

ACTION

Air France-KLM's
Shareholders' Newsletter
July 2013

air



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



Dear Shareholders,

This is my first editorial since my appointment as Chairman and Chief Executive Officer of Air France-KLM and I am delighted to continue your long-standing dialogue and exchange of information with the Group.

Our industry is a growth industry, particularly in the emerging countries. However, if we want to remain an air transport major, we must pursue two objectives: adapt our cost base and reposition our products in line with the best in class. The European airlines are facing extremely tough competition from both low cost operators in our European market and the Gulf State and Asian airlines for part of our long-haul activity.



Air France-KLM change in governance

After fifteen years within the Group, Jean-Cyril Spinetta stepped down with Alexandre de Juniac as his successor.

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RESULTS FOR THE 2013 FIRST QUARTER

In a tough economic environment, the Air France-KLM Group pursued its cost and debt reduction measures...

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Launch of inflight Wi-Fi

At the end of May, Air France and KLM launched a Wi-Fi connectivity trial phase on board two Boeing 777-300s.

[For more, see page 4](#)

Minutes of the Annual General Shareholders' Meeting

The Ordinary and Extraordinary Annual General Shareholders' Meeting took place on May 16.

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→ Alexandre de Juniac editorial continued

Over the past eighteen months, we have been implementing numerous measures to reduce our costs and are now embarked on a campaign to win back customers.

At Air France, you will soon find the new seats and cabins in the Economy, Business and La Première classes and, at KLM, the new Business seats. I care a great deal about the quality of the product but also the quality of the services we offer both in flight and on the ground and I would like Air France-KLM to rapidly regain its place alongside the best.

The Transform 2015 plan reflects our ambition in the form of concrete projects around which all our teams and myself are mobilized. Month after month, we are deploying the action plans in line with the schedule we have set ourselves and we have not deviated from this trajectory. A challenging economic environment has led us to plan additional measures for implementation in 2014.

I am convinced that a win-win dynamic has been established and that, in 2015, we shall achieve the announced objectives. It goes without saying that our Group will be a leading global air transport player over the long-term. If we are on the right path it is also thanks to you, our shareholders, and your unwavering loyalty.

Change of governance

On July 1, your Group saw a major change in corporate governance



After fifteen years within the Group, Jean-Cyril Spinetta stepped down with Alexandre de Juniac as his successor.

Born in 1962, Alexandre de Juniac is a graduate of the Ecole Polytechnique de Paris and the Ecole Nationale d'Administration.

Between 1995 and 2008 he occupied various functions in the aeronautical industry (Thomson, Sextant Avionique, Thalès) before becoming Chief of Staff to Christine Lagarde at the Ministry of the Economy and then being appointed Chairman and Chief Executive Officer of Air France in November 2011.



Frédéric Gagey took over from Alexandre de Juniac as Chairman and Chief Executive Officer of Air France on July 1, 2013.

Born in 1956, Frédéric Gagey is a graduate of the Ecole Polytechnique and the Ecole Nationale de la Statistique et de l'Administration Economique (ENSAE). He joined the Air France Group in 1995. Having served as Vice President for Privatization and Financial Communication then Chief Financial Officer at Air France, between 2005 and 2012 he was a member of KLM's Board of Managing Directors, Chief Financial Officer at KLM and Executive Vice President, Fleet Management at Air France-KLM. In 2012, he was appointed Chief Financial Officer of Air France.



At KLM, Camiel Eurlings took over from Peter Hartman as President and Chief Executive Officer on July 1, 2013.

Born in Valkenburg in 1973, Camiel Eurlings is a graduate of the Technical University of Eindhoven (Master of Science in Industrial Engineering and Management Science). He served as Dutch Minister of Transport, Public Works and Water Management and Vice President of the European People's Party. Camiel Eurlings was also President of the Robert Schuman Institute and a Member of the European Parliament. He is a Councilor of the Municipality of Valkenburg.

Results for the 2013 first quarter: ongoing cost and debt reduction

In a tough economic environment, the Air France-KLM Group pursued its cost and debt reduction measures.

> Reduction in the operating loss

With the exception of the cargo business, the activities posted an increase in their revenues. Total revenues increased by 1.3% to €5.72 billion while operating costs were stable at €6.25 billion. The operating result stood at a loss of €530 million, a improvement of €80 million on the previous year. The net result was a loss of €630 million, mainly due to the change in other financial income which moved from €276 million at March 31, 2012 to €50 million at March 31, 2013.

> Reduction in net debt

Investments amounted to €282 million with disposals at €108 million. The Group generated free cash-flow of €38 million. Net debt moved from €5.97 billion at December 31, 2012 to €5.90 billion at March 31, 2013.

The application of the revised IAS 19 on pension led to a negative adjustment of stockholders' equity of €1.33 billion at December 31, 2012, reducing stockholders' equity to €3.64 billion.

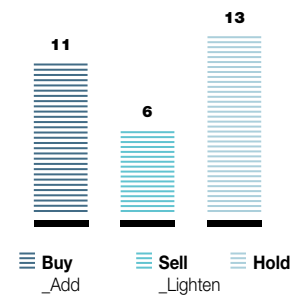
However, during this quarter, stockholders' equity recorded a number of positive adjustments amounting to €547 million. As a result, stockholders' equity was stable at €3.59 billion at March 31, 2013.

> Outlook

In a difficult and uncertain environment, the group continues the implementation of Transform 2015 which remains on track. It confirms its objectives for 2013, of a reduction in unit cost on a constant currency and fuel price basis, and a reduction in net debt.

Analysts' recommendations

(Source: Bloomberg, Reuters at March 28, 2013)



SEEN IN THE PRESS

Les Échos - May 6, 2013

"Air France-KLM could accelerate its transformation."

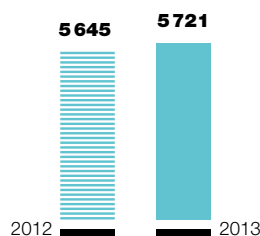
Le Quotidien du Tourisme.com/mag:

"Air France-KLM is cutting costs and reducing its debt."

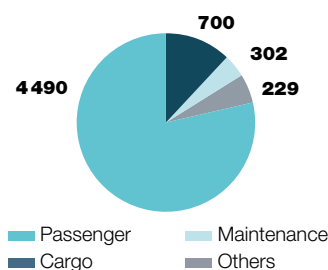
La Tribune: May 21, 2013

"Failure is not an option."
(J.C. Spinetta)

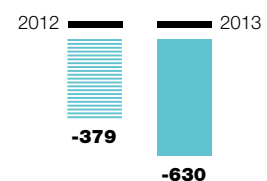
Revenues
In € million (at March 31, 2013)



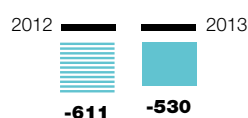
Revenues by business line
In € million (at March 31, 2013)



Net income/(loss), Group share
In € million (at March 31, 2013)



Income/(loss) from current operations
In € million (at March 31, 2013)



Operating free cash-flow
(at March 31, 2013)



Air France and KLM launch inflight Wi-Fi

At the end of May, Air France and KLM launched their inflight connectivity trial phase on board two Boeing 777-300s.

During the flight, passengers can connect to the internet using their Wi-Fi-enabled smartphones, laptops and tablets in all cabins in return for a fixed charge. They can send text messages and emails, and surf the internet during their flight just like any roaming service depending on the availability and tariff conditions offered by their mobile operator.

Once connected to the Wi-Fi network via their equipment, passengers can access a portal offering a multitude of free services to supplement the inflight entertainment, including live television news and sports channels, weather forecasts and relevant airline and destination information.

Customers can pay the fixed charge for internet access by credit card and mobile phone usage (for text and data) will be billed to users based on their own roaming agreements. Access to the airlines' portal will, however, be free of charge.

This inflight connectivity project is taking place in partnership with Panasonic Avionics and these services will be available once the aircraft has reached 20,000 feet, i.e. shortly after take-off.

With the inflight connectivity trial, Air France and KLM are adapting to their customers' new travel habits, while surprising them with innovative services.

FOCUS



★ 380 TAKES OFF FOR SHANGHAI

As of September 2, Air France will offer its customers three weekly services to Shanghai-Pudong in the Airbus A380, becoming the first European airline to serve the Chinese economic capital by super jumbo.

The Air France-KLM Group is European leader between Europe and China with 93 weekly flights linking 9 destinations in Greater China. Shanghai-Pudong is served by 27 weekly flights on departure from Paris-CDG, of which 13 operated under code share with SkyTeam member China Airlines.

AIR FRANCE LAUNCHES ITS WORLD EXCLUSIVE DIGITAL PRESS OFFER ON IPAD®

On April 16, Air France launched its new world exclusive "AF Press" application, offering customers equipped with an iPad the option to download a selection of magazines and newspapers free of charge.

Each year, Air France offers its customers several million newspapers and magazines around the world in its lounges, boarding areas and on board the cabins at the front of its aircraft. The "AF Press" app completes this paper press offering by enabling customers to download their favorite publications up to 24 hours before their flight until the time of departure and read them before, during and after their trip.



Air France has been investing in digital innovation for many years to offer its customers even more services available on smartphone and tablet. The digital press offer is already accessible on iPads® available for customer use in the La Première lounge and the Business lounges in Halls L and M at Paris-Charles de Gaulle airport.

★ AFI KLM E&M REINFORCES ITS COOPERATION WITH ROYAL AIR MAROC

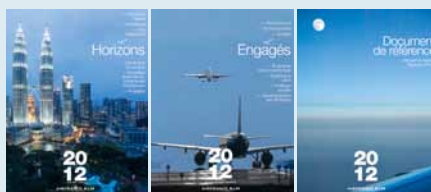


The Aerotechnic Industries (ATI) joint venture is entering a new development phase by extending its scope of operation to Boeing 737 Next Generation (NG) overhauls. Set up in 2009, this joint venture is 50/50 owned by AFI KLM E&M and Royal Air Maroc. ATI now offers its clients overhaul capabilities on aircraft in the Airbus A320 family and Boeing 737 NGs which number more than thirty aircraft. Thanks to this contract, Royal Air Maroc will benefit from the acknowledged expertise and high performance of AFI KLM E&M, which currently supports over 400 aircraft of this type worldwide.

Publication of the Annual Report, the Corporate Social Responsibility Report and the Registration Document!

On the occasion of its Annual General Shareholders' Meeting, the Air France-KLM Group published its Annual Report entitled Horizons. This document presents the Group's recent news, strategy and outlook in a magazine format.

The Registration Document contains detailed information on the Group's business activity, financial situation and outlook while the Corporate Social Responsibility Report informs readers of the numerous initiatives undertaken in this area together with how sustainability principles are applied within the air transport activity.



These documents can be downloaded from the www.airfranceklm.com website or dispatched by mail on request by sending an email to mail.actionnaires@airfranceklm.com

Air France-KLM, the air transport leader in sustainable development

> A commitment recognized at international level

Air France-KLM aims to set new standards of excellence in terms of corporate social responsibility and plans to maintain its leadership position within the air transport industry.

The Group thus places corporate social responsibility at the heart of its strategy and is mobilized around four key priorities: reducing its environmental footprint, offering customers innovative products and high-quality services, ensuring a responsible human resources policy and contributing to the development of the territories where the Group has operations.

This commitment is notably recognized by the DJSI, the main international index evaluating companies on their sustainability performance. As the air transport leader for the eighth year running, the Group also heads the broader "Transport and Leisure" sector. Air France-KLM has also been included in the new NYSE Euronext Vigeo index.



CARBON DISCLOSURE PROJECT



The Group invests and leverages its innovative capability to be able to constantly improve its offering for customers and factor sustainability into its products and services.

During 2012, innovative initiatives included Air France and KLM organizing the collection of old uniforms which are subsequently recycled and transformed into insulation fiber and baggage tags at specialized recycling facilities. Air France also recycles 80% of the equipment used during in-flight service with, for example, meal trays being re-used to manufacture blankets.

> New baggage containers

In April 2013, Air France completed the renewal of its 3,650 hold baggage containers on its long-haul aircraft (Airbus A380, A340, A330, Boeing 777 and 747).

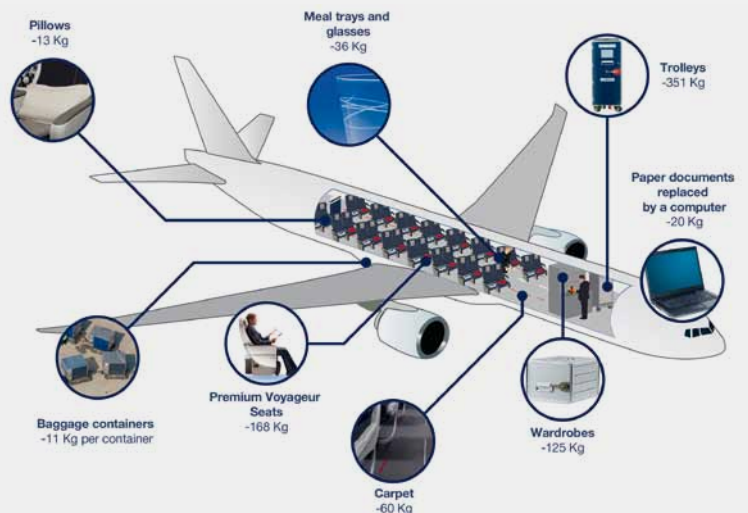
These new, lighter containers reduce the overall weight of the aircraft before and during the flight. They are made of composite fiber panels rather than aluminum, and now weigh only 72 kilos compared with 83 kilos previously.

This reduction in aircraft weight reduces CO₂ emissions by 8,000 tons per year, corresponding to 2,500 tons of kerosene.

The new containers, which are lighter and easier to handle, also make work easier for Air France ramp staff, further improving flight punctuality.

Air France has long been committed to reducing its environmental impact, with an aim to achieve neutral growth in CO₂ emissions as from 2020. Air France is also fully committed to this issue with its research into sustainable biofuels.

Reduction in the weight of equipment loaded on board a long-haul aircraft (examples for a Boeing 777)



Ordinary and Extraordinary Annual General Shareholders' Meeting on May 16, 2013

The Ordinary and Extraordinary Annual General Shareholders' Meeting, chaired by the Chairman of the Board of Directors Jean-Cyril Spinetta, was held on May 16.



13,582 shareholders representing 142,218,928 shares were present, represented, granted a proxy to the Chairman or voted by mail. The quorum was thus reached at 48.04%.

The appointment of a new Board director, Ms. Isabelle Bouillot, for a four-year period was approved along with the renewal of the mandates of Ms. Maryse Aulagnon and Mr. Peter Hartman.

All the resolutions and the voting analysis are available at the www.airfranceklm.com website, together with the minutes of the Meeting at the website's Annual General Meeting page.

On the occasion of this Meeting, the members of the Individual Shareholders' Committee were on hand to meet shareholders at the Shareholders' Space where the latter were able to sign up for the Shareholders' Club using the new form on the website. Screens were put at their disposal and they were also able to drop off their membership forms and exchange their ideas on the life of the Group.



Le Bourget Air Show

Within the framework of the events offered to individual shareholders, Air France-KLM welcomed some 400 shareholders owning more than 500 shares and living in the Paris region to an information meeting at the Air Museum during the Le Bourget Air Show on June 21.



The members of the Individual Shareholders' Committee turned out in force to help the financial communication team ensure the successful outcome of this event.

During the meeting, Philippe Calavia, Air France-KLM's Executive Vice President, Finance, gave a presentation on the Group and its financial results and Mr. Bruno Delile, Air France's Senior Vice President, Fleet, gave a presentation on changes in the fleet. They then answered questions from shareholders for a little over an hour.

Following these presentations, guests were free to visit the Air Show and learn about the latest aeronautical innovation, but also to visit the military and civil aircraft or admire the flight demonstrations, particularly those of the Patrouille de France aerobatics team and the A350.



The Committee met...



Mr Laurent talked, in particular, about his role within the airline and his professional career. Coming from a family with an aeronautical background, he joined Air France-KLM in 1992 benefiting from the merger between Air France and UTA. A co-pilot in medium haul and then long haul, he was promoted to Flight Captain in 1994 before assuming his pilot management responsibilities in 1999.

In 2007, he joined the Project A380 team and participated in the operational launch of this aircraft.

Benoît Laurent reminded the Committee members of the career path for pilots at Air France. Whatever their previous experience, (young graduates trained at Air France, experienced pilots from another airline, pilots coming from the French Air Force), everyone must follow a long and progressive career path: first a co-pilot in medium haul, followed by long haul.

A move to the Flight Captain function involves a return to medium haul before ending one's career as a Flight Captain in long haul.

At its meeting on Wednesday March 20, 2013 in the the Air France-KLM holding company's new Roissy offices, Individual Shareholder Committee members had the pleasure of sharing a working lunch with Mr. Benoît Laurent, A380 Flight Captain and Head of the A330, A340 and A380 fleet at Air France (a total of 37 aircraft).

Before taking off the following day at the controls of an A380 in the airline's livery bound for New York, Benoît Laurent agreed to answer the numerous questions from ISC members.

On a day-to-day basis, his profession involves knowing the aircraft well and achieving perfect mastery of the procedures, as well as passing multiple regularly-renewed aptitude tests: medical checks, simulator-based training and verification every six months. Air France has a reputation as one of the best airlines in the world for the quality of the initial training and continues to train its pilots throughout their careers, pilots able to fly until the age of 65.

Pilots thus use simulators to test their reactions to "everyday" technical or meteorological events and, more exceptionally, to be ready to handle even the rarest inflight situations with one constant: passenger safety.

He stressed the safety-first culture applied within the company which constitutes the daily leitmotiv of pilots including at certain airports which are considered "tricky". He highlighted that pilots generally like airports where the approach is at first glance complex since they enable them to use all their expertise during the four or five long-haul round trips realized every month.

He also outlined for the Committee members the pilots' day-to-day job: flight preparation, team management, operating a long-haul flight, the allocation of tasks between pilots and co-pilots (up to four depending on the flight duration), the calculation of the quantity of fuel to be loaded (depending on the weather conditions, aircraft

load factor, weight of the baggage on board, landing conditions, etc.). For example, an A380 flight between New York and Paris implies a load of around 90 tons of fuel at take-off.

Benoît Laurent's daily life involves managing the Air France pilots operating long-haul Airbus flights, i.e. more than 800 of a total of some 3,700 pilots, while continuing to fly himself very regularly.

He stressed, in particular, that a pilot should naturally not only be a seasoned professional but also a manager. On an A380, 24 crew members need to work together.

Lastly, Benoît Laurent came back to the Transform 2015 plan deployed within the company and the commitment made by pilots to its success over the past eighteen months (voluntary departures, reassignments, productivity efforts, etc.). Efforts which are now beginning to bear fruit and are shared by everyone within the company (pilots, cabin crew, ground staff).



Forthcoming announcements

Thursday October 31, 2013
2013 third-quarter results

Next meeting of the Individual Shareholders' Committee

Wednesday September 18, 2013

Forthcoming meetings in the French regions

Monday September 30, 2013
Annecy with *F2IC*

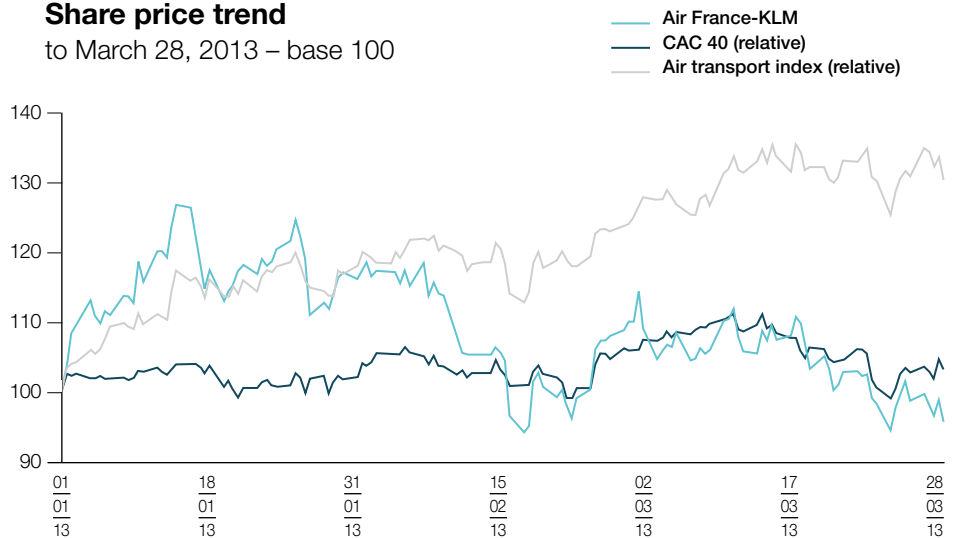
Tuesday November 19, 2013
Toulouse with *Le Revenu*



Club members in these regions will receive a personal invitation

My shares

Share price trend
to March 28, 2013 – base 100



Stock information

Listed for trading since February 22, 1999
Eligible for deferred settlement and for PEAs (equity savings plan)

INCLUDED IN THE FOLLOWING INDICES

French/Dutch: CAC Mid 60
SBF 120
AEX-index

Global: Euronext 100
DJ Eurostoxx 600

Sector indices: DJ Eurostoxx 600 Travel & Leisure

Euronext FAS IAS Index for stocks with a significant proportion of employee shareholders

Securities services and dividend payments:

Société Générale
32, rue du Champ de Tir
BP 81236
44312 Nantes Cedex 3

DUAL LISTING

Euronext Paris and Amsterdam

Code ISIN action FR0000031122
OTC Market AFLYY
Code Reuters AIRF.PA
Code Bloomberg AFLYY

NUMBER OF SHARES AT JUNE 30, 2013

Number of shares in circulation comprising the share capital : 300,219,278

Breakdown of Air France-KLM shareholders at March 31, 2013



■ 16.7% Individual shareholders
■ 15.9% French State
■ 9.4% Employees (FCPE 7.5% - Held directly 1.9%)
■ 58.0% Institutionnels

Breakdown of resident/non-resident shareholders at March 31, 2013



■ 57.7% Résident
■ 42.3% Non résident



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