

ANNUAL REPORT 2013



*Travel log*



AIRFRANCE KLM



2014 is the year of Air France-KLM's commercial revolution. The world is changing, as are customer expectations. Backed by the commitment of its employees, the Group continues to invest to offer its customers products which are increasingly adapted to their needs and ways of traveling.

Ten years after its creation, in 2014, the Air France-KLM group is a world leader in its three main businesses: passenger transportation, cargo transportation and aeronautics maintenance.

From its dual Paris-Charles de Gaulle and Amsterdam-Schiphol hubs, the Group operates the leading schedule of long-haul flights on departure from Europe and serves 231 destinations. In 2013, Air France-KLM carried 77.3 million passengers and 1.3 million tons of cargo on board its 552 aircraft.



**Alexandre de Juniac**  
Chairman and Chief Executive Officer  
of the Air France-KLM group

# AIMING FOR EXCELLENCE



*"Initiatives which demonstrate our ability to develop."*

**In 2012, while all the Air France-KLM indicators were in the red, I made you two promises: to ensure the financial turnaround of your Group and to reposition it within the top three in global air transportation.**

We are currently well on track to delivering on these promises. Admittedly there is still some way to go but we are on the right path.

2014 is the year of our commercial revolution. We are now engaged in a new revenue dynamic, driven by our move upmarket and our goal of excellence. We have worked intensively on the quality of our offering. Despite limited resources, we are successfully embarked on a commercial offensive. Our key assets are our products and services which must not only meet our customers' expectations but also surpass them. Thanks to a substantial €700 million of investment in new cabins, we are permanently innovating as the following pages will clearly show.

We have worked on our brands and developed activities with significant potential. We continue to expand our international network with new destinations like Brasilia, Panama and Santiago de Chile. Lastly, we are consolidating our strategic partnerships in growth regions which represent the future of the Group. All these initiatives demonstrate our

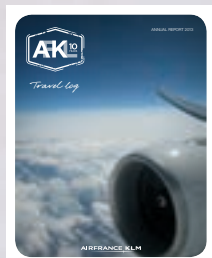
ability to develop despite the increased competition in all world regions.

The structural reduction in our costs enabled us to report a positive operating result for the first time since 2010. The entire Group has undergone a transformation to improve its competitiveness and results. All the businesses and teams are mobilized on a daily basis around respecting the timelines and collectively achieving the targets in the Transform 2015 plan.

This year we celebrate the ten-year anniversary of the merger between Air France and KLM. This is an opportunity to retrace how far we have come but also to consider the future challenges. Tomorrow, having gained strength and agility, we plan to consolidate the Group's world leadership position for the quality of its products and services, to be always offering more to our customers ♦

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## ENJOY THE ENTIRE WORLD DEPARTING FROM EUROPE

Thanks to the partnership between AIR FRANCE and KLM along with our SkyTeam partners, we offer one of the largest networks giving you access to over 1000 destinations.



*"We are confident of our ability to achieve our Transform 2015 plan objectives."*





**1\_Alexandre de Juniac**  
Chairman and Chief Executive Officer  
of the Air France-KLM Group

**2\_Frédéric Gagey**  
Chairman and Chief Executive Officer  
of Air France

**3\_Camiel Eurlings**  
President and Chief Executive Officer  
of KLM

# THE COMMERCIAL REVOLUTION

**The future air transport industry will be organized around a few global companies. Do you believe that Air France-KLM can be one of these giants?**

**ADJ** ♦ That's our aim! We operate the leading long-haul network on departure from Europe. With more than one hundred destinations evenly spread across all world regions, this is a considerable competitive advantage. We have developed strategic partnerships with major players in every region, thereby establishing in-depth inter-continental coverage. Lastly, we are continuing to capture all the synergies between Air France and KLM to strengthen the Group and ensure greater integration.

**FG** ♦ We also have other assets. Our fleet is modern meaning greater fuel efficiency, while the remarkable performance of our maintenance business and our ability to innovate in all areas are also other major advantages which we plan to leverage.

**CE** ♦ In future, the air transport industry will be increasingly connected with digital playing a vital role. We have always been a frontrunner in this area and this enables us to be optimistic regarding our positioning in tomorrow's competitive landscape. In this area as in others, KLM and Air France are moving forward together.



Twitter

@jltartas : What are the Group's recent initiatives on flight safety?



ADJ / Flight safety is our primary concern. We have never stopped investing in this area and we mobilize all our teams, on the ground and in the air, around this major priority. For example, Air France recently produced a White Paper for its employees reflecting the company's vision, its functioning in terms of flight safety and the major initiatives planned in this domain, for which the Air France-KLM Group intends to set exemplary standards.



*" Our principal weapons are the quality of our product and the excellence of our service."*

Alexandre de Juniac

◆ ◆ ◆ **Your growth is, however, conditional on the company's long-term recovery. Where are you in terms of your Transform 2015 plan?**

**ADJ** ◆ While there is still a great deal to do, we can be proud of the progress achieved on Transform 2015. We have successfully reduced our costs by over €700 million in two years and, in financial terms, we have returned to a strong position. We owe this to the commitment of all the Group's employees and an ongoing dialogue with all staff categories.

**CE** ◆ Each company has worked on its weak points, aimed at maximizing cost-savings while improving the service offered to customers. We have paid particular attention to restructuring cargo, the Group's second business, by downsizing the full freighter fleet and rolling out new commercial initiatives. Regaining competitiveness should enable us to remain amongst the leading global operators in this area.

**FG** ◆ We have also worked extensively on our medium-haul business model, particularly at Air France. Reducing capacity in the provincial bases, the disposal of our loss-making subsidiary CityJet, new products and services, the hub development plan and the voluntary departure plan are all measures we have implemented aimed at securing an enduring, in-depth transformation.

**ADJ** ◆ In view of these initial results, we are confident of our ability to achieve our Transform 2015 objectives. This is the pre-condition to return to a growth path.

**The move upmarket seems to be a real priority. Why is it so important?**

**ADJ** ◆ Faced with competitors whose cost structures are very different from our own, our principal weapons are the quality of our product and the excellence of our service. At the level of the Group, we have invested approaching €700 million to ensure a real qualitative leap in the various cabins and in all areas: products and services, on the

*" The air transport industry will be increasingly connected."*

Camiel Eurlings



## Twitter

**@artduservice** : What is the future for Flying Blue? Does the company plan to introduce stricter conditions for earning miles and reward tickets?



FG / Flying Blue is currently the leader in Europe with more than 21 million members. We are not making it harder to earn Miles which continue to be progressively accumulated on trips in the same way as before. We continuously listen to members and are putting in place new rules to enable them to enjoy more benefits. We see this as a real advantage and a major factor when it comes to differentiating ourselves relative to competitors.



ground and in the air. This is a considerable investment given the difficult period that we are currently traversing! We know, however, that this is the way to win the preference of our customers.

**FG** ♦ Traditionally, Air France has very high-end positioning, embodying luxury and the French art of living. These are the values – top-notch quality, attention to detail and pleasure – which are currently being showcased in Air France’s new advertising campaign and which we want to stand for to differentiate ourselves from the competition. Our long-term aim is quite simply to offer our customers the best product on the market. The new Business seats and the recently-unveiled revamped La Première cabin are just two examples.

**CE** ♦ This strategy is already bearing fruit: since the launch of KLM’s new World Business Class seat in July 2013, we have posted a very significant improvement in customer satisfaction levels and noted that we are meeting their expectations much more effectively. We plan to continue down this path.

### **Doesn't your strategy of a move upmarket run counter to your medium-haul strategy aimed at competing with the low cost carriers?**

**ADJ** ♦ On the contrary, by completely remodelling our brand platform and fully integrating HOP! and Transavia we have clarified our offer to be able to address the different customer segments more effectively. We have also embarked on a new revenue dynamic by revising our entire fare structure in medium-haul. You can now enjoy an enhanced travel experience at a lower price.

*" We want to offer our customers the best product on the market."*

**Frédéric Gagey**

**CE** ♦ We had already launched the Economy Comfort product at KLM to satisfy customers looking for more choice and comfort on European flights. This year we successfully developed the concept of a first piece of paid baggage, which responded to another customer expectation which is to pay only for the services they require.

**FG** ♦ In addition to improving our on-board services, tariff innovation and the launch of HOP! for regional flights, we also have another significant asset in the medium-haul market in the form of Transavia France, whose growth is seeing a marked acceleration. With sunshine and city break destinations and a fast-growing network, this subsidiary is very well positioned to take advantage of the growth in the leisure market.

**ADJ** ♦ The Group’s commercial revolution is underway. With new products, innovative services and the move upmarket, we are embarked on a major commercial offensive. We are determined to pursue and intensify this in the coming years aimed at reaching the highest international level within air transport across all areas ♦



Twitter

**@mimi6545 : What role does sustainable development have in the Group’s future?**



CE / We see its role as very important. As the leader of the DJSI airlines category, we are multiplying innovative initiatives in this area. For example, we continue to develop research into flights powered with sustainable biofuel. In future, the air transport industry will be dependent on this type of solution which is why the quest for a clean source of fuel is a priority for Air France-KLM.

# ALREADY TEN YEARS!

In 2004, Air France and KLM united to create a single Group, a giant of the air transportation industry.

The light blue airline, in reference to the KLM logo, and the dark blue airline, the Air France colour, launched an ambitious project: preserve the two well-known brands while collectively building a leading Group, in Europe and globally. Synergies were identified. Skills and technical, commercial and industrial resources were all marshalled around a common ambition to win over customers and secure their loyalty. The colors blended to form a global hue.

Ten years later, you could say the bet has paid off. Whereas airline mergers have proliferated around the world, Air France-KLM remains a trail-blazer with a model which it continues to consolidate and adapt to the new needs of its customers ♦



## Our strengths

### A POWERFUL FREQUENT FLYER PROGRAM

Flying Blue, the Group's loyalty program and currently the leader in Europe, inspires the dreams of its members who now number more than 21 million. The Air France and KLM brands are strengthening their mutual positioning with travellers across the globe.



### SPEAKING WITH A SINGLE VOICE

Being a global giant involves a concerted approach across all areas: network, investments, fleet. By speaking with a single voice, the Group gains strength and agility, as testified by the first combined order for the two airlines announced in 2012, for 50 Airbus A350s and 50 Boeing 787s.



### A 100% DIGITAL GROUP

The history of Air France- KLM is now being written both on the air and in the airwaves with an increased presence on mobiles and the social media. On line customer services and exclusive apps are the signature of a Group at the forefront of innovation which is constantly seeking to make the travel experience of every customer more fluid and personalized.





# AFKL 10 YEARS

## AIRFRANCE KLM

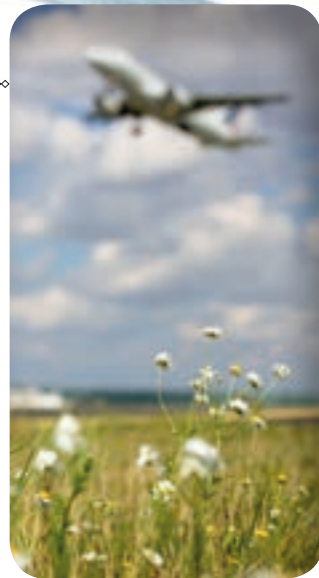
### COMBINED TEAMS

The Air France and KLM teams have gradually been merged and now offer customers a single face from sales to cargo, maintenance and marketing. The merger of the sales teams and their remarkable integration is now driving the growth of the brands everywhere in the world.



### A SPOTLIGHT ON THE FIRST 10 YEARS

The sign of a constantly renewed dynamism, the Air France-KLM advertising campaign running since December 2013 highlights the diversity of the offer and the strength of the Group, thanks to a light painting ballet.



### A GLOBAL GIANT

After a decade of combined efforts, the Group can be proud of its achievements. It is currently a leader in each of its three main businesses: passenger transportation, cargo transportation and aeronautics maintenance. Furthermore, as a responsible air transport player, the Group is recognized as the leader in its industry in terms of sustainable development.





TOKYO



KLM



NEW YORK



ISTANBUL



SHANGHAI



LONDON

# Our social media team is available 24/7

Regardless of the time, where you are, or what your circumstances may be, someone from KLM is always available to help. Just contact us via [facebook.com/klm](https://facebook.com/klm) or [twitter.com/klm](https://twitter.com/klm) and we'll respond within one hour.  



Journeys of Inspiration



*Our  
achievements*



Figures at December 31, 2013<sup>[1]</sup>

# 25.52

BILLION EUROS  
OF REVENUES GENERATED

◇◇◇◇◇

## 79%

BY THE PASSENGER BUSINESS,  
i.e. **77.3 million** passengers carried

## 11%

BY THE CARGO BUSINESS,  
i.e. **1.3 million** tons transported

## 5%

BY THE MAINTENANCE BUSINESS  
i.e. **1,300** aircraft handled

## 5%

BY THE OTHER BUSINESSES  
(including Servair and Transavia)



DESPITE A DIFFICULT ECONOMIC ENVIRONMENT,  
THE GROUP'S RECOVERY IS GAINING MOMENTUM:

- ◆ Revenues amounted to **€25.52 billion**, up by 2.3% on a constant currency basis;
- ◆ The operating result returned to positive territory at **€130 million** (versus a loss of €336 million in 2012);
- ◆ The net result was impacted by non-recurring items: asset impairments, expenses linked to the voluntary departure plan and the reclassification of CityJet under discontinued operations. The net loss stood at **€1,827 million**;
- ◆ Restated for non-recurring items, the net loss was **€349 million**, a €347 million improvement on 2012.

IN LINE WITH THE TRANSFORM 2015  
TARGETS:

- ◆ Net debt was reduced to **€5.35 billion** versus €5.97 billion in 2012;
- ◆ Unit costs<sup>[2]</sup> declined by **2.0%**, in line with the target of a 0.4 cent reduction between 2011 and 2014.

[1] CityJet reclassified as a discontinued operation.

[2] Unit cost per EASK in euro cents on a constant currency, fuel price and pension expense basis.



## Anniversaries

### HISTORIC COMPANIES!

KLM and Air France were both born on October 7, the first in 1919 and the second in 1933. As pioneers in civil aviation, they were amongst the few airlines to emerge before the Second World War.

Until October 2014, Air France will be celebrating 80 years of creativity and the art of welcoming passengers but also stories of fashion, film, design and innovation. This is the opportunity to retrace snap-shots of the company's history throughout the year. In partnership with Airbus, two aircraft in the fleet – an A380 and an A320 – emblazoned with an 80<sup>th</sup> anniversary logo are currently gracing the sky while a series of special products are also being offered to passengers. For its part, KLM celebrated its 94<sup>th</sup> anniversary. As every year, this was the occasion for the airline to add a brand new Delft Blue miniature earthenware Dutch traditional house to its collection. Filled with Dutch gin, known as genever and distributed since the 1950s, all World Business Class passengers receive this unique gift from KLM.



[3] Maintenance Repair and Overhaul



## Services

### AT THE SERVICE OF CUSTOMERS 24/7

On the social media, the Air France and KLM teams are available 24/7 to meet their customers' every need. A question about your trip, a doubt as to your flight time or a need to change your reservation? The two companies aim to respond to requests in under an hour. KLM even posts the estimated response time on Facebook, Twitter and klm.com.



## AIR FRANCE INDUSTRIES KLM ENGINEERING & MAINTENANCE VOTED 2014 "MRO<sup>[3]</sup> OF THE YEAR"

The specialized magazine *Airline Economics* awarded the "MRO of the Year" prize to AFI KLM E&M during the *Airline Economics Aviation 100 Awards* in Dublin on January 20, 2014. The 6,000 voters, themselves aviation industry professionals, recognized the expertise of the maintenance, repair and overhaul solutions delivered by the Group world-wide.



# 552 AIRCRAFT<sup>[1]</sup> in operation

Approaching  
**1,800**  
DAILY FLIGHTS

**231**  
DESTINATIONS  
(Summer 2014)

**103**  
COUNTRIES  
(Summer 2014)



## Services

### THE MOVE UPMARKET IS UNDERWAY!

Launched in 2013, the dynamic to move the Group's products and services upmarket will gain momentum in 2014. From new travel cabins to top-notch services, Air France and KLM are innovating with a single objective: return to the air industry best-in-class standard within record time. Find out more about the strategy to move upmarket on page 20.



[1] Excluding CityJet and VLM airlines





## New routes

### HEADING FOR NEW HORIZONS

For the Summer 2014 season, Air France-KLM will be operating five new long-haul routes: Brasilia (Brazil), Jakarta<sup>[2]</sup> (Indonesia), Panama City (Panama) and Tokyo-Haneda (Japan) on departure from Paris and Santiago de Chile on departure from Amsterdam. On its medium-haul network, in Summer 2014, Air France will launch a service to Stavanger, the center of the Norwegian oil industry. For its part, having inaugurated a service to Florence in the Winter 2013, KLM will be offering flights to Bilbao (Spain), Turin (Italy) and Zagreb (Croatia) this summer. Find out more about the Group's network strategy on page 30.



## Awards

### AIR FRANCE-KLM NAMED "CLIMATE PERFORMANCE LEADER 2013"

On November 26, 2013, Air France-KLM was named "Climate Performance Leader 2013" by the Carbon Disclosure Project (CDP), an annual survey evaluating the commitment of companies to addressing the climate issues involved in their business activities. This award underscores the success of the initiatives launched by the Group to reduce its carbon footprint, adapt to changes linked to climate change and increase its transparency. Air France-KLM thus joins the nine French leaders distinguished amongst the top 250 French stock market capitalizations.



## Synergies

### AIR FRANCE-KLM CHOOSES THE GENX-1B ENGINE

Air France-KLM has finalized an agreement selecting General Electric's GEnx-1B engine to equip its Boeing 787-9 fleet. The first aircraft will be delivered to KLM in October 2015 and to Air France in January 2017. The common choice of this engine for all the Air France and KLM Boeing 787-9s enables the Group to benefit from significant synergies.

The agreement also includes the signature of a partnership between General Electric and Air France Industries KLM Engineering & Maintenance covering the maintenance of the GEnx engine.



[2] Subject to the finalization of negotiations



*France is in the air*

## NEW ADVERTISING CAMPAIGNS

### A FIRST FOR AIR FRANCE-KLM

For the first time since their 2004 merger, Air France and KLM have launched a joint advertising campaign, showcasing the numerous destinations offered by the Franco-Dutch Group in a Light Painting ballet. Representing the diversity of the offerings and the strength of the Group, this advertising campaign has been running in both the digital and print media since December 2013.

Since April 2, 2014, Air France has been running its new advertising campaign. Its new signature “France is in the air”, dares to be different in support of its Transform 2015 goals. This campaign has six visuals presenting the services offered by the airline: the comfort of the A380, the new La Première suites, the new Business cabin, gastronomy, the network and SkyPriority. It is supplemented by twelve visuals depicting the iconic destinations served by the company including Brazil. With its new “France is in the air” signature, Air France illustrates France’s openness and internationality, and embraces the positive universal values associated with France: the art of living, a French spirit, luxury brands and Michelin-starred chefs who are riding high both in France and internationally.





## Gastronomy

### “CHEFS ON BOARD” OPERATIONS

At the end of November 2013, Air France launched a series of new gourmet events to continue throughout 2014. Once a week, a Chef from Servair, an Air France subsidiary and leader in airline catering, boards a long-haul Air France flight and welcomes La Première and Business customers. During the flight, the Chef introduces them to the à la carte menus. When new menus are added in Economy and Premium Economy, the Chef presents them to passengers. The Servair Chef meets passengers, finds out what they think of the dishes and explains how the company adapts to the constraints of airline catering on a daily basis, to preserve the original spirit and flavour of the dishes on board. He also passes on his expertise and know-how to the crew, to ensure dishes are presented in an optimum way and to constantly ensure service excellence.

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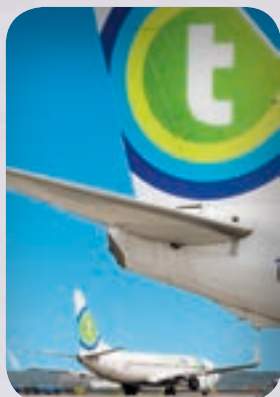
## Development

### IN FRANCE, TRANSAVIA.COM IS CONTINUING ITS GROWTH

Air France-KLM continues to develop its transavia.com subsidiary. In France, the Group's low-cost airline took delivery of three new next-generation Boeing 737-800s in 2013. In 2014, it will also receive three aircraft of the same type. This growth in its fleet accompanies the expansion in the network. For Summer 2014, transavia.com in France will open 18 new routes on departure from five French airports (Paris-Orly Sud, Nantes, Lille, Lyons and Strasbourg). In addition, since March 31, 2014, members of Air France-KLM's Flying Blue frequent flyer program have been able to use their Miles<sup>[1]</sup> on the entire transavia.com network on departure from France.

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[1] The reservation of a return ticket using Flying Blue miles on the Transavia France network excludes taxes and baggage.



## Destinations

### SKYTEAM WELCOMES GARUDA INDONESIA

SkyTeam, the global airline alliance, has just welcomed Garuda Indonesia, its 20<sup>th</sup> member and second South-East Asian airline. The company also contributes 40 new destinations to the SkyTeam global network served exclusively by the alliance. With more than 15,500 daily flights, the SkyTeam alliance offers more than 1,000 destinations in 178 countries.

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## HOP! ONE YEAR ON

Launched in March 2013, Air France's regional airline subsidiary offers 510 daily flights on 129 routes. HOP! is a major part of Air France's short and medium-haul strategy. Its dual mission is to feed the Paris-Charles de Gaulle hub and to operate a regional offer adapted to the needs of both business and leisure customers. With a seat load factor up by 2.2 points on last year, HOP! has logged a first successful year in its history.

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A black and white photograph of an airplane cabin interior, showing rows of seats and overhead storage bins. A large, light-colored diamond shape is superimposed over the center of the image, containing text in a cursive font.

*Our aim:  
the highest  
international  
level*

Air France-KLM is embarked on a strategy to move upmarket and is pursuing its commercial offensive with a massive €700 million investment in new travel cabins. A single objective: return to the highest international level within record time.

# A MOVE UPMARKET FOR ALL

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▲ Air France's Premium Economy offer

More comfort, freedom and pleasure, immersion in the Group's new travel spaces.

### Even more comfort at an affordable price

In September 2013, Air France unveiled its new long-haul Economy seat which has been revamped with a single watchword: optimal comfort for everyone. It offers more legroom, a new seat cushion, more comfortable headrests and a wider tray table. The seat also features new functionalities including an electric socket and headphones holder. As for entertainment, 9-inch touch screens with High Definition images are now available which will soon offer more than 1,000 hours of programming available on demand.

On the long-haul aircraft, Air France has also revisited its Premium Economy seat. In this intermediary cabin between Business and Economy, more comfortable cushions and a multi-position footrest further enhance the seat which is also equipped with a new 12-inch touch screen.

Since April 2014 on short and medium-haul flights Air France has offered the "Seat Plus" option. This service, which is already available on the long-haul flights, offers a guarantee of traveling in a seat situated by the aircraft doors with increased legroom.



◀ Air France's new Economy seat



▲ KLM's Economy Comfort seats

## *More space and additional functionalities*

### **Economy Comfort, setting new travel standards**

At KLM, Economy Comfort is setting new travel standards. Located at the front of the Economy cabin, this space offers up to ten centimetres more legroom compared with the rear seats. Introduced for the first time in 2013, KLM is extending this area to its intra-European regional fleet (Embraer 190s and Fokker 70s), having already deployed it on its intercontinental flights and medium-haul Boeing 737s. The Economy Comfort seats situated in this zone enable customers to be amongst the first to leave the aircraft on arrival which is ideal for passengers with time constraints.

KLM is also inaugurating new seats on board its Fokker 70s. The ultra-slim, reclining design of these new seats provides additional legroom in each cabin, with a gain of some eight centimetres in Business class and four in Economy. Designed and produced by the UK component manufacturer Acro Aircraft Seating in co-operation with Fokker Services and the Dutch designer Hella Jongerius, these seats have also been conceived to respect the environment. The 80 seats are now lighter enabling a weight saving of 140 kilos per aircraft, thereby reducing CO<sub>2</sub> emissions thanks to lower fuel consumption ♦







▲ KLM's World Business Class

### A revolutionary new Business cabin

In March 2013, KLM scored points in the Business cabin battle with the exclusive unveiling of its new World Business Class. Fully reclining and measuring over two metres, KLM's "full flat" Business seat is quite simply one of the longest in the sky. The seat, in the Diamond® range manufactured by B/E Aerospace, offers absolute comfort and the opportunity to sleep in a real fully-flat bed. In addition to the seat, the company worked in co-operation

with Hella Jongerius to create a whole atmosphere in a bespoke, warm cabin interior to make customers feel more at home. KLM's famous blue is now used on the seat covers which have been designed in the finest lambs-wool and for the carpets made from high-quality recycled materials. For more privacy, there is a partition between the seats. With a 17-inch wide screen, personal electric socket and vast tray table, the seat provides all the key ingredients of a serene and memorable flight.



▲ Air France's Business seat

*"C'est si bon" to sleep  
amongst the clouds*

In February 2014, it was Air France's turn to reveal its new Business seat, a veritable cocoon in the sky. The airline has re-modelled this seat down to the last detail, resulting in a truly unique design. The passenger is instantly enveloped in its graceful curves while elegant styling and soothing colors offer the prospect of a perfect sleep. From the warm duvet to an XXL feather down pillow and an array of amenity products, everything has been conceived on board to ensure a refreshing sleep amidst the clouds.

This new Business seat was developed in collaboration with Zodiac Aerospace around the three 3 "F" concept:

- Full flat - the seat converts to a fully flat bed for crossing the time zones without fatigue;
- Full access – direct access to the aisle, regardless of the seat's location in the cabin;
- Full privacy – a protected area through the seat's enveloping curves, providing a true bubble of privacy in the sky.

The new cabins are equipped with only four seats per row, enabling a considerable increase in space for each passenger. A next-generation in-flight entertainment system with a 16-inch high definition touch screen, extensive storage and numerous amenity products also come with this totally exclusive new seat ♦

#### Agenda

- ♦ All of KLM's Boeing 747s will be equipped with World Business Class by summer 2014 and the Boeing 777s by the summer of 2015.
- ♦ 44 of Air France's Boeing 777s will be progressively equipped with new Economy, Premium Economy and Business cabins between June 2014 and June 2016



## *Design your journey according to your desire*

### **Air France's La Première, a designer suite**

In early May 2014, during an exclusive event in Shanghai, Air France unveiled its new La Première suite. Conceived for the airline by B/E Aerospace and designed by Priestmangoode, it aims to make Air France a global reference in luxury travel. The new La Première cabin is a veritable jewel and the most sophisticated cabin ever offered by Air France. Having been completely remodelled, it proposes four unique suites on board the long-haul Boeing 777-300s, each dressed in subtle, harmonious colors, combining ice blue and very light grey. High-quality leather, thick soft-woven tweeds and suede-upholstered storage imbue this calm space with a real stamp of luxury. The vast, soft seat is an immediate invitation to relaxation and repose, transforming in seconds to a real, fully flat bed, more than two metres long. The suite also becomes an air-borne screening room thanks to a 24-inch screen. In La Première, every customer

can design a truly bespoke trip through to the arrangement of their personal space. In this unique, bold concept, Air France drapes each its suite with thick curtains meaning that passengers can chose total or partial privacy, depending on their mood. Once the curtains are fully closed, the La Première cabin becomes a vast totally private space measuring three square metres. Service excellence, comfort, luxury and refinement, these are the promises of La Première ♦

#### **19 aircraft**

are gradually being equipped with these exceptional new cabins. The first flights will take place in September 2014.

# AIRFRANCE



FRANCE IS IN THE AIR



## THE SOARING PALACE

New La Premiere Suite: discover absolute comfort  
and five-star service throughout your journey.

AIRFRANCE KLM

Gradually installed on a part of Boeing 777 fleet as of September 2014.

AIRFRANCE.COM



An aerial night photograph of an airport terminal with a distinctive curved, metallic roof. The scene is illuminated by several tall, bright light poles. A large, semi-transparent diamond shape is centered over the terminal, containing the text 'Our destinations' in a cursive font.

*Our  
destinations*

From the Stavanger fjords to the vast open spaces of Santiago,  
setting a heading for Air France-KLM's new destinations!







# SEIZING GROWTH OPPORTUNITIES

The Group currently offers its customers the leading long-haul network on departure from Europe, strategic partnerships spanning the entire globe and an optimized medium-haul proposition.

## Five new long-haul routes

Since 2012 and the implementation of its Transform 2015 plan, Air France-KLM has opted for strict capacity discipline to reduce its unit costs while developing in growth markets. This network, the leading network on departure from Europe and one of the Group's main assets reflects a strategy of rational and targeted growth. This strategy has so far borne fruit since, across all the networks, the Group's unit revenue increased by 0.8%<sup>[1]</sup> in 2013 and is steadily increasing, in line with the targets in the Transform 2015 plan.

In recent years, Air France-KLM has seen considerable growth in Africa and Asia with the

launch of new destinations and the consolidation of partnerships and joint-ventures. The Group is also taking advantage of the current Latin American dynamism to focus its growth there. With the deployment of new capacity in the summer of 2014, Air France-KLM is now a leader in this market on departure from Europe (see focus p.36).

One of the network's major strengths is that it is evenly balanced, offering a natural risk hedge since it is not reliant on any one market. It also enables the Group to seize growth opportunities thanks to the technical and commercial teams already located world-wide.

Air France-KLM will operate a total of five new long-haul routes in the summer of 2014: Brasilia (Brazil), Jakarta<sup>[2]</sup> (Indonesia), Panama City (Panama) and Tokyo-Haneda (Japan) on departure from Paris and Santiago de Chile on departure from Amsterdam.

[1] Increase in Unit Revenue per Available Seat-Kilometer, excluding currency [2] Subject to the finalization of negotiations



### Solid and strategic partnerships

Air France-KLM supplements this organic growth in long-haul through strategic partnerships with other airlines. Code-sharing arrangements enable the Group to expand its network by enabling customers to fly with partner airlines. In each world region, the Group thus engages in exclusive cooperation with major operators and is increasing its exposure to growing markets.

This co-operation strategy is notably illustrated by the trans-Atlantic joint-venture with Delta and Alitalia. With more than 250 daily flights, this joint-venture operates 23% of the total capacity on trans-Atlantic flights and generated \$12.5 billion of 2013 revenues. In 2013, Air France-KLM extended its co-operation agreement with the UAE carrier Etihad, with which it operates 44 destinations under code share, and announced an extension to the agreement with Kenya Airways which should further strengthen its presence in Africa.

In 2014, the signature of a long-term strategic partnership with the Brazilian airline GOL should support the Group's growth in Latin America by giving it exclusive access to the domestic network of one of the region's main operators.

### Powerful and efficient hubs

At Paris-Charles de Gaulle, Air France operates the most powerful hub in Europe in terms of connections between medium and long-haul. Achieving streamlined, optimized flight connections is also fundamental for KLM in that 70% of its customers transfer flights at the Amsterdam-Schiphol hub. The Group's flight schedule is thus organized around six or seven waves or "banks" spread throughout the day, enabling a maximum number of connections from these hubs within

the shortest possible time. The dual hubs of Paris-Charles de Gaulle and Amsterdam-Schiphol alone offer approaching 28,000 transfer opportunities between medium-haul and long-haul, or vice versa, in under two hours.

### Rationalizing the medium-haul operations

While the European economic environment remains sluggish, the Group is implementing a pro-active strategy aimed at improving productivity in its medium-haul network. The operational measures include reducing aircraft turnaround times and optimizing fleet utilization.

The Group is also adapting its point-to-point activity and divesting its CityJet subsidiary.

All of these measures enable a reduction in unit costs and a redeployment of capacity on departure from the hubs. In Summer 2014, Air France will launch a new service to Stavanger, the center of the Norwegian petroleum industry. For its part, having introduced a service to Florence (Italy) in Winter 2013, KLM will start operations to Bilbao (Spain), Turin (Italy) and Zagreb (Croatia) this summer.

In addition to the more targeted redeployment of the fleet, an in-depth revision in tariff structures with the introduction of the Mini fares at Air France and payment for a first piece of hold baggage at KLM are contributing to a new revenue dynamic. The successful launch of the new regional airline HOP! and the growth of the Transavia France subsidiary, specialized in leisure destinations, complete the Group's offer by addressing each customer segment with an adapted offering ♦



*Stavanger*



*Montevideo*

## Focus

### AIR FRANCE-KLM, A LEADER IN LATIN AMERICA

Latin America is experiencing strong growth. As host to the football World Cup in 2014 and the Olympic Games in summer 2016, Brazil makes a significant contribution to growth in the region. It was thus natural for Air France-KLM to make this world region a strategic priority by multiplying the growth levers there.

The Group serves 25<sup>[1]</sup> destinations in Central and Southern America and the Caribbean out of its dual Paris-Charles de Gaulle and Amsterdam-Schiphol hubs. After the opening of Montevideo in 2013, Air France's new services to Brasília (Brazil) and Panama City (Panama) together with KLM's service to Santiago (Chile) as an extension to the Buenos Aires flight confirm Air France-KLM's place as the leading operator between Europe and this region. The Group's position in the region is supported by the presence of a SkyTeam partner, the Argentinian carrier Aerolíneas Argentinas, an alliance member since 2012.

These route openings are consolidated by partnerships in the region. Thanks to the partnership

agreements with Copa based at the Panama hub, Air France and KLM customers can access more than 20 destinations in Central America.

In early 2014, the Group signed a long-term strategic partnership agreement with the Brazilian airline GOL. With approaching 40% of the domestic market, GOL is a major player in Brazil and an exclusive partner enabling Air France-KLM to strengthen its leadership position in this region. The agreement also goes beyond traditional code sharing by laying the foundations for closer cooperation: coordination of the network and the sales forces in Europe and Brazil, exclusive access to the domestic network and maintenance agreements. This partnership is reinforced by the Group's acquisition of a 1.5% stake in the Brazilian carrier.

As of the Summer 2014 season, Air France and KLM will increase their offering of flights to Brazil to 43 weekly frequencies from their Paris-Charles de Gaulle and Amsterdam-Schiphol hubs, enabling their customers to connect to flights on the GOL network to some 30 destinations ♦

[1] Including Mexico



*Brasília*

# Developing the Group's know-how and expertise

## CARGO: HOLDS FULL OF IDEAS

The cargo business is pursuing its in-depth reorganization to return to profitability. The Air France-KLM Group's second business in terms of revenues (€2.82 billion), the cargo business is currently facing multiple structural challenges: global capacity, which is already higher than demand, has not stopped growing in recent years while the air freight industry remains a niche market and concerns mainly certain high-value-added goods.

### Pooling resources

Air freight is an activity necessary to the economics of long-haul and Air France-KLM Cargo has embarked on an overhaul of its business model to strengthen its position in this highly competitive market. In 2013, one of the most important levers involved combining the capacity and revenue management of the Group's operators – Air France, KLM and Martinair. Thanks to common reservation tools, the commercial teams will be able to optimize the allocation of merchandise in the holds of all of the Group's aircraft.

### Optimization, high added-value and profitability

To be more flexible and reduce its unit costs, the Group is also taking advantage of its vast global network by prioritizing the capacity offered by the bellies of passenger aircraft which now carry 80% of total cargo. This capacity is supplemented by the full freighters which support the Group's renowned expertise for its ability to handle atypical types of merchandise and enable access to additional destinations.

The Group is also aiming to increase revenues by developing high-added-value forms of air freight such as express cargo and the postal service which are seeing rapid growth with e-commerce and the pharmaceutical and aerospace sectors. The cost-saving efforts are continuing with the retirement, in early 2015, of the two Boeing 747 Cargo aircraft in the Air France fleet, ensuring 10% of activity and totaling 30% of losses.

### More partnerships

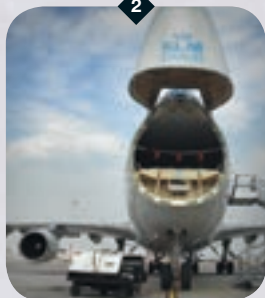
To consolidate its global presence, Air France-KLM has also decided to play the partnership card. As with passenger transportation, agreements with other airlines enable the optimization of resources and economies of scale. In 2013, the Group thus extended its cooperation with Delta on the trans-Atlantic routes and generated substantial technical and commercial synergies ♦

### Cargo strengths:

- ◆ The bellies of passenger aircraft carrying 80% of the Group's cargo
- ◆ 255 destinations, some served only by the full freighters
- ◆ A portfolio of large customers
- ◆ The expertise and professionalism of the teams



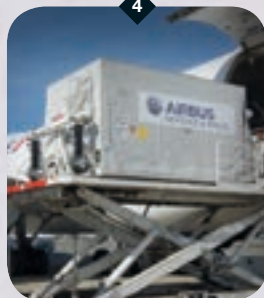
1



2



3



4

1. Loading horses from the Zingaro theatre departing for Mexico at Paris-Charles de Gaulle.
2. Loading a full freighter aircraft at Amsterdam-Schiphol.
3. Pallets of flowers carried by Air France-KLM-Martinair Cargo.
4. Transporting a satellite from Toulouse to Cayenne.

# TOP-FLIGHT MAINTENANCE

With third-party revenues totalling €1.22 billion, aeronautics maintenance, the Group's third business, is experiencing strong growth. The many new contracts signed this year served to reaffirm Air France-KLM's position as a leading player in the sector while the financial results of the maintenance division consolidate its role as a lever in the Group's on-going recovery.

## Setting new standards of excellence

Air France Industries KLM Engineering & Maintenance (AFI KLM E&M) offers airlines an extensive range of technical support capabilities. An ability to manage the constraints inherent in the air transport industry in terms of safety, certifications and timelines, together with its cutting-edge technical expertise enable Air France-KLM to offer customer airlines appropriate, bespoke solutions. In recognition of these strengths, this year saw the Group win the "MRO of the Year" award in January 2014.

## Targeting the markets of the future

In a particularly competitive environment, AFI KLM E&M's goal is to develop its business in high-value-added segments. The Group makes an on-going investment in its European sites. After the development of a new activity for the disassembly and recycling of aircraft at the end of their operational lives, the Group is building a new unit devoted to aerostructures maintenance for delivery in 2015.

AFI KLM E&M is also establishing a reference position in component support for next-generation aircraft like the Boeing 787. Four airlines have already entrusted the Group with the component support on this future fleet and other contracts are expected to follow.

To equip its own fleet of Boeing 787s, in March 2014 Air France-KLM finalized an agreement with General Electric for the choice and maintenance of the GENx-1B engine. The Group is confirming its positioning as a major maintenance player for next-generation engines.

## A global ambition

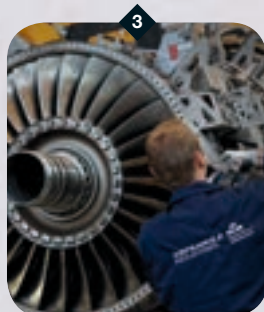
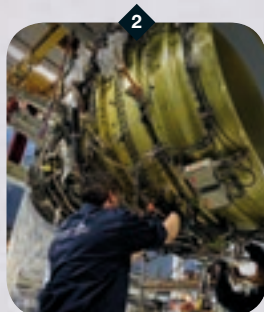
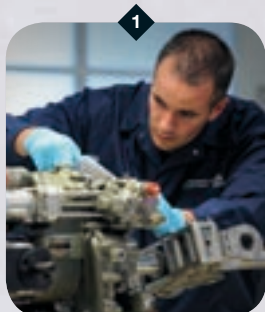
At the same time, the Group is developing its business in growth markets. To respond to the increase in Chinese activity, in December 2013 the group opened a new components maintenance shop in Shanghai. In March 2014, AFI KLM E&M announced the acquisition of Barfield, a US company specialized in component support, reinforcing AFI KLM E&M's position in the leading aeronautics market globally and in a strategic region given its dynamism and growth potential ♦








*Exceptional  
maintenance tools*



1. Across the world, more than 14,000 people contribute to the excellence of the maintenance business.
2. In 2014, some 1,300 aircraft belonging to 150 domestic and international carriers were handled.
3. The Group has state-of-the-art technologies and industrial tools.





# *My trip*

Air France and KLM's customer-focused services support me at the airport, during the flight and through to arrival at my destination. Some highlights of my travel experience with the Group.

*The social media,  
my gateway to  
the sky*

On Facebook and Twitter, Air France and KLM are always ready to answer any questions relating to my trip. The two airlines offer 24/7 assistance in numerous languages, with round-the-clock personalized support. When booking my ticket, I tested the new exclusive service offered by KLM: payment directly on Facebook or Twitter thanks to a secure link forwarded by the airline. Prepare for take-off!

**@KLM\_localeyes, one of my favorite Twitter accounts!** Every week, invaluable tips from a real local resident: cultural events, great places to eat, special places to visit, etc. ...or just where to find a good cup of coffee!



*Air France Press, my 24/7 news service*

Thanks to the Air France Press app, I can now download complementary magazines and French and international daily newspapers to my tablet, from 24 hours before my flight until departure. In addition to the printed newspapers and magazines available in the lounges, at the departure gates and on board, this new service is the best way for me to be sure of having up-to-date, easily-accessible information, whatever my place of departure. This app is already available on iOS, Android and Windows 8/RT tablets and will shortly follow on smartphone.



*SkyPriority,  
my exclusive  
channel through  
the airport*

Thanks to SkyPriority, Air France and KLM can offer me a fast-track channel through the airport. As an eligible passenger<sup>[1]</sup>, I have free access to a dedicated check-in desk, faster access to security screening and customs formalities, and priority boarding. Furthermore, on arrival, I am amongst the first passengers to exit the aircraft and my checked baggage has priority delivery.

[1] SkyPriority is available for La Première, Business and Premium Economy passengers and for members of SkyTeam Elite Plus



*Amsterdam - Schiphol*



*Paris - Charles de Gaulle*

### *My favorite lounge*

Air France and KLM Business and La Première customers have access to more than 40 exclusive lounges world-wide, offering a varied selection of gastronomy, spacious relaxation areas and numerous services. My favorites? The Air France Business lounge in Hall M at Paris-Charles de Gaulle, conceived by renowned designer Noé Duchaufour Lawrance, offering more than 3,000m<sup>2</sup> dedicated to my well-being. The La Première lounge, designed by Didier Lefort, offers me cuisine by the Chef Alain Ducasse and a wellness center with Biologique Recherche beauty treatments. At Amsterdam-Schiphol, the brand-new Europe Crown Lounge opened in March 2014. Ideal for recharging your batteries far from the bustle of the airport, it should be checked out as a matter of urgency!

## *Gastronomic delights in mid-air*

On board the Group's long-haul Business cabins, I sampled the tempting meals created by Michelin-starred chefs Sergio Herman on KLM and Régis Marcon on Air France. For several years, in Business and La Première class, the two airlines have been working with well-known names in French and international cuisine, making travel an opportunity to delight all the senses. These exclusive, mouth-watering creations are regularly renewed giving frequent flyers the same pleasure of sampling new dishes. Gastronomic delights in mid-air!

Bound for China on departure from Amsterdam-Schiphol I was able to taste exceptional Chinese dishes, created by chefs from the Oriental City restaurant. KLM works with this renowned Amsterdam restaurant to offer the best of Chinese cuisine in its World Business and Economy class cabins. On flights to and from China, Air France also offers me bespoke Chinese cuisine with a choice of meals in all travel cabins<sup>[1]</sup>.

Fancy choosing from an à la carte menu? In the long-haul Economy and Premium Economy classes, Air France and KLM give me the option of choosing a meal other than the one served free on board until the evening before my departure. I can thus discover new dishes and enjoy the opportunity to embark on an international culinary excursion. The "Flight Captain's Choice" and "Champagne Delight" menus on KLM and the "Tradition" and "LeNôtre" menus on Air France are fine-dining options which can be sampled as of now. Since April 2014, when I travel in the La Première or Business cabins, Air France has offered me a choice between six complementary meals included in the ticket price<sup>[2]</sup>.

[1] Offer available in all cabins on departure from China and in the Business, Premium Economy and Economy cabins on departure from Paris.

[2] Offer available on flights on departure from Paris to New York-JFK, Los Angeles, Tokyo-Narita, Singapore, Shanghai and Seoul.



*Sergio Herman*



*Régis Marcon*





*An even-more-tempting choice of dishes*

Since September 2013, in long-haul Economy and Premium Economy, Air France has been offering a new dining service<sup>[3]</sup>. I now have a choice between two hot dishes, accompanied by a new "cool box" containing fruit, cheese and butter. On flights lasting more than eight and a half hours, I now benefit from a second hot meal. And, as a new gourmet experience during the flight, I can also enjoy an ice cream distributed in the cabin on flights lasting more than ten and a half hours.

[3] Offer available on virtually all long-haul flights and partially available on flights bound for Bangkok, Cancun, Montreal, the Caribbean and Indian Ocean.

*Even more in-flight entertainment*

On Air France and KLM long-haul flights, from the moment I arrive on board right through to arrival at my destination, I can choose between films, TV series and music in numerous languages. In total, up to 1,000 hours of programming will soon be available. In a few months, on board the new Air France and KLM cabins, and regardless of my travel class, I'll be able to enjoy my favorite programs on even-wider touch screens equipped with fully-upgraded graphics interfaces.



*World Business Class*



### *Amenity kits designed as real gifts*

In their long-haul Business cabins, Air France and KLM offer me amenity kits which are real fashion items. KLM offers kits in separate versions for men and women designed by Viktor & Rolf while Air France will embrace the vintage trend when, as of June 2014, it gives pride of place to a kit in the portfolio-style format distributed on board the mythical Concorde. In the Premium Economy cabin I shall also receive an amenity kit inspired by the Business cabin.

A secret to be unveiled in early May 2014, the future Air France La Première cosmetics kits will be designed by Givenchy... The quintessence of Parisian elegance shortly to be found on board.



### *KLM Wannagives, a new exclusive service*

On board my KLM flight, I was surprised to receive a gift from a friend delivered directly to me by a member of the crew. "KLM Wannagives," KLM's new exclusive concept, enables everyone to surprise friends and family during the flight. Whether it be a glass of champagne, sweets or a bottle of perfume, I can choose the ideal gift from the online shop accessible at [klm.com/wannagives](http://klm.com/wannagives). These little gestures delivered at 30,000 feet which can even be paid for with my Flying Blue Miles will make my trips truly unforgettable.







*Wherever I am, Air France and KLM are there to help*

Prior to departure but also once at my destination, someone from Air France and KLM is always available to help. If I encounter the slightest difficulty or there are any changes to my travel arrangements, the exclusive "AF Connect" and "KLM Connect" services pro-actively contact me and provide support by mail or telephone.



*Flying Blue,  
my leading frequent flyer program in Europe*

By signing up for Flying Blue membership, I become one of Air France-KLM's privileged passengers and gain access to all the benefits of an extensive international network.

The more I travel on the flights of Air France, KLM and their partner airlines, the more my loyalty is rewarded. I just present my Flying Blue card, accumulate Miles and access the numerous services specially designed to make my journeys even more enjoyable.

Created by Air France and KLM, Flying Blue is also the frequent flyer program of partners Air Europa, Kenya Airways, Aircalin and Hop!

With more than 1,000 destinations, 18,000 daily flights and 135 partners world-wide, it is easy to earn Miles! Automatically credited to my account, they enable me to acquire reward tickets for the destinations of my choice and to benefit from numerous products and services like hotel stays, car rentals and other leisure activities.

Flying Blue is currently the leading frequent flyer program in Europe with more than 21 million members. An additional asset for the Group!



EMPLOYEE OF  
THE MONTH

## It was too hard to choose

Our team recently won the 'Best Airline Staff in Europe Award'. That's because everyone from the mechanics to the stewardesses do everything they can to ensure your journey runs as smoothly as possible. So fly with us if you're after that human touch that makes all the difference. Visit [klm.com](http://klm.com) for more information.



Journeys of Inspiration



*Our  
commitment*



## SUSTAINABLE AND RESPONSIBLE DEVELOPMENT

A commitment to Corporate Social Responsibility is at the heart of the Group's strategy, reconciling growth, the promotion of social equity and respect for the environment. Air France-KLM is mobilized around four major priorities: reducing its environmental footprint, factoring sustainability into its products and services, promoting a responsible human resources policy and contributing to the development of the territories where it has operations.

### Biofuels, an energy of the future

Air France and KLM's resolute commitment to the use of biofuels finds its concrete expression in their mobilization around numerous projects to promote this sustainable energy. The innovative initiatives recently launched include KLM's active participation

in the BioPort Holland Project. This public-private partnership aims to create centers served with affordable sustainable biofuel by a dedicated supply chain. In June 2013, Air France, Airbus, Safran, Total and the DGAC organized the "Joining our Energies – Biofuel Initiative France" flight to illustrate the French industry's technical ability to integrate aeronautical biofuels. During this flight, the Air France Airbus A321 used biofuel manufactured thanks to an innovative sugar-transformation technology.

### Eco-designed tableware

Air France is engaged in eco-design to contain the environmental impact of its products and services. This approach which is currently being developed on the tableware and meal trays in the long-haul Economy and Premium Economy long-haul cabins has enabled a one-third reduction in the weight of materials and a related decline in CO<sub>2</sub> emissions. For the 14 million meal trays served on board each year, Air France is thus reducing its CO<sub>2</sub> emissions by 2,742 tons, or the equivalent of 2,565 Paris-New York return flights (calculated per customer).



### Optimized flights

On March 8, 2013, KLM launched a series of 26 fully-optimized flights between Amsterdam and New York. These flights powered by sustainable biofuels are aimed at implementing the most appropriate procedures to each stage of the flight to reduce fuel consumption and CO<sub>2</sub> emissions. This initiative enables a 5% saving on fuel relative to a standard flight. Furthermore, since 2012, KLM has offered companies the opportunity to participate in an innovative project: become a partner in the Biofuel program and travel on biofuel-powered flights. Fourteen companies have already signed up to this partnership, demonstrating that there is a real market for this type of flight.



In 2013, for the ninth successive year, the Dow Jones Sustainability index (DJSI) named Air France-KLM the leader in the airline industry. For the fifth year running, the Group was also ranked number one in the broader Transport category. This award recognizes the 24 most responsible companies in the world, each in their sector of activity.

### Greener taxiing

In 2013, amongst other initiatives, Air France participated in the Electric Green Taxiing System in partnership with Honeywell and Safran. This system aims to significantly reduce the use of engines and vehicles to move aircraft on the ground. It represents a key economic advantage while reducing gas and noise emissions. Air France also pursued its investment in reducing the weight of aircraft, and thereby its impact on the environment, notably by equipping its long-haul aircraft with lighter baggage containers.

For further information on sustainable development within the Air France-KLM group, please see the Corporate Social Responsibility Report at [www.airfranceklm.com](http://www.airfranceklm.com).



# A COMMITMENT TO CONCRETE ACTION

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As an air transport leader, Air France-KLM is aware of the role it can play in building a more responsible world. The Group partners associations and NGOs, and its CSR commitment finds concrete expression in support for numerous development projects wherever it is present. The Group's contribution takes many forms, ranging from cash donations to free transportation, skills sponsorship and awareness-raising campaigns. A commitment that can be shared with its customers through the donation of Miles.

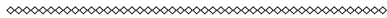
## **Supporting children**

A pioneer in the world of corporate foundations, the Air France Foundation supports aid projects for sick, disabled and vulnerable children and young people in France and in countries where Air France has operations. The Foundation's approach is based on the conviction that access to education, training, leisure and culture constitutes the most effective stepping stone to a better future.

Since 1999, KLM AirCares has provided humanitarian support for associations everywhere in the world. AirCares makes a specific commitment to children by giving them access to healthcare and educational programs in partnership with NGOs like Doctor2Doctor, Close the Gap and Wings of Support. KLM is also partnering UNICEF in the Children's Rights and Business Principles initiative which gives companies a series of guiding principles to respect to support and promote this cause at every level: contributing to eliminating child labor, ensuring child well-being and safety, and protecting children in disaster-stricken areas. By participating in this initiative, KLM affirms its commitment to making progress in this area and encouraging other companies in the air transport sector to join it.

**Company-wide mobilization!**

At the end of January 2014, in partnership with Air France Cargo, the Air France Foundation organized a fund-raising event with staff for the benefit of children in Madagascar. The money raised went towards the purchase of toys, games, educational and childcare materials and children's clothing. In total, more than 240 cartons of equipment were transported to Antananarivo by Air France Cargo and distributed locally to five associations.



Small gestures can make a real difference. This is why the Air France-KLM group offers its frequent flyers the opportunity to participate in its humanitarian programs by donating Flying Blue Miles. The generosity of its customers to KLM AirCares and Air France's association partners enables the financing of ever more projects. For further information, go to [www.flyingblue.com](http://www.flyingblue.com), "Spend Miles" section.

97  
PROJECTS  
funded in 2013-2014  
by the Air France Foundation

73  
supporting vulnerable children

14  
supporting sick children

10  
supporting children with disabilities



# A RATIONALIZED FLEET

## LONG-HAUL FLEET

At December 31, 2013, the Air France-KLM fleet comprised 552<sup>(1)</sup> aircraft in operation. With an average age of 10.2 years, it is one of the most modern and most rationalized fleets in the sector.



### **BOEING 747-400**

NUMBER: 7  
SEATS: 432  
SPEED: **M 0.85**  
LENGTH: 70.66 M  
WINGSPAN: 64.44 M



### **AIRBUS A330-200**

NUMBER: 15  
SEATS: 208  
SPEED: **M 0.82**  
LENGTH: 59 M  
WINGSPAN: 60.30 M



### **BOEING 777-200 / 300**

NUMBER: 25 / 37  
SEATS: 247-309 / 303-468  
SPEED: **M 0.84**  
LENGTH: 63.70 M / 73.86 M  
WINGSPAN: 60.90 M / 64.80 M



### **BOEING 747-400 PASSENGERS / COMBI**

NUMBER: 22  
SEATS: 415 / 276  
WEIGHT CARRIED: 35 TONS (COMBI)  
SPEED: **M 0.85**  
LENGTH: 70.67 M  
WINGSPAN: 64.44 M



### **BOEING 777-200 CARGO**

NUMBER: 2  
WEIGHT CARRIED: 103 TONS  
SPEED: **M 0.84**  
LENGTH: 63.70 M  
WINGSPAN: 60.90 M



### **BOEING 747-400 CARGO**

NUMBER: 2  
WEIGHT CARRIED: 105 TONS  
SPEED: **M 0.85**  
LENGTH: 70.67 M  
WINGSPAN: 64.44 M





**AIRBUS A380-800**

NUMBER: **9**  
SEATS: **516**  
SPEED: **M 0.85**  
LENGTH: **73 M**  
WINGSPAN: **79.80 M**



**AIRBUS A340-300**

NUMBER: **13**  
SEATS: **275**  
SPEED: **M 0.82**  
LENGTH: **63.60 M**  
WINGSPAN: **60.30 M**



**AIRBUS A330-200 / 300**

NUMBER: **12 / 4**  
SEATS: **243 / 292**  
SPEED: **M 0.82**  
LENGTH: **58.37 M / 63.69 M**  
WINGSPAN: **60.30 M**



**BOEING 747-400 CARGO**

NUMBER: **4**  
WEIGHT CARRIED: **112 TONS**  
SPEED: **M 0.85**  
LENGTH: **70.67 M**  
WINGSPAN: **64.44 M**



**BOEING 777-200 / 300**

NUMBER: **15 / 8**  
SEATS: **318 / 425**  
SPEED: **M 0.85**  
LENGTH: **63.80 M / 73.86 M**  
WINGSPAN: **60.90 M / 64.80 M**



**MC DONNELL DOUGLAS MD 11 PASSENGERS / CARGO**

NUMBER: **4 / 6**  
SEATS: **285**  
WEIGHT CARRIED: **82 TONS (CARGO)**  
SPEED: **M 0.85**  
LENGTH: **61.21 M**  
WINGSPAN: **51.96 M**

THANKS TO  
A YOUNG FLEET,  
AIR FRANCE-KLM CAN  
ACHIEVE SUBSTANTIAL FUEL  
SAVINGS AND REDUCE  
ITS CARBON  
EMISSIONS.

[1] Excluding CityJet and VLM airlines

## MEDIUM-HAUL FLEET



### **BOEING 737-700 / 800 / 900**

NUMBER: **18 / 24 / 5**  
SEATS: **132 / 174 / 189**  
SPEED: **M 0.78**  
LENGTH: **33.62 M / 39.47 M / 42.12 M**  
WINGSPAN: **35.80 M**



### **AIRBUS A318 / A319**

NUMBER: **18 / 41**  
SEATS: **131 / 142**  
SPEED: **M 0.78**  
LENGTH: **31.44 M / 33.84 M**  
WINGSPAN: **34.10 M**



### **AIRBUS A320 / A321**

NUMBER: **44 / 25**  
SEATS: **178 / 212**  
SPEED: **M 0.78**  
LENGTH: **37.57 M / 44.51 M**  
WINGSPAN: **34.10 M**



### **BOEING 737-700 / 800**

NUMBER: **9 / 32**  
SEATS: **149 / 186**  
SPEED: **M 0.78**  
LENGTH: **33.62 / 39.47 M**  
WINGSPAN: **35.80 M**

IN FRANCE,  
THE TRANSVIA.COM  
FLEET IS GROWING FAST  
WITH THREE NEW BOEING  
737-800 IN 2014

# REGIONAL FLEET



## **EMBRAER 135 / 145 / 170 / 190**

NUMBER: **2 / 18 / 16 / 10**  
SEATS: **37 / 50 / 76 / 100**  
SPEED: **M 0.77 / M 0.82**  
LENGTH: **26.33 M / 29.87 M / 29.90 M / 36.24 M**  
WINGSPAN: **20.04 M / 20.04 M / 26 M / 28.72 M**



## **CANADAIR REGIONAL JET 100 / 700 / 1000**

NUMBER: **7 / 13 / 13**  
SEATS: **50 / 70 / 100**  
SPEED: **M 0.78**  
LENGTH: **27.77 M / 32.51 M / 39.10 M**  
WINGSPAN: **21.21 M / 23.35 M / 26.20 M**

SINCE  
MARCH 2013,  
AIR FRANCE'S REGIONAL  
FLEET HAS BEEN  
REGROUPED UNDER  
THE HOP!  
BANNER



## **ATR 42 / 72**

NOMBRE : **13 / 9**  
SIÈGES : **48 / 70**  
VITESSE : **M 0.45**  
LONGUEUR : **22.67 M / 27.17 M**  
ENVERGURE : **24.57 M / 27.05 M**



## **FOKKER 70**

NUMBER: **26**  
SEATS: **80**  
SPEED: **M 0.74**  
LENGTH: **30.91 M**  
WINGSPAN: **28.08 M**



## **EMBRAER 190**

NUMBER: **24**  
SEATS: **100**  
SPEED: **M 0.78**  
LENGTH: **36.25 M**  
WINGSPAN: **28.72 M**

Find the interactive fleet at  
[www.airfranceklm.com](http://www.airfranceklm.com)

Fleet at December 31, 2013

# AIRFRANCE



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## FRANCE IS IN THE AIR

AIRFRANCE KLM

France is in the air : La France est dans l'air.

AIRFRANCE.FR



*Governance*



◆

# THE EXECUTIVE COMMITTEE

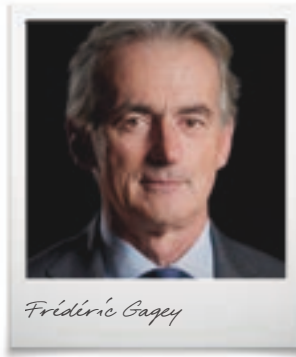
OF THE GROUP AT MARCH 31, 2014

◆



*Alexandre de Juniac*

Chairman and Chief Executive Officer of Air France-KLM



*Frédéric Gagey*

Chairman and Chief Executive Officer of Air France



*Camiel Eurlings*

President and Chief Executive Officer of KLM



*Alain Bamiel*

Chief Operating Officer of Air France



*Pieter Elbers*

Managing Director and Chief Operating Officer of KLM



*Patrick Alexandre*

Executive Vice President, Commercial – Passenger Business



*Pieter Bootsma*

---

Executive Vice President,  
Commercial Marketing –  
Passenger Business



*Bram Gräber*

---

Executive Vice President,  
Strategy – Passenger Business



*Wim Korfman*

---

Executive Vice President,  
Human Resources



*Jean-Christophe Lalanne*

---

Executive Vice President,  
Information Technology



*Jacques Le Pape*

---

Executive Vice President,  
Corporate Secretary



*Pierre-François Riolacci*

---

Chief Financial Officer



*Franck Turner*

---

Executive Vice President,  
Engineering & Maintenance



*Erik Varwijk*

---

Executive Vice President,  
Cargo



*Guy Lacklad*

---

Secretary to the Group  
Executive Committee

# BOARD OF DIRECTORS

The Board of Directors collectively represents all the shareholders. It determines the orientations of the company's activity and ensures their implementation. At December 31, 2013, the Board of Directors comprised 14 members, 11 members appointed by the Shareholders' Meeting (including two representing the employee shareholders) and three representatives of the French State appointed by ministerial order.

*Establishing the strategy  
of the Group*

◆ **Alexandre de Juniac**

Chairman and Chief Executive Officer  
of Air France-KLM

◆ **Peter Hartman**

Vice-Chairman  
of the Board of Directors

◆ **Maryse Aulagnon**

Chair and Chief Executive Officer  
of Affine

◆ **Patricia Barbizet**<sup>[1]</sup>

Chief Executive Officer and Director  
of Artémis

◆ **Isabelle Bouillot**

President of China Equity Links

◆ **Régine Bréhier**

Director of Maritime Affairs

◆ **Jean-Dominique Comolli**

Honorary Civil Administrator

◆ **Jean-François Dehecq**

Vice-Chairman  
of the National Industry Council

◆ **Jaap de Hoop Scheffer**

Professor, Leiden University  
(Netherlands)

◆ **Cornelis J. A. van Lede**

Company director

◆ **Solenne Lepage**

Deputy Director,  
Transport and Audiovisual,  
Agency for State Shareholdings

◆ **Christian Magne**

Executive, representing  
the Ground Staff and Cabin Crew  
shareholders

◆ **Bernard Pédamon**

Boeing 777 Flight Captain,  
representing the Flight Deck Crew  
shareholders

◆ **Leo M. van Wijk**

Chairman of SkyTeam

[1] Resigned on December 31, 2013. Replaced by Isabelle Parize, Chief Executive Officer of Nocibé as of March 27, 2014.



LISTENING TO  
**SHAREHOLDERS**

Year after year, Air France-KLM has made a commitment to building relationships of trust and transparency with its shareholders and developing numerous tools enabling them to remain in touch with current events concerning the Group.

**Information, discussion and dialogue**

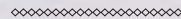
The cornerstone of the financial information for individual shareholders and institutional investors is the [www.airfranceklm-finance.com](http://www.airfranceklm-finance.com) website, with financial updates, the regulated information, the agenda and the Group's key figures. The Shareholders' Club gives holders of at least 50 shares an exclusive link with the company and access to all the company's general and financial information, notably through the ACTION'air shareholders' newsletter. Air France-KLM also has an Individual Shareholders' Committee (ISC) which represents individual shareholders to the Group's management bodies. The aim of this Committee is to communicate the needs of individual shareholders, particularly in terms of financial communication, and pass on their questions, suggestions and requests. In November 2013, the Group was awarded the "Grand Prix" for investor relations and "Shareholder Relations" prize organized by Les Echos and Investir-Le Journal des Finances in partnership with the auditing firm Mazars in recognition of its financial communication with relevant investors.

**Private events for shareholders**

To gain a greater behind-the-scenes insight into the Group, Air France-KLM regularly invites shareholders to information meetings in Paris or the French regions, attended by the company management. Site visits are also organized at the Group's main facilities in the Paris region. In 2013, shareholders were able to attend a private visit to the Paris-Charles de Gaulle hub. At the Le Bourget Paris Air Show, they were also invited to a presentation by the Senior Vice President responsible for the Air France fleet.

**Institutional investors**

On the occasion of the half-year and annual results, the Group's senior executives participate in road-shows to meet with institutional investors in Europe and the United States. They also take part in other meetings and international conferences on air transportation. The Investor Relations team maintains an on-going dialogue with financial analysts and institutional investors.



**If you hold more than 50 shares**, you can become a member of the Air France-KLM Shareholders' Club by sending a shareholding certificate proving that you hold at least 50 shares to:  
[mail.actionnaires@airfranceklm.com](mailto:mail.actionnaires@airfranceklm.com)  
or to the following mailing address:  
Air France-KLM, AFKL.FI,  
95737 Roissy Charles de Gaulle Cedex.  
You can also sign up directly on the financial website,  
[www.airfranceklm-finance.com](http://www.airfranceklm-finance.com).

# CONSOLIDATED FINANCIAL STATEMENTS

OF THE GROUP AT DECEMBER 31, 2013

## CONSOLIDATED BALANCE SHEET

### ASSETS

In € million

31/12/2013

31/12/2012  
Pro forma\*

Goodwill	237	252
Intangible assets	896	842
Flight equipment	9,391	10,048
Other property, plant and equipment	1,819	1,932
Investments in equity associates	177	381
Pension assets	2,454	2,477
Other financial assets	1,963	1,665
Deferred tax assets	436	1,392
Other non-current assets	113	152
<b>TOTAL NON-CURRENT ASSETS</b>	<b>17,486</b>	<b>19,141</b>
Assets held for sale	91	7
Other short-term financial assets	1,031	933
Inventories	511	521
Trade accounts receivables	1,775	1,859
Income tax receivables	23	11
Other current assets	822	828
Cash and cash equivalents	3,684	3,420
<b>TOTAL CURRENT ASSETS</b>	<b>7,937</b>	<b>7,579</b>
<b>TOTAL ASSETS</b>	<b>25,423</b>	<b>26,720</b>

\* Restated for IAS19 Revised. CityJet reclassified as a discontinued operation.

## LIABILITIES AND EQUITY

In € million

31/12/2013

31/12/2012  
Pro forma\*

Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(85)	(85)
Reserves and retained earnings	(944)	403
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM</b>	<b>2,242</b>	<b>3,589</b>
Non-controlling interests	48	48
<b>TOTAL EQUITY</b>	<b>2,290</b>	<b>3,637</b>
Provisions and retirement benefits	3,102	3,158
Long-term debt	8,596	9,565
Deferred tax liabilities	178	149
Other non-current liabilities	397	384
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>12,273</b>	<b>13,256</b>
Liabilities relating to assets held for sale	58	-
Provisions	670	555
Current portion of long-term debt	2,137	1,434
Trade accounts payables	2,369	2,219
Deferred revenue on ticket sales	2,371	2,115
Frequent flyer programs	755	770
Current tax liabilities	2	3
Other current liabilities	2,332	2,474
Bank overdrafts	166	257
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,860</b>	<b>9,827</b>
<b>TOTAL LIABILITIES</b>	<b>23,133</b>	<b>23,083</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>25,423</b>	<b>26,720</b>

**CONSOLIDATED INCOME STATEMENT**

In € million, period from January 1 to December 31

	2013	2012 Pro forma*
<b>SALES</b>	<b>25,520</b>	<b>25,423</b>
Other revenues	10	16
<b>External expenses</b>	<b>(15,997)</b>	<b>(16,272)</b>
<i>Aircraft fuel</i>	<i>(6,897)</i>	<i>(7,278)</i>
<i>Chartering costs</i>	<i>(455)</i>	<i>(551)</i>
<i>Aircraft operating lease costs</i>	<i>(913)</i>	<i>(949)</i>
<i>Landing fees and en route charges</i>	<i>(1,839)</i>	<i>(1,832)</i>
<i>Catering</i>	<i>(589)</i>	<i>(591)</i>
<i>Handling charges and other operating costs</i>	<i>(1,405)</i>	<i>(1,368)</i>
<i>Aircraft maintenance costs</i>	<i>(1,303)</i>	<i>(1,131)</i>
<i>Commercial and distribution costs</i>	<i>(852)</i>	<i>(866)</i>
<i>Other external expense</i>	<i>(1,744)</i>	<i>(1,706)</i>
Salaries and related costs	(7,482)	(7,662)
Taxes other than income taxes	(186)	(184)
Amortization	(1,566)	(1,576)
Depreciation and provisions	(159)	(154)
Other income and expenses	(10)	73
<b>INCOME/(LOSS) FROM CURRENT OPERATIONS</b>	<b>130</b>	<b>(336)</b>
Sales of aircraft equipment	(12)	8
Sales of subsidiaries	7	97
Other non-current income and expenses	(352)	(500)
<b>INCOME FROM OPERATING ACTIVITIES</b>	<b>(227)</b>	<b>(731)</b>
<b>Net cost of financial debt</b>	<b>(404)</b>	<b>(353)</b>
<i>Income from cash and cash equivalents</i>	<i>77</i>	<i>83</i>
<i>Cost of financial debt</i>	<i>(481)</i>	<i>(436)</i>
Foreign exchange gains (losses), net	74	64
Change in fair value of financial assets and liabilities	57	63
Others financial income and expenses	(28)	17
<b>INCOME BEFORE TAX</b>	<b>(528)</b>	<b>(940)</b>
Income taxes	(957)	(17)
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>	<b>(1,485)</b>	<b>(957)</b>
Share of profits (losses) of associates	(211)	(66)
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>(1,696)</b>	<b>(1,023)</b>
Net income from discontinued operations	(122)	(197)
<b>NET INCOME FOR THE PERIOD</b>	<b>(1,818)</b>	<b>(1,220)</b>
Non-controlling interests	(9)	(5)
<b>NET INCOME FOR THE PERIOD - GROUP</b>	<b>(1,827)</b>	<b>(1,225)</b>

\* Restated for IAS19 Revised. CityJet reclassified as a discontinued operation.

## CONSOLIDATED STATEMENT OF CASH FLOWS

In € million, period from January 1 to December 31

2013

2012  
Pro forma\*

Net income from continuing operations	(1,696)	(1,023)
Net income from discontinued operations	(122)	(197)
Amortization, depreciation and operating provisions	1,735	1,748
Financial provisions	28	(15)
Gain on disposals of tangible and intangible assets	12	(24)
Loss/(gain) on disposals of subsidiaries and associates	(6)	(97)
Derivatives – non-monetary result	(61)	(86)
Unrealized foreign exchange gains and losses, net	(114)	(94)
Share of (profits) losses of associates	211	66
Deferred taxes	916	(21)
Impairment	79	173
Other non-monetary	127	372
<b>SUB-TOTAL</b>	<b>1,109</b>	<b>802</b>
<i>Of which discontinued operations</i>	<i>(19)</i>	<i>(5)</i>
(Increase)/decrease in inventories	1	65
(Increase)/decrease in trade receivables	59	(142)
Increase/ (decrease) in trade payables	55	(299)
Change in other receivables and payables	228	416
Change in working capital from discontinued operations	27	9
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,479</b>	<b>851</b>
Acquisition of subsidiaries, of shares in non-controlled entities	(27)	(39)
Purchase of property, plant and equipment and intangible assets	(1,186)	(1,465)
Loss of subsidiaries, of disposal of shares in non-controlled entities	27	467
Proceeds on disposal of property, plant and equipment and intangible assets	245	742
Dividends received	17	24
Decrease (increase) in net investments, between 3 months and 1 year	5	30
Net cash flow used in investing activities of discontinued operations	(5)	(4)
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>	<b>(924)</b>	<b>(245)</b>
Increase in capital	6	-
Disposal of subsidiaries without loss of control, of owned shares	-	7
Issuance of debt	1,887	1,780
Repayment on debt	(1,480)	(847)
Payment of debt resulting from finance lease liabilities	(588)	(514)
New loans	(136)	(90)
Repayment on loans	157	100
Dividends paid	(4)	(2)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(158)</b>	<b>434</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(36)	(1)
Effect of exchange rate on cash and cash equivalents and bank overdrafts of discontinued operations	1	(2)
<b>CHANGE IN CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS</b>	<b>362</b>	<b>1,037</b>
Cash and cash equivalents and bank overdrafts at beginning of period	3,160	2,121
Cash and cash equivalents and bank overdrafts at end of period	3,518	3,160
Change in cash of discontinued operations	4	(2)

*Flash this code...*


... and access at [www.airfranceklm.com](http://www.airfranceklm.com),  
the Annual Report, the Corporate Social Responsibility Report,  
the Registration Document, all the key figures, the news  
on the Group together with the map of the network  
and the interactive fleet.



[www.airfranceklm.com](http://www.airfranceklm.com)



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