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AIRFRANCE | KLM



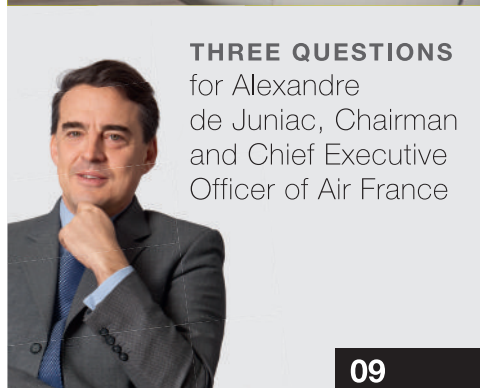
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Executive Officer
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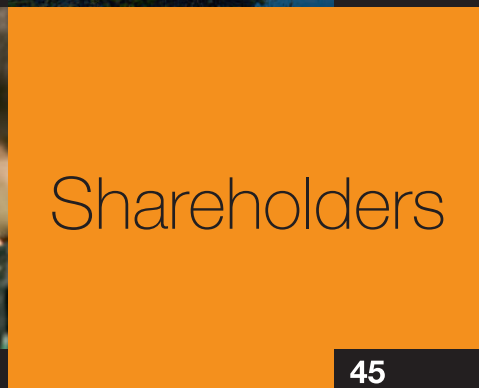
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A major global player



Air France-KLM is a major global player in each of its three businesses: passenger transportation, cargo transportation and aeronautics maintenance.

In 2011, the Group carried 75.8 million passengers and 1.4 million tons of cargo. Air France-KLM operates the leading international long-haul network on departure from its dual Paris-Charles de Gaulle and Amsterdam-Schiphol hubs. The fleet of 586 aircraft is one of the most up-to-date in the world, serving 230 destinations in 113 countries.

While pursuing its investment to the benefit of customers, the Group has implemented a wide-ranging plan to completely transform its business, aimed at increasing flexibility and responsiveness to gain competitiveness in a more-competitive world.

Backed by its fundamental strengths and the mobilization of its employees, Air France-KLM is tackling these challenges with confidence and serenity.





2012, a year of transition and mobilization

INTERVIEW

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

2011 was tough year for air transportation and for Air France-KLM. How is the future looking for the Group?

J-C.S. — Air transport is a services sector which, by definition, is subject to global economic conditions. The sector is currently experiencing a period of unprecedented change: this year fuel prices reached record levels with a very heavy impact on our profitability. The US airlines have regained their competitiveness, the Gulf State and Chinese airlines are continuing their development and the low cost carriers are gaining strength...

This transformation has been accelerated and amplified by the effects of the crisis.

— The Air France-KLM Group is emerging from the crisis weaker than its competitors: the financial situation is worrying given our low level of cash and the trend in our debt, we are not competitive enough to be profitable and the level of our unit revenues is insufficient to offset the increase in the fuel bill.

— This does not radically compromise our strategic priorities but does require a change in business model.

— This is why we are committed to in-depth change across the Group via an ambitious transformation plan, Transform 2015. Launched in January 2012, this plan has three main pillars: regaining competitiveness, restructuring the short and medium-haul activity and rapidly reducing the Group's debt.

The aim of the Transform 2015 plan is to enable an improvement in the Group's operational ●●●

●●● **and financial performance within a context marked by different economic uncertainties. What calendar have you set for achieving this?**

J-C.S. — Our goal is to return to a manageable and healthy situation in 2015, enabling us to consolidate and build on our strategic strengths.

— A first phase of measures is already underway involving limited capacity growth, an in-depth revision in the investment plan particularly as regards the fleet, a freeze on general salary increases at Air France in 2012 and 2013, and wage moderation at KLM. Additional productivity efforts and a further reduction in overhead costs will complete these measures. The priority is to achieve a 10% reduction in our unit costs* ex-fuel by 2014. This is the level required to regain the ability to pursue our realistic ambitions.

— In view of the economic environment, these measures will, however, be insufficient to guarantee the long-term restoration of the Group's competitiveness. We have thus decided to implement a second phase of measures involving a more structural transformation of our business model and activities.

— Our aim is to generate an additional €1 billion of free cash flow for the Group over three years and we plan to achieve this by leveraging all the possible sources of savings. These measures are extremely demanding and structurally difficult for the company, and we shall have to galvanize all our energies to contend with the future challenges.

— By 2014, thanks to these two phases of savings, we will have reduced our debt by €2 billion, something which represents a serious commitment!

Is €2 billion of savings in two years a realistic target?

— This transformation plan is ambitious and represents a real challenge for the company. That said, regaining our competitiveness and improving our financial situation are realistic

*Cost measured in equivalent available seat-kilometers.

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We need to be innovative and creative to achieve the required transformation.

”

objectives since we have some major strengths: we operate a young fleet on departure from two of the leading European hubs. The Group benefits from a dense and balanced network. Our employees are both competent and motivated. This is very important.

— The dedication and mobilization of all Air France and KLM employees makes me confident that we can achieve this.

In a context where absolute priority needs to be given to restoring and improving the results of Air France and KLM, how do you see the Group's governance evolving?

— Since the creation of the Air France-KLM Group in 2004, we have consistently sought to develop synergies between the two companies. We continue to pursue this avenue in that our complementarity is a real asset.

— To ensure a balanced organization, we decided to separate certain functions and, specifically, to separate the roles of Chief



Executive Officer of Air France and Chief Executive Officer of Air France-KLM. Alexandre de Juniac was appointed in November to head up Air France, while I assumed the responsibilities as Chairman and Chief Executive Officer of the Group. Lastly, it was logical to also separate the Chief Financial Officer functions at Air France-KLM and Air France.

— In future, we shall be looking at how to take our joint organization to the next level. This is an important project on which I am working with Leo van Wijk, Deputy Chief Executive Officer and Vice-Chairman of the Board of Directors of Air France-KLM, Peter Harman and Alexandre de Juniac. Leo van Wijk, with whom I oversaw the establishment of the Air France-KLM Group, is assisting me with the strategic coordination.

“

Our
complementarity
is a real asset.

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So 2012 will be a decisive year?

— Yes. 2012 will be a major year of mobilization and transition. We are going to do everything required to ensure the success of the Transform 2015 plan. But we need to remain vigilant: fuel prices remain at record levels.

— We now need to be innovative and creative to develop the appropriate measures enabling us to achieve our objective of regaining our leadership position within the air transport sector. ●



TRANSFORM 2015

The Transform 2015 plan has three main objectives set by the Group's Board of Directors:

- Regaining competitiveness implying a reduction in costs;
- Restructuring the short and medium-haul activity;
- Rapidly reducing debt.

This transformation plan aims to generate savings totalling €2 billion over three years (2012-2014) in two phases: a first phase of immediate measures followed by a plan to structurally transform the business.

Transform 2015 sets specific targets for Air France and KLM. Each company is working on the structural measures required to significantly reinforce productivity across all categories of staff and improve the use of aircraft and other assets.

While this transformation plan mostly focuses on the passenger business via the restructuring of the short and medium-haul operations, the cargo and maintenance businesses are also redefining their profitability conditions.



“Looking beyond our own borders,”

INTERVIEW WITH

Peter Hartman

President and Chief Executive Officer of KLM

The Air France-KLM Group's objective is to regain competitiveness in an increasingly competitive market. What is KLM's strategy for achieving this?

P.H. — During 2011, the air transport industry had to contend with multiple challenges. Political events in North Africa and the Middle East and the tragic events in Japan had a significant impact on our results. Closer to home, KLM was also confronted with the debt crisis in Europe and the industry as a whole had to bear the brunt of soaring fuel prices.

— All of these factors had a negative impact on our operating results and, to complicate matters, we have no way of controlling these external events. We thus need to focus on things we can change and do what we can to restore our profitability, reduce debt and secure the brightest-possible future for KLM. This will enable us to ensure that our product continues to meet the high quality standards our customers have come to expect.

— We have already initiated cost-reduction programs throughout our organization. This requires an extra effort from all employees. I call this improving our “value for money” — in short, improved productivity. Consequently, we are asking KLM employees to show even more flexibility and dedication so that we can keep the KLM family together.

Where do you see the growth opportunities for KLM?

— KLM has always been an airline with a small domestic market. This is one of the reasons why we have always looked beyond our own borders. We have benefited immensely from the development of an extensive global network around our Schiphol hub, and we will continue to pursue this course. Growth markets such as Asia and South America are very important for KLM. In 2011, we launched the Xiamen service in China while our new destinations in South America — Rio de Janeiro and Buenos Aires — are already delivering results ahead of expectations. Africa is another continent offering opportunities. This spring we launched services to Luanda in Angola and Lusaka in Zambia, both of which are very promising destinations.

— Cooperation with other airlines is another key factor in achieving better results. Within the KLM Group, this is exemplified by the code-sharing agreement we have with transavia.com which enables us to offer our passengers more

options thanks to the seamless connection between our networks. New code-sharing agreements recently signed with other airlines and increased cooperation within existing partnerships also lead to more choice for passengers. There are new doors to be opened, not only in passenger transportation but also in the air freight market. One great example is the new service between Schiphol and Asia with, on the return trip, a stop-over in Nairobi, the Kenya Airways home base.

So you are confident about 2012?

— I firmly believe that the cost-cutting measures, the dedication of KLM employees, and tapping new markets and sources of revenues will enable an improvement in our profitability and debt position.

— All these factors will be assets in terms of gaining competitiveness in a changing market and will make an ongoing contribution to the success of the Air France-KLM Group.

Three questions for . . .

Alexandre de Juniac
Chairman and Chief Executive
Officer of Air France



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We must succeed in reinventing ourselves without compromising our reputation for excellence.

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You took over at Air France within a very tough economic and geopolitical context for the company. What are the goals for the next few years?

A.D.J. — For Air France, the time is right for renewal, remobilization and winning back our customers. Our business model needs to be revisited against a backdrop of slower growth. We now need to move from a mantra of profitable growth to one of profitability as a springboard for growth.

— To achieve this change, we have been working alongside KLM on the practical application of the Transform 2015 plan. This is a wide-ranging project involving all the functions and aspects of our activity: price, product, service, organization, customers, etc. We are going to review all the components of our model and keep the best. But no business model can be effective without social compromise. It is only within a new employment framework that we shall be able to rebuild an efficient model to restore growth and regain Air France's leadership position. All our energy is currently mobilized around this.

Does the provincial bases model developed in Marseille and recently extended to Nice and Toulouse herald changes in your medium-haul activity?

— Our watchwords need to be imagination, dialogue and flexibility. It is true that the provincial bases are showing a pioneering, small-company spirit, something towards which we all need to strive. We must be able to be responsive, rapidly opening or closing services, reacting to the competition and demonstrating our ability to adapt to today's market while retaining our own identity.

— We must succeed in reinventing ourselves without compromising our reputation for excellence. Air France is not and never will be a low cost carrier since we want to continue to offer the Air France service to our customers. We must, however, develop our business in growth markets and particularly on the leisure routes.

Restoring competitiveness implies cost-cutting measures. Does this mean that you are going to stop investing in the quality of the service?

— Absolutely not! For a services company, the main objective is customer satisfaction. That is why the measures that we are going to implement will be aimed at reducing costs across the board except those relating to flight safety and customer service.

— Flight safety is the first priority for an airline and something on which there can be no compromise. Moreover, a ground-breaking

project has been implemented to further develop our flight operations safety-first policy and culture. From the Independent Safety Review Team through to the new flight analysis protocol, we are working on all aspects, not only to meet high safety standards but to achieve the highest-possible level of flight safety.

— As for investment in customer services, starting from this year this will be reflected in the upgrading of our offer. We shall be investing several hundred million euros in our Business class to continue to improve our product in terms of both in-flight and ground services aimed at making it a global benchmark. Similarly, we shall also be investing, along with Aéroports de Paris, in new infrastructures at our flagship airport, Paris-Charles de Gaulle, so that all our customers will be able to find the seamless travel experience and range of services they are seeking. We also plan to continue to invest in the digital technologies our customers have increasingly come to expect.

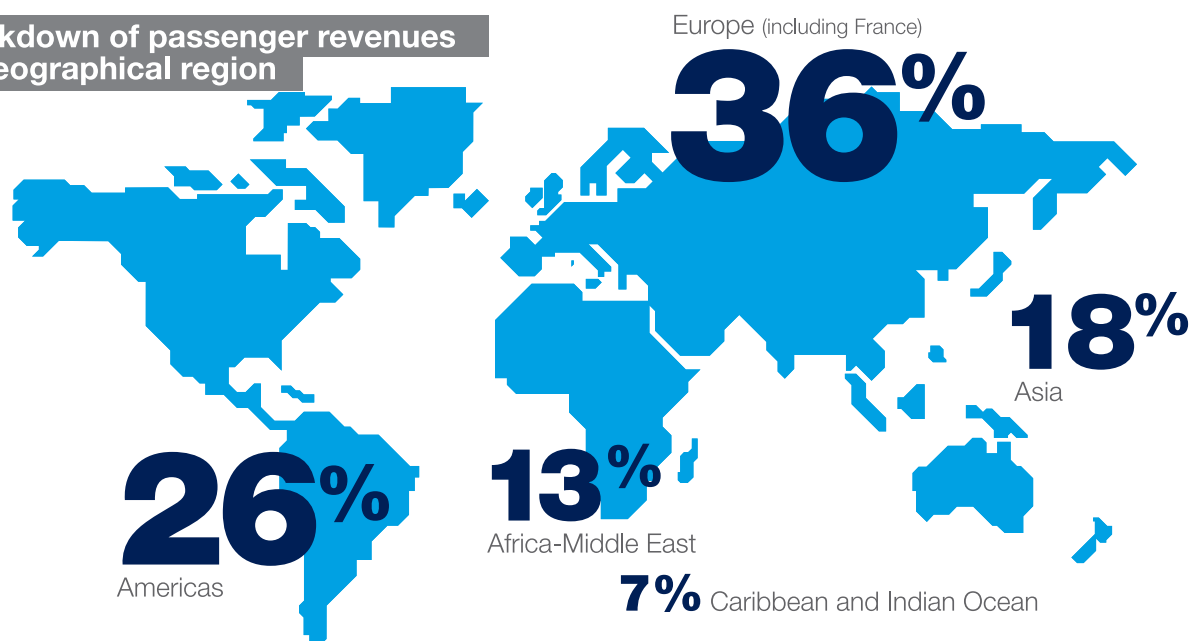
— We are thus looking to establish a virtuous circle: if we are competitive we shall return to the growth path and thus gain the room for manoeuvre to continue our development.

24.36 Revenues

billion euros

Key figures for 2011

Breakdown of passenger revenues by geographical region



75.8

million passengers

230

destinations

113

countries

2 hubs:

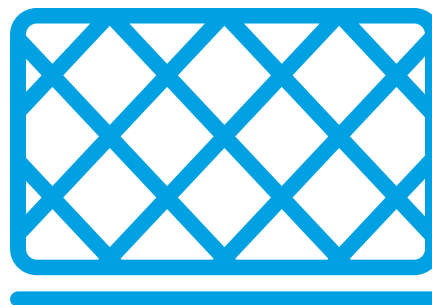
**Paris-CDG and
Amsterdam-Schiphol**

**Breakdown of revenues
by business** (in euro billion)

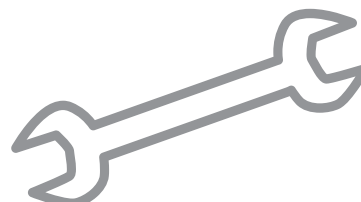
Passenger
18.83



Cargo
3.14



Maintenance
1.04



Other businesses*

1.35

*Regrouping the leisure (transavia.com) and catering businesses

Fleet

586

aircraft in operation



167

long-haul
aircraft

229

medium-haul
aircraft

173

regional
aircraft

17

full
freighters

JANUARY 2011

SKYTEAM EXPANDS

SkyTeam continued to expand in 2011 with the official arrival of China Eastern and China Airlines, and news that Saudi Arabian Airlines and Middle East Airlines were also planning membership. In 2012, the alliance will comprise 19 airlines with a network reinforced in the Middle East, South-East Asia and Latin America, and solid leadership in Greater China.



JANUARY 2011

STATE-OF-THE-ART MAINTENANCE IN INDIA

In 2011, the Group's maintenance business acquired a minority shareholding in the Indian company Max MRO Services. Air France-KLM is the first operator in its sector to offer significant component repair capability "on the doorstep" of its Indian customers.



MARCH 2011

INNOVATION FOR BUSINESS CUSTOMERS

KLM launched its new Europe Business class, offering a more comfortable seat and an improved catering service. In long-haul, the Dutch designers Viktor and Rolf created new comfort bags exclusively for KLM Business while Air France continued to equip its aircraft with the full sleep seat recommended by 97% of customers in surveys.

FEBRUARY 2011

AIR FRANCE AND KLM CONNECT

To keep their customers informed on a pro-active and real-time basis by sms or email throughout their travel, Air France and KLM launched "Connect", a new completely-free service, now available in 10 languages. Air France and KLM are the first airlines to offer such a wide range of pro-active information services to their passengers across their entire network.

MARCH 2011

SERVAIR ON AFRICAN TIME

After Kenya, Servair continued its development in English-speaking Africa by opening a catering unit in Accra, Ghana.

A review of 2011

JUNE 2011

KLM UNVEILS ITS DELFT BLUE AIRCRAFT

On June 15, 2011 in Schiphol, KLM presented a Boeing B777-200 whose fuselage was covered with a coat of 4,000 stickers each in the form of a Delft Blue tile. The initiative, known as Tile & Inspire, was aimed at establishing a link between Dutch heritage and the social media, by inviting Facebook users to create their own tiles.



SEPTEMBER 2011

L'ENVOL, AIR FRANCE'S NEW ADVERTISING FILM

For its new international advertising campaign, Air France called on French choreographer Angelin Preljocaj who created a film, "L'envol", inspired by choreography drawn from his ballet "Le Parc". Air France thus offered a new portrait of the French art of travel, imbued with passion and emotion.

SEPTEMBER 2011

A RESPONSIBLE TRANSPORT AND LEISURE LEADER

In 2011, Air France-KLM was named air transport leader for corporate social responsibility and confirmed in the two Dow Jones Sustainability Indices (world and Europe). Thanks to its performance, the Group retained its leadership for a seventh year and for a third year as leader of the Transport and Leisure sector.

OCTOBER 2011

AIR FRANCE'S REGIONAL OFFENSIVE

Launched on October 2, 2011, Air France's new offer on departure from Marseille proved a success. The airline reorganized its network thanks to increased use of aircraft and an improvement in productivity. This offensive was deployed on departure from Toulouse and Nice in the spring of 2012.



NOVEMBER 2011

CHANGE IN GOVERNANCE AT THE TOP OF THE GROUP

Jean-Cyril Spinetta, Chairman of the Air France-KLM Group, assumed the roles of Chairman and Chief Executive Officer of the Group while Alexandre de Juniac was appointed Chairman and Chief Executive Officer of Air France. The Board of Directors also decided to implement a transformation plan to restore the Group's competitiveness.



OCTOBER 2011

FLIGHTS WITH EVER-LOWER CO₂ EMISSIONS

On October 13, 2011, Air France achieved a world first by operating the flight with the world's lowest CO₂ emissions, doing everything possible to reduce noise hindrance and greenhouse gas emissions: using a 50% mix of sustainable biofuel, optimizing flight procedures and reducing on-board mass. In June, KLM launched scheduled flights using sustainable biofuels between Paris and Amsterdam, substantially reducing the carbon footprint of these flights.



NOVEMBER 2011

AIR FRANCE-KLM OPENS FOUR LINES IN SOUTH AMERICA

In 2011, KLM introduced non-stop flights to Buenos Aires, Havana and Rio de Janeiro on departure from Amsterdam while Air France inaugurated the Lima service on departure from Paris.

NOVEMBER 2011

AIR FRANCE CELEBRATES ITS MILLIONTH PASSENGER IN PREMIUM VOYAGEUR

Following its launch in autumn 2009, on November 22, 2011 Air France welcomed its millionth customer in Premium Voyageur, Mukesh Chawla, an Indian businessman travelling for professional reasons. The Premium Voyageur cabin, situated between the Voyageur and Business classes, offers 40% more space than in Voyageur class at competitive prices.



AIRFRANCE KLM

New. A la carte meals



Greater variety in culinary dishes

Tastes differ. That's why KLM introduces A la carte, a variety of delightful meals in Economy Class. For only 12 to 15 euros extra you can enjoy the meal of your choice on most intercontinental flights departing from Amsterdam. Delicious dishes from different cuisines. Check out our menu and book your favourite meal at klm.com

KLM.COM



Journeys of Inspiration

Customers

●
Staying
connected
●

Approaching **2,500,000** fans on **facebook**

450,000 followers on **twitter**



Customized services at digital speed

The digital era has completely transformed what customers expect from businesses. While fixed internet still gives access to information and around-the-clock purchasing, mobile access now offers the freedom to do this irrespective of location. In parallel, passengers are seeking ever-more personalization when they travel. From booking a ticket to choosing an in-flight meal, everyone is seeking a journey tailored to their own personal preferences. To respond

to these new needs, Air France and KLM were the first airlines to deploy the latest mobile technologies providing a pro-active flow of information to all their customers on a real-time basis. They have also developed an extensive range of à la carte options so that each customer can experience a tailor-made trip.

BEING INSPIRED AND CONNECTED

During 2011, Air France and KLM devoted substantial investment towards developing new state-of-the-art platforms for customers on the social media: KLM was one of the first airlines in the world to offer customers a 24/7 service on social media. The company continues to look for new development opportunities and plans to extend these services to other channels and languages, particularly in Asia.

KLM also has fun, interactive programs on the social media like Tile & Inspire, KLM Surprise and iPhone and Android applications like TripShake App and KLM Passport App.

Air France also made a high-profile entry into the world of social media through its Travel Challenge campaign on Facebook and stepping up its communication with customers on the new



Saving time and carefree travel: thanks to customized airport services, customers can benefit from assistance via priority routing throughout their journeys.

5,000 check-ins by mobile telephone every day



media in addition to more traditional channels like letters and email. Since spring 2012, Air France has also offered an online customer service via the social media.

“WELCOME MRS SMITH”

Air France and KLM embarked on a new phase in tailor-made travel with the introduction of customized services at the airport. Air France now offers all its customers assistance throughout their travel, on departure and arrival, and when transferring to connecting flights through priority channels, thereby saving time and enjoying faster, more-efficient routing through its main Paris-Charles de Gaulle hub. These paid-for services range from car and motorbike transfers between the airport and city center to booking a hotel room for a few hours, and give customers the opportunity to create their own end-to-end travel solutions. The extension of self services is an integral part of this strategy aimed at saving customers time throughout their trip with, for example, Self Check-In (online or using self-service check-in kiosks) having been adopted by some 65%. ●●●

CUSTOMER TESTIMONIAL



Jay Bhow,
VP Oracle India

JAY BHOW — I know Air France and KLM pretty well as I have been travelling with them for over 20 years. As VP Oracle India, I have made around five international trips a year over the past six years.

— For efficient international travel, you need to be familiar with the airlines, airports, ground staff and other services. Air France-KLM's organization gives an impression of consistency and familiarity. The flight crew make you comfortable and relaxed and the ground staff are courteous and efficient, which all contributes to making travel an excellent experience. Few other airlines provide that experience.

— As a frequent flyer with Air France and KLM, I have come to know the staff quite well and appreciate their service. On one occasion, following a missed flight connection, the duty station manager went out of his way to help me catch another flight so I could still reach home in reasonable time. On another occasion, the flight crew celebrated my colleague's birthday with champagne and cake!

— I also find that Air France and KLM manage information well when, for example, schedules change. You are notified about it thanks to Air France or KLM Connect, making it easier to organize the journey. Then there is the professionalism of the ground staff, who provide customers with a terrific service!



●●● In the autumn of 2011, Air France and KLM also inaugurated their first automated baggage drop-off units at Paris-Orly, Amsterdam-Schiphol and Bordeaux.

A CHANGE IN DEPARTURE GATE FOR YOUR FLIGHT

So that every customer can enjoy a seamless, serene travel experience with real-time information, the Group has developed highly-innovative services like "Connect". With the mobile phone number and email address provided when making a booking, through this free service launched in February 2011, customers can be informed of any service disruption before, during and after their journeys by sms or email. When a delay is announced or a flight cancelled, for example, Air France Connect and KLM Connect mobilize worldwide, 24/7. The aim: inform customers at the earliest opportunity starting from 14 days before departure and up to three hours before boarding, and offer an alternative solution such as, say, another flight or flight time. By adopting pro-active communication, Air France and KLM plan to make travel more comfortable. The surveys conducted during the launch of Connect show that giving customers advance warning of any incidents results in a much more positive

perception of their carrier. This new service enables Air France and KLM to differentiate their customer services within a highly-competitive market.

GASTRONOMY AND À LA CARTE RESERVATION

This customization of ground services is accompanied by the same approach to the in-flight experience: to create true differentiation in its Business cabin and a lasting impression of the Air France special brand, the airline has developed a new service concept, embodied in a series of gestures, words and special touches from the cabin crew throughout the flight with particular attention paid to customers' individual preferences.

To respond to the demand from customers seeking a wider choice of in-flight meals, Air France and KLM are also working on the promotion of à la carte meals in the Voyageur cabin, in addition to the catering included in the ticket price. Since November 2011, KLM passengers on long-haul flights have had a choice between five à la carte meals that they can order online when a booking is made. Customization now takes place at every stage of the trip including when booking a flight. My Personal Space on the airfrance.com and



With 20 million members in 2011, 100 airline and 30 non-airline partners, Flying Blue is the most attractive frequent flyer program in Europe: Flying Blue members can redeem their miles indefinitely provided they fly at least once every twenty months with Air France, KLM or another SkyTeam alliance airline.

Mobile websites: **2,700,000** monthly visits

Connect: **more than 5 million**



klm.com websites now enables the Group's customers to enter their personal preferences and information and gives direct access to reservation management and their Flying Blue account.

The Group's goal is to gradually extend the operating scope of its mobile website and iPhone, Blackberry and Android applications to offer its customers a relevant and reliable service throughout their journeys.

In time, it will be possible to set bespoke parameters for alert messages as a function of individual preferences and travel practices, informing passengers of the opening and closure of boarding, for example, or geo-location guidance at airports. Customized services at truly digital speed! ●

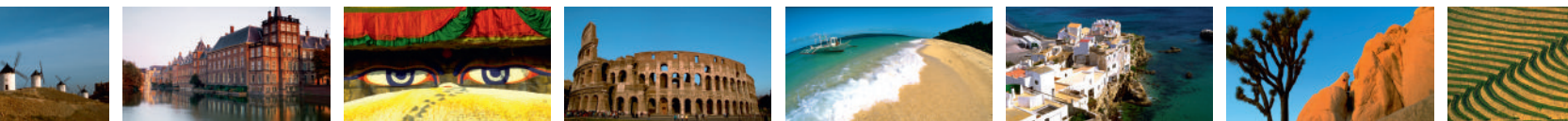
Air France-KLM aims to set new standards of excellence in customer relations through customized travel and the deployment of new technologies.

messages sent in 2011



Development

●
Ever farther
Ever nearer
●



230 destinations

113 countries

40 daily flights to Africa

29 daily flights to Asia

1,300 flights every week on departure from Marseille, Nice and Toulouse

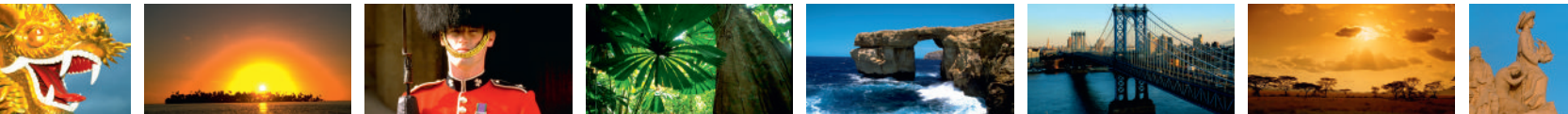
Destinations in 2012

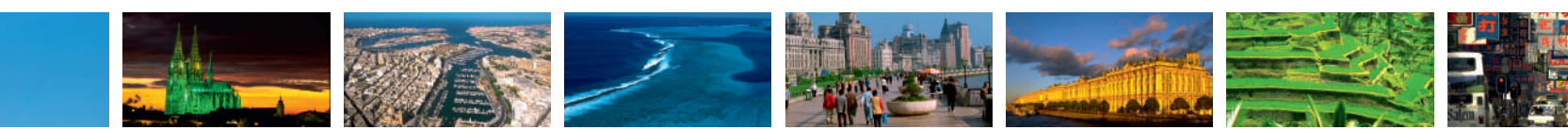


- Non-stop destination operated by Air France or KLM or within the framework of joint-ventures
- Air France-KLM hub

New network destination in 2012

- Air France
- KLM







“Building
on our
strengths
and
rethinking
our model”

INTERVIEW



Bruno Matheu
Executive Vice-President, Marketing,
Revenue Management and Network,
Air France-KLM and Chief
Commercial Officer, Air France

Air France-KLM's medium-term objective is to regain its world leadership position in air transport. What role does the long-haul network currently play in achieving this goal?

B.M. — The balanced network with a strong presence across all five continents represents a real asset for the Group, which evolves in response to the economic and competitive environment. In 2011, we launched new routes to regions with high-growth potential in, principally, Asia, Africa and South America. Some destinations, like Xiamen and Monrovia, have been added to our network while others, such as Buenos Aires and Lima, are being reinforced with services from both Air France via Paris-Charles de Gaulle and KLM via Amsterdam-Schiphol. This growth will be more modest over the next three years but will focus on strategic regions. For example, Air France is reinforcing its presence in China by launching flights to Wuhan in April 2012.

— We are also working on factoring the seasonality of demand into our network management. This winter we launched destinations like Cancun (Mexico) and Cape Town (South Africa) which will be served only during the winter, when demand is highest. This enables us to redeploy some aircraft between the summer and winter seasons and adjust the service to the needs of our customers.

— Lastly, our partnerships and joint-venture agreements enable us to extend the network to feed our flights more effectively and increase our competitiveness. In 2009, Air France-KLM and its U.S. partner Delta set up a joint-venture on their transatlantic network and have since been joined by Alitalia.

“

Our network is a real asset adapted to our ambitions.

”

While our major competitors have just established joint-venture agreements similar to ours, the Group has maintained its lead by offering an increasingly-seamless service for passengers travelling on the different airlines in the joint-venture. Air France-KLM can also count on the SkyTeam alliance to further enhance its offering. Thanks to these different levers, the Group's long-haul proposition remains flexible and adapted to its ambitions.

What are you expecting from the Group's offensive on departure from the French regions?

— The short-and medium-haul network is a major focus of our transformation plan. The challenges for Air France-KLM are significant: the Group needs to rethink its business model to reinforce its competitiveness, feed its long-haul network even more effectively and return to profitability on point-to-point routes where there is strong competition from low-cost airlines and high-speed train services.

With its regional offensive, Air France has already achieved a small revolution. This project aims to reinforce our position in the domestic market and carry an additional two million customers annually. We have achieved significant productivity gains by basing some crews and ten dedicated aircraft in the French provinces, making them fly more and more efficiently with, in time, cost reductions estimated at 15%.

— Thanks to this new model and the cost reductions achieved, Air France can offer customers very attractive fares while maintaining the products and services that its brand stands for in the market. The airline is also able to offer multiple new routes in France, Europe and the Mediterranean. This commercial offensive, launched in Marseille in October 2011 has, to date, delivered good results, encouraging the company to launch new destinations on

departure from Marseille and extend this new model to Toulouse and Nice in April 2012.

Beyond the network strategy, how does the Air France-KLM Group's customer strategy differentiate itself relative to the competition?

— We make a consistent effort to invest in product excellence with our Business class offer, in particular, the subject of ongoing improvement. For example, in 2011, Air France introduced a full-sleep seat in Business class and a new service concept, with special emphasis on the relationship aspects and the quality of the meal service. KLM also successfully launched its new Europe Business Class, KLM Europe Business, in March 2011. This new product offers customers travelling in Europe more space on board, priority ground services and flexible fares.

— In parallel, we have launched multiple catering initiatives across all cabins aimed at modernizing our offer and giving our customers more choice.

— In future, it is with digital technology that Air France-KLM is planning to make a difference. This year saw the launch of a range of innovative services aimed at keeping our customers better informed in the event of service disruption, streamlining their travel experience and offering assistance with their journeys. The use of social media and the development of our mobile offer will be key elements of our service proposition. All our teams are mobilized around making us a benchmark in digital innovation. ●

CHINA, A KEY MARKET FOR THE GROUP

China, where air travel is seeing exponential growth, is a key market for the Group. In 2012, Air France and KLM are continuing to reinforce their offer to and from China by developing their network and partnerships in Greater China, making Air France-KLM the European leader between China and Europe. The Group operates 92 weekly flights linking the Paris-Charles de Gaulle and Amsterdam-Schiphol hubs to nine destinations in Greater China: Canton, Chengdu,

Hangzhou, Hong Kong, Beijing, Shanghai, Taipei, Xiamen and, since April 2012, Wuhan, operated by Air France three times a week. Air France is the first airline to serve Wuhan non-stop from Europe. With its partners, China Southern and China Eastern, Air France-KLM offers no fewer than 135 weekly frequencies bound for China.

SKYTEAM, THE NO.1 AIRLINE ALLIANCE IN CHINA

Following the arrival of China Airlines and China Eastern in 2011, SkyTeam now boasts four Chinese airlines and is the leading alliance in Greater China. With 135 destinations, the SkyTeam network is a real asset on this rapidly-developing market and will soon be even stronger once Xiamen Airlines, the fifth largest Chinese carrier, joins the alliance. Recognizing the importance of the Chinese market, SkyTeam continues to invest to showcase the asset represented by its network. The SkyPriority service, rolled out

Highlights and key figures



WITH NEARLY

2,200

DAILY FLIGHTS

Air France-KLM offers access to a global network.

THE
LEADING
INTERNATIONAL LONG-HAUL
NETWORK



by SkyTeam member airlines and offering their Premium customers a consistent range of ground services which are identical the world over, is already available in Canton, Shanghai and Taipei. With some 14,500 daily flights to over 900 destinations in 173 countries, the SkyTeam alliance offers customers access to a global network from the world's most powerful hubs.

2011, THE YEAR OF LATIN AMERICA FOR AIR FRANCE-KLM

In 2011, KLM launched non-stop flights to Buenos Aires, Havana and Rio de Janeiro. For its part, Air France launched a service to Lima, Peru. These four new destinations are now served by both Air France and KLM. Thanks to the dual hub strategy organized around Paris-Charles de Gaulle and Amsterdam-Schiphol, the Group offers its customers an extensive

range of flights with coordinated schedules and easier connections. To Latin America, the Group offers 125 weekly flights to 11 countries: Argentina, Brazil, Chile, Colombia, Ecuador, Guyana, Mexico, Panama, Peru, Surinam and Venezuela.

A NEW PROVINCIAL BASES OFFENSIVE FOR AIR FRANCE'S MEDIUM-HAUL NETWORK

Launched in October 2011, Air France's regional offensive introduced a new model on Air France's short and medium-haul network. By adopting a new organization and significantly reducing operating costs, Air France is able to offer an innovative proposition on departure from Marseille, Nice and Toulouse, with some 1,300 flights a week. In this commercial offensive, Air France is mobilizing all its expertise and operations in France, Europe and the Mediterranean and aims to initiate a virtuous circle enabling the medium-haul activity to return to profitable growth.

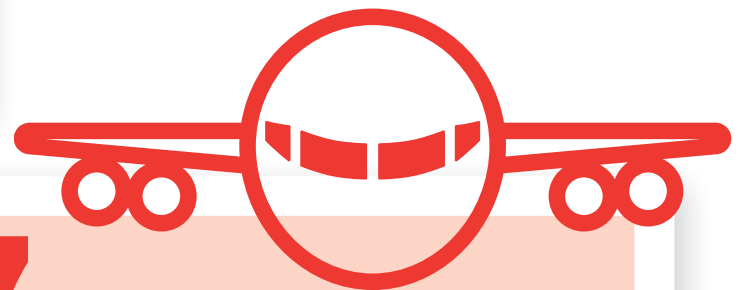


OFFENSIVE ON THE CARIBBEAN

KLM is offering 2,600 seats during the winter season bound for Aruba, Curaçao, Havana and Saint Martin as part of a strategic offensive on the Caribbean to attract leisure customers on departure from Amsterdam. Since November, Air France has also reinforced its offer to the French Antilles with new flights to Fort-de-France and Pointe-à-Pitre on departure from Paris-Charles de Gaulle.

MORE THAN 250 FLIGHTS

are operated every day within the framework of the transatlantic joint-venture bringing together Air France, KLM, Delta and Alitalia.



7 DESTINATIONS

served in the A380 by Air France in summer 2012: New York-JFK, Washington DC, Los Angeles, Montreal, Johannesburg, Tokyo-Narita and Singapore.



A leader in sustainable development

In 2011, Air France-KLM was named leader of the Travel and Leisure sector by the DJSI indices, ranking the Group amongst the world's 19 most responsible companies.

This position reflects the Group's strategy, whose goal is to reconcile the growth in air transportation with a reduction in CO₂ emissions, noise hindrance and impact on air quality. For Air France-KLM, corporate social responsibility is a key priority for which the Group is committed to setting new standards of excellence, seeking to minimize its environmental footprint by deploying all the levers at its disposal and mobilizing stakeholders. To this end, Air France-KLM implements concrete measures like modernizing its fleet and supporting research, particularly in the field of renewable energies such as sustainable biofuels for aviation.

MODERN, HIGH-PERFORMANCE AIRCRAFT

The reduction in CO₂ emissions involves precise management of the fleet. With an average age of 9.7 years, the Air France-KLM fleet is one of the most modern and rationalized fleets in the sector. The two airlines engage in ongoing

investment to modernize the fleet and offer the highest-possible standards of comfort to passengers. In 2011, Air France introduced a number of next-generation wide-bodied aircraft into its fleet which are more respectful of the environment and quieter: three Boeing B777-300ERs and two Airbus A380s. KLM saw ten next-generation Boeing B737-700s enter its fleet, replacing the old B737s.

MORE FUEL-EFFICIENT FLIGHTS

On June 29, 2011, KLM became the first airline in the world to have operated a commercial flight using bio-kerosene. This flight, followed by some hundred others, was partially powered by bio-kerosene derived from used cooking oil. For its part, Air France achieved a world first on October 13, 2011 by operating a commercial flight between Toulouse and Paris reuniting all the sources of energy savings: using sustainable biofuels certified for aviation, optimizing flight procedures to reduce fuel consumption, optimizing trajectories, reducing on-board mass

and modernizing the fleet. The emissions of this flight amounted to 54g of CO₂/passenger/km, i.e. half those of a conventional flight. These experiments reflect the Group's commitment to seeking sustainable solutions to reducing the greenhouse gas emissions from air transportation.

BUILDING LONG-TERM RELATIONSHIPS WITH CUSTOMERS

From the eco-design of products to the development of increasingly-responsible in-flight catering, all areas of the company are mobilized around offering customers a range of increasingly innovative and responsible products and services while ensuring an ongoing improvement in the commercial proposition.

For further information on all the Air France-KLM sustainable development initiatives, please see the Corporate Social Responsibility Report at www.airfranceklm.com

THE CORPORATE FOUNDATIONS

— For both Air France and KLM, commitment means concrete development initiatives and humanitarian aid. Their contributions take many forms, ranging from donations to free transportation, skills sponsorship, awareness-raising campaigns, etc.

— Since it was founded in 1992, the Air France Corporate Foundation has funded projects designed to help sick, disabled and vulnerable children and young people in France and in all the other countries where Air France operates.

— In 2011, the Foundation funded 116 projects including the opening of a new grammar school in Douala, Cameroun, enabling young people to access further education. Thanks to a fund-raising initiative by Air France-KLM employees, the Foundation also enabled the rehabilitation of the Carius Lhérisson state school in Port-au-Prince, Haiti, inaugurated in March 2011.

— Since 1999, KLM AirCares has supported numerous projects in the educational, health and employment fields in developing regions.

— In addition to contributing financial or other forms of assistance, KLM AirCares offers members of the Flying Blue frequent flyer program the opportunity to donate their miles to finance travel for the beneficiaries. In 2011, more than 10 million miles were donated to various projects. These projects and their NGO partners adhere to the UN Millennium Development Goals principally to the benefit of children and young people.

— In 2011, KLM sponsored, for example, the Medical Knowledge Institute and the Aflatoun Child Social & Financial Information initiative, and launched a pilot project via the Get it done online platform. This initiative enables the mobilization of friends and family via social media around support for humanitarian projects.



Destination Society

New direct destinations

by **AIRFRANCE** 



DIRECT FLIGHTS

**MARSEILLE, NICE
TOULOUSE**

airfrance.com

Operations

● Targeting performance

●

Operational performance: a key factor in competitiveness

FOCUS



Pieter Elbers
Chief Operating Officer of KLM

In addition to the price and quality of in-flight services, strong operational performance can make the difference relative to competitors. What are you doing to achieve this?

P.E. — We are convinced that, by putting the emphasis on operational performance, we can nip any problems in the bud, identify rapid solutions and prevent any “snowball” effects. Operational performance has been under enormous pressure in recent years. The tragic events at Fukushima had repercussions well beyond the Japanese frontiers while the Arab spring unleashed significant political instability which significantly disrupted our operations. In late 2011, we also had to contend with storms and heavy fog which had a negative impact on our punctuality. Flight management in the case of service irregularity is now increasingly proactive in terms of informing clients, transferring them to another flight in the event their flight is cancelled and tracing lost baggage. This enables us to reinstate normal flight operations much more effectively.

— Our Amsterdam-Schiphol and Paris-Charles de Gaulle hubs are absolutely vital to us. In addition to access to the Group’s vast network and the exceptional number of connections this

makes possible, they are also our main point of contact with customers. This is why we plan to continue to upgrade them to make our customers' travel experience as simple and comfortable as possible.

Being able to innovate across the board is also required.

— It is very important to be innovative, even when operating profits are under pressure. We must continue to invest in new, more-modern aircraft to enable a reduction in fuel consumption and offer our passengers a higher standard of comfort.

— Similarly, at Amsterdam-Schiphol, we have made significant investment in improving baggage handling, passenger flow and self-service processes. For example, in cooperation with KLM, the airport was recently equipped with self-service baggage drop-off units.

— Lastly, to be profitable, we must keep operating costs to a minimum. The goal that we share with our operations colleagues is to achieve this via increased flexibility and mobility. ●

“
Flight management
is increasingly
pro-active in case
of service irregularity.
”



Anne Rigail
Head of
Air France's Paris-
Charles de Gaulle
hub

What will be the new developments for Air France at Paris-Charles de Gaulle in 2012?

A.R. — 2012 will see a real transformation for the Paris-Charles de Gaulle hub aimed at making it the most attractive European platform and a major asset for the Air France offering.

— The “Hub 2012” project, in cooperation with Aéroports de Paris, will involve a comprehensive reconfiguration of the infrastructures. Firstly, the hub will be simpler and more efficient following the opening of a new long-haul boarding satellite and the concentration of Air France activities to the east of the hub, enabling faster, smoother flight connections. Some 85% of customers from the Schengen area will only need to clear security once, reducing transfer times by some ten minutes.

The hub will also be more comfortable with customers benefiting from modern facilities which have been redesigned to include a large area devoted to shopping and innovative services located in the waiting areas like a Museum and Air France's largest Business class lounge spanning some 3,000 square meters with a new nature-inspired architectural concept and resolutely oriented towards passenger well-being.

— In parallel, we are working on concrete action plans to respond to customer expectations. The check-in process will be streamlined with the deployment of express baggage drop-off points. Since March 2012, there has been improved signage in Business class at Paris-Charles de Gaulle through the deployment of SkyPriority, a consistent range of ground services which SkyTeam member airlines are rolling out globally.

Cargo business: a major transformation

BEHIND THE SCENES

— While the Group's cargo business is bearing the full brunt of the economic crisis against a backdrop of declining global growth and overcapacity, the joint Air France-KLM Cargo teams are seeing the first fruits of a transformation plan in place since 2009.

— The new momentum driven by the Transform 2015 plan thus reinforces the objectives set at the height of the crisis within the framework of the adaptation program for this business. Numerous projects have been launched: reducing the full freighter fleet, reorganizing

the Paris-Charles de Gaulle hub, deploying a new commercial policy, optimizing bellies and rationalizing the programs with the integration of Martinair within the Group.

— 2012 will see the continuation and acceleration of the projects already under way.



1

A growing proportion of the aircraft's volume

The bellies of passenger aircraft occupy nearly half an aircraft's volume. Passenger baggage is carried in these bellies but also, and especially, cargo which occupies up to 70% of the available volume, making a significant contribution to the revenues on the route.

2

Handling adapted to the merchandise

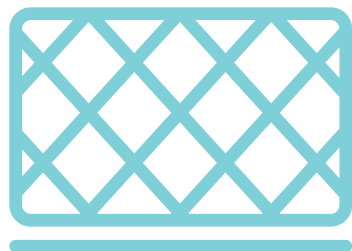
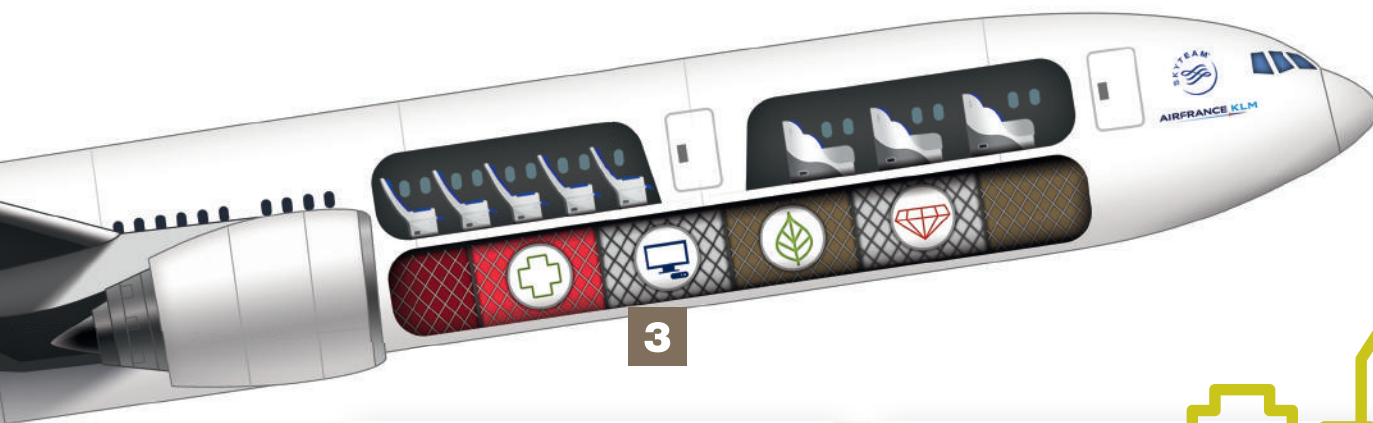
A Boeing B777-300ER can carry 23 tons of air freight in containers, on pallets or in refrigerated containers depending on the merchandise being transported.

FOCUS

As a key player in the high-added-value logistics chain, Air France-KLM Cargo Martinair Cargo ranks world number one in terms of revenue ton-kilometers.

3**Tailor-made transportation**

Air France-KLM Cargo Martinair Cargo carries different types of merchandise: very valuable products, pharmaceuticals and perishables under strictly-controlled temperature conditions, Express, mail and outside. This merchandise is carried in the holds of passenger aircraft, combi aircraft or one of the Group's 17 full freighters.

**3.14****BILLION EUROS**

of revenues or 13% of the Group's total revenues.


258
DESTINATIONS

for cargo served by the Group in Summer 2012, by joint teams, via the Paris-Charles de Gaulle and Amsterdam-Schiphol hubs.

1.4 million
TONS CARRIED



What does the day-to-day job of a Quality Assurance auditor entail?

C.M. — Air France-KLM is obviously required to comply with all the regulations applying to air transport but its goal is to take this farther still by setting new standards of excellence in this area. In maintenance, every act, every procedure and every tool complies with precise processes: repairing an aircraft component, checking an engine, refitting a cabin interior... Our extensive expertise is deployed within the context of a

Christophe Meslay
Quality Assurance auditor,
Air France Industries

highly regulated framework. My day-to-day task is to ensure that everyone is well aware of the importance of these rules and that they are applied. It is a culture that everyone needs to acquire. I often find myself saying "Be careful. Everything you do necessarily has an impact on an aircraft which is going to fly!".

Are the regulatory requirements with which you have to comply the same for all airlines?

— As an airline, we are subject to an extremely strict regulatory framework. To be able to fly, airlines have to be approved by the bodies with responsibility for flight safety (EASA in Europe, DGAC in France, FAA in the United States, CAAC in China, etc.). The same is true for the components overhauled in our workshops. Each approval is subject to multiple requirements which all airlines must meet to operate aircraft registered

Maintenance: highlights and key figures



**GLOBAL No.2
IN ITS MARKET**

Air France Industries KLM Engineering & Maintenance (AFI KLM E&M) ranks number two globally amongst the multi-product players in the aeronautics maintenance market.



1,300
**AIRCRAFT
HANDLED IN 2011**

150
**AIRLINE CUSTOMERS
WORLD-WIDE**



in these countries. The challenge is to prove to the air safety authorities that we operate aircraft that rigorously comply with the airworthiness rules and that we even go beyond this.

Within this framework, do you ever have contact with other airlines?

— Yes, we are visited by airline auditors who ensure that we comply with the required standards and their own specifications. We act, to a certain extent, as an interface between Air France and these partner airlines. We also contribute expertise to our many suppliers. As auditors, we visit their premises to monitor the compliance of their activities and also play a pro-active consultancy role: our know-how as an airline is an advantage since we have the same constraints as they do and are best placed to help them implement tried-and-tested procedures. We also see how our sub-contractors

do things; sometimes we find some real gems at small repair shops which we then integrate into our own procedures. These two tasks represent some 30% of our activity.

So you see yourself as an important link in the flight safety chain?

— Quality auditors naturally have a role to play in the ongoing improvement of our organization since they are able to evaluate what already exists and identify the strengths and weaknesses. We systematically flag any areas we identify as needing improvement and request the implementation of the required remedial measures which we then monitor. Safety involves thousands of daily acts, whether on the ground or in the air, in the hangars and on the runways, in workshops and offices. This is why nothing is left to chance. As our Chief Operations Officer drums home: "We all contribute to flight safety!".

“

Every act, every procedure and every tool complies with precise processes. Our extensive expertise is deployed within a highly-regulated framework.

”

A GLOBAL LOGISTICS NETWORK

AFI KLM E&M is pursuing its growth strategy by deploying a network of subsidiaries and partnerships. In 2011, the Group affirmed its presence in growth markets by acquiring a 26% minority shareholding in the Indian company Max MRO Services, dedicated to component support in the Indian market. AMG, a 100%-owned US subsidiary specialized in component support and aero-structures, also enables AFI KLM E&M's presence to be extended in the American market.

STRATEGY

Two priorities shape the Group's strategy: reducing costs and maintaining high standards of quality and performance and, secondly, developing the customer portfolio in high valued-added products and services. Within a context of stiff competition from engine and original equipment manufacturers in the aeronautics maintenance market, AFI KLM E&M offers a competitive alternative, tailored to the needs of airline customers.

4%

OF THE GROUP'S REVENUES



Aircraft maintenance is the Air France-KLM Group's third business. In addition to the services provided to the Group's fleets, one third of this activity is realized with third-party customers.



**▶ WE UNDERSTAND THAT
THE MODEL MUST BE
THERE IN TIME FOR
YOUR PRESENTATION.**

THE CAPACITY TO SERVE YOU

www.afklcargo.com
www.martinaircargo.com

AIRFRANCE / KLM
CARGO

Martinair CARGO

Employees

●
1,001 profiles
to meet
1,001 needs
●

Portraits

Everywhere in the world, Air France-KLM's 102,000 employees devote all their efforts towards satisfying the expectations of their customers. From reservation through to arrival at their destinations, the ground staff and cabin crew are committed to ensuring that all passengers, whatever their individual situations, have a comfortable, easy and safe journey. Similarly, the maintenance and cargo teams are attentive to the specific needs of each customer to be able to offer them a high-quality service adapted to their needs.



*Responding to the specific needs of customers
whatever their individual situations*

8,500 PILOTS IN COMMAND OF 586 AIRCRAFT IN THE FLEET. 9 LANGUAGES SPOKEN BY



Jamila Disant, Air France Ground Agent

"Every year, some 350,000 unaccompanied child passengers travel with Air France. It is my particular responsibility to ensure that they have a pleasant trip even when they need to wait for a connecting flight. This means reassuring them and keeping them entertained...Those who are most precious deserve our full attention!"

Auke Dros, KLM Boeing B737 flight captain and Pilot Recruitment Manager

“On board, the safety of our passengers and crews is our first priority, even the very essence of our job. However, customer comfort and high standards of service are almost as important: we try to have as much contact with passengers as possible which is why customer focus and service orientation are key competencies for our pilots.”



MULTI-CULTURAL AGENTS. MORE THAN 30 LANGUAGES SPOKEN ON BOARD BY FLIGHT CREW.



Louis Thao, Air France Multi-cultural Agent

“My team provides assistance and localization services to Chinese customers at Paris-Charles de Gaulle, from passengers who are ill to those who don't speak a word of French or English. Our added value is the ability to speak their language and, in particular, our knowledge of the Chinese culture which is key to meeting their specific expectations. People often say to me: *Thank you! Without you we were lost.* That's the best compliment they can pay.”





Aude Afchain, Air France air hostess

"I joined Air France as an air hostess eleven years ago and every day I am reminded why I chose this profession: the world of aviation, unparalleled diversity and permanent human contact with our passengers and crew. Ensuring the safety and comfort of passengers is an everyday responsibility. The smiles of satisfied customers remain the best possible motivation."



23,000 AIR HOSTESSES AND STEWARDS. 200,000 DAILY MEALS PRODUCED BY SERVAIR. A PRESENCE



Michel Chiang, Maintenance Sales Director for Central and South America

"I manage a joint Air France-KLM team of sales managers who sell our maintenance services to Central and South American customers: Lan Chile, TAM, AeroMexico and many more. We have extensive expertise ranging from components and engine overhaul to highly-specialized services like cabin modification projects. Identifying the needs of our customers is key to implementing the solutions best-adapted to their needs."

Michel Quissac, Servair Corporate Chef

“Understanding the needs and wishes of the company then translating them within the specific constraints of airline catering while respecting the rules of the culinary arts; these are the challenges I face on a daily basis. As a Corporate Chef, I pursue a relentless quest for meaning, taste, inventiveness and conviviality. I represent my company’s cultural identity and I need to be able to communicate it through food.”



24/7 ON SOCIAL MEDIA. 3 LOUNGES EXCLUSIVELY FOR CHILDREN ON CONNECTING FLIGHTS.



Rogier Reker, KLM Social Media Editor

“We are active 24/7 on social media to facilitate an authentic, open and personal dialogue with our customers. I believe that actively engaging and interacting with our customers on a daily basis enables us to learn a great deal about them, to innovate and make a real difference during their journey.”





SKYTEAM®

SKYPRIORITY. BECAUSE YOU ARE OUR PRIORITY.



SkyTeam introduces SkyPriority, an alliance-wide priority service label which is easy to spot at every SkyTeam-served airport around the world. Wherever you fly with SkyTeam member airlines, you* will automatically benefit from priority check-in, baggage handling, boarding and transfer desks. To learn more, visit skyteam.com

Caring more about you

*First Class, Business Class, and SkyTeam Elite Plus passengers.



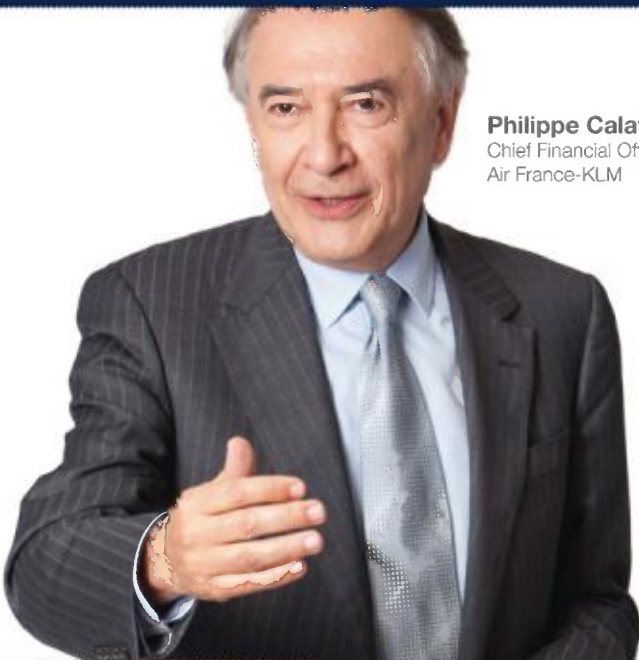
Shareholders

●
Governance
Individual shareholders
Financial statements
●

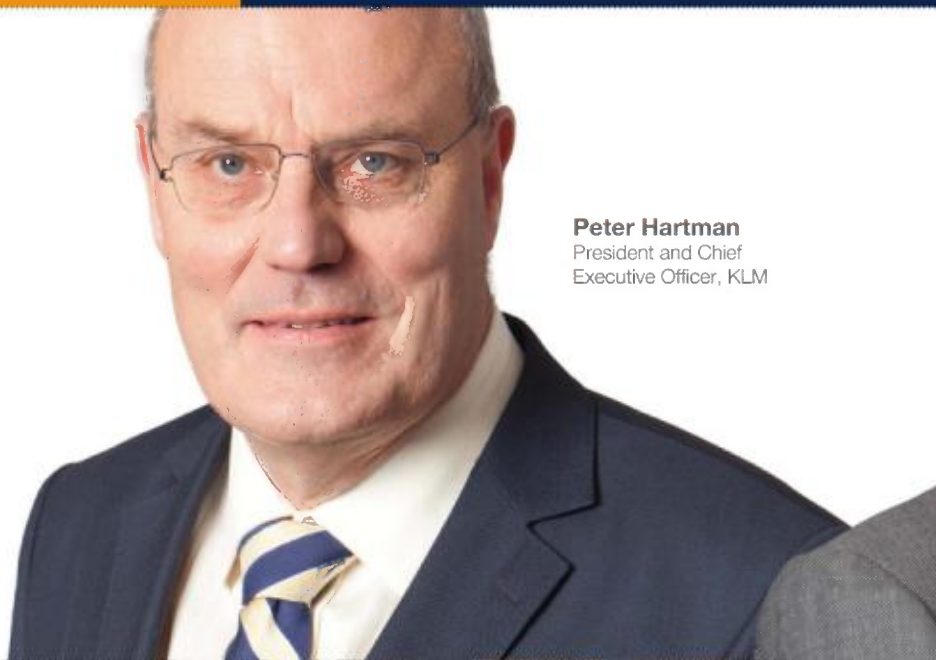
The Air France-KLM Group's governance is ensured by its Board of Directors and the Group Executive Committee, chaired by Jean-Cyril Spinetta.

The Board of Directors determines the orientations of the Group's activity and ensures their implementation. Subject to the powers conferred upon it, the Board is responsible for any question regarding the proper running of the company and settles, in its deliberations, the matters which concern it.

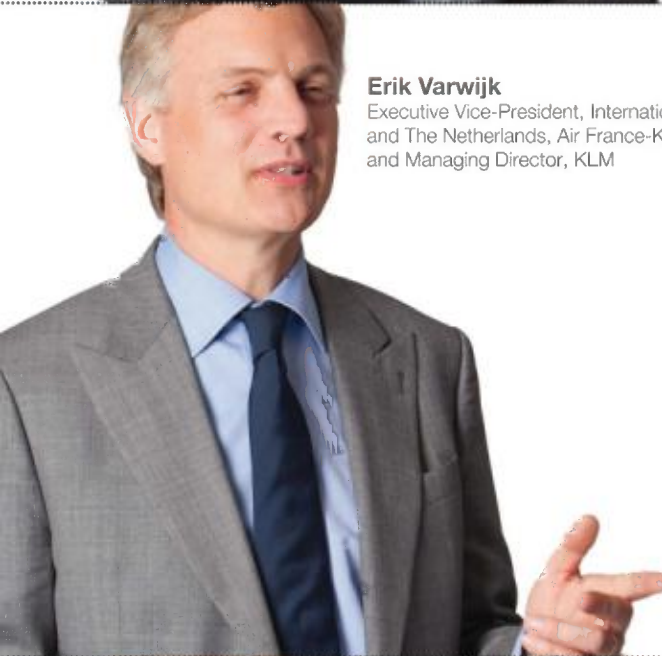
The Group Executive Committee determines the Group's main orientations within the framework of the strategy approved by the Board of Directors during meetings held every two weeks, alternating between Paris and Amsterdam. Its members fulfil responsibilities at the level of the Air France-KLM Group while retaining their functions within each company.



Philippe Calavia
Chief Financial Officer,
Air France-KLM



Peter Hartman
President and Chief
Executive Officer, KLM



Erik Varwijk
Executive Vice-President, International
and The Netherlands, Air France-KLM
and Managing Director, KLM



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



Bruno Matheu
Executive Vice-President, Marketing,
Revenue Management and Network,
Air France-KLM and Chief Commercial
Officer, Air France



Camiel Eurlings
Executive Vice-President,
Air France-KLM Cargo and
Managing Director, KLM



Frédéric Gagey
Executive Vice-President, Fleet
Management, Air France-KLM and
Chief Financial Officer, Air France



Alain Bassil
Executive Vice-President,
Engineering and Maintenance,
Air France-KLM and Chief
Operating Officer, Air France



Edouard Odier
Executive Vice-President,
Information Systems, Air France-
KLM and Air France

Alexandre de Juniac
Chairman and Chief Executive
Officer, Air France

Group Executive Committee

AT DECEMBER 31, 2011

Christian Boireau
Executive Vice-President,
French Sales, Air France-KLM



Bertrand Lebel
Secretary of the Executive Committee in
charge of strategic planning, Air France-KLM

Leo van Wijk
Vice-Chairman of the Board of
Directors and Deputy Chief Executive
Officer, Air France-KLM



Wim Kooijman
Executive Vice-President,
Management Development,
Air France-KLM



A permanent dialogue with shareholders

Air France-KLM maintains a regular dialogue with shareholders, in a spirit of transparency, aimed at building personal, long-term relationships. To this end, the Group has teams dedicated to relations with both individual shareholders and institutional investors.

Members of the Air France-KLM Consultative Committee for Individual Shareholders (at December 31, 2011)

G�rard Audran Research Executive	Gilbert Le Dain Retired	Christian Samson Designer
Ren� Chateaufneuf Mason	Fabrice Lelong Accountant	Claude Samuel Retired
Henri Deportes Retired	Michel Martin Lawyer	Anne Somborn Retired
Jean-Louis Dervin Engineer	Philippe Millet Chief Executive Officer	
Michel Guerillot Consultant	Huguette Rollet Retired	

PERSONAL CONTACT WITH INDIVIDUAL SHAREHOLDERS

— Individual shareholders are invited to information meetings in the French regions that the Group regularly organizes in partnership with the business press to present its strategy, results and issues relevant to the sector. In 2011, meetings were held in La Rochelle, Clermont-Ferrand and Marseille.

— **The Shareholder Relations team** is responsible for contact with individual shareholders informing them of the Group's financial news or, for example, the taxation applying to shares. On request, the team will dispatch the available documents by mail.

A FORUM FOR DISCUSSION AND IDEAS

The Group encourages the involvement of individual shareholders and welcomes their ideas when it comes to developing its communication.

— **The Consultative Committee for Individual Shareholders (CCRAI)**, established in 2000 and currently comprising twelve representative members, constitutes a forum for discussion and ideas on communication with Air France-KLM's individual shareholders. During the quarterly meetings, its members raise any questions they have and communicate their suggestions and requests which are followed up by Air France-KLM in the form of recommendations and thematic studies. The CCRAI's work, in plenary sessions and sub-groups, notably focuses on the General Shareholders' Meeting, the Shareholders' Newsletter, the website and the Annual Report. The members of the Committee also act as the

A Shareholders' Club with **7,000** members

A Consultative Committee with

CONTACT WITH INSTITUTIONAL INVESTORS

— For institutional investors, the Group's senior executives regularly participate in road-shows in Europe and the United States to meet investors interested in the Air France-KLM Group. During the 2011 financial year, two major road-shows were organized with the management together with other meetings and participation in international conferences.

— **The Investor Relations team** maintains an ongoing dialogue with financial analysts and institutional investors and organizes conference calls and information meetings for the financial community to coincide with results announcements.

bridge between individual shareholders and the Group. They regularly accompany the teams responsible for financial communication to information meetings held during the Shareholders' Meeting or meetings in the French regions.

— **The Group has also created a Shareholders' Club** aimed at maintaining a regular, constructive dialogue. It currently boasts some 7,000 members and is open to any Air France-KLM shareholder owning a minimum of 50 shares in either bearer or registered form.

— **Members of the Shareholders' Club** can also gain a behind-the-scenes insight into the Group via invitations to site visits. In 2011, some fifteen such visits gave them the opportunity to meet professionals from the passenger, cargo and maintenance activities.

CONTINUOUS ACCESS TO INFORMATION

Shareholders have access to a continuous flow of clear, transparent information on the Group's day-to-day life and results via different channels.

Members of the Board of Directors at December 31, 2011

The Air France-KLM Group's Board of Directors may have up to 18 members, appointed for a four-year term of office. At December 31, 2011, the Board of Directors comprised 14 members, 11 directors appointed by the Shareholders' Meeting (including two representing the employee shareholders) and three representatives of the French State appointed by ministerial order.

Jean-Cyril Spinetta

Chairman of the Boards of Directors of Air France-KLM and Air France

Leo van Wijk

Vice-Chairman of the Air France-KLM Board of Directors

Maryse Aulagnon

Chairman and Chief Executive Officer of Affine

Patricia Barbizet

Chief Executive Officer and Director of Artémis

Jean-François Dehecq

Honorary Chairman of Sanofi Aventis

Jean-Marc Espalioux

Partner and Executive Chairman of Montefiore Investment

Peter Hartman

President and Chief Executive Officer of KLM

Jaap de Hoop Scheffer

Kooijmanschair for Peace, Justice and Security, Leiden University

Cornelis J.A. van Lede

Chairman of the Heineken Supervisory Board

Jean-Dominique Comolli

Commissioner for State Holdings

Claude Gressier

Honorary General Public Works Engineer, Managing Director, Infrastructures, Transport and Maritime Affairs at the Ministry of Ecology, Sustainable Development, Transport and Housing

Marie-Christine Saragosse

Chief Executive Officer of TV5Monde

Christian Magne

Ground Staff and Cabin Crew Representative Finance Executive

Bernard Pédamon

Flight Deck Crew Representative Boeing B777 Flight Captain

— **The Group's financial website** gives shareholders access to interactive content designed especially for them, enabling the consultation and downloading of the Group's financial publications, the documents relating to the Shareholders' Meeting and the financial agenda. There is a form on the website enabling shareholders to submit ideas and an alert system by email informing individual shareholders of the posting on-line of press releases and sending reminders of financial events in the agenda.

— **A simplified version of the website** is also accessible by mobile telephone at www.airfranceklm-finance.mobi.

— **The ACTION'air newsletter**, sent every quarter to members of the Shareholders' Club, provides an update on the Group's financial and other news, keeping them in touch with developments within the Air France-KLM Group.

— Website: <http://www.airfranceklm-finance.com>, open to everyone

— Sign up for **the Shareholders' Club** by email at mail.actionnaires.afklm@airfrance.fr or by mail: Air France-KLM Shareholders' Club, 45 rue de Paris, 95747 Roissy CDG cedex.

— **The Shareholder Relations team** is responsible for sending out all the available publications by mail (including the Group's Registration Document) which are also accessible on the website, and for answering shareholder questions on a dedicated number +33 1 41 56 56 56.

Summary consolidated financial statements

The change in accounting year end from March 31 to December 31 resulted in a financial year spanning a period of nine months (April to December 2011). To facilitate understanding of the business, the Group opted to also present its activity and results over the full 2011 calendar year. The complete financial statements together with the accompanying notes can be consulted in the Group's Registration Document or at www.airfranceklm-finance.com.

Consolidated balance sheet

Assets

In € million	December 31, 2011	December 31, 2010
Goodwill	426	401
Intangible assets	774	662
Flight equipment	10,689	11,163
Other property, plant and equipment	2,055	2,131
Investments in equity associates	422	431
Pension assets	3,217	2,944
Other financial assets	2,015	1,836
Deferred tax assets	1,143	886
Other non-current assets	168	127
— TOTAL NON-CURRENT ASSETS	20,909	20,581
Assets held for sale	10	2
Other short-term financial assets	751	628
Inventories	585	579
Trade accounts receivables	1,774	1,779
Income tax receivables	10	1
Other current assets	995	1,113
Cash and cash equivalents	2,283	3,496
— TOTAL CURRENT ASSETS	6,408	7,598
— TOTAL ASSETS	27,317	28,179

Liabilities and equity

In € million	December 31, 2011	December 31, 2010
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(89)	(93)
Reserves and retained earnings	2,858	3,802
— EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF AIR FRANCE-KLM	6,040	6,980
Non-controlling interests	54	52
— TOTAL EQUITY	6,094	7,032
Provisions and retirement benefits	2,061	1,566
Long-term debt	9,228	8,836
Deferred tax liabilities	466	468
Other non-current liabilities	321	430
— TOTAL NON-CURRENT LIABILITIES	12,076	11,300
Provisions	156	679
Current portion of long-term debt	1,174	1,811
Trade accounts payables	2,599	1,928
Deferred revenue on ticket sales	1,885	1,857
Frequent flyer programs	784	820
Current tax liabilities	6	12
Other current liabilities	2,386	2,595
Bank overdrafts	157	145
— TOTAL CURRENT LIABILITIES	9,147	9,847
— TOTAL LIABILITIES AND EQUITY	27,317	28,179

Consolidated income statement

In € million	2011	2010
— SALES	24,363	23,310
Other revenues	39	7
— REVENUES	24,402	23,317
External expenses	(15,517)	(14,306)
Salaries and related costs	(7,460)	(7,385)
Taxes other than income taxes	(191)	(175)
Amortization	(1,642)	(1,614)
Depreciation and provisions	(55)	(53)
Other income and expenses	110	244
— INCOME FROM CURRENT OPERATIONS	(353)	28
Sales of aircraft equipment	16	(10)
Other non-current income and expenses	(143)	616
— INCOME FROM OPERATING ACTIVITIES	(480)	634
Cost of financial debt	(463)	(455)
Income from cash and cash equivalents	92	84
<i>Net cost of financial debt</i>	<i>(371)</i>	<i>(371)</i>
Other financial income and expenses	(180)	(239)
— INCOME BEFORE TAX	(1,031)	24
Income taxes	245	275
— NET INCOME OF CONSOLIDATED COMPANIES	(786)	299
Share of profits (losses) of associates	(19)	(13)
— NET INCOME FOR THE PERIOD	(805)	286
Net income for the period – Equity holders of Air France-KLM	(809)	289
Non-controlling interests	4	(3)


Consolidated statements of cash flows

In € million	2011	2010
Net income for the period – Equity holders of Air France-KLM	(809)	289
Non-controlling interests	4	(3)
Amortization, depreciation and operating provisions	1,697	1,667
Financial provisions	(2)	(5)
Gain on disposals of tangible and intangible assets	(6)	46
Loss/(gain) on disposals of subsidiaries and associates	(2)	(10)
Gain on Amadeus operation	-	(1,030)
Derivatives – non monetary result	(8)	(24)
Unrealized foreign exchange gains and losses, net	95	159
Share of (profits) losses of associates	19	13
Deferred taxes	(266)	(305)
Other non-monetary items	(369)	46
Subtotal	353	843
(Increase)/decrease in inventories	15	25
(Increase)/decrease in trade receivables	(49)	121
Increase/(decrease) in trade payables	690	(41)
Change in other receivables and payables	(75)	95
— NET CASH FLOW FROM OPERATING ACTIVITIES	934	1,043
Acquisition of subsidiaries and investments in associates, net of cash acquired	(30)	(10)
Purchase of property, plant and equipment and intangible assets	(2,433)	(2,037)
Proceeds on Amadeus transaction	-	193
Proceeds on disposal of subsidiaries and investments in associates	-	-
Proceeds on disposal of property, plant and equipment and intangible assets	1,168	1,054
Dividends received	28	8
Decrease (increase) in investments, net between 3 months and 1 year	(562)	(44)
— NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,829)	(836)
Increase in capital	6	-
Purchase of non-controlling interests, of shares in non-controlled entities	(21)	(4)
Disposal of subsidiaries without loss of control, of shares in non-controlled entities	2	20
Issuance of long-term debt	1,414	532
Repayment on long-term debt	(990)	(640)
Payment of debt resulting from finance lease liabilities	(838)	(618)
New loans	(145)	(78)
Repayment on loans	265	224
Dividends paid	(4)	(3)
— NET CASH FLOW FROM FINANCING ACTIVITIES	(311)	(567)
— EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS	(19)	5
— CHANGE IN CASH AND CASH EQUIVALENTS AND BANK OVERDRAFTS	(1,225)	(355)

At www.airfranceklm.com, access the Annual Report, the Corporate Social Responsibility Report, the Registration Document, all the key figures and the Group's news together with the interactive network and fleet.

Contributors

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