembourg). It is expected that the Bonds will begin trading on 28 March 2013, under ISIN code FR0011453463.</td>
</tr>
<tr>
<td>C.22</td>
<td>Information about the underlying shares</td>
<td>Description of the underlying shares</td>
</tr>
<tr>
<td></td>
<td></td>
<td>As of the date of this Prospectus, the Issuer’s shares are listed on Euronext Paris and Euronext Amsterdam (Compartment A) (ISIN code FR0000031122), as well as on the New York Stock Exchange (in the form of American Depositary Shares).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shares of Air France-KLM are classified in sector 5000, “Consumer Services”, 5750 “Travel and Leisure”, and 5751 “Airlines” using the ICB classification scheme.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Currency</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Issuer’s shares are denominated in euros.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Description and rights attached to the underlying shares</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The new shares will carry entitlement to dividends from the first day of the fiscal year in which the exercise date of the conversion/exchange right falls. If applicable, they will be subject to periodic requests for admission to trading on Euronext Paris and on Euronext Amsterdam under a second listing until they are fungible with the existing shares.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The existing shares will carry entitlement to dividends. They will be immediately tradable.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Based on current French law and the Issuer ’s bylaws, the principal rights attached to the shares are as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– dividends rights;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– voting rights;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– preferential subscription rights; and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– right to share in any surplus in the event of liquidation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Restrictions on free transferability</strong></td>
</tr>
</tbody>
</table>
|   |   | In the event that more than 45% of the Issuer’s share capital or voting rights are held, directly or indirectly, by non-French shareholders, the Board of Directors may decide that all share acquisitions by a third party or a shareholder, which would result in
the acquirer being required to declare that a threshold of 0.5% (or any multiple of 0.5%) of share capital or voting rights has been crossed, are subject to the approval of the Issuer’s Board of Directors in the conditions required by law.

The Issuer has introduced in its bylaws, as authorised by the Civil Code of Transport (*Codes des transports*) and the Civil Code of Aviation (*Code de l’aviation civile*), a mechanism which gives it the possibility to monitor and control its shareholders and also to require certain shareholders to give up all or part of their shareholding in the event a risk related to the nationality of its shareholders.

### Section D – Risks

#### D.1 Keys risks specific to the Issuer, the Guarantors and their industries

Potential investors should carefully examine risks related to the Issuer, the Guarantors and their operations, which include, in particular, the following:

- risks associated with the air transport industry, in particular its seasonal and cyclical nature (periods of weak economic activity, such as the period currently underway, which affects transport demand), risks of terrorist attack, political instability or epidemic, the development of national and international regulations (in particular in relation to air traffic rights or operating conditions), lost or lack of scheduling slots, competition from other forms of transportation (“open skies” agreements, low cost companies, trains, etc.), aviation accidents, natural events causing exceptional situations, and consumer compensation and environmental regulations;

- risks associated with the activity of the Group, in particular and the implementation of the “Transform 2015” plan, pension plans (notably the impacts of the revised International Accounting Standard 19 concerning the presentation of pension liabilities in consolidated financial statements for the financial year ended 31 December 2012 and also concerning in particular the negative adjustment of opening equity in the first published comparison of the financial year, *i.e.*, a gross amount of €1.5 billion before tax as of 1 January 2012 and a gross amount of €1.9 billion before tax as of 31 December 2012), as well as legal risks;

- market risks (exchange rate, interest rate, fuel price, liquidity), risks associated with shares or financing risks.

#### D.3 Key risks specific to the Bonds

The principal risks related to the Bonds are as follows:

The Bonds are complex securities comprising a bond component and an option component relating to the Issuer’s shares. The Bonds are not necessarily suitable for all investors.

The terms and conditions of the Bonds may be modified by a general assembly of the bondholders.

It is not certain that a market for the Bonds will develop. If such a market does develop, the Bonds could be subject to considerable price volatility.

The market price of the Bonds will depend on numerous factors (such as the Issuer’s share price, volatility, interest rates, credit risk and dividend levels).

Bondholders will have limited anti-dilution protection.

The Issuer or one of the Guarantors may not have the ability to pay
interest on the Bonds or redeem the Bonds at maturity and the terms applicable to the Bonds could be disregarded under French bankruptcy law applicable to the Issuer.

The ranking of the Bonds allows the Issuer, and the ranking of the Guarantee allows each of Guarantors, to freely dispose of their assets or grant security interests in respect of such assets.

Under the terms of the Guarantee, the Guarantors are obligated severally but not jointly, and their obligations will be divided among them according to their respective commitments.

The Bonds are subject to certain limited financial restrictions.

### Section E – Offer

<table>
<thead>
<tr>
<th>E.2b</th>
<th>Purpose of the issuance / Use of proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The proceeds of the issuance will be used for the Group’s general corporate purposes, notably to finance its fleet and allow for the optimisation of its debt repayment schedule. The proceeds will be made available to Société Air France and KLM in proportion to their respective obligations under the Guarantee; i.e., 60% for Société Air France and 40% for KLM. The estimated total amount of the Group’s investments for the 2013 financial year is €1.2 billion, and the Group’s debt maturing in 2013 is €1.3 billion.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E.3</th>
<th>Terms and conditions of the offer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Issue size and gross proceeds</strong></td>
</tr>
<tr>
<td></td>
<td>Approximately €480 million, which may be increased up to an amount of approximately €550 million if the extension clause at the option of the Issuer with the agreement of the Global Coordinators, Joint Lead Managers and Joint Bookrunners, which allows for an increase of 15% of the initial amount of the issue, is fully exercised.</td>
</tr>
<tr>
<td></td>
<td><strong>Net Proceeds</strong></td>
</tr>
<tr>
<td></td>
<td>Approximately €477.5 million, which may be increased up to a maximum amount of approximately €547.1 million in the event of the exercise in full of the extension clause.</td>
</tr>
<tr>
<td></td>
<td><strong>Number of Bonds</strong></td>
</tr>
<tr>
<td></td>
<td>The number of Bonds will be equal to the issue amount divided by the nominal value of the Bonds.</td>
</tr>
<tr>
<td></td>
<td><strong>Nominal value of each Bond</strong></td>
</tr>
<tr>
<td></td>
<td>The nominal value of each Bond will represent an issue premium of between 30% and 35% over the volume-weighted average of the trading price of Air France-KLM shares on Euronext Paris from the start of trading on 25 March 2013 until 12 noon (Paris time).</td>
</tr>
<tr>
<td></td>
<td><strong>Preferential subscription right</strong></td>
</tr>
<tr>
<td></td>
<td>Not applicable.</td>
</tr>
<tr>
<td></td>
<td><strong>Priority subscription period</strong></td>
</tr>
<tr>
<td></td>
<td>From 20 March 2013 to 22 March 2013 inclusive.</td>
</tr>
<tr>
<td></td>
<td>The shareholders of the Issuer will benefit from a priority subscription period to subscription by irrevocable entitlement (à titre irréductible) for the maximum amount of the issue, i.e. approximately €550 million. There will be no additional subscription entitlements subject to reduction (souscriptions à titre...</td>
</tr>
</tbody>
</table>
During the priority subscription period.

In the event the extension clause is not exercised or is partly exercised, the shareholders’ priority subscription orders will be reduced proportionately.

Only holders of the Issuer’s shares registered as of 19 March 2013 will benefit from the priority subscription period. Each shareholder will be able to subscribe for the issue on a priority basis up to the entirety of his participation in the Issuer’s share capital.

**Private placement**

In France and outside of France, on 20 March 2013, pursuant to a bookbuilding process and excluding notably the United States of America, Canada, Japan and Australia (the “Private Placement”).

**Public offer**

In France, from 20 March 2013 to 22 March 2013 inclusive (the “Public Offer”)

**Intention of the principal shareholders**

The French State, which holds 15.9% of the share capital of the Issuer as at the date of this prospectus, has decided to subscribe to this issue during the priority subscription period for the entirety of the participation it holds.

No other shareholder has notified the Issuer of its intention to subscribe to the issue.

**Issue price of the Bonds**

At par.

**Clearing**

Euroclear France, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (Luxembourg).

**Global Coordinators, Joint Lead Managers and Joint Bookrunners**

BNP PARIBAS, Société Générale Corporate & Investment Banking

**Joint Lead Managers and Joint Bookrunners**


**Underwriting**

Underwriting by BNP PARIBAS, Société Générale Corporate & Investment Banking, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank, Goldman Sachs International and Mitsubishi UFJ Securities International plc under the terms of the underwriting agreement which shall be signed by the Issuer on 25 March 2013 (the “Underwriting Agreement”).

**Stabilisation**

Not applicable.

**Lock-up and commitments**

From the date the Underwriting Agreement is signed until the end of a period of 90 calendar days after the settlement and delivery date, for the Issuer and its subsidiaries, subject to certain customary
Impact of the issuance on the consolidated shareholders’ equity

By way of illustration, the impact of the issuance and of the conversion into new shares or exchange for existing shares of all of the Bonds on the consolidated shareholders’ equity (Group share) would be as follows:

Calculations made on the basis of the consolidated shareholders’ equity (Group share) contained in the consolidated accounts as at 31 December 2012, the number of shares comprising the share capital of the Issuer at the same date after deducting treasury shares and treasury shares that confer voting rights (actions d’autocontrôle), at a share price of €8.172 (volume-weighted average trading price on Euronext Paris of Air France-KLM shares from the opening of the trading day on 19 March 2013 until 12 noon (Paris time)) and an issue premium of 32.5%.

<table>
<thead>
<tr>
<th>Portion of shareholders’ equity per share (in euros)</th>
<th>Non-diluted basis</th>
<th>Diluted bases¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before issuance of the Bonds</td>
<td>16.63</td>
<td>16.09</td>
</tr>
<tr>
<td>After issuance and conversion or exchange of 44,362,292 Bonds</td>
<td>15.87</td>
<td>15.53</td>
</tr>
<tr>
<td>After issuance and conversion or exchange of 50,831,792 Bonds²</td>
<td>15.77</td>
<td>15.45</td>
</tr>
</tbody>
</table>

¹ In case of exercise of all options to subscribe for and/or to acquire shares and conversion and/or exchange into shares of all bonds convertible and/or exchangeable for new or existing Air France-KLM shares issued by Air France in 2005 and by Air France-KLM in 2009.

² In case the extension clause is exercised in full.

Impact of the issuance on the holding of a shareholder

By way of illustration, the impact of the issuance and the conversion of the Bonds into new shares on the shareholding of a shareholder not participating in the offering of the Bonds holding 1% of the Issuer’s share capital prior to the issue would be as follows:

Calculations made on the basis of the number of shares comprising the share capital of the Issuer as at 31 December 2012 at a share price of €8.172 (volume-weighted average trading price on Euronext Paris of Air France-KLM shares from the opening of the trading day on 19 March 2013 until 12 noon (Paris time)) and an issue premium of 32.5%.

<table>
<thead>
<tr>
<th>Holding of a shareholder (%)</th>
<th>Non-diluted basis</th>
<th>Diluted basis¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before issuance of the Bonds</td>
<td>1%</td>
<td>0.80%</td>
</tr>
<tr>
<td>After issuance and conversion of 44,362,292 Bonds</td>
<td>0.87%</td>
<td>0.71%</td>
</tr>
<tr>
<td>After issuance and conversion of 50,831,792 Bonds²</td>
<td>0.86%</td>
<td>0.70%</td>
</tr>
</tbody>
</table>

¹ In case of exercise of all options to subscribe for and/or to acquire shares and conversion into new shares of all bonds convertible and/or exchangeable for new or existing Air France-KLM shares issued by Air France in 2005 and by Air France-KLM in 2009.

² In case the extension clause is exercised in full.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 March</td>
<td>Opening of the bookbuilding for the Private Placement</td>
</tr>
<tr>
<td></td>
<td>Publication by NYSE Euronext of a notice relating to the issuance of the Bonds.</td>
</tr>
<tr>
<td></td>
<td>Opening of the shareholders’ priority subscription period.</td>
</tr>
<tr>
<td></td>
<td>Opening of the Public Offer period.</td>
</tr>
<tr>
<td></td>
<td>End of the bookbuilding for the Private Placement.</td>
</tr>
<tr>
<td></td>
<td>22 March 2013 End of the shareholders’ priority subscription period (5 p.m. Paris time).</td>
</tr>
<tr>
<td></td>
<td>End of the Public Offer (5 p.m. Paris time).</td>
</tr>
<tr>
<td></td>
<td>25 March 2013 End of the extension clause exercise period.</td>
</tr>
<tr>
<td></td>
<td>Determination of the Final Terms.</td>
</tr>
<tr>
<td></td>
<td>Publication by the Issuer of a press release announcing the final terms and conditions of the Bonds.</td>
</tr>
<tr>
<td></td>
<td>Allotments.</td>
</tr>
<tr>
<td></td>
<td>Publication by NYSE Euronext of a notice relating to the admission to trading of the Bonds.</td>
</tr>
<tr>
<td>28 March</td>
<td>Settlement and delivery of the Bonds</td>
</tr>
<tr>
<td></td>
<td>Admission to trading of the Bonds on Euronext Paris.</td>
</tr>
</tbody>
</table>

**E.4 Interests material to the Offer**

The Underwriters and/or certain of their affiliates, have provided and may provide in the future various banking, financial investments, commercial or other services for the Issuer, its affiliates, shareholders or representatives within the context of which they have received, or may receive, payment.

In this respect, BNP PARIBAS, Société Générale, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank, Goldman Sachs International and Mitsubishi UFJ Securities International plc. are acting, in particular, as lenders and/or syndicated loan arrangers as part of agreements entered into with the Issuer and/or its affiliates.

The information included in this Prospectus permits the maintenance, in all material respects and insofar as required, of equality of access of information relating to the Issuer among the different shareholders.

**E.7 Expenses charged to the investors**

Not applicable.
1 PERSONS RESPONSIBLE FOR THE PROSPECTUS

1.1 Persons responsible for the Prospectus

For Air France-KLM:

Jean-Cyril Spinetta
Chairman and Chief Executive Officer (Président Directeur Général) of Air France-KLM

For Société Air France:

Alexandre de Juniac
Chairman and Chief Executive Officer of Air France (Président Directeur Général) of Air France

For KLM:

Peter Hartman
Chairman and Chief Executive Officer (Président Directeur Général) of KLM

Erik Swelheim
Chief Financial Officer (Directeur Financier) of KLM

1.2 Certification of the persons responsible for the Prospectus

“I hereby declare that, to the best of my knowledge and having taken all reasonable precautions to this effect, the information contained in the Prospectus (except sections 10.1 to 10.2) reflects reality and that nothing has been omitted that would be likely to change the significance thereof.

[INTENTIONALLY OMITTED]

The historical financial information included in this Prospectus was the subject of a statutory auditors’ report.

The consolidated accounts for the financial year ended 31 December 2012 included in the update of the reference document filed with the AMF on 19 mars 2013 under the number D.12-0367-A01 are discussed in the statutory auditors’ report included on pages 127 to 128.

The consolidated accounts for the 9-month period ended 31 December 2011 included in the registration document filed with the AMF on 19 April 2012 under the number D.12-0367 are discussed in the statutory auditors’ report included on pages 245 and 246.

The consolidated accounts for the financial year ended 31 March 2011 included in the registration document filed with the AMF on 15 June 2011 under No. D.11-0579 are discussed in the statutory auditors’ report included on pages 224 to 225 and contain observations relating to the existence of new rules and interpretations that Air France-KLM has applied since 1 April 2010."

Jean-Cyril Spinetta
Chairman and Chief Executive Officer
Air France-KLM

“I hereby declare that, to the best of my knowledge and having taken all reasonable precautions to this effect, the information contained in section 10.1 of this Prospectus reflects reality and that nothing has been omitted that would be likely to change the significance thereof.”

Alexandre de Juniac
Chairman and Chief Executive Officer
Air France

“I hereby declare that, to the best of my knowledge and having taken all reasonable precautions to this effect, the information contained in section 10.2 of this Prospectus reflects reality and that nothing has been omitted that would be likely to change the significance thereof.”

Peter Hartman
Chairman and Chief Executive Officer (Président Directeur Général) of KLM

Erik Swelheim
Chief Financial Officer (Directeur Financier) of KLM
1.3 Person responsible for financial information

Dominique Barbarin
Direction de la communication financière
Telephone: (+33)1 49 89 52 60
2 RISK FACTORS

Prior to making an investment decision in the bonds convertible and/or exchangeable for new or existing shares (the “Bonds”), potential investors are invited to consider carefully all the information in this Prospectus. Investors should note that the list of risk factors below is not exhaustive and other risks and uncertainties not currently known to the Company or that it currently deems insignificant could also have a negative impact on its activity. Potential investors should undertake their own independent review of all the factors relative to an investment in the Bonds and to also carefully read all the information mentioned elsewhere in this Prospectus.

2.1 Risks relating to the Issuer and the Guarantors

Risk factors relating to the Issuer, the Guarantors and their activities are described in the Registration Document, as updated by the Update of the Registration Document. In addition, potential investors are invited to consider the following risks relating to the Bonds, prior to making an investment decision.

2.2 Risks relating to the Bonds

**Bonds are complex securities which may not necessarily be suitable for all categories of investors**

The Bonds are complex financial instruments comprising a debt component together with an option linked to the shares of the Issuer. Investors must have sufficient knowledge and experience of financial markets and sufficient knowledge of the Issuer to assess advantages and risks relating to the Bonds, as well as knowledge and access to means of analysis in order to assess advantages and risks within their financial context. Investors must be in a position to understand circumstances in which conversion and/or exchange of the Bonds for new and/or existing shares of the Issuer may be profitable for them. Bonds are not appropriate for investors who are not familiar with concepts such as redemption at maturity or early redemption, events of default, or other financial notions governing this kind of instruments.

Investors must also possess sufficient financial resources to bear the risks of an investment in Bonds

**Potential changes in the terms and conditions of the Bonds**

The general meeting of bondholders may modify the terms and conditions of the Bonds subject to the consent of the Board of Directors, or, if applicable, the extraordinary general meeting of the Issuer’s shareholders, if a two-thirds majority of the bondholders present or represented at the meeting approves such modification. Any such approved modification will be binding on all of the Bondholders. The terms and conditions of the Bonds are based on applicable laws and regulations as at the date of the Prospectus.

Legislative or regulatory changes could result in the amendment of the terms and conditions of the Bonds, which could impact their value.

No guarantee can be given as to the impact of possible future amendments of laws and regulations after the date of the Prospectus.

**A market may not develop for the Bonds**

Application has been made for the Bonds’ admission to trading on Euronext Paris. However, there is no guarantee that an active trading market for the Bonds will develop or that bondholders will be able to trade their Bonds on this market at a satisfactory price and with satisfactory liquidity. In addition, if such a market were to develop, the market price of the Bonds could be subject to considerable volatility.

Furthermore, trading of Bonds amongst investors holding significant quantities is generally made off-market. Consequently, not all investors may have access to this type of transaction and, in particular, to its price conditions.

There is no obligation to create a market for the Bonds.

**The Bonds’ market price will depend on several factors**

The Bonds’ market price will notably depend on the market price and the volatility of the Issuer’s shares, on the level of interest rates, on the Issuer’s credit risk and on the evolution of its valuation by the market and on the level of dividends paid by the Company. Therefore, a decrease in the market price and/or the volatility of the Company’s shares, an increase in interest rates, or any real or perceived changes in the credit risk, or an increase in the dividends paid could have an adverse effect on the Bonds’ market price.
The Bondholders benefit from limited anti-dilution protection

The Conversion/Exchange Ratio applicable in case of conversion into new shares and/or exchange for existing shares of the Bonds will be adjusted only in the instances set out in paragraph 4.2.6 “Maintenance of Bondholders’ rights”. Furthermore, the Conversion/Exchange Ratio will not be adjusted in all cases where an event in relation to the Issuer or any other event will be capable of affecting the value of the Issuer’s shares or, more generally, of having a dilution effect, particularly in the event of an issuance of shares without preferential subscription rights or of securities giving access to the Issuer’s share capital, a free allocation of the Issuer’s shares to employees or corporate officers or a distribution of Company stock options to employees or corporate officers. The events for which an adjustment is not provided may have a negative effect on the value of the Issuer shares and, consequently, on the Bonds.

The negative pledge applicable to the Bonds does not affect in any way the capacity of the Issuer to dispose of its assets or to grant any security over such assets

The Bonds and the interest thereon constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking equally amongst themselves and, subject to exceptions imposed by French law, pari passu with all other unsecured and unsubordinated debts and guarantees (garanties chirographaires), present and future, of the Issuer.

The ranking of the Bonds does not affect in any way the capacity of the Company to dispose of its assets or authorise any security over such assets under certain circumstances (see paragraph 4.1.5 “Status of the Bonds and the interest thereon - Guarantee” below).

Early redemption in the event of a change of control

In the event of a change of control of the Issuer, or if a third party comes to hold (i) more than 50% of the 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, each Bondholder will have the right to request that the Company redeem all or some of its Bonds at par plus accrued interest. Bonds that have not been redeemed early in this case may face reduced liquidity. Furthermore, investors exercising their early redemption right may be unable to reinvest the funds received as a result of early redemption in other instruments bearing a yield equivalent to that of the redeemed Bonds.

The Issuer will not be required to pay additional amounts to offset any withholding taxes that may be implemented with respect to payments made on the Bonds

The Issuer is not obligated to increase its payments in respect of the Bonds as compensation for any withholding taxes that may be implemented with respect to payments made on the Bonds.

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 to ask for their own tax adviser's advice on their individual taxation with respect to payments that may be implemented with respect to payments made on the Bonds.


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 “Directive”). The 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 made by a paying agent located within their jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Austria and Luxembourg impose instead a withholding system on interest payments (the end of this transition period is being dependent on the conclusion of certain other agreements related to the exchange of information with certain other countries). Several countries and territories that are not Member States, including Switzerland, have adopted similar measures (a withholding system on interest payments in the case of Switzerland).

In this respect, the expression “paying agent” is broadly defined and includes in particular any economic operator responsible for effectuating interest payments, in accordance with the definition in the Directive,
made by a Paying Agent located within its jurisdiction to, or for the benefit of, an individual resident or certain residual entities in that other Member State.

The European Commission has proposed certain modifications to the Directive, which, if adopted and transposed, could modify or enlarge the scope of the provisions described above. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Guarantor, 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 Bonds are subject to limited financial restrictions**

The Issuer reserves the right to issue new financial instruments, including other bonds, which could represent significant amounts, to increase the indebtedness of the Issuer and to decrease the credit quality of the Issuer.

The terms and conditions of the Bonds do not oblige the Issuer to preserve financial ratios or specific levels of share capital, turnover, cash flows or cash assets and, consequently, they do not protect the Bondholders in the event of an unfavourable evolution of the financial position of the Issuer.

**The Issuer may be unable to pay the interests or to redeem the Bonds**

The Issuer may be unable to pay the interest on or redeem the Bonds at the maturity date. The Issuer could also be compelled to redeem the Bonds if an event of default were to occur. If the Bondholders, in particular in case of an event of default, were to require from the Issuer the redemption of their Bonds, the Issuer cannot guarantee that it will be able to pay the whole required amount. The Issuer’s capacity to redeem the Bonds 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 Bonds may result in an event of default pursuant to the terms and conditions of another loan.

**Some Bondholders may be subject to a currency risk**

Payments related to Bonds shall be made in euro. All Bondholders whose financial activities are carried out mainly in currencies other than the euro should take into consideration the risk of fluctuations of the exchange rate with the euro, as well as changes to the rules on the exchange rate. An increase in the Bondholder’s currency value in respect of the euro, would reduce, as to the Bondholders’ currency, the exchange value of payments (redemption premium, repayment) made in respect of the Bonds, the market value of the Bonds and therefore the Bonds’ yield for its holder.

Furthermore, governments and monetary authorities could set controls of exchange rates (as some of them did in the past) which could affect the applicable exchange rate. Therefore, investors could be entitled to a lower amount, in principal or in redemption premium, than the one originally set out, or no amount at all.

**The provisions relating to the Bonds may be set aside if the Issuer becomes subject to an insolvency procedure under French law**

Under French insolvency law, holders of debt securities issued in France or in a foreign jurisdiction (including the holders of the Bonds) are automatically grouped into a single assembly of holders in the event that one of the following procedures is opened in France with respect to the Issuer: a safeguard procedure (procédure de sauvegarde) or a judicial recovery and winding-up procedure (procédure de redressement judiciaire). To the extent that they are not in compliance with compulsory insolvency law provisions that apply in these circumstances, the provisions relating to the representation of the holders of the Bonds will not apply.

The insolvency law provisions provide that the single assembly of holders is in charge of defending their common interests (including those of the holders of Bonds) and can deliberate on any proposed safeguard (projet de plan de sauvegarde) or judicial reorganisation plan (projet de plan de redressement), as the case may be. The single assembly may in particular agree to (i) increase the liabilities (charges) of holders of debt securities (including those of holders of the Bonds) by rescheduling due payments and/or partially or totally writing off receivables in the form of debt securities, (ii) establish an unequal treatment between holders of debt securities (including holders of Bonds) as appropriate under the circumstances and/or (iii) decide to convert debt securities (including the Bonds) into securities that give or may give right to share capital.

Decisions of the single assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such assembly or represented thereat). No quorum is applicable.
2.3 Risks relating to the Guarantee

Under the terms of the Guarantee, the Guarantors are severally but not jointly obligated

The Guarantors’ obligations under the Guarantee are several, but not joint, and will therefore be allocated among the Guarantors as follows. If the Guarantee is called, each Guarantor will be required to meet the outstanding payment obligation only up to its respective quota set out in the Guarantee, namely 60% for Air France and 40% for KLM. No Guarantor will be required to increase its payment to take into account any payment default on the part of the other Guarantor. The Bondholders must accordingly allocate any claim or action undertaken in respect of the Guarantee between each Guarantor taken individually.

The ranking of the Guarantee does not affect in any way the capacity of the Guarantors to dispose of their assets or to grant any security over such assets

The guarantee of payment of all sums, agreed by each Guarantor in the form of a several but not joint guarantee (cautions conjointes mais non solidaires), which may become due by the Issuer in relation to the Bonds, according to the terms of this Guarantee, constitute, for Guarantors, a direct, general, unconditional, unsubordinated and unsecured obligation, and ranks equally, subject to any exceptions as required by legislation, with all other unsecured and unsubordinated debts and guarantees (garanties chirographaires), present or future, of Guarantors.

The ranking of the Guarantee does not affect in any way the capacity of each of the Guarantors to dispose of its assets or authorise any security over such assets under certain circumstances (see paragraph 4.1.5 “Status of the Bonds and the interest thereon - Guarantee” below and Chapter 11 “Société Air France and KLM Guarantee”).

The Guarantors will not be required to pay additional amounts to offset any withholding taxes that may be implemented

The Guarantors are not obligated to increase their payments in respect of the Guarantee as compensation for any withholding taxes that may be implemented with respect to payments made under the terms of the Guarantee.

The Guarantors may not be able to pay all of the sums due under the Bonds

Société Air France and KLM guarantee irrevocably and unconditionally, as several but not joint Guarantors (cautions conjointes mais non solidaires), the payment of all sums due by the Issuer in relation to the Bonds. If the Guarantee should be enforced, Société Air France and KLM cannot guarantee that they will be in a position to pay all of the sums due. The ability of Société Air France and KLM to pay the sums due will depend in particular on their financial situation at the moment of payment and may be limited by applicable legislation (in particular in the event insolvency proceedings are brought against them), by the terms of their indebtedness as well as by the terms and conditions of new financings in place at that date and which could replace, increase or change their current or future debt.
KEY INFORMATION

3.1 Interest of individuals and other entities involved in the issue

The Underwriters and/or some of their affiliates, have provided and may provide in the future various banking, financial investments, commercial or other services for the Company, its affiliates, shareholders or representatives within the context of which they received, or may receive, payment.

BNP PARIBAS, Société Générale, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank, Goldman Sachs International and Mitsubishi UFJ Securities International plc are acting, in particular, as lenders and/or syndicated loan arrangers as part of agreements entered into with the Issuer and/or its affiliates.

3.2 Proceeds and purpose of the issue

The proceeds of the issuance will be used for the general corporate purposes of the Group, notably to finance its fleet and allow for the optimisation of its debt repayment schedule. The proceeds will be made available to Société Air France and KLM in proportion to their respective obligations under the Guarantee; i.e., 60% for Société Air France and 40% for KLM.

The total estimated amount of the Group’s investments for the 2013 financial year is €1.2 billion, and the Group’s debt maturing in 2013 is €1.3 billion.
4 DESCRIPTION OF THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING ON EURONEXT PARIS

4.1 Information relating to the Bonds (other than in respect of the conversion/exchange right)

4.1.1 Description of the Bonds for which application for admission to listing and trading has been made

The Bonds to be issued by the Issuer constitute securities that confer certain rights to receive shares of the Issuer within the meaning of articles L. 228-91 et seq. of the French Commercial Code (Code de commerce).

The issue will be for a principal amount of approximately €480 million, which may be increased up to approximately €550 million, or 14.6% of the nominal amount of the issue, if the extension clause is exercised in full (the “Extension Clause”).

The Extension Clause may be exercised by the Issuer with the agreement of the Global Coordinators, Joint Bookrunners and Joint Lead Managers, on one occasion only, in whole or in part until 25 March 2013 at the latest.

The exercise of the Extension Clause will be communicated by the Issuer.

The number of Bonds to be issued will be equal to the amount of the issue divided by the nominal value of the Bonds. The nominal value of each Bond will represent an issue premium of between 30% and 35% over the volume-weighted average of the trading price of Air France-KLM shares on Euronext Paris from the start of trading on 25 March 2013 until noon (Paris time).

Listing and admission to trading on Euronext Paris are expected to take place on 28 March 2013 under ISIN Code FR0011453463. No application has been made to list the Bonds on another market.

Settlement and delivery of the Bonds will take place on 28 March 2013.

4.1.2 Governing law and jurisdiction

The Bonds will be governed by French law and the courts having jurisdiction in the event of a dispute are those where the registered office of the Issuer is located when the Issuer is the defendant and, in other cases, are designated according to the nature of the dispute, unless provided otherwise by the French Civil Procedure Code (Code de procédure civile).

4.1.3 Form and book-entry recording of the Bonds

The Bonds may be in either registered (forme nominative) or bearer (au porteur) form, at the option of the Bondholders.

Pursuant to Article L.211-3 of the French Monetary and Financial Code (Code monétaire et financier), the Bonds will be required to be recorded as book-entries in accounts held, as the case may be, by the Issuer or by an authorised financial intermediary (intermédiaire financier habilité).

Consequently, the rights of bondholders will be evidenced by a book-entry in accounts held in their name by:

- BNP Paribas Securities Services, Grands Moulins de Paris, 9 rue de Débarcadère, 93500 Pantin, France, acting on behalf of the Issuer in respect of fully registered Bonds (titres nominatifs purs);
- an authorised financial intermediary (intermédiaire financier habilité) selected by the Bondholders and BNP Paribas Securities Services, Grands Moulins de Paris, 9 rue de Débarcadère, 93500 Pantin, France, acting on behalf of the Issuer, in respect of Bonds in registered form (titres nominatifs administrés); or
- an authorised financial intermediary (intermédiaire financier habilité) selected by the Bondholders in respect of Bonds in bearer form (titres au porteur).

No physical document of title (including representative certificates pursuant to Article R. 211-7 of the French Monetary and Financial Code (Code monétaire et financier) will be issued to represent the Bonds.

Pursuant to Articles L.211-15 and L.211-17 of the French Monetary and Financial Code (Code monétaire et financier), the Bonds will be transferred by account transfer and the transfer of ownership of Bonds will result in their registration in the buyer’s account.

An application will be made to admit the Bonds which are being issued to the clearing procedures of Euroclear France, which will ensure the clearing of Bonds between bookkeepers (teneurs de compte-conservateurs). An application will also be made for acceptance for clearance through Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (Luxembourg).
Based on the indicative timetable for settlement and delivery of the Bonds, it is expected that the Bonds will be recorded as book-entries in securities accounts as of 28 March 2013.

4.1.4 Currency of the issue

The Bonds will be denominated in Euro.

4.1.5 Status of the Bonds - Guarantee

4.1.5.1 Ranking

The Bonds and the interest thereon constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, ranking equally amongst themselves and, subject to exceptions imposed by French law, pari passu with all other unsecured and unsubordinated debts and guarantees, present and future, of the Issuer.

4.1.5.2 Negative pledge

While any of the Bonds remain outstanding, the Issuer undertakes not to grant to holders of other present or future bonds (obligations) which are issued or guaranteed by the Issuer, any mortgage (hypothèque) over its present or future assets or real property interests, nor any pledge (nantissement) over all or part of its business (fonds de commerce) nor any other security (sûreté réelle, gage ou nantissement) over its present or future assets or income, without granting the same security and rank to the Bondholders. Such undertaking is given only in relation to security interests given for the benefit of other bondholders 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.

4.1.5.3 Further issues

If the Issuer subsequently issues further bonds which offer in all respects the same rights as the Bonds (except, if applicable, with regard to the first interest payment thereon) the Issuer may, without the consent of the Bondholders, and provided that the terms and conditions of all such bonds so permit, consolidate (assimilation) bonds of any such further issues with the Bonds, thereby treating such bonds as the same issuance for the purposes of trading and fiscal agency servicing. All of such Bondholders would then be grouped together in a common collective group (masse unique).

4.1.5.4 Guarantee

The payment of all sums in principal, interest (including late interest), fees and other costs due in relation to the Bonds will be irrevocably and unconditionally guaranteed by Société Air France and by KLM (the “Guarantors”), acting as several but not joint guarantors (cautions conjointes mais non solidaires), according to the terms and conditions of the Guarantee which is described in Chapter 11 of this securities note.

4.1.5.4.1 Ranking of the Guarantee

The Guarantee constitutes, proportionately for each of the Guarantors, a direct, general, unconditional, unsubordinated and unsecured obligation, and ranks pari passu, subject to any exceptions as required by legislation, with all other debts and guarantee obligations, present or future, of the Guarantors.

4.1.5.4.2 Negative pledge

The Guarantors undertake, until all the Bonds have been redeemed, not to grant to holders of present or future bonds which are issued or guaranteed by the Guarantors, any mortgage (hypothèque) over its present or future assets or real property interests, nor any pledge (nantissement) on all or part of its business (fonds de commerce) nor any other security (sûreté réelle, gage ou nantissement) over its present or future assets or income without granting the same security and status to the Bondholders. Such undertaking is given only in relation to security interests given for the benefit of other bondholders and does not affect in any way the right of the Guarantors to dispose of their assets or to grant any security in respect of such assets in any other circumstance.

4.1.6 Rights and restrictions attached to the Bonds and exercise of these rights

The Bonds will bear annual interest and will be redeemed at the maturity date or upon early redemption in accordance with paragraph 4.1.8 “Redemption date and redemption provisions”.

The Bonds can also be converted and/or exchanged into or for the Issuer’s shares, in accordance with paragraph 4.2 “Right to allocation of shares - Conversion and/or exchange of the Bonds into or for Issuer shares”.

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No specific restrictions are attached to the Bonds.

4.1.7 Nominal interest rate and provisions relating to accrued interest

The Bonds will bear interest as from the Issue Date (as defined in paragraph 4.1.12 “Expected Issue Date”) at a nominal annual rate of between (RR+0.02)% and (RR+0.73)%, payable in arrears on 15 February of each year and for the first time on 15 February 2014 (each, being an “Interest Payment Date”). It is provided that in case the Interest Payment Date is not a business day, the coupon will be paid the next following business day.

“RR” or the Reference Rate will be equal to the 9.89-year linearly interpolated mid swap rate based on the 9- and 10-year mid swap rates as they will appear on Bloomberg EUSA9 Index and EUSA10 Index pages on 25 March 2013 at 12 noon (Paris time).

In respect of the period from the Issue Date, i.e., 28 March 2013, to 14 February 2014 inclusive, the coupon which shall be paid on 15 February 2014 (or, if that date is not a business day, the next following business day), will be calculated pro rata temporis according to the terms set forth below.

Any amount of interest arising from an interest period of less than one full year will be equal to the product of (a) the annual interest rate and (b) (x) the exact number of days since the last Interest Payment Date (or, as the case may be, since the Issue Date) divided by (y) the number of days between the next Interest Payment Date (exclusive) and the anniversary date (inclusive) during the previous year (being 365 or 366 days).

Subject to the provisions of section 4.2.5 “Rights of bondholders to interest on the Bonds and rights to dividends attached to the shares allocated” below, interest will cease to accrue from the date of redemption (whether at maturity or earlier) of the Bonds.

4.1.8 Redemption date and redemption provisions

4.1.8.1 Redemption of the Bonds

4.1.8.1.1 Redemption at maturity

Unless they have been previously redeemed, exchanged for or converted into shares pursuant to the terms and conditions set out below, the Bonds will be redeemed in full at par on 15 February 2023 (or, if that date is not a business day, the next following business day).

The term of the Bonds from the Issue Date to the stated maturity date will be 9 years and 324 days.

4.1.8.1.2 Early redemption by repurchase or public offers

The Issuer may, at its sole option, redeem the Bonds at any time, in whole or in part and without restriction as to price or quantity, by repurchasing Bonds on or off the market or by means of a public offer or an exchange offer.

Subject to paragraph 4.1.8.1.3 (2) “Early redemption at the option of the Issuer” below, any such reimbursement will not affect the due date for redemption of any Bonds still outstanding.

4.1.8.1.3 Early redemption at the option of the Issuer

1. The Company may, at its sole option, at any time from 28 September 2016 until the maturity date of the Bonds, subject to a minimum 30 calendar days prior notice, as provided for in clause 4.1.8.2 “Publication of information on redemption at maturity or on early redemption”, redeem all of the outstanding Bonds for a price equal to their principal amount plus interest accrued since the last Interest Payment Date until the date set for early redemption, if the arithmetic average, calculated over a period of 10 consecutive trading days selected by the Issuer from among the 20 trading days that precede the publication of a notice of such early redemption, of the product of the opening trading prices of the Issuer’s shares on Euronext Paris and the Conversion/Exchange Ratio (as defined in 4.2.3 “Exercise period and Conversion/Exchange Ratio”), exceeds on each such date 130% of the nominal value of the Bonds.

A “trading day” is any business day on which Euronext Paris trades the shares, other than a day on which such trading ceases prior to the usual closing time.

A “business day” is any day (other than a Saturday or Sunday) on which banks are open in Paris and on which Euroclear France operates.

2. The Issuer shall also be entitled, at its sole option, at any time, subject to no less than 30 calendar days prior notice, in accordance with paragraph 4.1.8.2 “Publication of information on redemption at maturity or on early redemption”, redeem at their principal amount plus interest accrued since the last
Interest Payment Date (or, as the case may be, since the Issue Date) until the date set for early redemption, all of the outstanding Bonds, if less than 10% of the Bonds remain outstanding.

3. In each of the cases specified in paragraphs 1 and 2 above, the Bondholders will remain entitled to exercise their Conversion/Exchange Right in accordance with the provisions of paragraph 4.2.3 “Exercise period and Conversion/Exchange Ratio” below, until and including the seventh business day preceding the early redemption date.

4.1.8.1.4 Early redemption

The Representative of the Masse (as defined in paragraph 4.1.10 “Representation of Bondholders”) may, upon a decision of the Bondholders’ general meeting in compliance with quorum and majority conditions required, by written notification addressed to the Issuer and with a copy to the Centralising Agent (as defined in paragraph 5.4.2 “Intermediaries responsible for the financial services of the Bonds”), require that all the Bonds 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) until the date set for early redemption, upon the occurrence of any of the following events:

- in the event the Issuer fails to make payment of any sum due in respect of the Bonds and if the Issuer or any of the Guarantors does remedy such default within 15 calendar days from such due date;
- if the Issuer breaches any of the other provisions relating to the Bonds and does not correct such breach within 30 calendar days from the date the Issuer receives written notice of such breach from the Representative of the Bondholders;
- in the event of a payment default by the Issuer in relation to any payment of any other borrowed money or loans guaranteed by the Issuer or any of the Guarantors for an amount equal to or in excess of €125 million on their due date, or on such date as may have been extended by any applicable grace period, unless the Issuer or any of the Guarantors challenges such default in good faith before a competent court, in which case an early redemption of the Bonds will be mandatory only if the court has decided on the merits of the case (statué au fond);
- if the caution of any of the Guarantors in relation to the Guarantee is rendered void;
- judgment is rendered ordering the liquidation or transfer of the entirety of the assets of the Issuer or any of the Guarantors, or any equivalent procedure; if the Issuer or any of the Guarantors are subject to a conciliation procedure (procédure de conciliation) as provided under Articles L. 611-4 et seq. of the French Commercial Code (Code de commerce), or any equivalent procedure, or subject to a procédure de sauvegarde under Articles L.620-1 et seq. of the French Commercial Code (Code de commerce) or any equivalent procedure, or in a state of suspension of payments (cessation de paiements) or any similar state, or subject to reorganisation or judicial liquidation proceedings (procédure de redressement ou de liquidation judiciaire) or any equivalent procedure; and
- In the event that the Issuer’s shares are no longer admitted for trading on e Euronext Paris or any regulated or similar market of any member countries of the European Union.

4.1.8.1.5 Early redemption at the option of the Bondholders

Each Bondholder may, at its option, require early redemption in cash on 15 February 2019 of all or part of the Bonds it owns under the following conditions.

The Company will inform Bondholders of their option to redeem Bonds early through a notice published by the Issuer and posted on its website (www.airfranceklm-finance.com) and through a notice published by NYSE Euronext on a date falling between the 20th and 30th business day before the date on which the Bonds may be redeemed early. These notices shall indicate (i) the redemption amount and (ii) the period, of at least 15 business days, during which requests for early redemption of the Bonds and the corresponding Bonds should be transmitted to the Centralising Agent (as defined in paragraph 5.4.2 “Details of the intermediaries responsible for the financial services of the Bonds”).

In the event of a Change of Control, as defined in paragraph 4.2.6(c) “Public offers”, or in the event that a person, other than an entity controlled directly or indirectly by the Company (within the meaning of Article L. 233-3 of the French Commercial Code (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 beneficial of KLM
or (ii) more than 50% of the voting rights of Société Air France and/or KLM (a “Share Transfer”), each Bondholder may at its sole option require the early redemption of all or part of its Bonds, subject to the conditions set out below.

In the event of a Change of Control or Share Transfer, the Company will inform the Bondholders, no later than 30 calendar days following the effective Change of Control or Share Transfer, the publication of a notice on the Company’s website at (www.airfranceklm-finance.com) and a NYSE Euronext notice. These notices will remind Bondholders that they are entitled to require the early redemption of their Bonds and will indicate (i) the date which has been set for the early redemption, such date should fall between the 25th and the 30th business day following the date of the publication of the notice by the Issuer, (ii) the redemption amount and (iii) the period, of at least 15 business days from the date of publication of the notice by the Issuer, during which early redemption requests and the corresponding Bonds should be transmitted to the Centralising Agent (as defined in Section 5.4.2 “Details of the intermediaries responsible for the financial services of the Bonds”).

The Bonds 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) until the date set for early redemption.

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

Redemption requests and the corresponding Bonds shall be submitted to the Centralising Agent between the 20th and the 5th business day before the early redemption date.

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 Centralising Agent would have received the early redemption request from the financial intermediary through whose books the Bonds are held;
2. the Bonds would have been transferred to the Centralising Agent by the relevant financial intermediary.

4.1.8.2 Publication of information on redemption at maturity or on early redemption

Information concerning the number of Bonds redeemed, converted or exchanged, and the number of Bonds still outstanding, will be provided periodically to NYSE Euronext to be made public and may also be obtained at any time from the Issuer or from the financial institution serving in the capacity described in Section 5.4.2 “Details of the intermediaries responsible for the financial services of the Bonds”.

When it decides to redeem all outstanding Bonds upon or prior to the maturity date, the Issuer must publish a notice, no later than 30 calendar days prior to the early redemption date, on the Issuer’s website at (www.airfranceklm-finance.com) and in the French Journal Officiel (to the extent required by applicable law or regulations at that time). This information shall also be published in a notice published by NYSE Euronext.

4.1.8.3 Cancellation of the Bonds

Bonds redeemed upon or prior to maturity, Bonds repurchased on or off the market or by way of public tender or exchange offers, as well as Bonds converted or exchanged, will be cancelled in accordance with applicable law.

4.1.8.4 Prescription

Interest

Any claims filed against the Issuer for the payment of interest due under the Bonds will be prescribed after a period of five years from the date on which such interest becomes due. In addition, the interest will be forfeited to the French state at the expiration of a period of five years from the date on which it becomes due.

Redemption

Any claims filed against the Issuer seeking redemption of the Bonds will be tolled at the expiration of a period of 5 years from the normal or early redemption date. In addition, the redemption price will escheat to the French state at the expiration of period of 5 years from the normal or early redemption date.
4.1.9 Annual gross yield to maturity

The annual gross yield to maturity of the Bonds will be between (RR+0.02)% and (RR+0.73)% (in the absence of conversion/exchange for shares or early redemption). It will be determined in accordance with the methods set out in paragraph 5.1.2 “Issue size – Nominal value of each Bond – Number of Bonds issued”.

On the French bond market, the yield to maturity is the annual rate that, at a given date, renders equal at such rate and on a compounded interest basis, the net present value of all amounts payable and all amounts receivable under the bonds (as defined by the Bond Standardisation Committee (Comité de normalisation obligataire)).

4.1.10 Representation of Bondholders

In accordance with Article L.228-103 of the French Commercial Code (Code de commerce), the Bondholders are grouped together in order to ensure the defence of their common interests in a collective group (the “Masse”), which has legal personality. The general meeting of Bondholders is competent to authorise any proposal aimed at amending the terms of the Bonds and deliberate on and authorise any decision compulsorily required by applicable law. The general meeting of Bondholders shall also deliberate on any merger or demerger proposal of the Issuer in accordance with the provisions of Articles L.228-65, I, 3°, L.236-13, L.236-18 and L.228-73 of the French Commercial Code (Code de commerce).

Under current French legislation, each Bond gives right to a voting right. The general meeting of the Bondholders validly deliberates when first convened only if the attending or represented Bondholders hold at least one quarter of the Bonds with voting rights, and at least one fifth when reconvened. A majority of two-thirds of the voting rights held by the attending or represented Bondholders is required for decisions to be taken.

Initial representative of the Masse of the Bondholders

In accordance with Article L.228-47 of the French Commercial Code (Code de commerce), the initial representative of the Masse (the “Representative of the Masse”) shall be:

Sylvain Thomazo
20, rue Victor Bart
78000 Versailles
France

The Representative of the Masse will have the power, in the absence of any resolution of the general meeting of the Bondholders to the contrary, to carry out, on behalf of the Masse, all management actions necessary to protect the common interests of the Bondholders.

He will exercise his duties until his death, resignation or until his position is revoked by the general meeting of the Bondholders or until he becomes incompatibly conflicted. His appointment will automatically cease on the date of final or total redemption, prior to maturity or otherwise, of the Bonds. This appointment will be automatically extended, where applicable, until the final conclusion of any legal proceedings in which the representative is involved and the enforcement of any judgment rendered or settlements made.

Alternative representative of the Masse

The alternative representative of the Masse shall be:

Sandrine d’Haussy
69, avenue Gambetta
94100 Saint Maur des Fossés
France

This alternative representative of the Masse may be called to replace the Representative of the Masse where he has ceased to act. The alternate representative will assume office as the Representative of the masse upon his or her receipt of a registered letter (lettre recommandée) by which the Issuer or any interested person notifies him or her of any temporary or permanent incapacity of the appointed Representative of the masse. Such notice shall, if appropriate, also be made in the same form to the Issuer. In the event of a temporary or permanent replacement, the alternate representative shall have powers identical to those of the appointed Representative of the masse. He or she will be entitled to remuneration of €600 only if he or she fully and definitively carries out the responsibilities of the appointed Representative of the masse, and compensation will be paid as of the date of his or her appointment as incumbent representative.
General

The compensation of the Representative of the Masse shall be €600 per year, payable by the Issuer. This compensation will be payable on 14 February (or the following business day if this day is not a business day) of each year from 2014 to 2023 inclusive, insofar as there are Bonds outstanding at such time.

The Issuer will be responsible for the payment of compensation of the Representative of the Masse and the costs of convening and holding general meetings of the Bondholders and publishing their decisions as well as expenses related to the designation of the Representative of the Masse pursuant to Article L.228-50 of the French Commercial Code (Code de commerce), as well as, more generally, all duly incurred and justified administrative and operational fees of the Masse.

General meetings of the Bondholders will be held at the registered office of the Issuer or such other place as is specified in the relevant notices of the meeting. Each Bondholder will have the right, during the 15-day period preceding the general meeting of the Masse, to examine and make copies of, or to cause an agent to do so on its behalf, at the registered office or administrative headquarters of the Issuer or, as the case may be, at such other place as is specified in the notice for such meeting, the text of the resolutions to be proposed and any reports to be presented to the meeting.

In the event that future issues of bonds give their holders rights identical to those of the Bonds and if the terms of the bonds contemplate it, holders of all such bonds shall be grouped together in a single Masse.

4.1.11 Resolutions and decisions in respect of the issue of the Bonds

4.1.11.1 Shareholders approval granted by a general meeting

At an ordinary and extraordinary general meeting of shareholders held on 7 July 2011, the shareholders of the Issuer adopted, in particular, the following resolution:

Delegation of authority to the Board of Directors to issue ordinary shares and other securities giving access to the Company’s share capital, by way of public offering, without preferential subscription rights for shareholders but with an obligatory priority subscription right

The general meeting, having reviewed the Board of Director’s report and the statutory auditors’ special report, and in accordance with the requirements of Articles L.225-129 et seq., L.225-135, L.225-136, L.228-91 et seq. of the French Commercial Code (Code de Commerce),

1 delegates to the Board of Directors, with the option of sub-delegation in accordance with legal and regulatory conditions, the authority to decide, subject to the limits set out below, on one or more capital increases through the issue in France and/or internationally, by way of public offering, of:

- ordinary shares or any securities giving rights by any and all means, immediately or in the future, to the allocation of ordinary shares of the Company’s capital;
- shares of the Company to be issued, with its agreement, following the issue by the companies in which it holds directly or indirectly more than half the share capital, of any securities giving access by any and all means, immediately and in the future, to the allocation of securities in the Company which will be issued in representation of a portion of the Company’s capital; noting that the shares and other above-mentioned securities may be subscribed in cash or in consideration of certain, liquid and payable debts, or, in whole or in part, by Incorporation of reserves, benefits or premiums;

2 decides that the total nominal amount of the capital increases that may be realized immediately and/or in the future under this delegation may not exceed an amount of €75 million. To this maximum amount shall be added, as applicable, the nominal amount of any additional shares to be issued in the event of financial transactions to protect the rights of the holders of securities giving access to the Company’s capital, pursuant to applicable law and, as applicable, to the contractual stipulations providing for other adjustments. These maximum amounts will be charged against the maximum amount set in the eighth resolution;

3 decides that the nominal amount of bonds or related securities giving access to the share capital of the Company which may be issued under this delegation shall not exceed €1 billion on the date of the issue decision, or the equivalent value thereof in the case of an issue in a foreign currency or monetary unit established by reference to several currencies;

4 decides to waive the shareholders’ preferential subscription rights on shares and securities to be issued pursuant to this resolution;
acknowledges and decides that this delegation will entail the renunciation by the shareholders of their preferential subscription rights on the new shares to which the securities that may be issued by virtue of this delegation give rights;

decides to grant shareholders an obligatory priority subscription right, not giving rise to the creation of negotiable rights, but such right will be exercisable in proportion to the number of shares held by each shareholder and, as the case may be, subject to reduction, and therefore delegates to the Board of Directors the power to fix its period and conditions in accordance with legal and regulatory provisions;

decides that the issue price will be at least equal to the minimum authorized by the applicable regulation;

decides that if the subscriptions have not absorbed the whole of an issue of ordinary shares or securities giving access to the share capital, the Board of Directors can use one or more of the rights below, in accordance with applicable law and in the order that it shall believe suitable:

- to limit the increase in the share capital to the amount of the subscriptions, provided that the latter reaches at least three-quarters of the increase decided on;

- to freely allocate all or some of the unsubscribed shares or securities giving access to the share capital;

- to offer to the public, in France or abroad, all or some of the unsubscribed shares or securities giving access to the share capital;

gives all powers to the Board of Directors, with the option of sub-delegation under the conditions set by law and the Articles of Incorporation, to implement this delegation and, notably, to set the issue conditions, the nature and characteristics of the securities giving access to the share capital, the terms of allocation of the shares to which these securities give rights as well as the dates on which the allocation rights may be exercised and, on its own initiative, charge the costs of the capital increases to the related premiums and deduct from this amount the amounts necessary for the allocation to the legal reserve, proceed with all adjustments aimed at taking into account the incidence of operations on the Company’s share capital, confirm the realization of the capital increases, make the related changes to the Articles of Incorporation, accomplish the required formalities, implement all agreements, notably to bring to fruition all the envisaged issues and generally do all that is necessary;

gives all powers to the Board of Directors, with the option of sub-delegation under the conditions set by law and the Articles of Incorporation, to implement this delegation and, notably, to set the issue conditions, the nature and characteristics of the securities giving access to the share capital, the terms of allocation of the shares to which these securities give rights as well as the dates on which the allocation rights may be exercised and, on its own initiative, charge the costs of the capital increases to the related premiums and deduct from this amount the amounts necessary for the allocation to the legal reserve, proceed with all adjustments aimed at taking into account the incidence of operations on the Company’s share capital, confirm the realization of the capital increases, make the related changes to the Articles of Incorporation, accomplish the required formalities, implement all agreements, notably to bring to fruition all the envisaged issues and generally do all that is necessary;

terminates any prior authorization granted for the same purpose.

This delegation is granted for a period of 26 months dating from this Shareholders’ Meeting.

4.1.11.2 Decision of the Board of Directors and delegation of powers granted to the Chairman and Chief Executive Officer (Directeur Général)

Pursuant to the authorisation granted by the ordinary and extraordinary general meeting of the shareholders held on 7 July 2011, the Board of Directors decided, in its meeting on 18 March 2013, to proceed to the issue of bonds convertible and/or exchangeable for new or existing ordinary shares, determined certain terms and conditions or certain limits for the issue, and sub-delegated all powers to carry out this issue and to decide the final terms and conditions, to the Chairman and Chief Executive Officer (Président Directeur général).

On 19 March 2013, in application of the sub-delegation granted to him by the Board of Directors, the Chairman and Chief Executive Officer (Président Directeur général) set the terms and conditions of the Bonds in the form of ranges, as indicated in this securities note; he will decide the final terms and conditions on 25 March 2013.

4.1.12 Expected Issue Date

The Bonds are expected to be issued on 28 March 2013 (the “Issue Date”).

This date is also the date as from which the Bonds will carry full rights and the settlement date.

4.1.13 Restrictions on the transferability of the Bonds

Subject to the selling restrictions mentioned in paragraph 5.2 “Plan of distribution and allocation of the Bonds” below, there is no limitation on the transferability of the Bonds under the terms and conditions provided herein.
4.1.14 Withholding tax on the remuneration and other revenues with respect to the Bonds

(i) French withholding tax

Under current French tax laws, and subject to the provisions of any applicable tax treaty, the following summarises the French tax consequences concerning French withholding tax applicable to investors who are not shareholders of the Issuer. These investors should nevertheless consult their own tax advisors to determine the tax regime applicable to their particular situation.

As the Bonds will be admitted at the time of their issue to the clearing operations of a central depositary or of a securities settlement and delivery systems operator within the meaning of Article L.561-2 of the French Monetary and Financial Code (Code monétaire et financier), located in a state other than a non-co-operative state or territory (État ou territoire non coopératif) within the meaning of Article 238-0 A of the French Tax Code (Code Général des Impôts or “CGI”), the interest and other income in respect of the Bonds will be exempt from the withholding tax set out under Article 125 A III of the CGI (Bulletin officiel des Finances Publiques-Impôts, BOI-INT-DG-20-50-20120912n°990), as well as the exclusion of the deductibility of interest payments set out under Article 238 A of the same Code, will not be applicable (Bulletin officiel des Finances Publiques-Impôts, BOI-ANNX-000364, n°20).

Payments of interest and principal on the Bonds shall be made subject only to such withholdings at source or deduction on account of taxes as the law imposes or may impose on the Bondholders.

If any withholding or deduction of French taxes is required by applicable law on any income paid in respect of the Bonds, neither the Issuer nor any Guarantor will be required to pay any additional amounts on the Bonds in respect of any such withholding or deduction.

Income paid in respect of the Bonds to individuals who are tax residents of France is subject to social contributions that are withheld at source. Further, in virtue of Article 9 of the Finance Law of 2013 (n° 2013-1509 du 29 December 2012), from 1 January 2013, these revenues are, with certain exceptions, subject to a non-definitive withholding tax of 24%, attributable to the income tax owed for the year in which the payment was realized, and to social charges (CSG, CRDS, and other related contributions) at an effective rate of 15.5%. These persons should consult their own tax advisors to determine the tax regime applicable to their particular situation.

(ii) Withholding in the country of residence of the paying agent

On June 3, 2003, the Council of the European Union adopted a new directive on the taxation of savings income in the form of interest payments, amended on July 19, 2004 (the “Directive”) and implemented in French law under Article 242 ter of the CGI. Subject to a number of conditions being met (set out under Article 17 of the Directive), all member states are required, since July 1, 2005, to provide to the tax authorities of another member state, inter alia, details of payments of interest within the meaning of the 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 or certain residual entities in that other member state (the “Disclosure of Information Method”).

For these purposes, the term “Paying Agent” is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, during a transitional period, certain member states (the Grand Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by the other member states, withhold an amount deducted at source on interest payments (within the meaning of the Directive). The rate of such withholding tax is equal to 1 is currently 35% as of 1 July 2011 until the end of the transitional period. The transitional period will end at the end of the first full fiscal year following the later of the following dates: (i) the date of entry into force of an agreement between the European Union, following a unanimous decision of the Council, and the last of the Swiss Confederation, the Principality of Liechtenstein, the Republic of San Marino, the Principality of Monaco and the Principality of Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “OECD Model Agreement”) with respect to interest payments, as defined in this Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate defined above, and (ii) the date on which the Council agrees by unanimity that the United States of America committed to exchange of information with respect to interest payments (as defined in the Directive) by Paying Agents based in its territory to beneficial owners resident in the European Union.
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 July 1, 2005.

On 13 November 2008, the European Commission released a draft proposal to amend the Directive, in respect of which the European Parliament issued its opinion on 24 April 2009, and, which could significantly broaden the scope of the Directive if approved by the Council of the European Union.

Article 242 ter of the CGI, which implements the Directive into French law, 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 and address of the beneficial owners and a detailed list of the different categories of interest paid to those beneficial owners.

iii) Non-French resident investors must also comply with the tax laws of their country of residence, as may be modified pursuant to the relevant double tax treaty signed between France and such country.

4.2 Right to allocation of shares - Conversion and/or exchange of the Bonds into or for Issuer shares

4.2.1 Type of conversion and/or exchange right

Bondholders shall have the right, at any time as from the 40th day following the settlement and delivery date of the Bonds, or 7 May 2013, until the seventh business day (inclusive) preceding the redemption date (whether at maturity or earlier) described in Section 4.1.8.1.3 (“Early redemption by repurchase or public offers”), to receive new and/or existing shares of the Issuer (the “Conversion/Exchange Right”) that will be fully paid-up and/or settled by way of set-off against amounts owed under the Bonds, pursuant to the conditions set out below and subject to the provisions of paragraph 4.2.7 “Treatment of fractional shares” below.

The Issuer may, at its option, deliver new or existing shares or a combination thereof.

Notwithstanding the foregoing, in the event that the Conversion/Exchange Ratio is adjusted pursuant to the provisions of this Securities Note other than as provided by applicable laws and regulations and if the Issuer:

- cannot issue, within the applicable legal limits, a sufficient number of new shares under the available thresholds allowed by the decision authorising the issuance of equity securities under which the Bonds are being issued or any other later decision approved by the shareholders authorising the issuance of shares, and

- does not hold a sufficient number of treasury shares

to deliver to bondholders having exercised their Conversion/Exchange Right all of the new and/or existing shares to be delivered pursuant to the adjustments described above, the Issuer must deliver all of the new and existing shares that it is able to deliver and for the remainder (the “Undelivered Shares”), it will pay an amount in cash to the bondholders. This amount will be determined by multiplying the volume-weighted average of the prices of the Issuer’s shares quoted on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other regulated or similar market on which the shares of the Issuer are listed) for the last three trading days preceding the relevant Exercise Date by the number of Undelivered Shares. This amount will be payable at the time of delivery of shares delivered in accordance with Section 4.2.4 (“Terms of exercise of the Conversion/Exchange Right”).

Pursuant to a decision of the ordinary and extraordinary shareholders’ general meeting held on 31 May 2012, the Issuer was authorised, in accordance with the provisions of Articles L.225-209 et seq. of the French Commercial Code (Code de commerce), to repurchase its own shares during an 18-month period as from 31 May 2012, within the limit of 5% of its share capital (which represents a repurchase authorisation for 15,010,963 shares as at the date of this Securities Note). The objectives of this programme include the repurchase by the Issuer of its treasury shares with a view to exchanging them as part of equity offering made by the Issuer. Consequently, the shares potentially acquired for this purpose under the share repurchase programme may be allocated for exchange for the Bonds. As of 31 December 2012, the Issuer held 4,189,405 of its own shares.

As set out in paragraph 4.1.11.1 “Shareholder approval granted by a general meeting”, in conformity with the authorisation approved by the general meeting of the shareholders on 7 July 2011, the nominal amount of the shares issued may not be greater than €75 million. To this maximum amount shall be added, as applicable, the nominal amount of any additional shares to be issued in the event of financial transactions to protect the rights of the holders of securities giving access to the Issuer’s capital, pursuant to applicable law and, as applicable, to the contractual stipulations providing for other adjustments.
4.2.2 Suspension of the Conversion/Exchange Right

In the event of a share capital increase, of a merger (fusion) or demerger (scission), of an issuance of new shares or an issuance of new securities giving access to the share capital of the Issuer or any other financial transaction with preferential subscription rights or with a priority subscription period for the benefit of the Issuer’s shareholders, the Issuer shall be entitled to suspend the Conversion/Exchange Right for a period not exceeding three months or any other period according to applicable legislation. Such entitlement shall in no event affect the Conversion/Exchange Right of the Bondholders whose Bonds have been called for redemption, nor the exercise period provided for in paragraph 4.2.3 “Exercise period and Conversion/Exchange Ratio” below.

The decision to suspend the Bondholders’ Conversion/Exchange Right will be published in a notice in the Bulletin des Annonces légales obligatoires (“BALO”) at least seven days before the date on which such suspension comes into force; it will mention both the date on which the suspension comes into force and the date the suspension will end. Such information will also be published on the Issuer’s website at www.airfranceklm-finance.com and in a notice issued by NYSE Euronext.

4.2.3 Exercise period and Conversion/Exchange Ratio

The Conversion/Exchange Right for shares may be exercised by the Bondholders at any time as from the 40th day following the settlement and delivery date of the Bonds, or 7 May 2013, until the seventh business day (inclusive) immediately preceding the redemption date (whether at maturity or earlier), at a ratio of 1 Air France-KLM share with a nominal value of €1 for 1 Bond, subject to paragraph 4.2.6 “Maintenance of Bondholders’ rights” and paragraph 4.2.7 “Treatment of fractional shares” (the “Conversion/Exchange Ratio”).

With respect to Bonds redeemed upon, or prior to, the maturity date, the Conversion/Exchange Right will expire on the seventh business day prior to such redemption date.

Any Bondholder who has not exercised his Conversion/Exchange Right prior to such date will receive an amount determined pursuant to paragraph 4.1.8 “Redemption of the Bonds”.

4.2.4 Exercise of the Conversion/Exchange Right

In order to exercise their Conversion/Exchange Right, Bondholders must submit an exercise notice to the financial intermediary through whose books their Bonds are held. Once received by the relevant financial intermediary through whose books the Bonds are held, the request for early redemption will be irrevocable.

The date of the exercise request shall be 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 (the “Conversion/Exchange Request Date”):

1. the Centralising Agent (as defined in paragraph 5.4.2 “Details of intermediaries responsible for the financial services of the Bonds”) receives the exercise request from the financial intermediary through whose books the Bonds are held;
2. the Bonds are transferred to the Centralising Agent by the relevant financial intermediary.

Any request for the exercise of the Conversion/Exchange Right received by the Centralising Agent during any calendar month (an “Exercise Period”) will take effect on the earlier of the following two dates (such date being the “Exercise Date”) subject to the provisions of paragraph 4.2.6 (c) “Public offers”:  
- the last business day of such calendar month;
- the seventh business day immediately preceding the date set for redemption.

In respect of Bonds having the same Exercise Date, the Issuer will be entitled, subject to, where necessary, cash settlement as provided for in paragraph 4.2.1 “Nature of the conversion and/or exchange right” above, at its option, to choose between:

- the conversion of the Bonds into new shares;
- the exchange of the Bonds against existing shares;
- the allotment of a combination of both new and existing shares.

All Bondholders with the same Exercise Date will be treated equally and will have their Bonds converted and/or exchanged, as the case may be, in the same proportion, subject to any possible rounding adjustments.
Subject to the provisions of paragraph 4.2.6 (c) “Public offers”, the shares shall be delivered to Bondholders no later than on the seventh business day following the Exercise Date.

The Centralising Agent will determine the number of shares to be delivered which, subject to paragraph 4.2.7 “Treatment of fractional shares”, shall be equal, for each Bondholder, to the product of the Conversion/Exchange Ratio applicable on the Exercise Date and the number of Bonds transferred to the Centralising Agent for which the Bondholder has exercised his Conversion/Exchange Right.

**Retroactive adjustments**

In the event a transaction that constitutes an adjustment event (see paragraph 4.2.6 “Maintenance of Bondholders’ rights”) whose Record Date (as defined in Section 4.2.6) occurs between the Exercise Date and the delivery date for the shares issued or delivered pursuant to a Conversion/Exchange Right (excluded), the Bondholders will not have the right to participate in such transaction subject to their adjustment right, until the date the shares are delivered. If the Record Date of a transaction subject to an adjustment event listed in paragraph 4.2.6 “Maintenance of Bondholders’ rights” occurs:

- at the Exercise Date or prior to such date and has not been taken into consideration in the Conversion/Exchange Right applicable at the Exercise Date; or
- between the Exercise Date and the date of delivery of the shares (excluded),

the Issuer will deliver such additional shares as is required, based on the new Conversion/Exchange Right determined by the Centralising Agent, subject to paragraph 4.2.7 “Treatment of fractional shares”.

**Tax on financial transactions**

Under currently applicable French law:

(i) investment in the Bonds is exempted from the financial transactions tax provided for under Article 235 ter ZD of the French Tax Code;

(ii) the delivery of existing Shares of the Company upon exercise by the holders of their Conversion/Exchange Right may be subject to the financial transactions tax (currently at the rate of 0,2% on the price set in the issuance agreement). Depending on the contractual arrangements made between each holder and its financial intermediary, the Bondholder may have to bear the cost of such tax, which will be paid by the financial intermediary;

(iii) the delivery of new Shares of the Issuer upon exercise by the Bondholders of their Conversion/Exchange Right will not be subject to the financial transactions tax;

The financial transactions tax applies to securities that are issued by a company whose registered office is located in France and whose market capitalization exceeds one billion euros. Where this tax is not owed, registration duties may apply to the delivery of existing Shares, under certain conditions.

Neither the Issuer nor any Guarantor will be required to pay additional amounts to compensate Bondholders for the cost of the financial transactions tax or the registration duties.

Investors are urged to consult their tax advisors as to the consequences of the exercise of their Conversion/Exchange Right in connection with the financial transactions tax.

4.2.5 Rights of Bondholders to payments of interest on the Bonds and dividends attached to the shares allocated

In the event of an exercise of the Conversion/Exchange Right, no interest will be paid to Bondholders in respect of the period from the last Interest Payment Date (or, as the case may be, the Issue Date) to the date on which the shares are delivered.

The rights to dividends attached to the new shares issued as a result of a conversion are set out in paragraph 8.1.1 (b) “Type, category and rights attached to the shares delivered upon exercise of the Conversion/Exchange Right” below.

The rights to dividends and attached to existing shares delivered as a result of an exchange are set out in paragraph 8.1.1 (b) “Type, category and rights attached to the shares delivered upon exercise of the Conversion/Exchange Right” below.

4.2.6 Maintenance of Bondholders’ rights

(a) Specific provisions
In accordance with Article L.228-98 of the French Commercial Code (Code de commerce):

(i) the Issuer may freely alter its corporate form or purpose without requiring the authorisation of the general meeting of Bondholders;

(ii) the Issuer may freely, without requiring the authorisation of the general meeting of Bondholders, repay its share capital, modify rules relating to the allocation of profits, issue preferred shares, subject to having taken all necessary measures to maintain the Bondholders’ rights as long as there are Bonds still outstanding;

(iii) in the event of a capital reduction prompted by losses and carried out through the reduction of the nominal amount or number of shares that make up the share capital, the rights of Bondholders will be reduced accordingly as if such Bondholders had exercised their right to allocation of shares prior to the date on which the capital reduction becomes effective. In the event of a reduction of the share capital by a decrease in the number of shares, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect before the decrease in the number of shares and the following ratio:

\[
\frac{\text{Number of shares comprising the share capital after the transaction}}{\text{Number of shares comprising the share capital before the transaction}}
\]

In accordance with Article R.228-92 of the French Commercial Code (Code de commerce), if the Issuer decides to issue, in any form whatsoever, new shares or other securities giving access to share capital with preferential subscription rights, elects to distribute its reserves, in cash or in kind, and issue premiums or modify rules relating to the distribution of profits through the creation of preferred shares, the Issuer will notify Bondholders (to the extent required by applicable law or regulations at that time) in a notice published in the BALO.

(b) Adjustments of the Conversion/Exchange Ratio in the event of financial transactions carried out by the Issuer

Subsequent to any of the following transactions:

1. financial transactions involving listed preferential subscription rights or with free allocation of listed warrants;
2. free grant/distribution of shares to its shareholders, regrouping or splitting of shares;
3. capital increase through the capitalisation of profits, reserves or premiums with an increase in the nominal amount of the shares;
4. distribution of reserves or of share premiums, in cash or in kind;
5. free distribution to shareholders of the Issuer of any financial instruments other than shares in the Issuer;
6. takeover, merger, demerger;
7. repurchase of treasury shares at a price higher than the market price;
8. amortisation of capital;
9. modification of the allocation of the profits and/or issuance of preferred shares; and
10. distribution of a dividend

which the Issuer may carry out after the Issue Date and whose Record Date (as defined below) occurs before the delivery date of the shares issued or delivered upon the exercise of the Conversion/Exchange Right, the maintenance of the rights of Bondholders will be ensured until the delivery date (exclusive) by means of an adjustment of the Conversion/Exchange Ratio in accordance with the provisions set forth below.

The “Record Date” is the date on which the holding of Issuer shares is fixed so as to determine which shareholders are beneficial owners of a transaction or may participate in a transaction, and in particular to which shareholders a dividend, distribution, or an allotment, announced or approved on or before such date, should be paid or delivered.
Such adjustments will be effected in such a manner so as to equalise, to the nearest thousandth of a share, the value of the shares that would have been obtained upon exercise of the Conversion/Exchange Right immediately prior to the occurrence of any of the events listed above and the value of the shares that will be obtained upon exercise of the Conversion/Exchange Right immediately following the occurrence of such event.

In the event of adjustments carried out in accordance with paragraphs 1 to 10 below, the new Conversion/Exchange Ratio will be calculated to 3 decimal places by rounding up to the nearest thousandth, (with 0.0005 being rounded up to the nearest thousandth, *i.e.* 0.001). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Conversion/Exchange Ratio. However, since the Conversion/Exchange Ratio may only result in the delivery of a whole number of shares, fractional entitlements will be settled as specified below (see paragraph 4.2.7 “Treatment of fractional shares”).

1. a) In the event of financial transactions involving listed preferential subscription rights, the new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by the following variable:

\[
\text{Value of the share after detachment of the preferential subscription right} - \text{Value of the preferential subscription right} \]

For the calculation of this variable, the prices of each of (i) the share after detachment of the preferential subscription right and (ii) the preferential subscription right are determined according to the average of the opening trading price on Euronext Paris (or, in absence of trading on Euronext Paris, of the opening trading prices on another regulated market or its equivalent on which the shares of the Issuer and the preferential subscription right are both traded) for each trading day during the subscription period.

(b) In the event of financial transactions by way of free allocation of listed warrants to shareholders with the possibility of a related placement of securities upon exercise of warrants not exercised by their holders at the end of their subscription period, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio applicable prior to the beginning of such financial transaction and the following variable:

\[
\text{Value of the share ex-right} - \text{Value of the warrant} \]

For the calculation of this variable:

- the value of the share ex-right will be equal to the volume-weighted average of (i) the trading price of the Shares on the Euronext Paris market (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) on each trading day included in the subscription period and (ii) the entire sale price of the securities sold in the placement, if such securities are fungible with the existing shares, compounding such sale price by the volume of shares sold in the placement when determining the sale price or (b) the trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) on the day the sale price of the securities sold in the placement is fixed, if such securities are not fungible with existing shares;

- the value of the warrant will be equal to the volume-weighted average of (i) the trading price of the warrant on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the warrants are traded) during the entire subscription period and (ii) of the implicit value (*valeur implicite*) of the warrant corresponding to the difference, if positive,
adjusted by the exercise ratio parity, between the sale price of the securities sold in the placement and the subscription price of the securities resulting from the exercise of warrants, compounding the value so calculated by the volume corresponding to the warrants exercised for the purpose of delivering the securities sold in the placement.

2. In the event of free grant/distribution of shares to shareholders, regrouping or splitting of shares, the new Conversion/Exchange Ratio will equal the product of the Conversion/Exchange Ratio applicable immediately prior to the transaction and the following variable:

\[
\frac{\text{Number of shares which make up the share capital after the transaction}}{\text{Number of shares which made up the share capital prior to the transaction}}
\]

3. In the event of a capital increase through the capitalisation of profits, reserves or premiums with an increase in the nominal value of the Issuer shares, the nominal amount of the Shares that would be allocated to the Bondholders upon exercise of the Conversion/Exchange Ratio will be increased as a result.

4. In the event of a distribution of reserves and/or premiums in cash or in kind (financial instruments held in portfolio, etc.), the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio applicable immediately prior to the beginning of such transaction and the following variable:

\[
\frac{\text{Value of the share prior to the distribution}}{\text{Value of the share prior to the distribution} - \text{the amount of distribution per share or value of the securities or assets distributed per share}}
\]

For the calculation of this variable:

- the value of the share prior to the distribution will be equal to the volume-weighted average trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading days preceding the trading day the shares of the Issuer are traded ex such distribution;

- if the distribution is made in kind:
  - in the case of a distribution of financial instruments which are already traded on a regulated market or its equivalent, the value of such financial instruments will be calculated in the manner described above;
  - in the case of a distribution of financial instruments which are not yet traded on a regulated market or its equivalent, the value of such financial instruments will be equal to, if these financial instruments are admitted to trading on a regulated market or its equivalent within ten trading days following the ex-date of such distribution, the volume-weighted average trading price on the relevant market for the first three trading days of the period during which those financial instruments are traded; and
  - in all other cases (financial instruments which are not yet traded on a regulated market or its equivalent or traded for less than three trading days within the ten trading days period above or the distribution of assets), the value of the financial instruments or of the assets distributed per share will be determined by an independent expert of international reputation selected by the Issuer.

5. In the event of a free distribution to the Issuer’s shareholders of financial instruments other than shares in the Issuer and subject to paragraph 1 b) above, the new Conversion/Exchange Ratio will be equal to:

(a) if the right to free allocation of financial instruments is traded on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent),
the product of the Conversion/Exchange Ratio applicable prior to the commencement of the given transaction multiplied by the following variable:

\[
\text{Value of the share ex-free allocation right} + \text{Value of the free allocation right}
\]

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<th>Value of the share ex-free allocation right</th>
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For the calculation of this variable:

- the value of the share ex-free allocation right will be equal to the volume-weighted average trading price on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the Issuer share ex-free allocation right is traded) of the share ex-free allocation right during the three trading days commencing the day the shares start trading ex such free allocation right is traded.

- the value of the free allocation right will be determined as described in the preceding paragraph. If the free allocation right is not traded during each of the three trading days, its value will be determined by an independent expert of international reputation selected by the Issuer.

(b) if the right to free allocation of financial instruments is not traded on Euronext Paris (or on another regulated market or its equivalent), the product of the Conversion/Exchange Ratio applicable prior to the commencement of the given transaction multiplied by the following variable:

\[
\text{Value of the share ex-free allocation right} + \text{Value of the financial instruments allocated per share}
\]

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<th>Value of the share ex-free allocation right</th>
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For the calculation of this variable:

- the value of the share ex-free allocation right will be determined pursuant to paragraph a) above

- if the allocated financial instruments are traded or are capable of being traded on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent), within the 10 trading days period starting on the date the shares are traded ex-distribution, the value of the financial instrument(s) allocated per share will be equal to the volume-weighted daily average trading price recorded on such market during the first three trading days of this period during which the financial instruments are traded. If the allocated financial instruments are not traded during each of the three trading days, the value of the financial instrument(s) allocated per share will be determined by an independent expert of international reputation selected by the Issuer.

6. In the event that the Issuer is merged into another company (absorption) or is merged with one or more companies forming a new company (fusion) or is demerged (scission), the Bonds will entitle Bondholders to receive shares of the absorbing or new company or in the companies resulting from the demerger.

The new Conversion/Exchange Ratio will be determined by multiplying the Conversion/Exchange Ratio in effect prior to the relevant transaction by reference to the ratio of exchange of the Issuer shares against shares in the new entity/entities. Such company or companies will be substituted for the Issuer for the purpose of its obligations towards the Bondholders.

7. In the event of a repurchase by the Issuer of its shares at a price greater than their trading price, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect prior to the beginning of the repurchase and the following variable:
Value of the share $x (1 – \text{Pc}\%)$

Value of the share – \text{Pc}\% x Repurchase Price

For the calculation of this variable:

- Value of the share means the volume-weighted daily average trading price of the shares on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading sessions preceding the repurchase (or the option to repurchase);

- \text{Pc}\% means the percentage of share capital repurchased; and

- Repurchase Price means the effective repurchase price.

8. In the case of an amortisation of share capital, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio in effect prior to the relevant transaction and the following variable:

Value of the share prior to repayment

Value of the share prior to repayment – Amount of repayment per share

For the calculation of this variable, the value of the share prior to repayment shall be calculated with reference to the volume-weighted daily average trading price of the share on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) during the three trading days preceding the repayment date.

9. (a) In the event of modification by the Issuer of the allocation of the profits and/or issuance of preferred shares resulting in such a change, the new Conversion/Exchange Ratio will be equal to the product of the Conversion/Exchange Ratio that applies before the start of the transaction and the following ratio:

Value of the share prior to modification

Value of the share prior to modification - the amount of distribution per share or value of the securities or assets distributed per share

For the calculation of this variable,

- the Value of the share before the modification will be determined on the volume-weighted average trading price of the share on Euronext Paris (or, in the absence of trading on Euronext Paris market, on another regulated market or similar market on which the shares are traded) during the three trading days immediately preceding the day of such change

- the Reduction per share of the right to dividends, to be determined by an independent expert of international reputation selected by the Issuer.

Notwithstanding the foregoing, if such preferred shares are issued with preferential subscription rights or through a free allocation to shareholders of warrants to subscribe for such preferred shares, the new Conversion/Exchange Ratio will be adjusted in accordance with paragraphs 1 or 5 above.

(b) In the event of the creation of preferred shares that do not lead to a modification of the distribution of profits, the adjustment of the Conversion/Exchange Ratio, if necessary, will be determined by an internationally recognised independent expert chosen by the Issuer.

10. Adjustment in case of distribution of a dividend

In the event that the Issuer pays a dividend or distribution, in cash or in kind, to shareholders (prior to any withholdings and without taking into account any deductions that may be applicable) (the “\text{Dividend}”) it being specified that:
any Dividend (or fraction of a Dividend) resulting in an adjustment to the Conversion/Exchange Ratio pursuant to paragraphs 1 through 9 above will not be taken into account in calculating the adjustment provided in this paragraph 10, and

(ii) any adjustment following the payment of an interim dividend whose Record Date occurs during the same financial year in which it is paid will not take effect until (x) the 8th business day of the following financial year, or (y) for Bondholders exercising their Conversion/Exchange Right during the Adjustment Period in the case of a Public Offer, the 1st business day of the following financial year, if the Exercise Date (date of the Bondholder’s request) falls between this 1st day of the following financial year (inclusive) and the 8th following business day (excluded) (see paragraph 8.1.1(b) “Rights attached to shares issued pursuant to exercise of the Conversion/Exchange Right - Right to dividends and distributions”,

the new Conversion/Exchange Ratio will be determined as follows:

\[
NRAA = RAA \times \frac{CA}{CA-DS}
\]

where

- NRAA means the New Conversion/Exchange Ratio;
- RAA means the last Conversion/Exchange Ratio previously applicable;
- DS means the amount of the Dividend paid per share; and
- CA means the trading price of the shares, defined as the volume-weighted average trading price of the Issuer shares – on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) – during the last three trading days preceding the trading day on which the shares are listed ex-Dividend.

In the event that the Issuer carries out transactions for which no adjustment would be applied pursuant to paragraphs 1 through 10 above, and where an adjustment is subsequently provided for by law or regulation, the Issuer will apply such adjustment in accordance with the applicable provisions of such laws or regulations, and taking into account relevant market practice in effect in France.

(c) Public offers

It is specified that under current French regulations, in the event that the shares of the Issuer are subject to a tender or exchange offer made (tender offer, exchange offer, a combination of both, etc.), by a third party, the offer must also be made for all securities which give access to the share capital or voting rights of the Issuer and therefore for the Bonds described herein. Any contemplated offer together with the offering prospectus describing the terms of such offer (note d’information) must be submitted to the AMF prior to its launch. The AMF shall decide on the conformity of the contemplated offer based on the data and other information presented in support of the offer.

In the event where a public tender or exchange offer were to be commenced and could result in a Change of Control (as defined below) or resulting from a Change of Control, where said public offer is approved by the AMF, the Conversion/Exchange Ratio will be temporarily adjusted, during the Adjustment Period in the case of Public Offer (as defined below), as follows (the result will be rounded in the manner provided for in Section 4.2.6 (b) above):

\[
NRAA = RAA \times [1 + \text{Issue Premium of the Bonds} x (J / JT)]
\]

where:

- NRAA means the new Conversion/Exchange Ratio applicable during the Adjustment Period in case of a Public Offer;
RAA means the Conversion/Exchange Ratio in effect prior to the Offering Opening Date (as defined below);

Issue Premium of the Bonds means the premium, expressed as a percentage which determines the nominal value for each Bond, compared to the reference share price of the Issuer on the date the final terms and conditions of the Bonds are set;

J means the exact number of days between the Offering Opening Date (inclusive) and 15 February 2023, maturity date of the Bonds (exclusive); and

JT means the exact number of days between 28 March 2013, Issue Date (inclusive), and 15 February 2023, maturity date of the Bonds (exclusive), i.e. 3,611 days.

The adjustment of the Conversion/Exchange Ratio provided for above will only be applicable for the exercise of the Conversion/Exchange Right by the Bondholders between (and including):

(A) the first day on which the shares of the Issuer may be tendered in the offer (the “Offering Opening Date”); and

(B) (i) if the offer is unconditional, the date that will be the tenth business day after the final day during which the shares of the Issuer may be tendered in the offer, or, if the offer is reopened, the date that is five business days after the last day during which the Issuer’s shares may be tendered in the offer;

(ii) if the offer is conditional, (x) if the AMF (or its successor) considers that the offer has been successful, the date that will be the tenth business day after the date on which the AMF publishes the results of the offer or if the offer is reopened, the date that is five business days after the last day during which the Issuer’s shares may be tendered in the offer, or (y) if the AMF (or its successor) considers that the offer has been unsuccessful, the date on which the AMF publishes the results of the offer; or

(iii) if the offer or withdraws its offer, the date on which notice of such withdrawal is published.

This period will be referred to as the “Adjustment Period in case of Public offer”.

For the purpose of this paragraph 4.2.6(c), a “Change of Control” means, for one or more individuals or corporate 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 companies controlled by the relevant person(s)), (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 companies controlled by such shareholder(s)) a percentage of voting rights in excess of the above stake.

Delivery of shares pursuant to exercise of the Conversion/Exchange Right during the Adjustment Period in the event of a Public Offer

As an exception from the provisions of paragraph 4.2.4 “Exercise of the Conversion/Exchange Right”, in the event that the Conversion/Exchange Right is exercised during the Adjustment Period in the event of a Public Offer, the Exercise Date will be deemed to be the Request Date and the relevant shares will be delivered within a maximum of three business days from the Exercise Date.

In the event that the Issuer will be carrying out transactions in which an adjustment will not be carried out in relation to paragraphs 1 through 11 above and where subsequent legislation or regulations provide for an adjustment, the Issuer may carry out this adjustment in conformity with the applicable legislation or regulations and French market practice.

(d) Information of the Bondholders relating to adjustments

In the event of an adjustment, the Issuer shall inform the Bondholders by way of a notice published on the Issuer’s website (at www.airfranceklm-finance.com) no later than 5 business days following the date on which the adjustment becomes effective and in a notice published by NYSE Euronext in the same timeframe.

In addition, the Board of Directors of the Issuer will disclose the relevant calculation details and the results of such adjustment in the next annual report following any such adjustment.
4.2.7 Treatment of fractional shares

Each Bondholder exercising his rights in relation to the Bonds may receive a number of shares of the Issuer equal to the product of the then-applicable Conversion/Exchange Ratio and the number of Bonds that have been submitted for conversion.

If the number of shares thus calculated is not a whole number, the Bondholder will be entitled to receive:

- the whole number of shares immediately below; in this case, the Bondholder will receive a cash sum equal to the product of the fraction of the share and the value of the share, equal to the last quoted price on Euronext Paris (or, in the absence of trading on Euronext Paris, on another regulated market or its equivalent on which the shares are traded) on the trading day prior to the day on which the request for the exercise of the Conversion/Exchange Right is made; or

- the whole number of shares immediately above, provided that the Bondholder pays to the Issuer a sum equal to the additional fraction of the share so requested, calculated on the terms set out in the above paragraph.

If the Bondholder does not specify which option he elects, he will be granted the whole number of Issuer shares immediately below, plus an additional sum such as described above.
5 CONDITIONS OF THE OFFERING

5.1 Terms and conditions, indicative timetable and method of subscription

5.1.1 Terms and conditions of the offering

5.1.1.1 Absence of preferential subscription right – priority subscription period

No preferential subscription rights will be granted to the shareholders in connection with the issuance of the Bonds. The Issuer’s shareholders have expressly waived their preferential subscription rights to the Bonds, at the ordinary and extraordinary general meeting held on 7 July 2011, in its ninth resolution.

However, the shareholders of the Issuer will benefit from a priority subscription period, during which they may subscribe for the Bonds on a priority basis as set out in the terms and conditions in paragraph 5.1.3(a) “Priority subscription period”.

In the event that not all the Bonds are subscribed for during the shareholders’ priority subscription period, the Bonds that have not been subscribed for will, under the terms and conditions set out in paragraph 5.1.3(b) “Private Placement and Public Offer”, be offered to investors through a private placement and to the public in a Public Offer in France.

5.1.1.2 Private Placement – Public Offer

The Bonds are being offered pursuant to a “bookbuilding” process, on a private placement basis, in accordance with article 3(2) of Directive 2003/71/EC of 4 November 2003, in member states of the European Economic Area (the “EEA”) and outside the EEA with the exception of the United States of America, Canada, Australia and Japan, in accordance with the laws and regulations in force in the countries in which such placement was carried out (the “Private Placement”), as well as pursuant to a public offering made only in France (the “Public Offer”).

No specific tranche has been designated for any particular market.

5.1.1.3 Intention of the principal shareholders

The French State, which holds 15.9% of the share capital of the Issuer as at the date of this prospectus, has decided to subscribe to this issue during the priority subscription period, for the entirety of the participation it holds.

The Issuer has no knowledge as to whether other shareholders intend to participate in the offering.

5.1.2 Issue size – Nominal value of each Bond – Number of Bonds issued

The issue will be for a nominal amount of approximately €480 million, which may be increased to approximately €550 million if the Extension Clause is exercised in full.

The gross proceeds of the issue will be approximately €480 million, which may be increased to approximately €550 million if the Extension Clause is exercised in full. The net proceeds of the issue (after deduction of fees due to the financial intermediaries and legal and administrative expenses) will be approximately €477.5 million, which may be increased to approximately €547.1 million if the Extension Clause is exercised in full.

This Extension Clause may be exercised by the Issuer with the agreement of the Global Coordinators, Joint Bookrunners and Joint Lead Managers, on one occasion only, in whole or in part until 25 March 2013 at the latest.

Exercise of the Extension Clause will be communicated by the Issuer.

The nominal value of each Bond will represent an issue premium between 30% and 35% over with the volume-weighted average of the trading price of Air France-KLM shares on Euronext Paris from the start of trading on 25 March 2013 until 12 noon (Paris time).

The nominal value of each Bond, the issue price, the nominal interest rate, and the gross annual yield as well as the number of Bonds that may be issued will be decided at the close of the bookbuilding process (see paragraph 5.3 “Determination of final terms of the Bonds and the offering”), and will appear in the press release published by the Company on 25 March 2013.

The number of Bonds to be issued will be equal to the amount of the issue divided by the nominal value of each Bond.
5.1.3 Subscription period and process

(a) Priority subscription period

The shareholders of the Issuer will benefit from a priority subscription period to subscription by irrevocable entitlement (à titre irréductible) for the maximum amount of the issue, i.e. approximately €550 million. There will be no additional subscription entitlements subject to reduction (souscriptions à titre réductible) during the priority subscription period.

Each shareholder will be able to subscribe for the issue on a priority basis during a period of three trading days, i.e. from 20 March 2013 to 22 March 2013 inclusive, up to the entirety of his participation in the Issuer’s share capital, whatever the final amount of the issue.

In practice, each shareholder will therefore submit a subscription order in euro up to a maximum amount corresponding to (i) €550 million multiplied by (ii) the number of Air France-KLM shares that he holds (and which he is prepared to tie up) and divided by (iii) 300,219,278 (number of shares that make up the Air France-KLM share capital).

By way of illustration, a shareholder holding 50 Issuer shares may submit a priority subscription order up to a maximum amount of:

\[
550,000,000 \times 50 / 300,219,278 = €91.60
\]

When the nominal value of each Bond is set, i.e., on 25 March 2013 (see paragraph 5.1.2 “Issue size – Nominal value of each Bond – Number of Bonds issued”), the number of Bonds allocated will be equal to the amount of the subscription order of each shareholder in the priority subscription period divided by the nominal value of each Bond, this figure being rounded down to the nearest whole number.

As an exception, any shareholder who is allocated less than one Bond, in application of this rule relating to the right to subscribe, will have the right to subscribe for one Bond.

If the Extension Clause is exercised in whole or in part, the priority subscription orders will be reduced proportionately.

The priority subscription period for the Bonds will only benefit the Company shareholders as they appear in the Issuer’s records on 19 March 2013. The exercise of this priority right will be subject to shareholders tying up their shares for this end, until the close of the priority subscription period, i.e. 22 March 2013 inclusive, with the Issuer for the fully registered shares (titres au nominatif pur) and with the financial intermediary with whom the shares are registered for those held in an account in either registered (titres au nominatif administré) or bearer (titres au porteur) form.

The centralisation of the priority subscriptions will be carried out by BNP Paribas Securities Services, Grands Moulins de Paris, 9 rue du Débarcadère, 93500 Pantin, France.

(b) Private Placement and Public Offer

The Private Placement will take place on 20 March 2013.

The Public Offer in France will be open from 20 March 2013 to 22 March 2013 at 5:00 p.m. (Paris time) inclusive with no possibility of early closing.

Potential investors wishing to place a subscription order shall contact their usual financial intermediary.

Subscription orders are irrevocable.

The centralisation of the subscription orders received by the financial intermediaries in relation to the Public Offer shall be managed by BNP Paribas Securities Services, Grands Moulins de Paris, 9 rue du Débarcadère, 93500 Pantin, France.
**Indicative timetable of the offering**

19 March 2013
Visa of the AMF in respect of the French Prospectus.

20 March 2013
Publication by the Issuer of a press release announcing the launch of the issue and detailing the indicative terms of the issue.
Opening of the bookbuilding for Private Placement.
Publication by NYSE Euronext of a notice relating to the issuance of the Bonds.
Opening of the shareholders’ priority subscription period.
Opening of the Public Offer.
End of the bookbuilding for the Private Placement.

22 March 2013
End of the shareholders’ priority subscription period (5 p.m. Paris time)
End of the Public Offer.

25 March 2013
End of the Extension Clause exercise period.
Determination of the final terms and conditions of the Bonds.
Publication by the Issuer of a press release announcing the final terms and conditions of the Bonds.
Allotments.
Publication by NYSE Euronext of a notice relating to the admission to trading of the Bonds.

28 March 2013
Settlement and delivery of the Bonds.
Admission to trading of the Bonds on Euronext Paris.

5.1.4 Possibility of reducing the subscription

(a) Shareholders’ priority subscription period
During the priority subscription period, shareholders of the Issuer may subscribe by irrevocable entitlement (à titre irréductible) for the Bonds pursuant to the terms and conditions set out in paragraph 5.1.3(a) “Priority subscription period”. Subject to the rule on rounding the number of allocated Bonds set out in paragraph 5.1.3(a), their orders may not be reduced below their proportionate share of the definitive amount of the issue.
Nonetheless, in the event the Extension Clause is not exercised or is partly exercised, the shareholders’ priority subscription orders will be reduced proportionately.

(b) Private Placement and Public Offer
Subscription orders for the Private Placement and during the subscription period of the Public Offering may be reduced in the event demand is high. Such reductions will be carried out in accordance with standard professional practices.

5.1.5 Minimum and/or maximum subscription amount
There are no minimum and/or maximum subscription amounts.

5.1.6 Dates – deadlines and terms for payment and delivery of the Bonds
The subscription price of the Bonds must be paid, in whole, in cash. The funds paid for subscriptions will be deposited with BNP Paribas Securities Services, Grands Moulins de Paris, 9 rue du Débarcadère 93500 Pantin, France.
The settlement and delivery of the Bonds will take place on the Issue Date, i.e., on 28 March 2013.

5.1.7 Publication of results of the offering
The indicative timetable of the issue and the details as to the publication of the results of the offering are set out in paragraph 5.1.3 “Indicative timetable of the offering”.
5.1.8 Exercise of any preferential subscription right

The issue will be carried out without preferential subscription rights.

However, the shareholders of the Issuer will have a priority subscription period; the terms and conditions of the priority subscription are set out in paragraph 5.1.3(a) “Priority subscription period”.

5.2 Plan of distribution and allocation of the Bonds

5.2.1 Type of potential investors – Selling restrictions applicable to the offering

In respect of the Private Placement, investors may place their orders in the bookbuilding process (see paragraphs 5.1.1.2 “Private Placement – Public Offer” and 5.1.3(b) “Private Placement and Public Offer”.

During the priority subscription period, the shareholders of the Issuer will be able to subscribe for Bonds pursuant to the terms and conditions of the priority subscription described in paragraph 5.1.3(a) “Priority subscription period”.

In respect of the Public Offer, investors shall be entitled to make subscription orders through their financial intermediary, pursuant to the conditions described in paragraph 5.1.3(b) “Private Placement and Public Offer”.

The distribution of the Prospectus and the offer or sale of the Bonds may, in some countries, be regulated by specific laws and regulations. Anyone in possession of the Prospectus should find out about, and comply with, local restrictions. Any shareholder of the Issuer wishing to participate in the offer must ensure that they are not violating laws applicable locally and those of France.

The institutions responsible for the placement will comply with the applicable laws and regulations in the countries in which the Bonds are to be offered including in particular the following restrictions.

**Selling restrictions relating to EEA States (other than France) having implemented Directive 2003/71/EC of 4 November 2003, as amended (the “Prospectus Directive”)**

With respect to each member state of the European Economic Area other than France (“Member States”) which has implemented the Prospectus Directive no action has been undertaken or will be undertaken, to make an offer of any Bonds to the public and require a prospectus to be produced in any Member State. Consequently, the Bonds may only be offered in these Member States if they are offered:

- to qualified investors, as defined in the Prospectus Directive;
- to less than 100, or if the Member State has transposed to the relevant provision of the Amending Prospectus Directive, 150 physical persons or legal entities (other than qualified investors as defined in the Prospectus Directive) per Member; or
- in circumstances pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this clause, (i) the expression “Bonds offered to the public” in a Member State means any communication in any form and by any means, of sufficient information about the terms and conditions of the offer and the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive, (ii) the expression “Prospectus Directive” means the Directive 2003/71/CE dated 4 November 2003, as transposed in the Member State (as modified, including by the Amending Prospectus Directive insofar as the amending directive has been transposed by each Member State), and (iii) the expression “Amending Prospectus Directive” means the Directive 2010/73UE of the European Parliament and Council, dated 24 November 2010.

These selling restrictions are in addition to any other selling restriction applicable in those Member States who have implemented the Prospectus Directive.

**Selling restrictions in the United States of America**

The Bonds, the Guarantee and the shares to be issued upon conversion or exchange of the Bonds have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“Regulation S”).

Each Underwriter has agreed that it will not offer or sell the Bonds or shares to be issued upon conversion or exchange of the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds or shares to be issued upon conversion or exchange of the Bonds during the distribution compliance period a confirmation or other notice
setting forth the restrictions on offers and sales of the Bonds or shares to be issued upon conversion or exchange of the Bonds, as the case may be, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are being offered and sold in offshore transactions outside of the United States to non-U.S. persons, as defined in Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds or shares to be issued upon conversion or exchange of the Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

**Notice to prospective investors in The Netherlands**

The Bonds are not and may not be offered in The Netherlands other than to persons or entities who or which are qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act (Wet op het financieel toezicht) (which incorporates the term “qualified investors” as used in the Prospectus Directive, as amended).

**Selling restrictions in the United Kingdom**

Each intermediary selling the Bonds represents that:

(a) it has not communicated nor caused to be communicated nor cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act (“FSMA”)) received by it in relation to the issue or sale of the Bonds, except in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

The Prospectus is addressed to and intended for only (i) persons outside the United Kingdom, (ii) investment professionals under clause 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005,(iii) persons as set out by clause 49 (2) (a) to (d) (high net worth companies, unincorporated associations etc.) or, (iv) any persons to whom the Prospectus could be communicated in accordance with the Law (the persons mentioned in paragraphs (i), (ii), (iii) and (iv) being “Authorised Persons”). The Bonds are only intended for Authorised Persons and all invitation, offer, underwriting agreement, purchase or acquisition of the Bonds may only be made with an Authorised Person. No persons apart from Authorised Persons may use, or make decisions based on, the Prospectus.

**Selling restrictions in Canada, Australia and Japan**

The bonds are not being offered or sold in Canada, Australia or Japan.

**5.2.2 Notification of allotment to investors**

The Global Coordinators, Joint Lead Managers and Joint Bookrunners together with the Issuer will determine the final allotments of the Bonds.

Investors having made a subscription order in respect of the Private Placement will be notified of their allotment by the Global Coordinators, Joint Lead Managers and Joint Bookrunners.

Shareholders of the Issuer having passed orders to subscribe for Bonds during the priority subscription period are guaranteed to receive the number of Bonds they requested (see paragraphs 5.1.3(a) “Priority subscription period” and 5.1.4(a) “Possibility of reducing the subscription – Shareholders’ priority subscription period”). Nonetheless, in the event the Extension Clause is not exercised or is partly exercised, the shareholders’ priority subscription orders will be reduced proportionately.

Individuals having made a subscription order in respect of the Public Offer will be notified of their allotment by their financial intermediary.

**5.3 Determination of the final terms of the Bonds and the offering**

The annual gross yield to maturity of the Bonds (see paragraph 4.1.9 “Annual gross yield to maturity”), the issue premium of the Bonds and the number of Bonds which may be issued (see paragraph 5.1.2 “Issue size – Nominal value of each Bond – Number of Bonds issued”) will result from the interaction of the number of Bonds offered with the demand generated from investors, pursuant to a bookbuilding process, as developed by established professional practice, the investors may, if they wish, indicate the level of the maximum limit of the issue premium beyond which and/or the minimum level of yield below which they will not subscribe.
The determination of the final terms and conditions of the Bonds and of the offer is expected to be set on 25 March 2013 on the basis of the average volume-weighted trading price of Air France-KLM shares on Euronext Paris from the opening of trading on 25 March 2013 until 12 noon (Paris time). The final terms and conditions of the Bonds will be published in a press release issued by the Issuer.

The Bonds will be issued at par, payable in whole on the Issue Date.

5.4 Placement

5.4.1 Details of the Global Coordinators, Joint Lead Managers and Joint Bookrunners

BNP PARIBAS
16, Boulevard des Italiens
75009 Paris
France

Société Générale
29, Boulevard Haussmann
75009 Paris
France

5.4.2 Details of the intermediaries responsible for the financial services of the Bonds

Centralised paying agency services for the Bonds (payment of interests, repayment of redeemed Bonds, etc.) as well as depository services (registration of the Bonds (inscription au nominatif), conversion of the Bonds to bearer form (conversion au porteur), exercise of the Conversion/Exchange Right, etc.) will be provided by BNP Paribas Securities Services (the “Centralising Agent”).

5.4.3 Underwriting – Lock-Up – Stabilisation

5.4.3.1 Underwriting

The entirety of the issue (other than Bonds that will have been subscribed by the State) will be underwritten by BNP PARIBAS and Société Générale in their roles as Global Coordinators, Joint Lead Managers and Joint Bookrunners, and by Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Deutsche Bank, Goldman Sachs International and Mitsubishi UFJ Securities International plc, in their roles as Joint Lead Managers (together with the Global Coordinators, Joint Lead Managers and Joint Bookrunners, the “Underwriters”). By the terms of the underwriting agreement, the Underwriters, acting severally but not jointly will agree to procure subscribers for, or failing which to subscribe and pay for, directly or through an affiliated intermediary, the Bonds on the Issue Date. The underwriting agreement will contain a standard termination clause for this type of agreement and may be terminated up until the effective settlement-delivery of the Bonds, in particular upon the occurrence of inaccuracy or breach of the representations and warranties of the Issuer and the Guarantors or breach of the undertakings of the Issuer and the Guarantors, in the event any of the conditions precedent has not been fulfilled on the settlement-delivery date or upon the occurrence of certain material events of such an importance that the placement, issue, settlement or delivery of the Bonds would be rendered impossible, or seriously compromised.

If the underwriting agreement is terminated by the Underwriters following an event provided for above, this transaction will be cancelled.

5.4.3.2 Lock-Up

Vis-à-vis each Underwriter party to the underwriting agreement, and without the prior written agreement of the Joint Lead Managers and Joint Bookrunners, the Issuer and, where applicable, each of the Guarantors, will agree, as from the date the underwriting agreement is signed i.e., 25 March 2013, and for a period ending 90 days after the settlement-delivery date of the Bonds, not offer, transfer, cancel or issue, directly or indirectly, any shares, any other Issuer equity securities, or any securities giving direct or indirect access to the Issuer’s capital, and not to carry out any financial transaction which would have an equivalent effect, it being specified that this undertaking will not apply to the Bonds, the shares issued following the exercise of the rights of the holders of securities giving access to the share capital issued as at the date hereof, as well as the issue of shares or the granting of warrants and the purchase of shares in the context of the Group’s policy relating to employee profit-sharing or incentive programs. The liquidity agreement entered into with Rothschild & Cie Banque is not covered by the lock-up described in this paragraph as the Issuer does not take part in transactions in furtherance of such agreement, and such transactions are not carried out under the Issuer’s supervision.

5.4.3.3 Stabilisation – Intervention on the market

Not applicable.
5.4.4 Date of the underwriting agreement

The underwriting agreement will be entered into on the day of the determination of the final terms and conditions of the Bonds, i.e., 25 March 2013. Pursuant to this agreement, the settlement and delivery of the Bonds is expected on 28 March 2013.
6 ADMISSION TO TRADING AND TERMS AND CONDITIONS OF TRADING OF THE BONDS

6.1 Admission to trading and terms and conditions of trading of the Bonds

Application will be made for the Bonds to be listed and traded on Euronext Paris. Listing of the Bonds is expected to take place on 28 March 2013, under ISIN code FR0011453463.

No application has been made to list the Bonds on another market.

The conditions for the listing of the Bonds will be set out in notice published by NYSE Euronext.

6.2 Markets on which securities of the same category are listed

The bonds with conversion and/or exchange rights for new or existing Air France-KLM shares issued by Société Air France in 2005 have been listed on Euronext Paris since 22 April 2005 under ISIN code FR0010185975.

The bonds with conversion and/or exchange rights for new and/or existing Air France-KLM shares issued by Société Air France-KLM in 2009 have been listed on Euronext Paris since 26 June 2009 under ISIN code FR0010771766.

6.3 Bonds liquidity agreement

No liquidity agreement in respect of the Bonds has been entered into by the Issuer or, to the Issuer’s knowledge, by any other intermediary (see however paragraph 5.4.3 “Underwriting – Lock-Up – Stabilisation”).
7 FURTHER INFORMATION

7.1 Advisers connected to the offering
None.

7.2 Information contained in the securities note reviewed by the Auditors
[INTENTIONALLY OMITTED]

7.3 Expert’s Report
None.

7.4 Information in the securities note from third parties
None.

7.5 Rating of the issue
No application has been made to obtain a rating the Bonds.
In addition, the Group is not rated.
8 ADDITIONAL INFORMATION CONCERNING THE SHARES DELIVERED UPON THE EXERCISE OF CONVERSION/EXCHANGE RIGHT

8.1 Description of the shares delivered upon exercise of the Conversion/Exchange Right

8.1.1 Type, category and rights attached to the shares delivered upon exercise of the Conversion/Exchange Right

(a) Type and category

The new shares issued upon conversion of the Bonds and/or existing shares delivered upon the exchange of the Bonds will be ordinary shares of the same category as other existing Issuer shares, and will be governed by the Issuer’s bylaws (see paragraph 8.1.5).

As at the date of the Prospectus, the Issuer’s share capital is of €300,219,278 divided into 300,219,278 ordinary shares with a nominal value of €1 each, all fully paid-up and distributed between the shareholders in proportion of their rights in the Issuer, admitted to trading under the name “Air France-KLM” on Euronext Paris and on Euronext Amsterdam (ISIN code: FR0000031122), as well as on the New York Stock Exchange (in the form of “American Depositary Shares”). The Air France-KLM share is classified in sector 5000 “Consumer Services”, 5750 “Leisure and Travel” and 5751 “Airline Companies” in the sectorial classification ICB.

(b) Rights attached to shares issued pursuant to exercise of the Conversion/Exchange Right - Right to dividends and distributions

New shares issued upon conversion of the Bonds

The new shares issued following the exercise of the Conversion/Exchange Right will carry full rights from the first day of the financial year during which the Exercise Date occurs and will entitle shareholders, for the relevant financial year and the following financial years, (on the basis of the same nominal value) to the same amount of dividend per share (or interim dividend) as that which is paid in respect of other shares carrying the same rights.

However, pursuant to paragraphs 4.2.4 “Exercise of the Conversion/Exchange Right” and 4.2.6 “Maintenance of Bondholders’ rights”, Bondholders shall benefit from an adjustment to the Conversion/Exchange Ratio until such shares have been delivered to them (excluded).

Existing Issuer shares delivered in exchange for the Bonds

Existing shares delivered in exchange for the Bonds will carry full rights, as from their delivery, provided, however, that if the Record Date of a dividend (or an interim dividend) were to occur between the Exercise Date of the Conversion/Exchange Right and the delivery date of such shares, then the Bondholders will not be entitled to receive such dividend (or interim dividend) and will have no right to any indemnification in that respect, with the exception, as the case may be, of their right to an adjustment as described in paragraph 4.2.6 “Maintenance of Bondholders’ rights”.

Indeed, in accordance with paragraphs 4.2.4 “Exercise of the Conversion/Exchange Right” and 4.2.6 “Maintenance of Bondholders’ rights”, Bondholders shall benefit from an adjustment to the Conversion/Exchange Ratio until such shares have been delivered to them (excluded).

(c) Listing

See paragraph 8.1.7 “Listing of the new and/or existing shares issued or delivered upon the exercise of the Conversion/Exchange Right”.

8.1.2 Applicable law and jurisdiction

The existing shares and the new shares were and will be, respectively, issued in accordance with French law.

The courts having jurisdiction in the event of a dispute are those where the registered office of the Issuer is located when the Issuer is the defendant and, in other cases, designated according to the nature of the dispute, unless otherwise provided by the French Civil Procedure Code (Code de procédure civile).

8.1.3 Form and book-entry recording of the shares delivered upon exercise of the Conversion/Exchange Right

The existing shares and/or the new shares of the Issuer, delivered upon exercise of the Conversion/Exchange Right will be in either registered (forme nominative) or bearer (au porteur) form, at the option of the Bondholders, subject to Articles 9.2, 9.3 and 9.4 of the Issuer’s bylaws, where applicable (see paragraph 8.1.5. “Rights Attached to Shares”).
Pursuant to Article L.211-3 of the French Monetary and Financial Code (Code monétaire et financier), the shares will be required to be recorded as book-entries in accounts held, as the case may be, by the Issuer or by an authorised financial intermediary (intermédiaire financier habilité).

Consequently, holders’ rights will be evidenced by a book-entry in accounts held in their name by:

- Société Générale Securities Services, acting on behalf of the Issuer in respect of fully registered shares (titres au nominatif pur);
- an authorised financial intermediary (intermédiaire financier habilité) of their choice and Société Générale Securities Services, acting on behalf of the Issuer, in respect of shares in registered form (titres au nominatif administré); or
- an authorised financial intermediary (intermédiaire financier habilité) selected by the shareholder in respect of shares in bearer form (titres au porteur).

Pursuant to Articles L.211-15 and L.211-17 of the French Monetary and Financial Code (Code monétaire et financier), the Shares will be transferred by account transfer and the transfer of ownership of the Shares will result in their registration in the buyer’s account.

8.1.4 Currency

The shares will be issued in Euro.

8.1.5 Rights attached to shares

Existing shares are, and new shares will be, once issued, governed by the Issuer’s bylaws. Under current French law and the Issuer’s bylaws, the main rights attached to shares are as follows:

**Right to dividends – Right to share in the Issuer’s profits**

Existing shares delivered upon the exchange and the new shares issued upon conversion of the Bonds will give rights to dividends as described in paragraph 8.1.1 (b) “Rights attached to shares issued pursuant to exercise of the Conversion/Exchange Right - Right to dividends and distributions”.

The shareholders of the Issuer have the right to a share in the Issuer’s net profits in the circumstances set out in Articles L.232-10 et seq. of the French Commercial Code (Code de commerce).

At the shareholders’ general meeting approving the annual financial statements for the preceding financial year, the shareholders may agree to pay a dividend to all the shareholders (Article L.232-12 of the French Commercial Code (Code de commerce)).

The shareholders’ general meeting may agree to pay a dividend to all the shareholders before approving the financial statements (Article L.232-12 of the French Commercial Code (Code de commerce)).

The shareholders’ general meeting may grant shareholders the option of receiving all or part of their dividends or interim dividends either in cash or in shares (Articles L.232-18 et seq. of French Commercial Code (Code de commerce)).

Payment of dividends must take place no later than 9 months after the end of the financial year. This period may be extended by judicial decision.

Any action against the Issuer for the payment of dividends payable in respect of shares shall be prescribed after a period of five years from their due date. In addition, dividends will be forfeited to the State after a period of five years from their due date.

Dividends paid to non-French tax resident shareholders are in principle subject to a withholding tax (see below).

**Withholding tax on dividends paid to non-French tax residents**

Under current French tax laws, and subject to the provisions of any applicable tax treaty, the following summarises the French tax consequences concerning French withholding tax applicable to investors. These investors should nevertheless consult their own tax advisors to determine the tax regime applicable to their particular situation.

Dividends distributed by the Issuer are in principle subject to a withholding tax, withheld by the paying agent, where the tax domicile or registered office of the beneficiary is located outside France. Subject to the paragraphs below, the rate of this withholding tax is fixed (i) at 21% where the beneficiary is an individual whose domicile is located within a member state of the European Union, in Iceland Norway, or Liechtenstein, (ii) 15% where the beneficiary is a non-profit organisation whose registered office is located in a Member State of the European Union, Iceland, Norway, or Liechtenstein and which would be subject to tax under the conditions set out in
Article 206-5 of the Code Général des Impôts if its registered office were located in France and which fulfils the conditions set out in the Official Bulletin of Public Finances-Taxes (le Bulletin Officiel des Finances Publiques-Impôts (BOI-IS-CHAMP-10-50-10-20-20120912)) and (iii) 30% in all other cases.

However, irrespective of the tax residence or status of the beneficiary, dividends paid by the Issuer outside of France in a non-cooperative state or territory (État ou territoire non coopératif) within the meaning of Article 238-4 A of the Code Général des Impôts will be subject to a 55% withholding tax. The list of non-cooperative states and territories is published by ministerial decree and updated annually.

The withholding tax may be reduced or even eliminated pursuant to, in particular, (i) Article 119 ter of the CGI applicable under certain conditions, to shareholders that are legal entities and that are residents of the European Union, (ii) the provisions of any applicable tax treaty, or (iii) as regards distributions made to certain non-resident undertakings for collective investment in transferable securities.

In addition, provided they fulfil the conditions set out in the Official Bulletin of Public Finances-Taxes (le Bulletin Officiel des Finances Publiques-Impôts (BOI-RPPM-RCM-30-30-20-40-20120912)), legal entities and that hold at least 5% of the share capital and voting rights in the Issuer may be, under certain conditions, exempted from this withholding tax if they have their place of effective management either in another Member State in the European Union, or in another State which is a party to the agreement on the European Economic Area which has entered into with France a convention on the elimination of double that includes an administrative assistance clause for the prevention of fraud and fiscal evasion Shareholders should contact their tax advisor to determine to what extent and under which conditions they may benefit from this exemption. It is the responsibility of the relevant shareholders to consult their usual tax advisor in order to determine in particular whether they are likely to be subject to the new legislation on non-cooperative states and territories and/or may benefit from a reduction or an exemption from withholding.

Shareholders should seek information on the practical terms and conditions of the application of tax treaties, as set out in particular in the Official Bulletin of Public Finances-Taxes (le Bulletin Officiel des Finances Publiques-Impôts (BOI-INT-DG-20-20-20-20-20120912)) regarding the “standard” or “simplified” procedure for the reduction of or exemption from the withholding tax.

Dividends paid in respect of shares to individuals who are tax residents of France are subject to social contributions that are withheld at source. Further, in virtue of Article 9 of the Finance Law of 2013 (n° 2012-1509 du 29 December 2012), from 1 January 2013, these revenues are, with certain exceptions, subject to a non-definitive withholding tax of 21%, attributable to the income tax owed for the year in which the payment was realized, and to social charges (CSG, CRDS, and other related contributions) at an effective rate of 15.5%. These persons should consult their own tax advisors to determine the tax regime applicable to their particular situation. These persons should consult their own tax advisors to determine the tax regime applicable to their particular situation.

Finally, non-French tax resident investors must also comply with the tax laws of their country of residence, as may be modified pursuant to the relevant double tax treaty signed between France and such country.

**Voting rights**

The number of voting rights attached to the shares is proportional to the share capital such shares represent. Each share carries one vote (Article L.225-122 of the French Commercial Code (Code de commerce)).

In addition to the requirement to inform the Issuer and the AMF in the event shareholding thresholds set out by applicable law and the AMF’s General Regulations are crossed article 13 of the Issuer’s bylaws provides that all physical persons or legal entities, acting independently or together who hold, directly or indirectly, at least 0.5% of the share capital or of the voting rights of the Issuer, or a multiple of this percentage , must inform the Issuer in writing by registered mail within 15 days from the day the threshold is crossed.

This notification must be renewed every time that a new threshold of 0.5% of voting rights is crossed up to a limit of 50%.

Any shareholder whose participation in the share capital drops below any of the thresholds described above, will also have to inform the Issuer within 15 days according to the same terms.

**Preferential subscription right**

The shares carry a preferential subscription right for new shares issued as part of an increase in the Issuer’s share capital. The shareholders will have, pro rata to the amount of their existing shares, a preferential subscription right in cash for shares issued in connection with an immediate or future increase in share capital. During the subscription period, preferential subscription rights may be traded when they are separated from the underlying shares, provided that the shares are also negotiable. Otherwise, preferential subscription rights may be transferred on the same basis as the underlying shares. Shareholders may individually waive their preferential
subscription rights (Articles L.225-132 and L. 228-91 through L.228-93 of the French Commercial Code (Code de commerce)).

At the general shareholders’ meeting deciding or approving the capital increase, the shareholders can elect, to waive their preferential subscription rights in relation to the entire capital increase or a portion of it or to grant a priority subscription period in favour of the shareholders (Article L.225-135 of the French Commercial Code (Code de commerce)).

A share capital increase without preferential subscription right may be carried out either by way of a public offer or, up to a maximum amount of 20% of the share capital each year, through an offer pursuant to Article L. 411-2 II of the French Monetary and financial code (Code monétaire et financier) (private placement to qualified investors (investisseurs qualifiés) or to a limited circle of investors (cercle restreint)) in which case the issue price of the shares will be the three-day weighted average of the market price of the shares prior to the date of pricing with a maximum 5% discount (Articles L.225-136 1° and 3° and R.225-119 of the French Commercial Code (Code de commerce)). However the general shareholders meeting may authorise the Board of Directors to freely set the issue price of the shares, subject to a maximum amount of 10% of the share capital each year (Article L.225-136 1° of the French Commercial Code (Code de commerce)).

The general shareholders’ meeting may also waive the preferential subscription right where the Issuer decides to proceed to a share capital increase:

- reserved to one or more beneficiaries designated by name or to categories of persons satisfying set characteristics. In that case, the issue price or the conditions applicable to its determination shall be determined by the extraordinary general meeting of the shareholders based on the Board of Directors’ report and the auditors’ special report (Article L.225-138 of the French Commercial Code (Code de commerce));

- in consideration for the securities contributed through a public exchange offer on the securities of a company whose shares are admitted to trading on a regulated market of a Member State of the Agreement on the European Economic Area or member of the Organisation for Economic Cooperation and Development. In this case, the auditors shall express an opinion on the conditions of the share capital increase and its consequences (Article L.225-148 of the French Commercial Code (Code de commerce)).

In addition, the general shareholders meeting may decide to launch a share capital increase:

- in order to compensate a contribution in kind. One or more appraisers shall assess the value of the contribution. The general shareholders meeting may delegate to the Board of Directors the powers required to carry out a capital increase, up to a maximum amount of 10% of the company’s share capital, in order to compensate the contributions in kind made to the company in consideration for the equity securities or any securities giving access to the share capital (Article L.225-147 of the French Commercial Code (Code de commerce)).

- reserved to the members (employees of the Issuer or of a company which it controls within the meaning of Article L.225-180 of the French Commercial Code (Code de commerce)) of a company savings plan (Article L.225-138-1 of the French Commercial Code (Code de commerce)). The subscription price will be the 20-day average of the market price of the shares prior to the date of the decision fixing the opening date of the subscription, with a maximum 20% discount (Article L.3332-19 of the French Labour Code (Code du travail)).

- by way of a free allotment of shares to the Issuer’s employees or those of other group companies, to certain categories of employees or Issuer representatives, up to a maximum amount of 10% of the company’s share capital (Articles L.225-197-1 et seq. of the French Commercial Code (Code de commerce)).

Finally, the Issuer may grant stock options to employees of the Issuer or any company in its Group, to some categories of employees or to their corporate officers (mandataires sociaux) amounting to no more than one third of the share capital of the Issuer (Articles L. 225-177 et seq. of the French Commercial Code (Code de commerce)).

**Right to any surplus in the event of a liquidation**

If the Issuer is liquidated, any share capital remaining after the nominal value of the shares or share capital has been repaid will be allocated among the shareholders pro rata to their interests in the share capital (Article L.237-29 of the French Commercial Code (Code de commerce)).

**Buyback and Conversion clauses**

The Issuer’s bylaws do not include any share buyback or conversion clauses for the shares.
Form of the shares (compulsory registered form (mise au nominatif obligatoire))

Any shareholder who, acting alone or in concert with any physical person or legal entity, who holds a number of the Issuer’s shares or voting rights equal to or greater than 2% of the total number of shares or voting rights, within five trading days of crossing this threshold, must ask for his shares to be converted into registered form (forme nominative). This obligation to convert into registered form (form nominative) applies to all shares already held, and those that will be acquired beyond this threshold, as long as the said shareholder has a participation equal to or greater than this threshold. Any shareholder whose participation falls below the threshold of 2% mentioned above must also inform the Issuer.

Furthermore, when the threshold of 40% of the share capital or voting rights has been crossed by non-French shareholders, the Board of Directors must decide to lower the threshold from 2% to 10,000 shares. The Issuer’s Board of Directors may decide, at any moment, to lower the threshold requiring the obligation to convert shares into registered form (forme nominative) from 2% to 10,000 shares. Once the Issuer has published a notice informing the shareholders and the public that non-French shareholders hold, directly or indirectly, 45% of the Issuer’s share capital or voting rights, the Board of Directors must decide to impose only the registered form (forme nominative) for the Issuer’s shares.

Identifying holders of shares

The Issuer may at any time and at its own expense, to ask the common depositary who handles the account for the issuance of its equity securities for, the name or corporate name of an individual or legal entity shareholder, who currently possess, or will possess, the right to vote in its general shareholders meetings, as well as their nationality, date of birth or date of establishment and the number of shares held, noting any restrictions on such shares.

The Issuer, having the list from the common depositary, may also request either from this common depositary or directly, under the same conditions a subject to penalties, from persons identified therein who it believes to hold shares on behalf of a third-party, the identity of such third parties, as well as the number of shares held by each such third-party.

For as long as the Issuer believes that certain security holders whose identity was revealed to it are acting on behalf of third party beneficial owners, it retains the right to ask such security holders to identify the beneficial owners of the securities and the number of securities held by each of them (Articles 228-2 et seq. of the French Commercial Code (Code de commerce)).

8.1.6 Resolutions and authorisations governing the delivery of the shares upon the exercise of the Conversion/Exchange Right

This information is set out in paragraph 4.1.11 “Resolutions and decisions in respect of the issue of the Bonds”.

8.1.7 Listing of the new and/or existing shares issued or delivered upon the exercise of the Conversion/Exchange Right

New shares issued upon the conversion of the Bonds

The new shares issued following conversion of the Bonds will be subject to periodic applications for admission to trading on Euronext Paris on a different line, until the end of the trading day preceding that day during which the existing shares are traded ex-dividend relating to the financial year preceding that in which the Exercise Date occurs, or until the end of the trading day on which the shareholders’ general meeting approves the annual financial statements for this financial year if such shareholders’ general meeting decides not to pay out a dividend.

Consequently, the new shares will only be assimilated to the Issuer’s existing shares and will trade on the same line as the existing shares and under the same ISIN Code FR0000031122, as from the trading day during which the existing shares are traded ex-dividend relating to the financial year preceding that in which the Exercise Date occurs or, in the absence of a dividend payment, as from the trading day following the date on which the shareholders’ general meeting approving the annual financial statements for the said financial year.

Existing shares delivered in exchange for the Bonds

Existing shares delivered upon the exercise of the right to allocation of shares will be immediately tradable.

8.1.8 Restriction on the free negotiability of the shares

When it is recorded that more than 45% of the Issuer’s share capital or voting rights are held, directly or indirectly, by non-French shareholders, the Board of Directors may decide that all share acquisitions by a third party or a shareholder, which would entail for the acquirer an obligation to declare if a threshold of 0.5%
any multiple of 0.5%) of share capital or voting rights is crossed, are subject to the approval of the Issuer’s Board of Directors in the conditions required by law.

The Issuer has introduced in its bylaws, as authorised by Articles L.6411-2 to L.360-4 and R.64118 of the Civil Code of Transport (Code des transports) and R.360-5 of the Civil Code of Aviation (Code de l’aviation civile), a mechanism which gives it the possibility to monitor and control their shareholders and also to oblige certain shareholders to give up all or part of their shareholding in the event their nationality is at risk. Indeed, the development over time of the shareholders of an airline company, whose shares are admitted to trading on a regulated market may risk losing their licence to operate as a community air transporter (one of the conditions of which is to retain a majority shareholding and effective control by community interests) or traffic rights which it benefits from by its status as a French air transporter pursuant to bilateral international agreements entered into between France with other states not party to the European Union. The Issuer will inform the public if the threshold of 45% of the share capital or voting rights held by non-French shareholders is crossed. It is beyond this threshold that the Issuer can oblige shareholders to give up and, where necessary, to force shareholders to transfer, the shares in order to protect the Issuer’s nationality in accordance with the conditions and time frames set out in Articles L.6411-6 to L.6411-8 of Code of Transport and R.360-1 to R.360-5 of the Civil Code of Aviation (Code de l’aviation civile) as well as in Articles 15 and 16 of the Issuer’s bylaws.

The restrictions that apply to the offer are also set out in paragraph 5.2.1 “Type of potential investors – Selling restrictions applicable to the offer”

8.1.9 French regulation relating to public offers

The Issuer is subject to the French laws and regulations applicable to mandatory public offers, buyout offers and squeeze outs.

8.1.9.1 Mandatory public offer

Article L.433-3 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 234-1 et seq. of the AMF General Regulations, regulate the terms and conditions to be fulfilled for mandatory public offers for all equity securities, including securities giving access to the share capital or voting rights of a company whose shares are admitted to trading on a regulated market.

8.1.9.3 Buyout offer and Squeeze out

Article L.433-4 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 236-1 et seq. (buyout offer), 237-1 et seq. (squeeze out following a buyout offer) and Articles 237-14 et seq. (squeeze out following any public offer) of the AMF General Regulations provide the terms and conditions to be fulfilled for a buyout offer and a squeeze out of minority shareholders of a company whose shares are admitted to trading on a regulated market.

8.1.10 Recent tender offers by third parties on the share capital of the issuer during the last financial year and the current financial year

No public tender offer has been initiated by third parties with respect to the Issuer’s share capital during the current and previous financial year.

8.1.11 Impact of the conversion or exchange on the shareholder’s situation

Impact of the issuance on the share in the consolidated shareholders’ equity

By way of illustration, the impact of the issuance and the conversion into new shares or the exchange for existing shares of all the Bonds on the share in the consolidated shareholders’ equity (group share) would be as follows:

Calculations made on the basis of the consolidated shareholders’ equity (Group share) contained in the consolidated accounts as at 31 December 2012, the number of shares comprising the share capital of the Issuer at the same date after deducting treasury shares and treasury shares that confer voting rights (actions d’autocontrôle), at a share price of €8.172 (volume-weighted average trading price on Euronext Paris of Air France-KLM shares from the opening of the trading day on 19 March 2013 until 12 noon (Paris time)) and an issue premium of 32.5%.

<table>
<thead>
<tr>
<th>Portion of shareholders’ equity per share (in euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non diluted basis</td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>Prior to the issue of the Bonds</td>
</tr>
</tbody>
</table>
After issue and conversion or exchange of 44,362,292 Bonds | 15.87 | 15.53
After issue and conversion or exchange of 50,831,792 Bonds(2) | 15.77 | 15.45

(1) In case of exercise of all options to subscribe for and/or to acquire shares and conversion and/or exchange into shares of all bonds convertible and/or exchangeable for new or existing Air France-KLM shares issued by Air France in 2005 and by Air France-KLM in 2009
(2) If the Extension Clause is exercised.

Impact of the issuance on the holding of a shareholder

By way of illustration, the impact of the issue and the conversion of the Bonds into new shares on the shareholding of a shareholder not participating in the offering of the Bonds holding 1% of the Company’s share capital prior to the issue would be as follows:

Calculations made on the basis of the number of shares comprising the share capital of the Issuer as at 31 December 2012 at a share price of €8.172 (volume-weighted average trading price on Euronext Paris of Air France-KLM shares from the opening of the trading day on 19 March 2013 until 12 noon (Paris time)) and an issue premium of 32.5%.

<table>
<thead>
<tr>
<th>Holding of a shareholder (%)</th>
<th>Non diluted basis</th>
<th>Diluted basis(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to the issuance of the Bonds</td>
<td>1%</td>
<td>0.80%</td>
</tr>
<tr>
<td>After issue and conversion of 44,362,292 Bonds</td>
<td>0.87%</td>
<td>0.71%</td>
</tr>
<tr>
<td>After issue and conversion of 50,831,792 Bonds (2)</td>
<td>0.86%</td>
<td>0.70%</td>
</tr>
</tbody>
</table>

(1) In case of exercise of all options to subscribe for shares and conversion into new shares of all bonds convertible and/or exchangeable for new or existing Air France-KLM shares issued by Air France in 2005 and by Air France-KLM in 2009.
(2) If the Extension Clause is exercised.
9 ADDITIONAL INFORMATION CONCERNING THE ISSUER

See the Update of the Registration Document filed with the AMF on 19 March 2013 under No. D.12-0367-A01.

The information included in this Prospectus permits the maintenance, in all material respects and insofar as required, of equality of access of information relating to the Issuer among the different shareholders.
10 DESCRIPTION OF THE GUARANTORS

10.1 Description of Société Air France

For the purposes of this section 10.1, the term “Air France” means Société Air France, and the term “group Air France” or “group” means the group of companies made up by Société Air France and its subsidiaries.

Since the business combination of Air France and KLM, which took place during the 2004/2005 financial year, Air France, based in Roissy-Charles de Gaulle, is one of the airline companies of the Air France-KLM group, one of the world leaders in air transport.

During the 2012 financial year, Air France carried 51.7 million passengers. As at 31 December 2012, the Air France group had a fleet of 374 aircraft in operation, 5 of which are fully dedicated to cargo transport.

During the 2012 financial year, the Air France group had a turnover of €16.5 billion and recorded an operating loss of €464 million.

10.1.1 Auditors

Deloitte et Associés
185, avenue Charles de Gaulle
92524 – Neuilly sur Seine Cedex
Represented by Dominique Jumaucourt
Nominated for six financial years by the ordinary general shareholders’ meeting held on 8 July 2010
Date of first mandate: 19 May 2004

KPMG Audit
Department of KPMG S.A.
1, Cours Valmy
92923-Paris La Défense
Represented by Valérie Besson and Michel Piette
Nominated for six financial years by the ordinary general shareholders’ meeting held on 8 July 2010
Date of first mandate: 19 May 2004

10.1.2 Risk factors

The risk factors relating to Air France and its activities are identical to those described in Chapter 3 of the Registration Document, as amended by the Update of the Registration Document.

10.1.3 Information about Air France

(a) History and development of the company

Founded in 1933, Air France assembled the network of airline companies after the nationalisation of French civil aviation in 1945. In 1974, Air France established its base in the new airport of Roissy-Charles de Gaulle, which became its hub in 1996. After merging with UTA in 1992, then with Air Inter in 1997, Air France was floated on the stock exchange in 1999, and then in 2003/2004, coordinated a business combination with KLM, which resulted in the creation of Air France-KLM, the leading European air transport group.

At as the date of the Prospectus, Air France-KLM holds 100% of the share capital and voting rights of Air France.

(b) Investments

The total of tangible and non-tangible investments amounted to €922 million in 2012.

With respect to tangible investments, the Air France group took delivery of two Airbus A380, three Boeing B777-300 and two Airbus A320. With respect to the regional companies, the Air France group took delivery of two CRJ1000.

In total, cash flows linked to investment transactions amounted to €22 million during the 2012 financial year.

As part of its firm aircraft orders, since 31 December 2012, the Air France group took delivery of two Airbus A380, three Boeing 777, two Airbus A320 and two CRJ1000.

The number of aircraft on firm order as of 31 December 2012 decreased by 9 units compared with 31 December 2011 to 24 units. These movements can be explained by the delivery of 9 aircraft over the period; Discussions are ongoing with Airbus and Rolls Royce to finalize an
Airbus A350 order. Deals have been signed with manufacturers to postpone some deliveries: 3 A320 and 1 B777-300. Discussions are still in progress with Airbus to define a new reference regarding delivering on next A380 still on order.

The investment undertakings of the Air France group are mainly firm orders of aircraft. The maturity dates applicable to firm orders of aeronautical equipment are set out below:

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N+1</td>
<td>323</td>
<td>623</td>
</tr>
<tr>
<td>N+2</td>
<td>315</td>
<td>384</td>
</tr>
<tr>
<td>N+3</td>
<td>323</td>
<td>385</td>
</tr>
<tr>
<td>N+4</td>
<td>62</td>
<td>115</td>
</tr>
<tr>
<td>N+5</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>1,398</td>
<td>1,458</td>
</tr>
<tr>
<td>Total</td>
<td>2,438</td>
<td>2,982</td>
</tr>
</tbody>
</table>

These undertakings are in respect of US dollar amounts, converted at the close of each relevant financial year. These amounts are also hedged.

(c) Financing

The table below sets out the structure of net debt for the Air France group as at 31 December 2012:

<table>
<thead>
<tr>
<th>Financial year closed on 31 December</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial debt (current and non-current portion)</td>
<td>5,648</td>
<td>5,594</td>
</tr>
<tr>
<td>Deposits on aircraft under capital lease</td>
<td>(598)</td>
<td>(435)</td>
</tr>
<tr>
<td>Accrued interest not yet due</td>
<td>(54)</td>
<td>(67)</td>
</tr>
<tr>
<td>Gross financial debt</td>
<td>4,996</td>
<td>5,092</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(1,145)</td>
<td>(844)</td>
</tr>
<tr>
<td>VMP &gt; 3 months</td>
<td>(764)</td>
<td>(710)</td>
</tr>
<tr>
<td>Short-term bank facilities</td>
<td>257</td>
<td>157</td>
</tr>
<tr>
<td>Net cash</td>
<td>(1,652)</td>
<td>(1,397)</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>3,344</td>
<td>3,695</td>
</tr>
</tbody>
</table>

The financial debt of the Air France group can be broken down as follows:

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OCEANE (convertible bonds)</td>
<td>419</td>
<td>383</td>
</tr>
<tr>
<td>Other bonds</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Finance lease debt</td>
<td>2,152</td>
<td>1,826</td>
</tr>
<tr>
<td>Long term debt</td>
<td>1,458</td>
<td>1,795</td>
</tr>
<tr>
<td>Financial debt (non-current portion)</td>
<td>4,752</td>
<td>4,754</td>
</tr>
<tr>
<td>OCEANE (convertible bond)</td>
<td>-</td>
<td>67</td>
</tr>
<tr>
<td>Finance lease debt</td>
<td>265</td>
<td>163</td>
</tr>
<tr>
<td>Other debt</td>
<td>577</td>
<td>543</td>
</tr>
<tr>
<td>Accrued interest not yet due</td>
<td>54</td>
<td>67</td>
</tr>
<tr>
<td>Financial debt (current portion)</td>
<td>896</td>
<td>840</td>
</tr>
</tbody>
</table>
Issue of OCEANEs

On 22 April 2005, Air France issued 21,951,219 bonds with a right of conversion and/or exchange for new and/or existing Air France-KLM shares (OCEANEs) with a maturity of 15 years in a total amount of €450 million. These bonds have a nominal value of €20.50 each. As at 31 December 2012, the conversion ratio was 1.03 Air France-KLM share for one bond.

The maturity date of the bonds is 1 April 2020. Bondholders may request early repayment of their securities on 1 April 2016. Air France can impose the repayment in cash for these securities, by exercising a call option as from 1 April 2010, and in certain conditions prompting the OCEANE holders to convert their bonds into Air France-KLM shares. The annual coupon of the bonds is 2.75%, payable on 1 April of each year.

The conversion period of the bonds runs from 1 June 2005 until 23 March 2020, except early reimbursement.

The terms and conditions of these OCEANEs provide for an initial redemption (put) at the option of the holders on 1 April 2012.

On 6 December 2011, to optimise its debt repayment schedule by neutralizing the exercise of the OCEANE redemption option on 1 April 2012, Air France signed a swap agreement relating to these OCEANEs (total return swap) with Natixis expiring on 1 April 2016 at the latest. In order to hedge this contract, Natixis launched a contractual acquisition procedure to purchase the aforementioned OCEANEs.

This contract was thus reflected in the following operations:

- The purchase by Natixis of 18,692,474 OCEANEs (i.e. 85.16% of the amount initially issued) at a fixed price of €21 following a contractual acquisition procedure open between 7 December and 13 December 2011. Natixis is the owner of the acquired OCEANEs and did not exercise its early redemption option on 1 April 2012.

- The entry into force effective 14 December 2011 of a swap contract expiring on 1 April 2016 whose notional amounts to €392.5 million (number of OCEANEs acquired by Natixis multiplied by the purchase price of €21). Regarding this swap, Air France receives the coupon on the OCEANEs i.e. 2.75% and pays variable interest indexed to Euribor 6 months. At the swap termination, Air France and Natixis will also exchange the difference between the OCEANE price at that date and the initial price of €21.

- Air France has a termination option on the swap starting 19 December 2012 and expiring on 1 February 2016.

- The contract is the subject of a guarantee for 100% of the notional of the swap (see note 21). Starting from 1 April 2012, the guarantee may partially comprise securities provided this portion does not exceed 50% of the notional amount of the swap.

Of the 3,258,150 OCEANEs not purchased by Natixis within the framework of the contractual acquisition procedure, 1,501,475 OCEANEs were reimbursed on 2 April 2012, for an amount of € 30.8 million, following exercise of the redemption option by some holders.

A detailed description of the 2005 OCEANEs bonds appears in Chapter 5 of the Registration Document (page 213-214) and in Chapter 6 of the Registration Document (page 271).

Bond issues

On 11 September 2006 and 23 April 2007, Air France issued euro-denominated bonds in a total amount of €750 million with a maturity date of 22 January 2014. The main terms of the bonds are as follows:

Total amount: €750 million
Coupon: 4.75%
Redemption date: 22 January 2014

Finance lease debt

The total minimum future payments in relation to finance lease debt are as follows:
As at 31 December

€ million 2012 2011

**Aircraft**

Maturity in
N + 1 266 163
N + 2 297 220
N + 3 214 235
N + 4 284 179
N + 5 137 203
More than 5 years 913 705
Total 2,111 1,705

Principal portion 1,898 1,521
Interest portion 213 184

**Construction**

Maturity in
N + 1 58 57
N + 2 59 56
N + 3 59 55
N + 4 44 55
N + 5 49 39
More than 5 years 212 223
Total 481 485

Principal portion 401 389
Interest portion 80 96

**Other materials**

Maturity in
N + 1 13 9
N + 2 12 9
N + 3 11 9
N + 4 9 9
N + 5 9 8
More than 5 years 87 89
Total 141 133

Principal portion 91 79
Interest portion 50 54

Lease expenses for the financial year correspond to the conditional lease payments.

Other loans comprise the following:

As at 31 December

€ millions 2012 2011

ROT and mortgages 1,547 1,942
Other debt 488 396
Total 2,035 2,338

Other debt corresponds mainly to bank borrowings.

Mortgage debt is a debt secured by a mortgage on an aircraft. The mortgage is filed at the national civil aviation authority (the DGAC in France) in order to be publicly available to third parties. A mortgage grants to the mortgagee a right to enforce the security (by order of a judge), the sale of the asset and a priority claim on the sale proceeds in line with the amount of the loan, the balance reverting to the other creditors.
The table below sets out the maturity dates of the other debt mentioned above:

<table>
<thead>
<tr>
<th>Maturity in 31 December</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ million</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N + 1</td>
<td>1,061</td>
<td>1,046</td>
</tr>
<tr>
<td>N + 2</td>
<td>1,441</td>
<td>861</td>
</tr>
<tr>
<td>N + 3</td>
<td>527</td>
<td>1,403</td>
</tr>
<tr>
<td>N + 4</td>
<td>968</td>
<td>502</td>
</tr>
<tr>
<td>N + 5</td>
<td>421</td>
<td>840</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>1,978</td>
<td>1,786</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,396</strong></td>
<td><strong>6,438</strong></td>
</tr>
<tr>
<td><strong>Principal portion</strong></td>
<td>5,648</td>
<td>5,594</td>
</tr>
<tr>
<td><strong>Interest portion</strong></td>
<td>748</td>
<td>844</td>
</tr>
</tbody>
</table>

As at 31 December 2012, the amount of expected financial interest increased to €165 million for the 2013 financial year, €387 million for the 2014 to 2017 financial years, and €196 million beyond that.

**Currency analysis**

The debt breakdown by currency is as follows:

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ millions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro</td>
<td>5,092</td>
<td>5,135</td>
</tr>
<tr>
<td>Yen</td>
<td>418</td>
<td>333</td>
</tr>
<tr>
<td>US Dollar</td>
<td>138</td>
<td>115</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,648</strong></td>
<td><strong>5,594</strong></td>
</tr>
</tbody>
</table>

**Credit lines**

On 4 April 2011, Air France renewed its credit facility maturing on 7 April 2012 with a €1 060 million revolving credit facility which will expired on 4 April 2016, subject to the following financial covenants based on the Air France Group’s consolidated financial statements:

- EBITDAR must not be lower than two and a half times the net interest charges increased by one third of operating lease payments;
- Non-current assets in the balance sheet, not pledged as collateral, must be at least equal to unsecured financial net debts.

These ratios are calculated every six months and were respected at 31 December 2012.

**Recent events**

Since 31 December 2012, there has been no event particular to Air France which has had a material impact on its solvency.

10.1.4 **Business outline**

Air France is a pure player of air transportation with passenger activity (82.6%), cargo activity (8.5%), aircraft maintenance (5.2%) and any other activity related to air transport (mainly leisure and catering 3.5%).

Air France transported 51.7 million passengers over the course of the 2012 financial year, with a fleet of 374 aircraft of which 139 in the regional fleet.

Over the course of the 2012 financial year, the Group posted revenues of €16.5 billion and achieved a loss of €464 million.
Significant events of the year

Private placement

On 1 March 2012, Air France, launched a private placement of 33.6 million Amadeus IT Holding SA shares, corresponding to 7.5% of that company’s capital. Amadeus IT Holding SA is the parent company of the Amadeus Group, a leading transaction processor for the global travel and tourism industry, providing advanced technology solutions to travel provider and travel agency customers. The Amadeus IT Holding SA shares are listed on the Madrid, Barcelona, Bilbao and Valencia markets.

After this operation, the Group's holding decreased from 15.2% to 7.7% of the capital of Amadeus IT Holdings SA.

The net proceeds from the transaction amounted to €466 million which generated a gain on disposal of €97 million in the income statement.

Restructuring plan

The Group initiated a restructuring plan concerning Air France and some of its affiliates. This plan mainly comprises two parts: an adjustment in the fleet and a plan to reduce the number of staff.

Based on the measures presented to the different bodies officially representing the Air France Group, the Group has made its best estimate of the costs involved and has recorded a provision for restructuring of €404 billion.

Participation partially hedged in Amadeus

On 13 November 2012, the Group entered into a hedging transaction with Société Générale to protect the value of its shares in Amadeus IT Holding SA amounting up to 2.7% of the issued shares, i.e., approximately one third of the participation held by Air France. As part of this transaction, a loan of the same number of shares has been set up with Société Générale.

Business

Air France Group’s three main businesses are:

Passenger: Passenger operating revenues primarily come from passenger transport services on scheduled flights with the Air France’s airline code, including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, revenues from excess baggage and airport services supplied by the Air France Group to third party airlines and services linked to IT systems.

Cargo: Cargo operating revenues come from freight transport on flights under the Air France codes, including flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from sales of cargo capacity to third parties.

Maintenance: Maintenance operating revenues are generated through maintenance services provided to other airlines and customers globally.

Passenger business

During the 2012 financial year, the Traffic per passenger-kilometre reached 137,606. The passenger load factor amounts to 81.6%.

<table>
<thead>
<tr>
<th>2012</th>
<th>ASK (1)</th>
<th>PK (2)</th>
<th>Passenger load factor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Millions</td>
<td>Millions</td>
<td></td>
</tr>
<tr>
<td>Long-haul</td>
<td>126,055</td>
<td>107,196</td>
<td>85.0%</td>
</tr>
<tr>
<td>Medium-haul</td>
<td>42,517</td>
<td>30,410</td>
<td>71.5%</td>
</tr>
<tr>
<td>Total</td>
<td>168,572</td>
<td>137,606</td>
<td>81.6%</td>
</tr>
</tbody>
</table>

(1) ASK: Available Seats Kilometres.
(2) PK: Passengers Kilometres.

Revenue passenger kilometres increased to 9.38 in 2012. The unit revenue per available seat kilometres increased to 7.65 in 2012.
Revenue rose in all networks, in particular in the Asia-New Caledonian, Africa-Middle-East and Americas-French Polynesia.

<table>
<thead>
<tr>
<th>2012 revenue</th>
<th>€ million</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan France</td>
<td>5,573</td>
<td>43.2%</td>
</tr>
<tr>
<td>Europe (except) France-North Africa</td>
<td>2,718</td>
<td>21.1%</td>
</tr>
<tr>
<td>Antilles-Caribbean-Guyana and Indian Ocean</td>
<td>304</td>
<td>2.4%</td>
</tr>
<tr>
<td>Africa-Middle East</td>
<td>899</td>
<td>7.0%</td>
</tr>
<tr>
<td>Americas-French Polynesia</td>
<td>2,197</td>
<td>17.0%</td>
</tr>
<tr>
<td>Asia-New Caledonian</td>
<td>1,213</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,904</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Cargo business

The cargo load factor was 59% in 2012. The unit revenue per tonne kilometres was 16.85 € cents. Overall, total Cargo revenue increased to €1,404 million for the year ended 31 December 2012.

<table>
<thead>
<tr>
<th>2012 financial year (12 months)</th>
<th>2011 financial year (9 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cargo revenue (€ millions)</td>
<td>1,404</td>
</tr>
<tr>
<td>Freight transport revenue (€ millions)</td>
<td>1,274</td>
</tr>
<tr>
<td>Unit revenue per ATK (€ cents)</td>
<td>16.85</td>
</tr>
<tr>
<td>Revenue tonne kilometres (€ cents)</td>
<td>28.57</td>
</tr>
</tbody>
</table>

The table below provides revenue figures for the cargo business for the year ended 31 December 2012.

<table>
<thead>
<tr>
<th>2012 revenue</th>
<th>€ million</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight transport revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitan France</td>
<td>372</td>
<td>29.2%</td>
</tr>
<tr>
<td>Europe (except) France-North Africa</td>
<td>368</td>
<td>28.9%</td>
</tr>
<tr>
<td>Antilles-Caribbean-Guyana and Indian Ocean</td>
<td>26</td>
<td>2%</td>
</tr>
<tr>
<td>Africa-Middle East</td>
<td>72</td>
<td>5.7%</td>
</tr>
<tr>
<td>Americas-French Polynesia</td>
<td>196</td>
<td>15.4%</td>
</tr>
<tr>
<td>Asia-New Caledonian</td>
<td>240</td>
<td>18.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,274</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

Maintenance business

The third-party Maintenance business revenue was €866 million in 2012.

Other

Revenue from other businesses remains stable compared to the previous financial year and amounts to €585 million.
Air France group fleet

The Air France group had a fleet of 374 operational aircraft as at 31 December 2012, comprised of 248 aircraft in the principal fleet and 126 aircraft in subsidiaries (Brit Air, CityJet, Régional, VLM and Transavia France). The group has placed firm orders for 24 aircraft.

10.1.5 Organizational chart

A detailed organizational chart can be found in Chapter 6 of the Registration Document (page 279).

Air France does not consider itself to be dependent on other entities within the Air France-KLM group in order to carry out its business.

10.1.6 Trend information

Detailed information on the development of the air transport industry and on the business plan put in place by Air France, for the Air France-KLM group, in view of the uncertain and deteriorated economic environment, can be found in Chapter 2 of the Registration Document (pages 37 to 41).

10.1.7 Profit forecast

Not applicable.

10.1.8 Corporate governance

Air France is a société anonyme à conseil d’administration (a public limited company with a board of directors). At 31 December 2012, the board of directors had 18 members:

- 6 executive directors including a representative of Air France-KLM;
- 6 independent directors;
- 6 directors representing the employees, including: one elected by flight deck crew; one elected by cabin crew; four elected by other employees including one management representative.

All of the directors, with the exception of the six employee representatives, were elected by ordinary resolution of the shareholders. Directors are elected for a term of four years. All of the directors have French nationality.

The table below shows the composition of the Board of Directors of Air France as at 31 December 2012:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position in the company</th>
<th>Date of election/Re election</th>
<th>Date of expiry of term¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandre de Juniac</td>
<td>Chairman and Chief Executive Officer</td>
<td>2011</td>
<td>2014</td>
</tr>
<tr>
<td>AF – KLM represented by</td>
<td>Permanent Representative of Air France-KLM</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Florence Parly</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jean-Pierre Aubert</td>
<td></td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Alain Bassil</td>
<td>Executive Vice President for flight operations</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Xavier Broseta</td>
<td>Executive Vice President Human Resources and Labour Relations</td>
<td>2012</td>
<td>2014</td>
</tr>
<tr>
<td>Philippe Calavia</td>
<td>Executive Vice President Finance of AirFrance-KLM</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Jean-Louis Chambon</td>
<td></td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Dominique-Jean Chertier</td>
<td></td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Name</td>
<td>Position in the company</td>
<td>Date of election/Re election</td>
<td>Date of expiry of term</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------------------------</td>
<td>------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Rose-Marie van Lerberghe</td>
<td>-</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Bruno Matheu</td>
<td>Deputy Vice President Marketing</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Jean Peyrot</td>
<td>-</td>
<td>2011</td>
<td>2015</td>
</tr>
<tr>
<td>Pierre Weill</td>
<td>-</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Michel Janot</td>
<td>Director representing flight deck crews</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Marie Ramon</td>
<td>Director representing cabin crews</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Pascal Mathieu</td>
<td>Director representing salaried managers</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Didier Dague</td>
<td>Director representing other employees</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Michel Fauré</td>
<td>Director representing other employees</td>
<td>2010</td>
<td>2014</td>
</tr>
<tr>
<td>Pascal Zadikian</td>
<td>Director representing other employees</td>
<td>2010</td>
<td>2014</td>
</tr>
</tbody>
</table>

1 Shareholders’ general meeting approving the financial statements in the relevant year.

The main activities carried out by members of the board of directors outside Air France and which are significant in comparison to those carried out in Air France are as follows:

- Mr Jean-Louis Chambon is also managing associate of JLC Stratégie.
- Mr Dominique-Jean Chertier is also Senior Vice President for social, legal and corporate affairs at SAFRAN Group, as well as Delegated CEO at SAFRAN Group, since April 2011.
- Mr Jean Peyrot is also an advisor to the ADETEF (Agency for the Development of Exchange in the field of Economic and Financial Technologies).
- Mr Pierre Weill is also Chairman of the strategic committee of TNS SOFRES

There is no family relationship amongst the members of the board of directors.

To the company’s knowledge:

- no member of the board of directors has been convicted of fraud in the last five years;
- no member of the board of directors has been involved in any bankruptcy, receivership or liquidation in the last five years;
- no member of the board of directors has had any public sanction or incrimination made against him by a statutory or regulatory authority in the last five years;
- no member of the board of directors has been disqualified from acting as a member in any supervisory or administrative board or any board of directors of any issuer, or from taking part in the management of any issuer in the last five years.

10.1.9 Conflicts of interest of the board of directors, management board and supervisory board

To the company’s knowledge, there are no conflicts of interest between the duties of the members of the board of directors in relation to the company and their private interests, or any other duties.

10.1.10 Organisation of the board of directors and management

To help in the preparation of its work, the Board of Directors created three specialised committees: an audit committee, a strategy committee and flight safety committee. The audit committee has seven
members including four independent directors (Messrs. Aubert, Chertier, Peyrot and Weill), three employee representative directors (Messrs. Dague, Janot and Zadikian).

The strategic committee was created in March 2012 by the Air France Board of Directors. The objectives of this committee are to examine the strategic orientations of Air France (including evolution of the fleet, the subsidiaries and alliances). This committee is made up of three independent directors, three employee representative directors members and its President is Mr de Juniac.

However, The Air France Board of Directors has decided to create a “Flight Safety Committee”, immediately following preliminary recommendations from the Independent Safety Review Team.

The objectives of this committee are to:

- Examine flight safety issues;
- Guarantee the existence, deployment and management of internal systems and processes put into place to ensure flight safety;
- Provide follow-up to ensure the suitability of the internal processes that come together to ensure the safety of operations;
- To ensure, with respect to potentially serious events concerning the fleet, that appropriate measures are put in place to prevent the occurrence of accidents.

This committee is made up of seven Board Members, designated by the Board itself.

Corporate governance

The board of directors refers to the prevailing corporate governance practices in France as set out in the AFEP-MEDEF corporate governance code. However, given the applicable legislation (provisions of the French Civil Transport Code and the Civil Aviation Code) and the ownership of its share capital (100%-owned by Air France-KLM), Air France has adapted some of these recommendations to its own specific needs. In particular, the Air France board of directors, although it includes 6 independent directors, does not comply with the minimum threshold of third parties for the board as recommended by the above-mentioned code.

10.1.11 Principal shareholders

Air France-KLM holds 100% of the share capital and the voting rights of Air France. To Air France’s knowledge, no agreement exists which could trigger a change of control.

10.1.12 Selected financial information regarding the share capital, financial situation and results of Air France

Change of financial year

On 7 July 2011, the extraordinary general shareholders’ meeting of Air France changed the financial year end from 31 March to 31 December, with effect from the financial year ended 31 December 2011. To facilitate comparability, pro-forma financial information for the twelve months financial year ended 31 December 2011 has been prepared.

Selected financial information

The selected financial information reproduced below is extracted from the audited consolidated financial statements of Air France as of and for the financial year ended 31 December 2012.

Extracts from the consolidated income statements

<table>
<thead>
<tr>
<th>€ million except earnings per share in euros</th>
<th>Period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Revenue</td>
<td>16,446</td>
</tr>
<tr>
<td>Income from current operations</td>
<td>(464)</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>(947)</td>
</tr>
<tr>
<td>Net cost of financial debt</td>
<td>(129)</td>
</tr>
<tr>
<td>Income before tax</td>
<td>(129)</td>
</tr>
<tr>
<td>Net income of consolidated companies</td>
<td>(957)</td>
</tr>
<tr>
<td>€ million except earnings per share in euros</td>
<td>Period ended 31 December</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Net income</td>
<td>(1,012)</td>
</tr>
<tr>
<td>Group</td>
<td>(1,006)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>5</td>
</tr>
<tr>
<td>Net loss/profit available for holders of</td>
<td></td>
</tr>
<tr>
<td>ordinary shares and diluted earnings per</td>
<td></td>
</tr>
<tr>
<td>share (in €)</td>
<td>(7.98)</td>
</tr>
</tbody>
</table>

Extracts from the consolidated balance sheet

<table>
<thead>
<tr>
<th>€ million</th>
<th>As of 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Non current assets</td>
<td>11,001</td>
</tr>
<tr>
<td>Current assets</td>
<td>4,173</td>
</tr>
<tr>
<td>Total assets</td>
<td>15,174</td>
</tr>
<tr>
<td>Equity attributable to equity holders of</td>
<td>1,964</td>
</tr>
<tr>
<td>Air France</td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>2,008</td>
</tr>
<tr>
<td>Non current liabilities</td>
<td>6,560</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6,606</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>13,166</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>15,174</td>
</tr>
</tbody>
</table>

Extracts from the consolidated statement of cash flow

<table>
<thead>
<tr>
<th>€ millions</th>
<th>Period ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012 (12 months)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>326</td>
</tr>
<tr>
<td>Net cash flow used in investing activities</td>
<td>22</td>
</tr>
<tr>
<td>Net cash flow from financing activities</td>
<td>(143)</td>
</tr>
<tr>
<td>Effects of exchange rate on cash, cash equivalents and bank overdrafts</td>
<td>(4)</td>
</tr>
<tr>
<td>Change in net cash flow</td>
<td>201</td>
</tr>
<tr>
<td>Cash, cash equivalents and bank overdrafts at beginning of period</td>
<td>687</td>
</tr>
<tr>
<td>Cash, cash equivalents and bank overdrafts at close of period</td>
<td>888</td>
</tr>
</tbody>
</table>

The consolidated financial statements of Air France for the financial years ended 31 March 2009 and 2008 as well as the related statutory auditors’ reports are available from Air France’s registered office.
or from the Bobigny Greffe du Tribunal de Commerce, as well as on Air France’s website: http://airfrance.momentys.com

10.1.13 Litigation and arbitration proceedings

Material litigation and arbitration proceedings in which Air France is involved are listed in notes 30.3 and 30.5 of the Air France-KLM consolidated accounts in relation to the financial year ended 31 December 2012, as included in Chapter 4 of the Update of the Registration Document.

Société Air France is not involved in any other material litigation or arbitration proceedings.

10.1.14 Material change in commercial or financial situation

No material change in the commercial or financial situation of Air France has occurred since 31 December 2012.

10.1.15 Share capital

The share capital of the company is €126,748,775, divided into 126,748,775 fully paid shares, with a nominal value of €1 each.

10.1.16 Company incorporation and bylaws

Société Air France is a French société anonyme incorporated on 16 October 1998. The company’s corporate name has been Société Air France since 15 September 2004. The commercial name of the company is Air France.

The Company’s main purpose is to operate the service of air transport as well as take holdings in all companies of any kind.

The Company is governed by the French Civil Aviation Code (Code de l’aviation civile), and to the extent there are no discrepancies with the French Civil Aviation Code, by French legislation governing sociétés anonymes, and all applicable provisions of Law no. 83-675 dated 26 July 1983 in relation to the democratisation of the public sector.

Its registered office is at 45, rue de Paris – 95747 Roissy CDG Cedex. The registration number of the Company (RCS) is: 420 495 178 RCS Bobigny.

10.1.17 Material contracts

Not applicable.

10.1.18 Information from third parties, expert declarations and declaration of interests

Not applicable.

10.1.19 Documents available to the public

The bylaws of the company as well as the minutes of the shareholders’ meetings, the annual and consolidated financial statements, the related auditors’ reports and any other corporate documents, in hard copy, are available for review at the registered office of Air France.

The consolidated financial reports for the financial years ended 31 December 2011 (9 months) and 2012, as well as the statutory auditors’ reports thereon, are available on Air France’s website (http://airfrance.momentys.com).

10.1.20 Credit rating

Société Air France is not rated.

10.2 Description of KLM

Since the business combination of Air France and KLM which took place during the 2004/2005 financial year, KLM, based in Amsterdam Airport Schiphol in The Netherlands, is one of the airline companies of the Air France-KLM group, one of the world leaders in air transport.

During the 2012 financial year, KLM carried 25.8 million passengers. As at 31 December 2012, the KLM group had a fleet of 199 aircraft in operation, 10 of which are dedicated to cargo business.

During the 2012 financial year, the KLM group had a turnover of €9,473 million and recorded an operating profit of €153 million.
10.2.1 Auditors
Deloitte Accountants B.V.  
Wilhelminakade 1 3072 AP Rotterdam  
Represented by D.A. Sonneveldt RA

KPMG Accountants N.V.  
Laan van Langerhuize 1 1186 DS Amstelveen  
Represented by T. van der Heijden RA

10.2.2 Risk factors
The risk factors relating to KLM and its activities are contained in Chapter 3 of the Registration Document, as amended by the Update of the Registration Document.

10.2.3 Information about KLM
(a) History and development of the company
Founded in 1919, KLM, the Royal Dutch airline, started providing international flights in 1924 linking Amsterdam to Indonesia. In 1967, KLM based itself in the new Amsterdam Airport Schiphol. In 1998, KLM bought all the ordinary shares held by the Dutch State in its share capital. Finally, in 2004/2005, KLM coordinated a business combination with Air France, which resulted in the creation of Air France-KLM.

As at the date of the Prospectus, Air France-KLM held 93.41% of the economic rights in KLM and 49% of the voting rights. Air France-KLM is entitled to 99.1% of any dividend paid by KLM on common shares.

(b) Investments
During the 2012 financial year, cash flows from investment activities amounted to €353 million, of which €284 million for fleet renewal and modifications. The KLM group took delivery of 12 new aircraft in 2012: two Boeing 777-300ER’s (all under finance leases), three Airbus 330-300 (all three operational leased), two Boeing 737-800 (all under finance leases) and five Embraer 190 (all under operational leases). Aircraft sales totalled €225 million, which covers both sales of aircraft and sale and lease back transactions. Fleet related investments amounted to €176 million in 2012, including €128 million for capitalised fleet maintenance. Other investments amounted to €118 million, of which €36 million for a share capital investment in KLM’s strategic partner Kenya Airways and €62 million were spent on capitalised software.

The investment undertakings of the KLM group are mainly firm orders of aircraft amounting to €1,702 million as at 31 December 2012, including €188 million for the 2013 financial year.

Financing
The tables below set out the financial debt of KLM as at 31 December 2012 and 31 December 2011:

Financial liabilities

<table>
<thead>
<tr>
<th>€ million</th>
<th>As at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Carrying amount as at 1 January / 1 April</td>
<td>1,715</td>
</tr>
<tr>
<td>Additions and loans received</td>
<td>121</td>
</tr>
<tr>
<td>Loans repaid</td>
<td>(239)</td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>(42)</td>
</tr>
<tr>
<td>Other variations</td>
<td>21</td>
</tr>
<tr>
<td>Net variation</td>
<td>(139)</td>
</tr>
<tr>
<td>Carrying amount as at 31 December</td>
<td>1,576</td>
</tr>
</tbody>
</table>

85
Financial liabilities include:

<table>
<thead>
<tr>
<th>€ million</th>
<th>31 December 2012</th>
<th></th>
<th>31 December 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Non-current</td>
<td>Current</td>
<td>Non-current</td>
</tr>
<tr>
<td>A cumulative preference shares</td>
<td>-</td>
<td>18</td>
<td>-</td>
<td>18</td>
</tr>
<tr>
<td>C cumulative preference shares</td>
<td>-</td>
<td>14</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Subordinated perpetual loans</td>
<td>-</td>
<td>603</td>
<td>-</td>
<td>625</td>
</tr>
<tr>
<td>Other loans (secured/unsecured)</td>
<td>152</td>
<td>789</td>
<td>239</td>
<td>819</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>152</td>
<td>1,424</td>
<td>239</td>
<td>1,476</td>
</tr>
</tbody>
</table>

The subordinated perpetual loans are subordinated to all other existing and future KLM debts. The subordinations are equal in rank. Under certain circumstances, KLM has the right to redeem the subordinated perpetual loans, with or without payment of a premium.

Subordinated perpetual loans denominated in Swiss francs, which amounted to €348 million as at 31 December 2012 (€346 million as at 31 December 2011), are listed on the Swiss stock exchange SWX in Zurich.

The maturity of the financial liabilities is as follows:

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>€ million</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a year</td>
<td>152</td>
<td>239</td>
<td></td>
</tr>
<tr>
<td>Between 1 and 2 years</td>
<td>347</td>
<td>153</td>
<td></td>
</tr>
<tr>
<td>Between 2 and 3 years</td>
<td>183</td>
<td>329</td>
<td></td>
</tr>
<tr>
<td>Between 3 and 4 years</td>
<td>85</td>
<td>165</td>
<td></td>
</tr>
<tr>
<td>Between 4 and 5 years</td>
<td>87</td>
<td>76</td>
<td></td>
</tr>
<tr>
<td>More than 5 years</td>
<td>722</td>
<td>753</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,576</td>
<td>1,715</td>
<td></td>
</tr>
</tbody>
</table>

*Currency analysis*

The carrying amounts of the financial liabilities denominated in a currency other than the euro are set out below:

<table>
<thead>
<tr>
<th>As at 31 December</th>
<th>€ million</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>US dollar</td>
<td>52</td>
<td>64</td>
<td></td>
</tr>
<tr>
<td>Swiss franc</td>
<td>347</td>
<td>344</td>
<td></td>
</tr>
<tr>
<td>Japanese yen</td>
<td>256</td>
<td>280</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>655</td>
<td>688</td>
<td></td>
</tr>
</tbody>
</table>

*Loans from parent company*

<table>
<thead>
<tr>
<th>€ million</th>
<th>31 December 2012</th>
<th></th>
<th>31 December 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current</td>
<td>Non-current</td>
<td>Current</td>
<td>Non-current</td>
</tr>
<tr>
<td>Air France-KLM S.A.</td>
<td>60</td>
<td>476</td>
<td>150</td>
<td>386</td>
</tr>
<tr>
<td>Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
</tr>
</tbody>
</table>
Credit lines

KLM has a €540 million syndicated revolving credit facility which will expire in July 2016. As at 31 December 2012, KLM had not drawn under this facility.

Debt breakdown

As at 31 December 2012, total debt (current and non-current) amounted to €4,230 million, of which €1,776 million is unsecured. Of the total amount of unsecured debt, €635 million of such debt is also subordinated.

The majority of the debt, after hedging through currency swaps, is denominated in Euro (€3,267 million). The remaining (unhedged) debt is denominated in following currencies; USD (€311 million), Japanese Yen (€305 million) and Swiss Francs (€347 million).

KLM pays a fixed interest rate, taking into account hedging through interest rate swaps, on 78% of the debt (€3,299 million). The remaining part of the debt bears interest at a floating rate.

The average cost of debt (after swaps) is 3.31%.

Finance leases

The table below sets out the finance lease obligations of the KLM group:

<table>
<thead>
<tr>
<th>£ million</th>
<th>31 December 2012</th>
<th>31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Future minimum lease payments</td>
<td>Future finance charges</td>
</tr>
<tr>
<td>Lease obligations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within 1 year</td>
<td>404</td>
<td>82</td>
</tr>
<tr>
<td>Total current</td>
<td>404</td>
<td>82</td>
</tr>
<tr>
<td>Between 1 and 2 years</td>
<td>291</td>
<td>75</td>
</tr>
<tr>
<td>Between 2 and 3 years</td>
<td>362</td>
<td>60</td>
</tr>
<tr>
<td>Between 3 and 4 years</td>
<td>226</td>
<td>54</td>
</tr>
<tr>
<td>Between 4 and 5 years</td>
<td>352</td>
<td>39</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>847</td>
<td>54</td>
</tr>
<tr>
<td>Total non-current</td>
<td>2,078</td>
<td>282</td>
</tr>
<tr>
<td>Total</td>
<td>2,482</td>
<td>364</td>
</tr>
</tbody>
</table>
The total future minimum lease payments under operating leases are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Aircraft</th>
<th>Construction</th>
<th>Other equipment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 Decem</td>
<td>31 Decem</td>
<td>31 Decem</td>
<td>31 Decem</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease obligations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Within 1 year</td>
<td>316</td>
<td>327</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Total current</td>
<td>316</td>
<td>327</td>
<td>31</td>
<td>31</td>
</tr>
<tr>
<td>Between 1 and 2 years</td>
<td>293</td>
<td>291</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Between 2 and 3 years</td>
<td>266</td>
<td>267</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Between 3 and 4 years</td>
<td>264</td>
<td>243</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>Between 4 and 5 years</td>
<td>229</td>
<td>247</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>1,005</td>
<td>1,187</td>
<td>202</td>
<td>201</td>
</tr>
<tr>
<td>Total non-current</td>
<td>2,057</td>
<td>2,235</td>
<td>301</td>
<td>295</td>
</tr>
<tr>
<td>Total</td>
<td>2,373</td>
<td>2,562</td>
<td>332</td>
<td>326</td>
</tr>
</tbody>
</table>

(c) Recent events

Since 31 December 2012, there have been no events particular to KLM which have had a material impact on its solvency.

10.2.4 Business outline

During the 2012 financial year, KLM carried 25.8 million passengers. As at 31 December 2012, the KLM group had a fleet of 199 aircraft, 10 of which are dedicated to the cargo business.

During the 2012 financial year, the KLM group had turnover of €9,473 million and recorded an operating profit of €153 million.

For the year ended 31 December 2012, the passenger business represented approximately 70% of the total revenue of KLM; the cargo business represented approximately 18%, charter and low cost flights approximately 7% and engineering and maintenance approximately 5%.

Significant events of the year

KLM operates in an unstable global geopolitical environment, with frequent periods of unrest in certain regions. The continued instability in the Middle East is having a considerable impact on KLM’s operations. The same is true for the natural catastrophes that affected the world during the year.

Given these macroeconomic circumstances, KLM effected a controlled capacity increase in the Passenger Business, which had a favourable impact on average passenger yields.

2012 was the year in which KLM defined and rolled out its Transform 2015 / Securing Our Future, an ambitious three-year plan to bring about a structural recovery in the group’s profitability. The plan is founded on three priorities: turning around the profitability of the European and regional networks from loss-making to break even, reducing the debt position by more than €700 million and recovering profitability through measures to cut costs and increase revenues by more than €1 billion over the next three years.

Several revenue-enhancing and cost-saving measures have already been implemented and are beginning to bear fruit. The first benefits of these measures are already feeding through into our financial results.
KLM also continued its fleet renewal program in 2012 and decided to invest in the refurbishment of the World Business Class seats, starting with the Boeing 747 fleet.

Following its successful introduction on the intercontinental fleet, Economy Comfort was introduced on the Boeing 737 fleet.

KLM has proven its flexibility by seeking growth in regions reporting strong economic performance, such as Latin America and Africa. The KLM network was enlarged in 2012 to include three new destinations in Africa: Luanda in Angola, Lusaka in Zambia and Harare in Zimbabwe.

Despite difficult market conditions, 2012 was a positive year for the Passenger Business. Average revenue per seat kilometre increased due to modest capacity growth and focus on markets with high demand. This compensated for a further increase in fuel costs.

The outlook remains uncertain for the foreseeable future and the need to continue the Transform 2015 / Securing Our Future plan remains therefore of utmost importance.

**Business Segments**

KLM operates in three segments: (1) Passenger transport, (2) Cargo transport, and (3) Aircraft engineering and maintenance.

**Passenger business**

KLM’s comprehensive transfer services via Amsterdam Airport Schipol form the foundation of a high-quality network of direct services for passengers. This network connects almost all of the world’s key economic regions with The Netherlands.

A cautious expansion of capacity enabled KLM to reduce unit cost and increase average unit revenues. Performance on the North-Atlantic was strong, resulting from capacity adjustments and the beneficial effect of our transatlantic joint venture. Performance in key growth markets such as China and South America was satisfactory. The new 2011 destinations, including Rio de Janeiro and Buenos Aires, turned in promising results. Performance on African routes was also good. Despite the weak economic environment in Europe, this market performed satisfactorily as well, following strict capacity control and a shift of capacity from Southern to Northern Europe and to secondary less disputed markets.

During the 2012 financial year, the revenues from Passenger business amounted to €6,631 million.

Traffic measured in passenger-kilometre (RPK) amounted to 86.281 billion passenger-kilometres.

<table>
<thead>
<tr>
<th>Year 2012</th>
<th>ASK (1)</th>
<th>RPK (2)</th>
<th>Load factor</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In millions</td>
<td>In millions</td>
<td>In %</td>
<td>Scheduled passenger business</td>
</tr>
<tr>
<td>Long haul</td>
<td>83,631</td>
<td>72,363</td>
<td>86.5</td>
<td>4,470</td>
</tr>
<tr>
<td>Medium haul</td>
<td>17,096</td>
<td>13,918</td>
<td>81.4</td>
<td>1,889</td>
</tr>
<tr>
<td>Total</td>
<td>100,727</td>
<td>86,281</td>
<td>85.7</td>
<td>6,359</td>
</tr>
</tbody>
</table>

(1) ASK: Available Seat Kilometre.
(2) RPK: Revenue per Passenger Kilometre.
Revenue per passenger kilometre (yield) amounted to 7.37 € cents for the 2012 financial year.

<table>
<thead>
<tr>
<th></th>
<th>2012 financial year</th>
<th>2011 financial year (9 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total passenger business revenue (€ million)</td>
<td>6,631</td>
<td>4,675</td>
</tr>
<tr>
<td>Total scheduled passenger business revenue (€ million)</td>
<td>6,359</td>
<td>4,509</td>
</tr>
<tr>
<td>Unit costs per ASK(1) (€ cts)</td>
<td>6.3</td>
<td>5.9</td>
</tr>
</tbody>
</table>

(1) ASK: Available Seat Kilometre.

The table below sets out the scheduled passenger revenues by route for the 2012 financial year:

<table>
<thead>
<tr>
<th>Scheduled passenger business</th>
<th>Revenue 2012 (€ million)</th>
<th>as % of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe / North Africa</td>
<td>1,889</td>
<td>29.7</td>
</tr>
<tr>
<td>Caribbean and Indian Ocean</td>
<td>273</td>
<td>4.3</td>
</tr>
<tr>
<td>Africa-Middle East</td>
<td>913</td>
<td>14.4</td>
</tr>
<tr>
<td>America</td>
<td>1,755</td>
<td>27.6</td>
</tr>
<tr>
<td>Asia</td>
<td>1,529</td>
<td>24.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,359</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Cargo Business**

KLM Cargo and Martinair (together, ‘KLM Cargo’) have combined their know-how and network for cargo services with Air France to form the brand ‘Air France – KLM Cargo’.

The product portfolio extends from general cargo to express consignments and special cargo such as animal transport, temperature-sensitive shipments and oversized cargo.

The services offered by KLM Cargo are developed in close cooperation with customers, taking into account their transportation needs in the entire logistic chain. Being a customer-driven company, KLM Cargo has established a local presence throughout the world with more than 150 offices worldwide.

Cargo faced a challenging year in 2012, as the economic crisis reduced demand for cargo transport throughout the year. Many airlines unfortunately continued to take additional capacity into service and rates came under pressure from the resultant global overcapacity.

This economic environment underlined the need to continue implementing KLM’s strategy of carrying as much airfreight as possible in the bellies and on the main decks of our passenger aircraft, using additional full freighters only on routes with substantial cargo flows. Cargo also responded alertly and flexibly to changing market demand by adapting its routes or adding stopovers where necessary to optimize revenues.

Revenues from the KLM Cargo business amounted to €1,664 million for the 2012 financial year, amounting to 6.1 billion tonnes kilometre freight.
<table>
<thead>
<tr>
<th>Total cargo business revenue (€ millions)</th>
<th>2012 financial year</th>
<th>2011 financial year (9 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from the transportation of cargo (€ millions)</td>
<td>1,597</td>
<td>1,227</td>
</tr>
<tr>
<td>Unit cost per ATK(^{(1)}) (€ cts)</td>
<td>19.0</td>
<td>17.7</td>
</tr>
</tbody>
</table>

(1) ATK: Available Ton Kilometre.

The table below describes the transportation of cargo revenues by route for the 2012 financial year.

<table>
<thead>
<tr>
<th>Revenue 2012</th>
<th>By route</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargo transport</td>
<td>in millions of euro</td>
</tr>
<tr>
<td>Europe / North Africa</td>
<td>15</td>
</tr>
<tr>
<td>Caribbean and Indian Ocean</td>
<td>18</td>
</tr>
<tr>
<td>Africa-Middle East</td>
<td>363</td>
</tr>
<tr>
<td>America</td>
<td>687</td>
</tr>
<tr>
<td>Asia</td>
<td>514</td>
</tr>
<tr>
<td>Total</td>
<td>1,597</td>
</tr>
</tbody>
</table>

**Engineering and maintenance business**

KLM Engineering and Maintenance is KLM’s third business segment, alongside Passenger and Cargo, and one of the largest maintenance, repair and overhaul outfits in the world. KLM Engineering and Maintenance offers a broad portfolio of tailored products and services such as line maintenance, base maintenance, engine overhaul, components, total aircraft care, engineering services and special services such as avionics upgrades, bulkhead repairs and cockpit upgrades. Apart from its primary location at Amsterdam Airport Schiphol, KLM Engineering and Maintenance has operations at 50 airports worldwide, offering an international maintenance network.

Engineering & Maintenance posted third party revenues of €455 million in the 2012 financial year. The aim is to increase fleet availability and reduce the cost for KLM as a customer and an operator.

**Others**

transavia.com

As a fully-owned subsidiary, transavia.com is a specialist operator of both charter and scheduled flights in the leisure market. Every year it carries passengers to more than 90 destinations in Europe and North Africa, especially to the Mediterranean area and the major winter sports resorts. In The Netherlands, transavia.com is a market leader in the air holiday flight market.

Cooperation within the KLM Group increased during 2012 through the introduction of transfer options to the KLM network at 12 destinations and important steps were taken for cooperation in aircraft maintenance.

**Martinair**

Martinair was added to the KLM group in the beginning of 2009. In 2011 it ended its passenger operations. Martinair now concentrates exclusively on airfreight, for which it has 10 aircraft in the fleet. Martinair believes that it will remain a prominent brand in the market. Behind the scenes, it forms an integrated unit with Air France – KLM Cargo.

**KLM Cityhopper**

The regional carrier KLM Cityhopper comprises Dutch-based KLM Cityhopper B.V. and UK-based KLM Cityhopper UK Ltd. KLM Cityhopper B.V. is a wholly-owned subsidiary of KLM. This
regional carrier has been in operation since the 1980s. In 1998, KLM acquired Air UK Ltd. and later merged the Dutch and British regional carriers under the name KLM Cityhopper.

KLM Cityhopper as operating carrier runs a large part of KLM’s European network with approximately 270 flights a day and does not sell tickets for these flights, but uses the KLM platform.

**The KLM group fleet**

As at 31 December 2012, the KLM group fleet totalled 199 aircraft in operation, 114 of which are in the main fleet and 85 in the subsidiaries (KLM Cityhopper, Transavia and Martinair). There were firm orders for 19 aircraft.

10.2.5 Organizational chart

A detailed organizational chart can be found in Chapter 6 of the Registration Document (page 279).

KLM does not consider itself to be dependent on other entities within the Air France-KLM group in order to carry out its business.

10.2.6 Trend information

Detailed information on the development of the air transport industry, in view of the uncertain and deteriorated economic environment, can be found in Chapter 2 of the Registration Document (pages 37 to 41).

10.2.7 Profit forecast

Not applicable.

10.2.8 Corporate governance

KLM is a Dutch limited liability company (Naamloze Vennootschap) with a management board (Raad van Bestuur) and a supervisory board (Raad van Commissarissen). As at 31 December 2012, the supervisory board was made up of nine members and the management board was made up of four members.

The members of the supervisory board are appointed by the general shareholders’ meeting for four years. The members of the management board are also appointed by the general shareholders’ meeting but upon nomination by the supervisory board.

The table below sets out the composition of the supervisory board and the management board of KLM as at 31 December 2012:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position in the company</th>
<th>First appointment/ renewal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Members of the supervisory board</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kees J. Storm</td>
<td>Chairman of the supervisory board</td>
<td>2002 / third mandate 2010 – 2014</td>
</tr>
<tr>
<td>Jean-Didier F.C. Blanchet</td>
<td>Vice-Chairman of the supervisory board</td>
<td>2004 / third mandate 2012 – 2014</td>
</tr>
<tr>
<td>Irene P. Asscher-Vonk</td>
<td>Member of the supervisory board</td>
<td>2004 / third mandate 2012 – 2016</td>
</tr>
<tr>
<td>Philippe Calavia</td>
<td>Member of the supervisory board</td>
<td>2012 / first 2012 – 2016</td>
</tr>
<tr>
<td>Henri Guillaume</td>
<td>Member of the supervisory board</td>
<td>2004 / third mandate 2012 –</td>
</tr>
<tr>
<td>Name</td>
<td>Position in the company</td>
<td>First appointment/ renewal</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------</td>
<td>------------------------------------</td>
</tr>
<tr>
<td>Remmert Laan</td>
<td>Member of the supervisory board</td>
<td>2004 / third mandate 2012 – 2016</td>
</tr>
<tr>
<td>Jean Peyrelevade</td>
<td>Member of the supervisory board</td>
<td>2007 / second mandate 2011 – 2015</td>
</tr>
<tr>
<td>Annemieke J.M. Roobeek</td>
<td>Member of the supervisory board</td>
<td>2011 / first mandate 2011 – 2015</td>
</tr>
<tr>
<td>Hans N.J. Smits</td>
<td>Member of the supervisory board</td>
<td>2004 / third mandate 2012 – 2016</td>
</tr>
</tbody>
</table>

**Members of the management board**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position in the company</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter F. Hartman</td>
<td>President and Chief Executive Officer KLM</td>
<td>1997</td>
</tr>
<tr>
<td>Camiel M.P.S. Eurlings</td>
<td>Managing Director of KLM and Executive Vice President of AIR FRANCE – KLM Cargo</td>
<td>2011</td>
</tr>
<tr>
<td>Erik F. Varwijk</td>
<td>Managing Director of KLM and Executive Vice President of AIR FRANCE – KLM International &amp; The Netherlands</td>
<td>2011</td>
</tr>
<tr>
<td>Pieter J. Th. Elbers</td>
<td>Managing Director of KLM and Chief Operating Officer of KLM</td>
<td>2012</td>
</tr>
</tbody>
</table>

The Chief Financial Officer of KLM is Erik Swelheim.

Following Mr Peter Hartman’s contract expiry per 31 December 2013, the Supervisory Board has decided on February 20, 2013, to appoint Mr Camiel Eurlings as President and Chief Executive Officer of KLM as of July 1, 2013. In addition, as from that same date, Mr. Pieter Elbers will be appointed Deputy Chief Executive Officer of the Company.

The main activities carried out by the members of the supervisory board and the management board outside KLM and which are significant in comparison to those carried out within KLM are the following:

- Mr Kees Storm is the former Chairman of the Executive Board of AEGEON N.V., Vice-Chairman of Anheuser-Busch InBev S.A., Vice-Chairman and Senior Independent Director of Unilever NV and Unilever Plc., Vice-Chairman of Pon Holdings B.V., member of the management board of AEGEON N.V., member of Baxter International Inc. and member of Curatorium VNO-NCW.
- Mr Jean-Didier Blanchet is the former CEO of Air France, former Chairman and CEO of Méridien/ Cercle des Transports, Airport Aïmé Césaire (Martinique);
- Mrs Irene Asscher-Vonk is a former professor of labour law and social security law at Radboud University Nijmegen. She is also a member of the economic and social board of
Arriva Personenvervoer Nederland B.V., as well as a director of Philip Morris Holland, and Rabobank Nederland.

- Mr Henri Guillaume is the former CEO of ANVAR, the former Vice President of ERAP/Adoma, SNI, Demeter Partners and Director MPO;
- Mr Remmert Laan is Vice Chairman of Leonardo & Co., President of Forest Value Investment Management and Director of Patrinvest S.A. and Trustee Insead Foundation;
- Mr. Jean Peyrelevade is also Chairman of the Supervisory Board Leonardo & Co. S.A.S, former CEO of Suez, former CEO Stern Bank, former CEO of the Union des Assurances de Paris, former CEO of Credit Lyonnais / Director of Bouygues BG Gardel Bonnard;
- Mr Hans Smits is Chairman of the Board of Managing Directors of Havenbedrijf Rotterdam N.V., the former Chairman and CEO of Rabobank, the Former Chairman and CEO of Amsterdam Airport Schipol/Chairman of the Janssen de Jong Group;
- Mrs Annemieke Roobeek is Professor Strategy en Transformation management, Nyenrode Business University and Director-owner, MeetingMoreMinds and Open Dialogue / ABN Amro Group, Amsterdam RAI Exhibition Centres, Abbott Healthcare Products, DIGH, Chairman Supervisory Board NCWT, member of the advisory board PGGM; and
- Mr Philippe Calavia is Chief Financial Officer of AIR FRANCE – KLM, CEO AIR FRANCE KLM Finance / Director to Air France, Alitalia and Servair.

There is no family relationship amongst the members of the supervisory board and the management board.

To the Company’s knowledge:
- no member of the supervisory board or the management board has been convicted of fraud in the last five years;
- no member of the supervisory board or of the management board has been involved in any bankruptcy, receivership or liquidation in the last five years;
- no member of the supervisory board or of the management board has had any public sanction or incrimination made against him by a statutory or regulatory authority in the last five years;
- no member of the supervisory board or the management board has been disqualified from acting as a member in any supervisory or administrative board or any board of directors of any issuer, or from taking part in the management of any issuer in the last five years.

10.2.9 Conflicts of interest of the board of directors, management board and supervisory board
To the Company’s knowledge, there are no conflicts of interest between the duties of the members of the supervisory board and the management board in relation to the company and their private interests or other duties.

10.2.10 Organisation of the management board and the supervisory board
To help in the preparation of its work, the supervisory board has created three specialized committees: an audit committee, a remunerations committee and a nominations committee.

The audit committee is made up of three members:
- Hans Smits (Chairman);
- Henri Guillaume; and
- Annemieke Roobeek.

The audit committee met on two occasions during the 2012 financial year. Apart from the financial results, the Audit Committee discussed the main (financial and non-financial) risks based on Management’s risk assessments, the results of internal audits and the yearly Audit plan performed by the Group’s internal auditor. With regard to non-financial risks, the Audit Committee discussed in more detail the IT continuity measures and plans in place to safeguard the continued operations of the Company’s critical systems. The audit committee moreover discussed the impact of the new IFRS rules (as of 2013) on the presentation of KLM’s pension assets and liabilities. The audit committee also discussed the external auditors’ engagement letter and fee proposal.
The Chairman of the Supervisory Board and Chief Executive Officer, the Chief Financial officer, the external auditors as well as the internal auditor and the corporate controller also attended the meetings of the audit committee. As in previous years, the audit committee met with the auditors without the members of the management board, in order to discuss the close of the financial year and the course of affairs during the financial year.

Corporate governance

KLM’s corporate governance is, insofar as possible, in line with the generally accepted principles of good governance, such as the 2008 Dutch Code of corporate governance (the “Code”). Although KLM, as a non-listed company, is not formally obliged to comply with the Code, it has committed itself to follow the Code voluntarily where possible. KLM deviates from the best practice described in the Code in a limited number of areas. These deviations are:

- regulations and documents are not published on Internet. As the greater majority of KLM shares are held by a small group of identifiable shareholders, it was decided that, in order to keep costs down, copies of regulations and documents will be supplied upon written request;
- contrary to disposition II.1.6 of the Code, KLM has implemented a whistleblower policy with a limited financial scope. It was decided that the Chairman of the audit committee would be the special representative in case of suspected fraud concerning the management board;
- best practice provision II.2.8 is only implemented in contracts of new external members of the Board of Managing Directors;
- in deviation from best practice provision II.2.11, KLM has integrated the claw back clause with a maximum term of recovery of three years after the variable remuneration was awarded;
- in deviation from best practice provision III.6.5, KLM has not drawn up regulations governing ownership of and transactions in securities by Board of Managing Directors or Supervisory Board members, other than securities issues by its parent company Air France - KLM, because these are considered to be less relevant for KLM and
- in deviation from best practice provision III.5.13, a limited number of consultants that provide advice to the Remuneration Committee of the Supervisory Board, also provide advice to the Board of Managing Directors. However, in these cases separate agreements are made in order to create a so-called Chinese wall.

10.2.11 Principal shareholders

Air France-KLM holds 93.41% of the economic rights and 49% of the voting rights of KLM. The remaining is held by two Dutch foundations, SAK I and SAK II representing together 44.4% and by the Dutch State which holds 5.92%. Moreover, Air France-KLM is entitled to 99.1% of any dividend paid on common shares by KLM.

The shareholding structure of KLM, as well as the agreements entered into with the Dutch State are set out in Chapter 6 of the Registration Document (pages 279 and 280).

10.2.12 Selected financial information in relation to the capital, financial situation and results of KLM

Change of financial year

On 1 July 2011, the annual general shareholders’ meeting of KLM changed the financial year end from 31 March to 31 December, with effect from the financial year ended 31 December 2011. The financial year 2011 was therefore a short financial year from 1 April, until 31 December 2011 (9 months).

Change in accounting policy as per 1 January 2013

Application of the revised standard IAS 19 “Employee Benefits”: The main consequence of the revision to IAS 19 is the removal of the option allowing, when a scheme was out of a 10% corridor, the amortization of actuarial differences. From now, they will have to be accounted directly in Other Comprehensive Income (OCI) in equity.

According to the standard, the application as of January 1, 2013, will result in:

- negative adjustment in the opening equity of the first comparative financial year, i.e. as of January 1, 2012, amounting to €1,051 million gross reduced by the tax effect to €788 million net of tax;
• an adjustment in the result 2012 amounting to €72 million negative gross reduced by the tax effect to €54 million negative net of tax; and
• a negative adjustment in equity as of 31 December 2012 amounting to €1,254 million gross reduced by the tax effect to €940 million net of tax.

Selected financial information

The table below contains selected information from the consolidated accounts of KLM for the year ended 31 December 2012 which were audited by the auditors and do not contain observations or reservations.

Extracts from the consolidated income statements

<table>
<thead>
<tr>
<th>(€ million, except for the results per share in €)</th>
<th>Year end 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Revenue</td>
<td>9,473</td>
</tr>
<tr>
<td>Income from current operations</td>
<td>153</td>
</tr>
<tr>
<td>Income from operating activities</td>
<td>58</td>
</tr>
<tr>
<td>Net cost of financial debt</td>
<td>(128)</td>
</tr>
<tr>
<td>Pre-tax income</td>
<td>(46)</td>
</tr>
<tr>
<td>Net result after taxation of consolidated companies</td>
<td>(33)</td>
</tr>
<tr>
<td>(Loss)/Profit for the year</td>
<td>(44)</td>
</tr>
<tr>
<td>Equity holders of the group</td>
<td>(46)</td>
</tr>
<tr>
<td>Non controlling interests</td>
<td>2</td>
</tr>
<tr>
<td>Net (loss)/profit available for holders of ordinary shares and diluted earnings per share (in €)</td>
<td>(0.98)</td>
</tr>
</tbody>
</table>

Extracts from the consolidated balance sheet

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>Year end 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>8,304</td>
</tr>
<tr>
<td>Current assets</td>
<td>2,484</td>
</tr>
<tr>
<td>Total assets</td>
<td>10,788</td>
</tr>
<tr>
<td>Total attributable to company’s equity holders</td>
<td>2,439</td>
</tr>
<tr>
<td>Total equity</td>
<td>2,441</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>5,073</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3,274</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>8,347</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>10,788</td>
</tr>
</tbody>
</table>
Extracts from the consolidated statement of cash flows

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>Year end 31 December</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011 (9 months)</td>
</tr>
<tr>
<td>Net cash flow from operating activities</td>
<td>572</td>
<td>86</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(354)</td>
<td>(236)</td>
</tr>
<tr>
<td>Net cash flow from financing activities</td>
<td>(41)</td>
<td>(25)</td>
</tr>
<tr>
<td>Effect of exchange rates on cash and cash equivalents</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Change in cash and cash equivalents</td>
<td>178</td>
<td>(172)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>1,057</td>
<td>1,229</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>1,235</td>
<td>1,057</td>
</tr>
</tbody>
</table>

10.2.13 Litigation and arbitration proceedings

The material litigation and arbitration proceedings in which KLM is involved are listed in the notes 30.2 and 30.3 of the Air France-KLM consolidated accounts for the 2012 financial year, included in Chapter 4 of the Update of the Registration Document.

KLM is not involved in any other material litigation or arbitration proceedings.

10.2.14 Material change in the commercial or financial situation

No significant change in the commercial or financial or trading position of KLM has occurred since 31 December 2012.

10.2.15 Share Capital

Authorised share capital of KLM amounted to €562,500,000. It is divided into;
- 1,875 priority shares
- 149,998,125 ordinary shares;
- 37,500,000 A cumulative preference shares
- 75,000,000 B preference shares; and
- 18,750,000 C cumulative preference shares.

All the company shares have a nominal value of €2.00 each.

10.2.16 Company incorporation and bylaws

KLM (Koninklijke Luchtaart Maatchappij) is a Dutch limited liability company (naamloze vennootschap) incorporated on 7 October 1919. The company operates under the name “KLM Royal Dutch Airlines”.

The company’s main purpose is to operate the service of air transport of passengers and cargo, aircraft maintenance as well as take holdings in all companies of any kind.

The company is governed by the Dutch law on Naamloze Vennootschap (Article 155 of Book II of the Dutch Civil Code).

Its registered office is at Amsterdamseweg 55, 1182 GP Amstelveen, The Netherlands. The registration number of the company at the Register of Commerce is no. 33014286. Its corporate seal is at Amstelveen, The Netherlands.

10.2.17 Material contracts

Not applicable.

10.2.18 Information from third parties, expert declarations and declarations of interests

Not applicable.
10.2.19 Documents available to the public

The company's articles of association, the minutes of the shareholders’ meetings and the annual and consolidated financial statements, as well as the related auditors’ reports thereon, may be consulted, in hard copy, at the registered office of the company.

The annual and consolidated financial statements for financial year ended 31 December 2011 (9 months) and 2012 and the auditors’ reports thereon are also available on the website of KLM N.V. (http://klm.com/corporate/en/publications/index.html).

10.2.20 Rating of the company

KLM is not rated.
GUARANTEE OF SOCIETE AIR FRANCE AND KLM

Société Air France ("Air France"), a French société anonyme with a share capital of €126,748,775 whose registered office is at 45 rue de Paris, 95747 Roissy CDG Cedex.

and

Koninklijke Luchtvaart Maatschappij NV KLM ("KLM"), a Dutch naamloze vermootschap, whose registered office is at Amsterdamseweg 55, 1182 GP Amstelveen, The Netherlands (Air France and KLM together, the "Guarantors").

1. Introduction

Air France-KLM (the "Company"), a French société anonyme with a share capital of €300,219,278, whose registered office is at 2 rue Robert Esnault Pelterie, 75007 Paris, France, has, pursuant to the decision taken by its chairman and managing director (Président Directeur général) dated 19 March 2013 which was taken pursuant to the resolution of the Company’s board of directors (Conseil d’administration) dated 18 March 2013, this resolution being passed following the resolution passed at the Company’s general shareholders’ meeting of 7 July 2011, decided the issue on 28 March 2013 of an issuance of debt in a principal amount of approximately €480 million, which may be increased to a maximum of approximately €550 million, represented by bonds convertible and/or exchangeable for new or existing shares in the Company due 15 February 2023 (the “Bonds”).

2. Several but not Joint Guarantee

The Guarantors, pursuant to this agreement, confirm that they have received the final version of the prospectus submitted to the Autorité des marchés financiers on 19 March 2013, and confirm that they have full and complete knowledge of the terms and conditions of the Bonds.

The Guarantors hereby irrevocably and unconditionally agree to act as several but not joint guarantors (cautions conjointes) pursuant to Article 2288 of the French Civil Code (Code civil), prior to the issue of the Bonds, each to the extent of its quota indicated in Article 3.1 below, for the benefit of the Bondholders grouped together in a single Masse, in connection with all sums that may be due and payable by the Company, including any early payments, in relation to the Bonds, including principal, interest, expenses and any other ancillary sums (the “Guarantee”), for the entire duration of the Guarantee as provided in Article 5 below. Acceptance of this Guarantee by the Masse of Bondholders will result from the mere subscription or subsequent acquisition of the Bonds.

3. Terms

3.1 Quotas: Notwithstanding the provisions of Article 2302 of the French Civil Code (Code civil), each of the Guarantors hereby guarantees the payment obligations of the Company up to the amount of its quota, which is established at 60% and 40% of all sums that may be due and payable under the Guarantee, respectively, for Air France and KLM.

This quota shall be understood to apply both to (i) the payment obligations of the Company under the Bonds and (ii) the call of the Guarantee, which shall be made by dividing each amount due under the Guarantee between the Guarantors, up to their respective quota.

3.2 Benefit of division and benefit of discussion (bénéfices de division et de discussion): The Guarantors, given the fact that each of the Guarantors guarantees the payment obligations of the Company up to its quota only, retains the bénéfice de division provided for under Article 2303 of the French Civil Code (Code civil). The Guarantors hereby expressly, irrevocably in unconditionally waive the bénéfice de discussion provided for under Article 2298 of the French Civil Code (Code civil). The Masse representing the Bondholders may therefore enforce its rights in relation to this Guarantee, up to the total amount of sums due under the Bonds, against the Guarantors (up to their respective quota) without first taking any steps or proceedings against the Company.

3.3 Recourse and subrogation: The Guarantors expressly, irrevocably and unconditionally waive any right to assert the benefits of Articles 2305, 2309 and 2316 of the French Civil Code (Code civil) prior to the full fulfilment of all rights of Bondholders. The Guarantors therefore waive any recourse (including subrogation) that they may have against the Company in connection with the Guarantee until all the Bonds have been redeemed.

3.4 Set-off: The Guarantors expressly, irrevocably and unconditionally waive any right to the benefit of any set-off as provided under Article 1294 of the French Civil Code (Code civil) vis-à-vis the Bondholders.
3.5 Rank of the Guarantee: The guarantee of payment of all sums which may become due by the Company in connection with the Bonds, according to the terms of this Guarantee, constitutes, for the Guarantors, a direct, general, unconditional, unsubordinated and unsecured obligation, and ranks pari passu (subject to such exceptions as are from time to time mandatory under applicable laws) with any other unsubordinated and unsecured obligations, present or future, of the Guarantors.

3.6 Negative pledge in respect of the Guarantee: Each Guarantor undertakes, until all payments due in connection with the Guarantee have been paid, not to grant to holders of other present or future bonds (obligations) which are issued or guaranteed by it, any mortgage (hypothèque) over its present or future assets or real property interests, nor any pledge (nantissement) on all or part of its business (fonds de commerce) nor any other security (sûreté réelle, gage ou nantissement) on all or part of its present or future assets or income, unless the Guarantor’s obligations under the Bonds are equally and rateably secured so as to rank pari passu with such other present or future bonds (obligations) so secured. This undertaking is given only in relation to issues of bonds and does not affect in any way the rights of the Guarantors to dispose of their assets or to grant any security in respect of such assets in any other circumstance.

3.7 Withholding tax: Under current Dutch legislation, the payment of any sums which may be due in connection with the Guarantee are not subject to Dutch withholding tax. Under current French legislation, there exists no firm authority with respect to the treatment of payments made under a guarantee such as the Guarantee, but it is generally expected that the payment of any sums which may be due by the Guarantors in connection with the Guarantee should not be subject to French withholding tax.

If the Republic of France or the Kingdom of The Netherlands should implement a withholding tax payable on sums due in connection with the Guarantee, the Guarantors will not be obligated to pay any additional amounts in order to compensate for the withholding tax.

4 Notices

All notices and demands relating to this Guarantee and in particular in relation to the payment of sums under the Guarantee, will be deemed effective if delivered by the representative of the Masse of the Bondholders, at the representative’s initiative or upon request of any Bondholder, to:

**Société Air France**
45 rue de Paris
95747 Roissy CDG Cedex
Telephone: +33 (0)1 41 56 68 32
Fax: +33 (0)1 41 56 68 79
Attention: Chief Financial Officer

**KLM**
Amsterdamseweg 55, 1182 GP Amstelveen
The Netherlands
Telephone: +31 20 64 93 748
Fax: +31 20 64 93 001
Attention: Chief Financial Officer

Any change in the above notification details shall be notified to the representative of the Masse of Bondholders as soon as possible.

Any sum due under this Guarantee shall be payable at the latest 15 calendar days following receipt of such a written notice, by wire transfer to the centralising agent (currently BNP Paribas Securities Services) on behalf of the Bondholders.

5 Duration

The Guarantee applies as of this date and shall remain in effect until the Company has been discharged of all payment obligations under the Bonds.

6 Governing law and jurisdiction

This Guarantee is governed by French law. Any dispute as to its validity, interpretation or performance, will be submitted to the courts of the competent jurisdiction in Paris.
Air France-KLM certifies that the Guarantee has been granted by Air France and KLM at its initiative.
LEGAL MATTERS

The validity of the Bonds offered hereby and certain legal matters pertaining to French and United States law will be passed upon for the Company by Linklaters LLP, Paris, France and for the Underwriters by Allen and Overy LLP, Paris, France.

INDEPENDENT STATUTORY AUDITORS

The consolidated financial statements of the Company for the financial years ended 31 December 2012, 31 December 2011, 31 March 2011 and 31 March 2010, an English language translation of which is incorporated by reference in this International Offering Memorandum, have been audited by Deloitte et Associés and KPMG Audit, independent statutory auditors, as stated in their reports, a free English translation of which is incorporated by reference herein.

The consolidated financial statements of Société Air France for the financial years ended 31 December 2012 and 31 December 2011, with respect to which summarised information has been included in Section 10.1 “Description of Société Air France” of this International Offering Memorandum have been audited by Deloitte et Associés and KPMG Audit, independent statutory auditors.

The consolidated financial statements of KLM for the financial years ended 31 December 2012 and 31 December 2011 with respect to which summarised information has been included in Section 10.2 “Description of KLM” of this International Offering Memorandum have been audited by Deloitte Accountants B.V. and KPMG Accountants N.V., independent statutory auditors.
REGISTERED HEAD OFFICE OF THE COMPANY

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

LEGAL ADVISORS

To the Company and the Guarantors as to French and United States law
Linklaters LLP
25, rue de Marignan
75008 Paris
France

To the Underwriters as to French and United States law
Allen & Overy LLP
52, avenue Hoche
75008 Paris
France

CENTRALISING AGENT

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

STATUTORY AUDITORS OF THE COMPANY

Deloitte et Associés
185, avenue Charles-de-Gaulle
92200 Neuilly-sur-Seine
France

KPMG Audit
Department of KPMG S.A.
1, cours Valmy
92923 Paris-La Défense
France