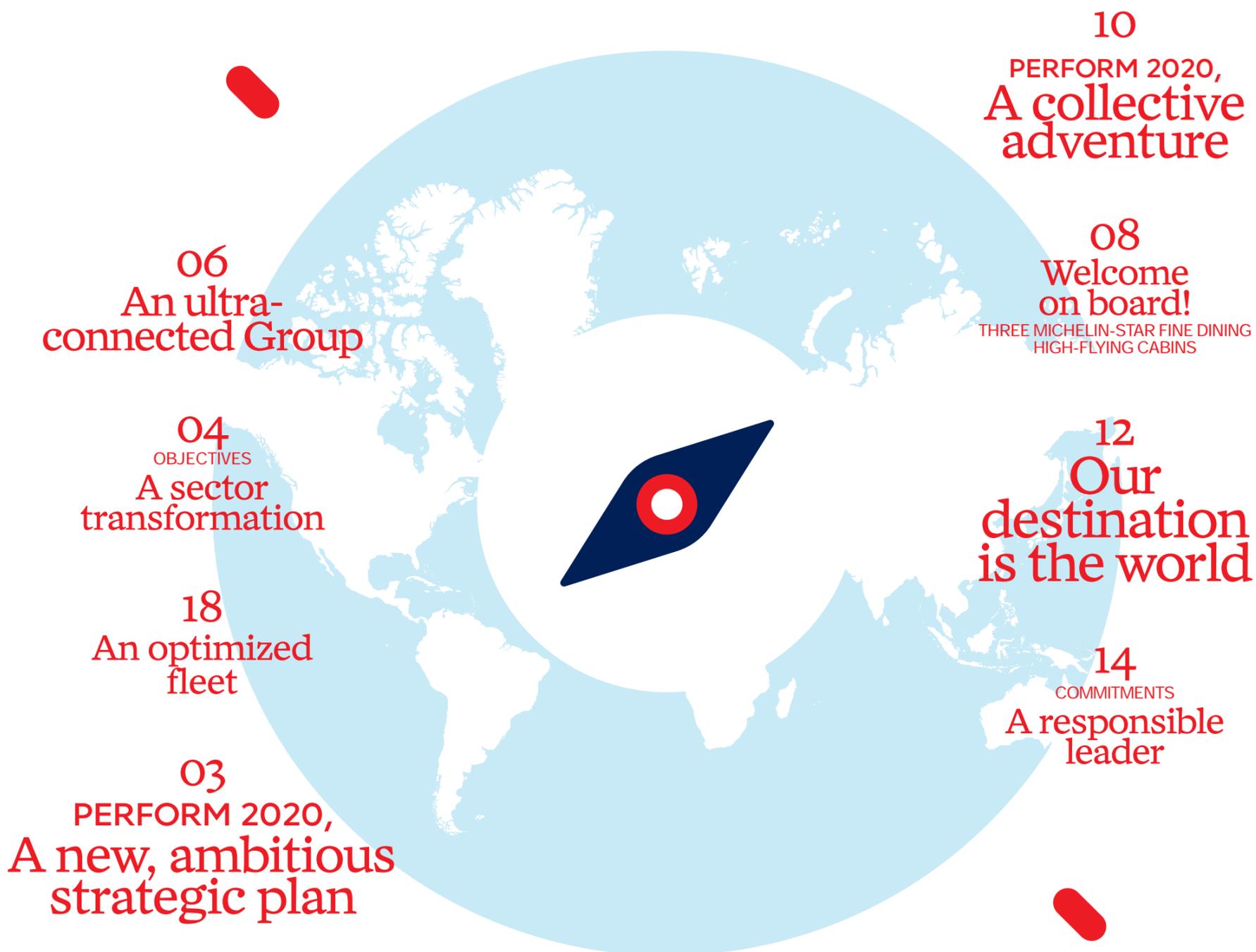


# OUR AMBITIONS

2014



10

PERFORM 2020,  
A collective  
adventure

08

Welcome  
on board!

THREE MICHELIN-STAR FINE DINING  
HIGH-FLYING CABINS

12

Our  
destination  
is the world

14

COMMITMENTS

A responsible  
leader

06

An ultra-  
connected Group

04

OBJECTIVES

A sector  
transformation

18

An optimized  
fleet

03

PERFORM 2020,  
A new, ambitious  
strategic plan

## Rising to the growth challenge

INTERVIEW WITH ALEXANDRE DE JUNIAC  
CHAIRMAN AND CHIEF EXECUTIVE OFFICER  
OF THE AIR FRANCE-KLM GROUP

AIRFRANCE KLM

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

**The airline industry: a dynamic market offering high-growth opportunities for Air France-KLM**

We are fortunate to operate in a growth market: air traffic between Europe and the rest of the world is set to grow by an annual 4% over the next 15 years. Some of our activities already enable us to capture part of this growth: our Maintenance, Repair & Overhaul business, which benefits from growing engineering and maintenance needs, and the development of Transavia driven by the increase in leisure customer demand for flights offering the best value for money. Our other businesses are also preparing to capture this growth, by adapting to satisfy the needs of new customers, new requirements and new players. A few examples? New customers: the emerging Chinese, Indian and Brazilian middle classes are increasingly taking flights for holidays or to visit friends and family. New requirements: digital is currently revolutionizing relationships with customers and distribution channels while the success of SkyPriority shows that we need to adopt a holistic approach to the customer experience – before, during and after the flight. New players:

in Europe, the low-cost airlines are reinforcing their positioning, particularly at our Paris and Amsterdam hubs while, to the east, the Gulf State carriers are developing rapidly. In short, we can't go looking for tomorrow's growth with yesterday's strategies but we can adapt so that all our businesses are able to benefit from the dynamism of the market.

**Transform 2015: unprecedented efforts which have put Air France-KLM back in the race.**

When we launched the Transform 2015 plan, the situation of the Air France-KLM Group was very worrying: debt had tripled in four years, losses were mounting and the product was starting to fall short of the best industry standards. Thanks to Transform 2015, we managed to completely reverse this situation: we reduced our debt by just over one billion euros, we returned to structural profitability (since without the Air France pilots' strike the Group would have generated a three hundred million euro profit) and we invested one billion euros in upgrading the product. Our strategy was the right one and we kept our promises. Transform was an undeniable success and this success is to the credit of the men and women working for Air France-KLM. They can be proud of their efforts which have put our Group back in the race and will enable us to post a positive result in 2015. At the same time, however, the market and the competition have also continued to make strides. And while we have partly caught up, we need to pursue our efforts to regain both our leadership position and the commercial and financial performance which is key to our long-term future and independence. Beyond these efforts which we plan to intensify, the European and international authorities must understand the importance of the implementation of balanced

and transparent competition rules without which there can be no level playing field from Europe, in Europe and to Europe.

**Perform 2020: creating the conditions to win back market share.**

Our strategy can be summed up in one phrase: go looking for growth where it exists. The air transport market is a world of rapidly-developing giants where there will be no place for second division players. Clearly, growth creates size and size favors growth. Air France-KLM's ambition is to reinforce its position as a world major with European foundations. This ambition informs our *raison d'être*: bring Europe closer, carry the world to Europe and welcome the world in Europe. We have identified three main growth levers: Asia where we plan to reinforce our existing partnerships and develop new ones with airlines which are similar to us in size, the European leisure market where we are going to accelerate Transavia's growth, and the maintenance market where we plan to continue to make acquisitions to supplement our organic growth. However, to finance our growth, we are going to have to further improve our competitiveness and reduce

# Rising to the growth challenge

**Transform 2015: targets achieved**

**€1bn**

reduction in annual costs over three years

**€1.1bn**

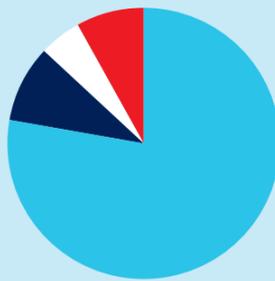
reduction in net debt

Excluding the Air France pilots' strike in September 2014, debt would have been reduced by more than €1.5 billion.

**€25.4bn**

of revenues in 2014, adjusted for the estimated impact of the Air France pilots' strike.

Reported revenues: €24.91bn



Break-down in revenues by segment

- 78% from the passenger business
- 9% from the cargo business
- 5% from the maintenance business
- 8% from the other businesses (including Transavia and Servair)

**€296m**

of operating income in 2014, adjusted for the estimated impact of the Air France pilots' strike.

**€5.41bn**

of net debt at December 31, 2014. Stable net debt, impacted by the Air France pilots' strike and the situation in Venezuela.

our cost differentials with our main competitors. While the Transform 2015 plan enabled us to begin to narrow the gap, the competitive (low-cost carriers in Europe, Gulf State carriers to the east) and economic pressures (weak unit revenues) are such that we are going to have to maintain and intensify our efforts.

This is why we are implementing the new Perform 2020 plan. All Air France-KLM employees are mobilized around building this plan and they will be responsible for its realization. It will mean unleashing everyone's initiative, creativity and expertise so that we can regain our leadership position. This plan will enable us to act on the main levers that will forge our future performance:

**Competitiveness:** improving our operational performance and reducing costs. More than one million euros of savings will thus be achieved over the next three years.

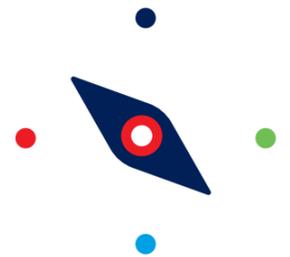
**Customer focus:** we have ring-fenced our investment in upgrading the customer experience (lounges, seats, in-flight entertainment, catering on the ground and in the air, digital) and we are going to continue to develop our relationships with all our customers everywhere in the world.

**Change the way we work:** we are going to take a fresh look at the way we are organized to optimize processes and become even more efficient, agile and responsive.

This plan is going to succeed because we already benefit from multiple strengths to support our transformation efforts: innovation, openness, a fighting spirit, close customer relationships and reliability are at the heart of our corporate culture and history. Our portfolio of brands (Air France, KLM Royal Dutch Airlines, HOP!, Transavia, AFI KLM E&M, Air France-KLM Martinair Cargo, Servair) enables us to respond to all the market needs with offers that are both well-positioned and mutually complementary. Our international network, which we are continuing to consolidate, remains one of the best in the world. Our alliances, both existing and future, contribute to our global reach.

We are going to succeed with this plan because the men and women of Air France-KLM are all committed to a single goal: increasing standards of customer service day after day.

## PERFORM 2020 a new, ambitious strategic plan



**NO. 1**  
**Build profitable and sustainable growth**

Improve revenue and costs to enable investment for growth. Increase our share of growth markets by selective development.



**NO. 2**  
**Be competitive**

Continue cost reduction to be price competitive. Guarantee high level Operations & Service performance.

**NO. 3**  
**Be customer minded**

Offer products and services at world-class level.

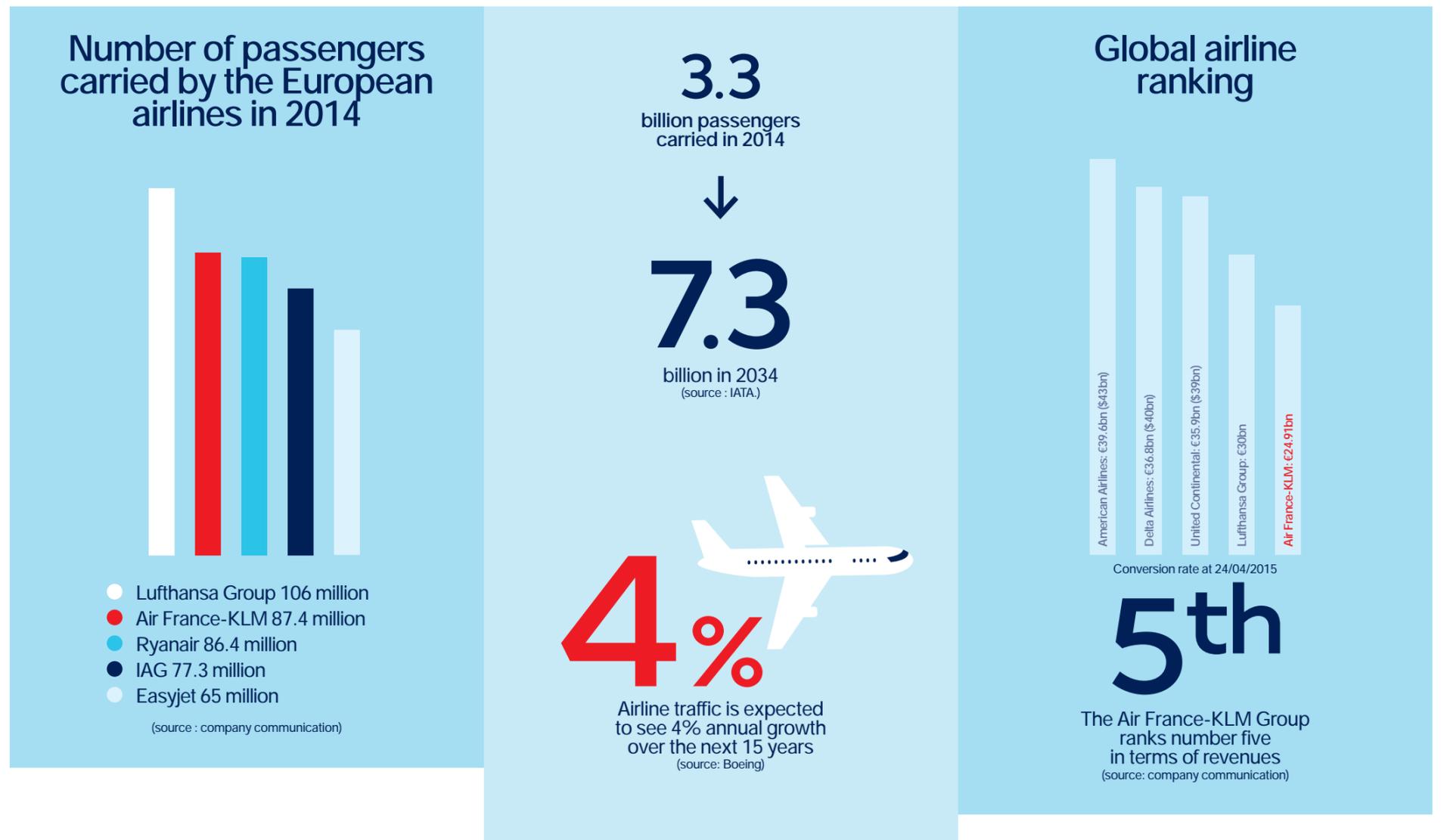


**NO. 4**  
**Change the way we work**

Focus on Simplicity in Organization & Processes. Motivate & commit people. Manage change.



# A sector transformation



## Numbers of passengers carried set to more than double by 2034

### What are the most buoyant regions in the airline industry?

China is leading the growth. In 2034 we expect that the journeys of 1.3 billion travelers will touch China. That is 850 million more than today. The US is expected to see an additional 550 million travelers, followed by India (+260 million), Indonesia (+180 million) and Brazil (+170 million). The next big focus could be Africa. The base of travelers is small in relative terms (about 120 million travelers), but eight of the ten fastest growing markets are in Africa. Europe is a mature market. Our expectation is for 2.7% annual growth over the next two decades. Even so, by 2034 1.4 billion passenger journeys will touch Europe—nearly 600 million more travelers than today. We shouldn't forget air cargo. Over 50 million tonnes of goods are shipped by air. And that is worth \$6.8 trillion—over a third of the value of all goods traded internationally. Over the next five years we see global cargo volumes growing by 4.1% annually.

### What is the secret to stand out and survive in a highly competitive industry?

Aviation is intensely competitive. Every airline struggles to keep revenues ahead of costs. They have unique strategies for delivering value to their customers and their shareholders. One of the messages that we try to convey to European governments is that they are not making it easy for their airlines. Aviation and related tourism supports over 9 million jobs and contributes over \$650 billion to the EU economy.

Yet the EU puts many obstacles in the way of the industry's success. The Single European Sky which aims to improve the efficiency of European airspace dramatically has not garnered the political will to move it forward. Although Paris and Amsterdam are important and growing hubs, Eurocontrol foresees a potential 12% shortfall in European airport capacity by 2035. And poorly thought out regulation—such as that on passenger rights—often ignores both global standards and commercial realities. Aviation delivers connectivity which plays a major role in Europe's competitiveness. Governments should keep that top of mind.

### Safety should be each airline's main priority. How do you support the industry in this field?

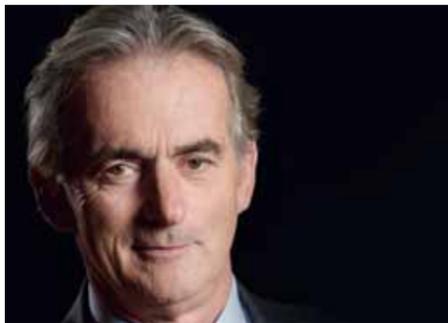
Safety is the top priority. Although there have been some high profile accidents recently, including one in Europe, the industry's overall safety record continues to improve. In 2014 there was one major accident for every 4.4 million flights with jet aircraft—the best performance in history. To support constant improvement, all IATA's 250 member airline must complete the IATA Operational Safety Audit (IOSA). In total some 400 airlines are on the IOSA registry including many non-members. And it makes a difference. IOSA is not a guarantee that an airline will never experience an accident, but the average safety performance of airlines on the registry was about three times better than the global average in 2014.

Future safety improvements will be achieved through data analysis. With partners across industry and government we are building the world's largest database of operational information, known as the Global Aviation Data Management initiative. This will enhance aviation's ability to identify areas of concern before they rise to the level of potential threats.

**By Tony Tyler**  
Director General and Chief  
Executive Officer of IATA



# We must remain mobilized to achieve our objectives



## Frédéric Gagey

Chairman and Chief Executive Officer of Air France



## Pieter Elbers

President and Chief Executive Officer of KLM

**The Perform 2020 plan is targeting more growth and competitiveness for the Group. How is this reflected within each company?**

**Frédéric Gagey:** Our previous plan, Transform 2015, achieved its objectives with a reduction of more than 1 billion euros in Air France-KLM's annual costs in three years. We are now embarking on a new phase with Perform 2020. Air France must pursue its transformation to regain profitability while becoming its customers' carrier of choice. Over the next three years, we are targeting 650 million euros of cost savings, or the equivalent of a 1.5% average annual reduction in our unit costs. In parallel, each entity is mobilized around multiple cross-cutting projects. Firstly, in the low-cost segment, with its strong growth in France, Transavia is set to become the number one low-cost operator out of Paris-Orly in Summer 2015 with flights to approaching 50 destinations. But also in short-haul with the regrouping of the Hop! Air France operations, to gain agility on this network where we need to win back market share.

**Pieter Elbers:** The air transport environment is evolving very rapidly. KLM must learn to adapt more quickly if it is to maintain its position in this highly-competitive industry. Perform 2020 is a growth plan, designed to cut our costs but also to enable investment. Like at Air France, our unit costs must be reduced by an average 1.5% a year at KLM, i.e. around 390 million euros over the next three years. To continue to increase our profitability and work more efficiently, KLM must also invest in its operating processes. Cost reduction notably implies significant productivity efforts where we are targeting at least 4% per year. A more horizontal organizational structure is also required.

**Coming back to your strategy of a move up-market. Where do we stand in 2015?**

**Frédéric Gagey:** The move up-market for all our products and services is on-going, and we are already reaping the benefits. At Air France, we are progressively installing new cabins in our Boeing 777s. At the end of the Summer 2015 season, 21 aircraft will have been equipped. The latest customer surveys show that they welcome these renovated cabins, with a doubling in the comfort scores compared with the previous seats. This is really rewarding for all the employees who have been mobilized around this exciting project. In medium-haul on departure from Paris-Charles de Gaulle, we have also comprehensively revised our offering.

Starting in April 2015, our Airbus A319 and A320 fleet is being gradually equipped with new leather seats. Our customers also benefit from a new commercial proposition in terms of both fares and in-flight services. Our revolution is pursuing its course with one long-term goal: to rank in all areas alongside the airline industry best-in-class.

**Pieter Elbers:** KLM has launched Flight Plan 2015. We will continue to focus our efforts on service quality and optimizing on-board comfort. KLM has already renovated the World Business Class cabins on its Boeing 747s. We have also started fitting new cabins on the B777-200s, which will all be equipped in 2016. It will then be the B777-300's turn to benefit from renovated interiors. The new Economy class seats offer passengers more legroom. Specially designed seat cushions and sustainable high-density materials will enable a higher standard of passenger comfort. The fact that the new seats are the lightest in their category also constitutes an improvement. A weight reduction generates fuel savings, which will in turn lead to lower CO<sub>2</sub> emissions. The new cabin interior also boasts a new in-flight entertainment system, offering wider screens, interactive 3D maps and an opportunity to communicate with fellow passengers seated elsewhere in the plane using the "Seat Chat" application.

**The revolution under way across the Group also involves digital. How are you investing in this area?**

**Pieter Elbers:** KLM has just celebrated its 95th anniversary. This longevity is due to innovation, customer focus and the flexibility of our offer. Since 2009, KLM has been a pioneer in service provision via the social media. We offer a unique 24/7, one-stop shop in 14 languages on six platforms, enabling us to establish a real dialogue with individual customers. We believe that, through this pro-active engagement, we can learn, innovate and make a difference in the eyes of passengers. Our frontline staff are already amongst the best in Europe but we strive to constantly surpass ourselves in terms of customer service.

**Frédéric Gagey:** In digital technologies, our ambition is to accompany our passengers before, during and after their flights with us. Currently, Air France sells a ticket every five seconds via its digital channels, i.e. the equivalent of 35 Airbus A380s every day. Digital also enables us to offer an increasingly seamless and fluid travel experience, particularly

in terms of passenger transit channels in airports. This also contributes to the attractiveness of our hubs and to that of the regional airports we serve. This is a cornerstone of our strategy targeting the best international standards.

**You are a leader in sustainable development. How do you plan to maintain this position?**

**Pieter Elbers:** Perform 2020 also includes a Corporate Social Responsibility dimension. As the leader in the Dow Jones Sustainability Index, we have set ourselves targets for reducing waste, continuing to introduce responsible catering products and saving energy. KLM, followed by Air France, is also working on numerous initiatives to promote the development of the sustainable bio-fuels industry. Within the framework of this policy, at KLM our goal is a CO<sub>2</sub> reduction of 20% by 2020 both on the ground and in the air. This will also involve fleet renewal, by introducing the Boeing 787-9 and replacing our Fokker 70s with Embraer 175's and 190s.

**Frédéric Gagey:** Within the framework of the Lab'line For the Future operation, we continue to operate a weekly flight between Toulouse and Paris-Orly powered by bio-fuel. This is our trial route to develop and promote this industry of the future. The Group's fleet is also progressively integrating next-generation aircraft: the Boeing 787-9 as Pieter mentioned but also the Airbus A350. These new aircraft will contribute to achieving our ambitious goals in terms of reducing CO<sub>2</sub> and noise emissions.

Long-haul,  
a strategic asset

# 1st

Air France-KLM is the leading group in terms of intercontinental traffic on departure from Europe  
(source: AEA 2014)



Maintenance,  
a rapidly-developing  
segment



# 2nd

Air France Industries KLM Engineering & Maintenance's ranking amongst the multi-product players  
(source: company communication)

Low-cost,  
capturing European  
market share

# 1st

Transavia's ambition:  
to become the leading low-cost carrier to European and international destinations on departure from Paris-Orly in 2015  
(source: company communication)



Digital technologies constitute a key lever in Air France-KLM's ability to maintain close relationships with customers and not only meet but surpass their expectations. Direct, rapid and efficient, the Group is launching a plethora of innovative services, to satisfy and anticipate the needs of today's customers. Whether it involves inspiring ideas for mini-breaks, answering travel-related questions or developing more seamless airport transit channels, the Group is mobilized on all fronts.

#### Travel guides to inspire mini-break ideas

The most rewarding trips sometimes begin with an idea or a desire. To help customers choose their ideal destination, Air France and KLM Royal Dutch Airlines offer a range of online destination guides. Available at [airfrance.fr](http://airfrance.fr), Travel by Air France enables customers to discover more than 60 worldwide destinations served by the airline. Depending on the cities offered, Air France has selected the must-see sights, unusual places to visit and the events not to be missed. Travel by Air France also has testimonies from numerous local or international personalities to illustrate each city. At [klm.com](http://klm.com), website visitors can also take advantage of a travel guide regrouping some hundred destinations. Customers can search for a particular destination but also choose based on their preferred activities or budget. The KLM Destination Guides recommend hotels, restaurants and hotspots to visit. You can also find practical information on the airport, transportation to the city center, visas and the required local currencies.

For each destination, customers can view the lowest fares available for the next month. Once their choice is made, booking a trip is just a matter of a few clicks.

#### A 100% digital airport experience

For an increasingly seamless and serene airport experience, Air France-KLM proposes innovative services. The Group is investing in new self-service check-in kiosks, whose ergonomics and design have been completely revisited. A total of 700 kiosks are being progressively rolled out across the Air France-KLM network, including 250 at Paris-Charles de Gaulle, 80 at Paris-Orly and 150 at Amsterdam-Schiphol. Thanks to these new kiosks, checking in, printing a baggage tag and choosing add-on paid-for travel options has never been simpler. A must for travelers in a hurry.

Furthermore, at Paris-Charles de Gaulle, Paris-Orly and Nice, customers can now check in their hold baggage completely autonomously and in 45 seconds by using the new automated baggage drops. At the two Paris airports, half the baggage drop-off zones are now fully automated.

At each moment of their airport experience, customers can also ask Air France and KLM Royal Dutch Airlines staff for assistance. At the Group's two Paris airports, frontline staff are equipped with 400 digital tablets, giving easy access to customer bookings and enabling any changes or purchases of additional options. Furthermore, after equipping all its pilots and pursers with Ipads for use on board, KLM Royal Dutch Airlines will soon also supply them to ground staff at Amsterdam-Schiphol airport. With more rapid and precise access to information, this is a key tool when it comes to offering everyone pro-active personalized assistance.

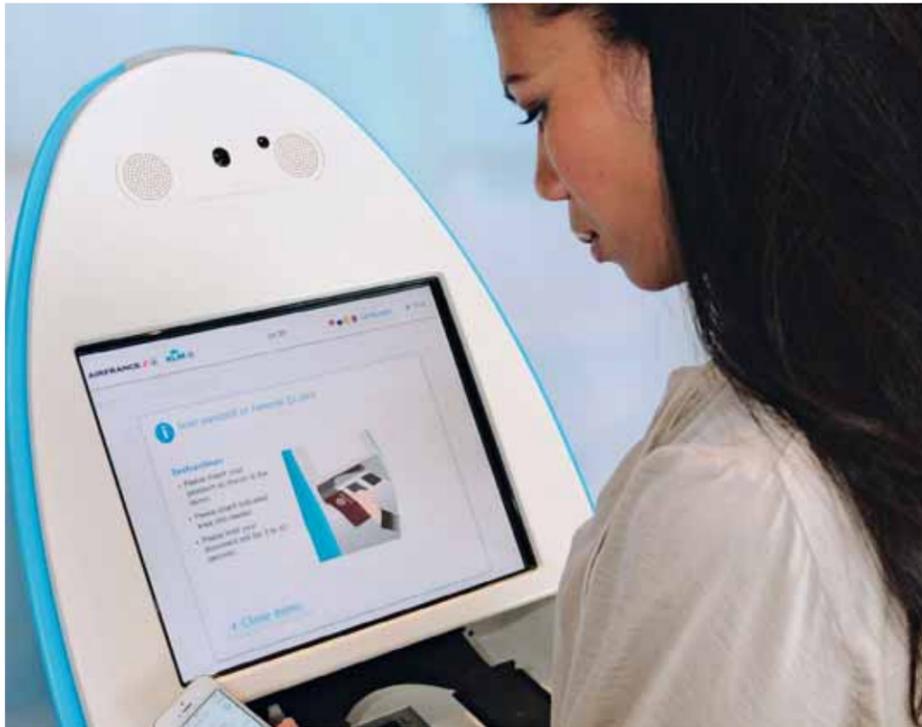
Air France-KLM is progressively installing small sensors known as "beacons" at its hubs to simplify airport transit for customers. At Amsterdam-Schiphol, KLM Royal Dutch Airlines thus helps connecting passengers. When they arrive at the airport and pass in front of a sensor, passengers with the KLM mobile application connected to Bluetooth and the internet receive a map of the airport on their smartphones, giving them directions to their next boarding gate and the time needed to get there. Since February 2015, Air France has offered the same technology in its Hall M Business lounge at Paris-Charles de Gaulle. The sensor installed at the lounge entrance sends a notification to connected customers equipped with the Air France application. The latter then benefit from a quick snapshot on their smartphones of all the complimentary services offered in this exceptional space (catering, Clarins treatments, WiFi access, newspapers and magazines, etc.).

#### Social media, the key to closer relationships

In a few years, the social media have become a key online platform for providing a rapid, effective response to questions from customers. The Group is investing massively, particularly in Facebook and Twitter, where it numbers some 19 million fans and 2.6 million followers. The four Air France, KLM Royal Dutch Airlines, HOP! and Transavia brands respond to all customer queries about their journeys. In 2014, no fewer than 1.2 million messages were sent by the Group's dedicated teams.

Air France and KLM Royal Dutch Airlines respond to their customers 24/7 across the world in 14 languages, and notably in Chinese via the Sina Weibo and WeChat platforms. A doubt about your baggage allowance? Want to change your seat number? The aim is to handle every request within the hour and find a solution in under 24 hours.

On the social media, the most frequent questions relate to the loss of a personal item during the journey. To meet this strong demand, since September 2014 KLM Royal Dutch Airlines has offered a new service dubbed "Lost&Found". Customers are invited to contact the company on Facebook or Twitter to report the loss of an article in one of its aircraft or at Amsterdam-Schiphol airport, and the dedicated Lost&Found teams will then do their utmost to locate and return it!



## 700

self-service, check-in kiosks deployed across the Air France-KLM network

## 24/7

round-the-clock customer services in 14 languages on the social media

Nearly

## 1.2

million messages sent to customers on the social media

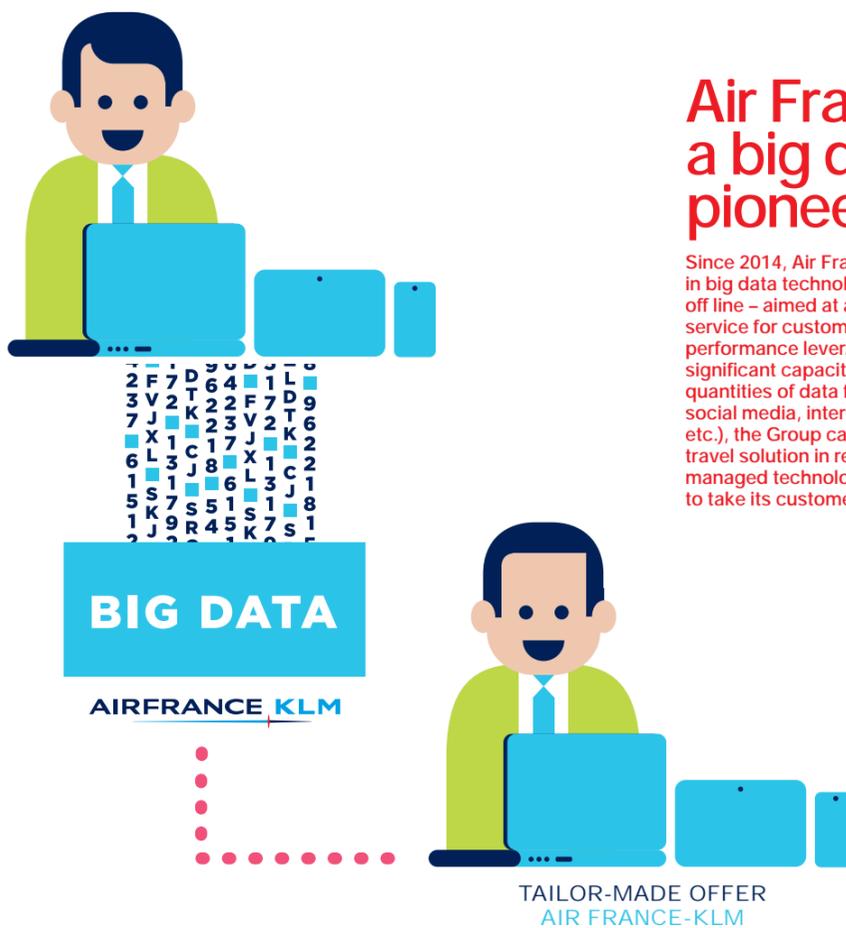
# An ultra-connected Group

## Even more mobile applications

From the Air France and KLM Royal Dutch Airlines mobile applications, check-in is literally at customers' fingertips as is all the information relating to their trips. The airlines are currently innovating and proposing ever-more revolutionary concepts to surprise and delight travelers.

No need to search for a ticket on your smartphone any more as the Group is launching services on connected watches. KLM Royal Dutch Airlines and Air France are developing specially-designed applications for, respectively, the Android Smartwatch and the Apple Watch meaning that, once their reservations are made, owners of these watches can find all the information regarding their trips on their wrists. Reception of their scanner-ready boarding cards, information on boarding gates and seat numbers... customers receive numerous notifications guiding them through to their arrival on board.

Additionally, Air France now offers its "Air France Press" application on smartphones as well as on tablet computers, giving customers complimentary access to a wide range of French and international newspapers and magazines. Downloading is possible up to 24 hours before the flight through to the hour of departure. This service supplements the world-wide print press offer in the Air France lounges and boarding piers, and on board its aircraft. Additionally, from the "HOP! Le Kiosk" application, customers equipped with a tablet computer travelling on a HOP! Air France flight can download the digital version of their French daily regional newspaper on their day of departure, together with the local editions at their destination.



## Air France-KLM, a big data pioneer

Since 2014, Air France-KLM has been investing in big data technologies – data collected on or off line – aimed at an increasingly-personalized service for customers. Big data is a powerful performance lever. For example, thanks to its significant capacity to cross-reference enormous quantities of data from diverse sources (web, social media, internet of things, geo-localization, etc.), the Group can offer everyone the optimum travel solution in real time. This responsibly-managed technology enables Air France-KLM to take its customer relationships to another level.



## My screen keeps getting bigger



Journeys will invariably be too short to benefit from the all the in-flight entertainment proposed by the Group. The two airlines offer everyone wide high-definition screens with 1,000 hours of entertainment available in the Air France cabins and 1,200 hours at KLM Royal Dutch Airlines. Air France has equipped its new cabins with next-generation touch screens measuring 24 inches in the La Première cabin, 16 inches in Business, 12 inches in Premium Economy and 9 in Economy. For its part, on board the new World Business Class cabin equipping its Boeing 777s, KLM Royal Dutch Airlines now offers 16-inch personal screens and 9-inch screens in the new Economy cabin. These new screens offer a completely redesigned graphic interface in 12 languages, inspired by tablet browsing, enabling customers to choose their own program

of entertainment using a highly intuitive navigation system. Films, games, music and TV series... all the on-demand programming is available as of boarding and until the arrival of the aircraft at its destination. Customers have access to more than 200 films and over 200 television programs. This system also offers access to applications like "Seat Chat" to facilitate communication with other passengers sitting elsewhere in the cabin or On Board Shopping, enabling consultation of the in-flight sales catalogue.

# Welcome on board!

What could be better than enjoying an exceptional meal while airborne? Air France and KLM Royal Dutch Airlines have always been passionate about responding to this challenge. In the Group's long-haul La Première and Business cabins, every gourmet detail is unique. It has become something of a tradition for the two airlines to call on internationally-renowned Michelin-starred chefs to devise tantalizing haute cuisine on board. Delighting customers is now the highlight of the journey. Spotlight on the new culinary developments for the airlines.

Business Class cabin. After a well-received initial cooperation between the Dutch chef and KLM Royal Dutch Airlines in 2010, Jonnie Boer returns to create high-flying delicacies to be enjoyed between January and October 2015 on departure from Amsterdam-Schiphol on the airline's long-haul flights. The chef is responsible for a menu comprising an aperitif, a salad and a choice between three main courses and two deserts. Enough to satisfy the most discerning taste-buds!

In the long-haul Business cabin, Air France is working with Anne-Sophie Pic, the only French woman to have won three stars in the Michelin Guide. After signing dishes served in the La Première cabin in December and January, Anne-Sophie Pic has been creating five brand new dishes in the Business cabin since February 2015 on departure from Paris-Charles de Gaulle. Excelling in taste combinations, the chef offers cuisine combining powerful aromas with the most delicate of flavors. Roast veal accompanied by a royal quinoa with red peppers and pineapple or lightly-sautéed cod served with a creamy black rice and coconut milk are just a couple of dishes to be unveiled as the months unfold. 2015 also marks the much-heralded return of three-Michelin-starred chef Jonnie Boer in the World



## Three Michelin-star fine dining





# High-flying cabins

## A new phase in the move up-market

Air France is also continuing the move up-market for the products and services on its European medium-haul network on departure from/arrival at Paris-Charles de Gaulle. The airline listened to customers, questioned travel managers and collated some 10,000 feedback forms to devise its new offer, involving an additional €50 million of investment. Since April 2015, Air France has been progressively introducing a new, completely-redesigned seat on its medium-haul fleet. Upholstered in high-quality leather in all cabins, the seat offers an optimum level of passenger comfort, making it ideal for working, relaxing or enjoying a meal prior to arrival. This new seat will gradually equip 24 Airbus A319s and 25 Airbus A320s, i.e. 7,800 seats. A rapid airport transit, unrivaled fine dining in Business and Economy and a more flexible offer for business travel complete the new medium-haul offer.

Full-flat seats to sleep amidst the clouds, gastronomy signed by renowned Michelin-starred chefs, an infinite choice of entertainment... Air France-KLM is investing in increasingly high-end products and services to give the expression "welcome on board" a whole new dimension.

### Take your seat in some exceptional cabins

On the long-haul network, Air France and KLM Royal Dutch Airlines have revisited everything to set a new travel standard in each cabin. The Group's investment launched in 2013 is now being reflected in levels of customer satisfaction. The new cabins have received a warm welcome and satisfaction scores are increasing<sup>(1)</sup> thanks to the new products at both Air France and KLM Royal Dutch Airlines. This trend should be reinforced with the rapid deployment of new cabins across the Group's network.

### A cocoon in the sky

At the end of the Summer 2015 season, Air France will have thus equipped 21 Boeing 777s with its new cabins, flying to 18 destinations across the world. Each cabin has been the subject of meticulous attention to ensure an optimum level of travel comfort for customers.

On board the new La Première cabin, passengers benefit from a veritable haute couture suite affording total privacy. Air France has draped each of these suites with thick curtains, secured with leather tie-backs. A unique and daring concept, they enable the passenger to decide whether to be totally or just partially isolated. In an instant, the La Première seat turns into a real, fully-flat bed over two meters long. Once the curtains are closed, the partition raised and the light subdued, the suite embraces the passenger, for total privacy.

In the Business cabin, Air France has created a veritable cocoon in the sky. The seat adapts to the shape of individual passengers, from seating position to a real bed measuring close to two meters long. At the heart of a curved structure, passengers can create their own enveloping and protective space. The seat's soft foam has been designed to offer an impeccable quality of sleep while the padded, sinuous bed head gives passengers the impression of being in a warm, contemporary room, a signature feature of Air France seats. From the soft duvet to the XXL-sized feather-down pillow, everything has been conceived on board to sleep amidst the clouds.

In Premium Economy, more comfortable seats and multi-position foot-rests further improve the comfort of this cabin. In Economy, the new seat has been completely redesigned with more legroom, new seat cushions, softer headrests and a wider tray table, etc. The seat ergonomics have been completely redesigned to ensure optimum travel comfort. There are also new features like electric sockets and headphone holders.

### The ultimate in travel comfort

In parallel, the new KLM Royal Dutch Airlines World Business Class now equips the airline's entire fleet of Boeing 747s on the long-haul network. With the help of Dutch designer Hella Jongerius, a unique ambiance has been created on this aircraft enabling customers to feel at home. The full-flat seat, measuring 2.07 meters long when fully extended, contributes to the ultimate in travel comfort.

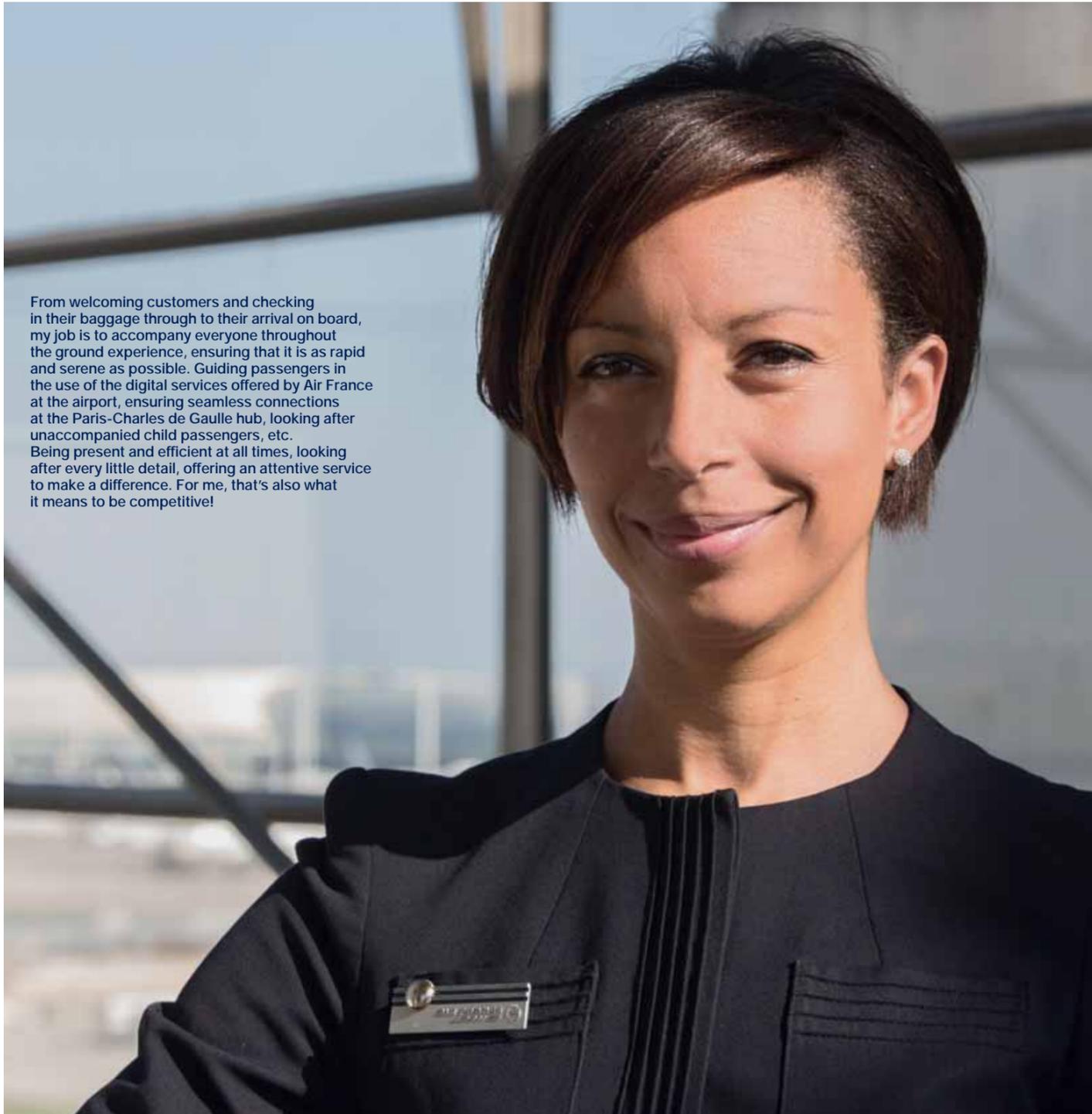
The airline is also equipping its Boeing 777 fleet with a completely revamped World Business Class. The design of the seats is similar to those on the Boeing 747s, becoming fully-flat when extended and enabling a maximum level of privacy for sleeping or working. The warm color palette – also devised by Hella Jongerius – differs depending on the seat while new covers also guarantee a warm and convivial atmosphere on board.

Lastly, KLM Royal Dutch Airlines is also introducing a new Economy cabin on its Boeing 777s where the ingenious seat design affords more legroom. The ergonomic optimization of the headrest also provides more neck support while the availability of an electric socket also contributes to passenger comfort. One other vital improvement: the new seats are the lightest in their category, thereby reducing CO<sub>2</sub> emissions.

(1) Based on online e-score satisfaction surveys.

**“My mission is to accompany everyone throughout the ground experience, ensuring that it is as rapid and serene as possible.”**

Katy Kane, Air France station agent at Paris-Charles de Gaulle



From welcoming customers and checking in their baggage through to their arrival on board, my job is to accompany everyone throughout the ground experience, ensuring that it is as rapid and serene as possible. Guiding passengers in the use of the digital services offered by Air France at the airport, ensuring seamless connections at the Paris-Charles de Gaulle hub, looking after unaccompanied child passengers, etc. Being present and efficient at all times, looking after every little detail, offering an attentive service to make a difference. For me, that's also what it means to be competitive!



**“KLM Royal Dutch Airlines is a frontrunner on social media.”**

Liane Marijnissen, Social Media Agent, KLM Royal Dutch Airlines

No fewer than 150 colleagues offer a 24/7 service to our customers in 14 different languages. We currently offer services through six social media channels. We use social media to generate increased customer loyalty, which is of critical importance in today's airline industry. We intend to differentiate ourselves further in future as part of our ongoing efforts to provide customers with round-the-clock support.

**“We are all mobilized on a daily basis around meeting customer needs.”**

Magali Jobert, production manager, Air France Industries KLM Engineering & Maintenance (AFI KLM E&M)

As production manager for the AWACS product (Airborne Warning and Control System), I head up a team of some fifty people. Our task is to ensure the technical and logistical support of this fleet on behalf of the French Ministry of Defence. The main mission of the AWACS aircraft is to offer a French national air detection, command and control capability. We are all mobilized on a daily basis around meeting the needs of this important customer and maintaining its trust, a major ambition of the Perform 2020 plan. To this end, we have notably invested in new facilities dedicated to this activity. We are all players in the strategic plan and we are mobilized to ensure the Group's regained competitiveness and profitability.

PERFORM 2020

**A collective  
adventure**

**“My main aim is to generate high-quality traffic on Transavia’s new website.”**

Hugo Charrier, Digital Marketing Officer, Transavia

In my job, my main aim is to generate high-quality traffic on Transavia’s new website, enabling growth in sales and improving our unit revenues within the framework of Perform 2020. To achieve these objectives, I optimize, for example, the referencing of the website in online search engines and ensure that it is the most dynamic and accessible to everyone. I am also responsible for the social media in France together with the content of emails sent to French customers. Since I operate in a constantly-changing digital universe, I keep in touch with the latest trends in terms of products and marketing tools, and I monitor any innovations our competitors are putting in place on a daily basis.



**“I am committed to building personalized relationships with passengers.”**

Adeline Cros Tressens, Stewardess, Air France

On each of my flights, I am committed to building attentive, personalized relationships with passengers, to differentiate us from competitors. More than ever, the know-how and interpersonal skills of cabin crew can support and highlight Air France’s move-up market, by making customers the focus of our activity. Currently, within the framework of Perform 2020, we need to fine tune our service, be responsive and respect internal and external constraints to meet the Group’s financial objectives.



**“Within the framework of Perform 2020, we are changing our way of working to meet our customers’ needs more effectively.”**

Christophe Gravé, management support agent, Cargo documentation center

In the Cargo documentation center, we are in the process of regrouping tasks of the same nature to create a sole point of entry for our customers. Furthermore, we are going to maintain a 7/7 presence at the Cargo Control Center to ensure more effective monitoring of activity in the G1XL cargo hangar at Paris-Charles de Gaulle.

**“Every day, I work on simplifying working methods and improving our efficiency.”**

Isabelle Hemery, manager of the “Customer Safety” unit, HOP! Ground Operations

As I am in charge of supervising the Paris-Orly station and the sub-contractors working at the airport, I am responsible for controlling costs and levels of service quality. In terms of flight safety, I also guarantee the monitoring of developments linked to the Safety Management System across the entire HOP! “ground” scope and the handling of regional aircraft. Every day, I work in close cooperation with the two other Ground Operations units – “Station Supervision” and “Engineering” – to simplify working methods and improve our efficiency. I am also in constant contact with the commercial teams so that I can remain abreast of our customers’ needs.



**“Making this agency-based contact the opportunity for a privileged encounter with the passenger.”**

Mariana Villalobos, Air France-KLM marketing agency manager, Bogotá (Colombia)

The priority, for both myself and my team, is to secure our customers’ loyalty by making sure that everyone feels special and offering them personalized travel solutions on a daily basis. Within the framework of the Perform 2020 plan, this is my commitment: make this agency-based contact the opportunity for a privileged encounter with the passenger. I also take advantage of the Group’s network which offers ever-more flights between Colombia, Europe and the rest of the world, together with a real fare combinability between the two airlines. The outbound flight might be with one airline and the return with another. These benefits have been concretized recently since the inauguration by KLM Royal Dutch Airlines on March 28, 2015 of a new service between Amsterdam, Bogotá and Cali. We now offer 10 weekly flights on departure from Colombia: seven for Air France and three for KLM Royal Dutch Airlines.

**“Ensuring a service attuned to airlines’ changing needs.”**

Éric Leroy, production manager, “Servair 1” facility

Within Servair, 2014 saw the launch of several major projects like, for example, the automatized production of economy class meal-trays or the standardization of our processes based on individual best practices. The implementation of these projects will take place between now and 2016. They enable an improvement in working conditions, gains in competitiveness and higher levels of customer satisfaction. This is particularly noticeable in the presentation of dishes in the Business cabins. That’s our little extra: attune our service as closely as possible to the needs and expectations of airlines.



**“With Transform 2015, Air France-KLM achieved a structural reduction in its costs.”**

Jean-Paul Kouijzer, Boeing 737 Captain KLM Royal Dutch Airlines

With Perform 2020 we have to invest in our future, like the new Boeing 787-9 aircraft. These investments are necessary as we have to offer the best to our passengers. Only this way we can keep up with our competitors.

## European hubs turned towards the world

Air France-KLM's global network articulates around the Paris-Charles de Gaulle and Amsterdam-Schiphol hubs which figure amongst the four largest transfer platforms in Europe. On departure from or arrival at these European hubs, the Group's flight schedule is organized around six or seven waves known as "banks". These banks are timed throughout the day to enable a maximum number of connections between the smallest markets and world-wide destinations within the shortest-possible window. Currently, some 45% of Air France and 60% of KLM Royal Dutch Airlines customers are passengers with connecting flights.

# 2

global hubs at Paris-Charles de Gaulle and Amsterdam-Schiphol

Up to

# 2,200

daily flights during the Summer 2015 season

Currently, within the Group, there are four brands for customers looking to travel the world: Air France, KLM Royal Dutch Airlines, Hop! and Transavia. Thanks to this unique portfolio, everyone can easily find a travel solution tailored to their needs, whatever the reason for their journey. From a long-haul journey conceived with the ultimate level of comfort in mind to increased flexibility on the short and medium-haul networks and the lowest fares for "sunshine" destinations, the Air France offering caters for everyone.

### Strategic partnerships

To support the growth in its long-haul proposition (+1.8%<sup>(1)</sup> in Summer 2015), Air France-KLM is developing a vast network of world-wide partnerships. The Group thus continues to offer more flight frequencies and destinations to customers in every geographical region.

In a major illustration of this strategy at work, Air France and KLM Royal Dutch Airlines are engaged in a vast trans-Atlantic joint-venture with their partners Delta Air Lines and Alitalia. This cooperation covers operations in common together with the sharing of revenues and costs on more than 250 trans-Atlantic flights operated daily by the four airlines. The joint-venture represents 25% of total capacity between Europe and North America and generated revenues of US\$13 billion in 2014. Furthermore, to accompany its reinforcement in Canada, Air France-KLM is deploying its partnership with Canadian carrier WestJet Airlines, by offering additional connecting opportunities in North America on-bound from the new Paris-Vancouver and Amsterdam-Edmonton services. In another major operation, in South America following the signature of an exclusive strategic agreement in February 2014, the Group is pursuing its close co-operation with the Brazilian carrier GOL. This partnership enables Air France-KLM customers to be offered multiple connection opportunities on the Brazilian domestic network and supports the Group's leadership position in Latin America.

Lastly, Air France-KLM is strengthening its co-operation with Asian partners, notably thanks to joint-ventures with China Southern Airlines and China Eastern Airlines. Furthermore, KLM Royal Dutch Airlines and Garuda Indonesia have implemented a code sharing agreement on their flights between Amsterdam and Jakarta (Indonesia). The Dutch airline has also signed a co-operation agreement with Chinese carrier Xiamen Airlines, testifying to their shared commitment to reinforcing accessibility between the Netherlands and China.

### Optimized short and medium-haul operations

On its medium-haul network, the Group is pursuing the rationalization of its offering, notably thanks to decisive operational measures like the reduction in aircraft turnaround times. In short-haul, Air France-KLM continues to reorganize its network, now regrouped within the HOP! Air France business unit. This unified network comprises all the short-haul services on departure from Paris-Orly and the French regions. A key element in winning back

customers on this market, the new HOP! Air France activity has 35 Airbus and 61 regional aircraft. The diversity of the fleet (modules with 48 to 212 seats) enables better adaptation to the market needs. In parallel, Transavia's development is being stepped up in France (capacity +30%<sup>(1)</sup> in Summer 2015) and consolidated in the Netherlands. Transavia is thus aiming to become the leading low-cost carrier on departure from Orly in 2015, thanks to 49 destinations served on departure from France.

### SkyTeam, the best alliance of the year

Air France and KLM Royal Dutch Airlines are members of SkyTeam, the world-wide alliance bringing together 20 airlines across the globe. SkyTeam enables its customers to benefit from ever-more world-wide destinations and seamless connecting opportunities. When they travel on a member airline, passengers benefit from unique facilities like the ability to earn Miles and access 629 lounges across the alliance network. SkyTeam currently offers 16,320 daily flights to 1,052 destinations in 177 countries.

### Earn Miles on every trip

Thanks to the Flying Blue frequent flyer program, the more members travel on the Group's network, the more their loyalty is rewarded. With the Flying Blue card, customers earn Miles on every flight which can be used to travel ever farther afield or to purchase additional services. At the [www.flyingblue.com](http://www.flyingblue.com) website, customers have easy access to information on how to earn and spend Miles, together with an exhaustive list of partner offers in the "Flying Blue Store". Flying Blue is currently one of the leading frequent flyer programs in Europe and has more than 25 million members.

(1) Capacity measured in Available Seat-Kilometers (ASK) and compared with Summer 2014 (excluding the impact of the Air France pilots' strike in September 2014).

# Our destination is the world

# 21 new destinations

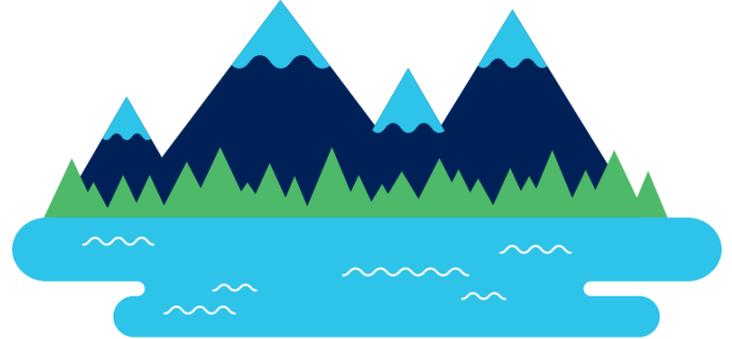
In the Summer 2015 season, Air France-KLM is offering customers 21 new destinations. On its long-haul network, the leading network on departure from Europe, the Group is reinforcing its proposition in Canada thanks to the inauguration of two new services: Vancouver operated by Air France as of March 29, 2015 and Edmonton served by KLM Royal Dutch Airlines as of May 19, 2015. Air France-KLM is also reaffirming its position in South America thanks to the opening by KLM Royal Dutch Airlines of a new service to Bogotá and Cali (Colombia) opened on March 28, 2015.

In medium-haul, Air France-KLM is developing its European network on departure from the Amsterdam-Schiphol hub thanks to three new destinations operated by KLM Cityhopper since May 18, 2015: Belfast (Northern Ireland), Krakow (Poland) and Montpellier (France). Transavia is also opening 14 new routes on departure from Paris-Orly, Nantes, Amsterdam-Schiphol, Rotterdam-The Hague and Eindhoven.



## Colombia

Since March 28, 2015, KLM Royal Dutch Airlines has been offering three weekly flights to Bogotá and Cali on departure from Amsterdam-Schiphol.



## Canada

Since March 29, 2015, Air France has been flying to Vancouver on departure from Paris-Charles de Gaulle, with five weekly frequencies. KLM Royal Dutch Airlines has been offering three weekly flights to Edmonton on departure from Amsterdam-Schiphol since May 19, 2015, rising to four flights a week as of June 22, 2015.

4 LONG-HAUL ROUTES



## Europe

On departure from Amsterdam-Schiphol, KLM Royal Dutch Airlines has been offering three new European destinations since May 18, 2015: Belfast (Northern Ireland), Krakow (Poland) and Montpellier (France).

3 MEDIUM-HAUL ROUTES



## City breaks

Dublin, Munich, Warsaw and Amsterdam on departure from Paris-Orly. Madrid on departure from Nantes. Paris-Orly on departure from Amsterdam-Schiphol. Berlin on departure from Rotterdam-The Hague.



## Sunshine destinations

Thessaloniki, Tirana, Casablanca and Fes on departure from Paris-Orly. Tel Aviv, Larnaca and Malta on departure from Amsterdam-Schiphol.

14 TRANSAVIA ROUTES

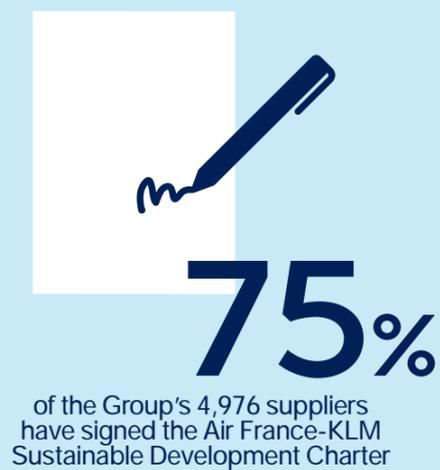
# A responsible leader

Air France-KLM places sustainable development at the heart of its activities and operations, and mobilizes around four main objectives: reducing its environmental footprint, factoring sustainable development into innovative products and services, promoting a responsible HR policy and contributing to the development of the territories where it has operations.

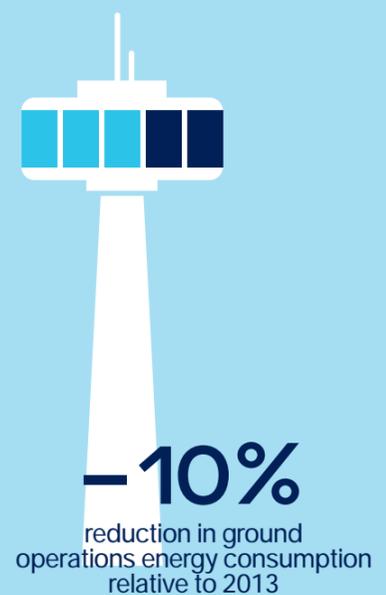
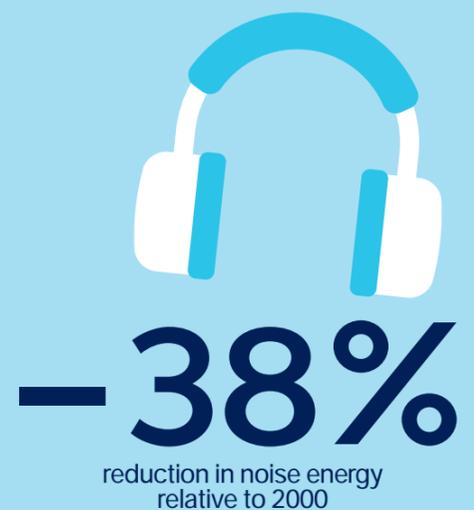
## Using less fuel



## Responsible procurement



## Reducing the environmental impact





## For further information

see the Corporate Social Responsibility Report 2014 at [www.airfranceklm.com](http://www.airfranceklm.com)

### A resolute ambition: reconcile the growth of air transportation with a reduction in CO<sub>2</sub> emissions

To reduce its own environmental footprint, Air France-KLM activates all the levers falling within its responsibility: fleet modernization, new flight procedures with lower CO<sub>2</sub> emissions, product eco-design, reducing the weight of equipment embarked on board aircraft, etc. For several years the Group has also been investing in the use of bio-fuel, an innovative solution to achieving its ambitious goals on reducing environmental impacts.

### KLM Royal Dutch Airlines, a bio-fuels pioneer

KLM Royal Dutch Airlines has been pioneering the use of bio-fuels for many years. In May 2014, the company inaugurated a new series of flights powered by bio-fuel produced by ITAKA<sup>(1)</sup> and supplied by SkyNRG. For a six-month period, these exceptional flights operated with an Airbus A330-200 linked Amsterdam-Schiphol with Aruba and Bonaire. These two islands are targeting a neutral carbon footprint by 2020 while KLM Royal Dutch Airlines is aiming to reduce its CO<sub>2</sub> emissions by 20%. Within the framework of these flights, the airline also cooperated with the WWF in the Netherlands, by developing its partnership concluded in 2007 to promote more sustainable aviation.

Since 2012, KLM Royal Dutch Airlines has also invited companies to partner the BioFuel program by travelling on flights powered by bio-fuels. In total, the program currently regroups 15 companies, including Heineken, Accenture and Nike.

### Air France flights powered by bio-fuel

In September 2014, Air France inaugurated a series of weekly flights operated until November 2015 linking Toulouse and Paris-Orly and powered by bio-fuel. The bio-fuel used on this route is Farnesane, a blend of conventional fossil fuel with a maximum of 10% Farnesane bio-fuel. Manufactured<sup>(2)</sup> by Total and its partner Amyris, Farnesane is derived from sugar cane fermentation. Analysis of its life cycle and sustainability has concluded that its use could reduce greenhouse gas emissions by up to 80% relative to kerosene of fossil origin. Furthermore, by fulfilling sustainability criteria, Farnesane production does not compete with the food chain.

This innovative initiative marked the launch of the Lab'line For the Future operation, an innovation showcase at the service of sustainable development on the Toulouse-Paris-Orly route. For over a year, events have been taking place to present Air France innovation in this area. With Lab'line For

the Future, Air France demonstrates its ambitions of building, for and with its customers and partners, a form of travel which is more respectful of the environment. The Group is also lobbying the public authorities to promote the development of an "aviation bio-fuels" industry in France.

### DJSI no.1 for the tenth year running

For the tenth year running, Air France-KLM was ranked leader of the "Airlines" category by the Dow Jones Sustainability index (DJSI<sup>(3)</sup>), the main international index evaluating companies on their performance in terms of sustainable development. Furthermore, for the sixth consecutive year, Air France-KLM was also ranked leader of the broader "Transport" category, regrouping air, rail, sea and road transportation, as well as airport activities. Air France-KLM thus joins the 24 most responsible companies globally, each in their area of activity.

(1) Initiative Towards Sustainable Kerosene for Aviation: a consortium of large aerospace and fuel companies producing sustainable bio-fuel for aviation.  
 (2) Farnesane production is certified by the American Society for Testing and Materials, (ASTM) for use in the air transportation industry and by the Roundtable of Sustainable Biomaterials (RSB) for the sustainability criteria, two verification and standards bodies that are internationally recognized.  
 (3) The DJSI regroups the companies with the best sustainable development performance, ranked by RobecoSAM, the international asset management firm which evaluates the sustainability performance of companies. A member of the DJSI since 2005, the Group is also a component of the NYSE Euronext Vigeo, Ethibel and FTSE4Good extra-financial indices



## COP21

Between November 30 and December 11, 2015, France will host the COP21 Climate Change Conference addressing climate change which is also known as "Paris 2015". Air France-KLM is partnering the event, thereby demonstrating its commitment to environmental issues at global level.

## Dow Jones Sustainability Index

In Collaboration with RobecoSAM

# no.1

in the DJSI/RobecoSAM for the tenth year running



by Air France

14  partners



weekly flight powered by bio-fuel linking Toulouse and Paris-Orly

KLM  
**BioFuel**  
Program

 15 partners

20 flights fueled by bio-fuel between Amsterdam, Aruba and Bonaire



# Flight safety, our number one priority

In terms of flight safety, Air France-KLM complies in full with extremely exacting standards and the highest level of air transport industry regulations: at global level, with IATA (International Air Transport Association) and the International Civil Aviation Organization (ICAO), at European level with the European Aviation Safety Agency (EASA) and nationally with the DGAC in France (Direction Générale de l'Aviation Civile). Furthermore, the Group complies with the IOSA (IATA Operational Safety Audit), a global evaluation guaranteeing high safety standards.

Well beyond the regulatory standards stipulated at international, European and national level, Air France-KLM places flight safety at the heart of its corporate culture and systematically reaffirms safety as an absolute imperative. This corporate culture is the result of a commitment from all the players across the company: in flight, with the pilots, stewards and air hostesses, but also on the ground in the hangars and maintenance workshops, the cargo hangars, at every outstation and on the runway. This commitment from all the Group's employees is also shared by every Executive Committee member within Air France-KLM.

## Detecting every factor of risk

A cornerstone of the contract between airlines and their customers, flight safety occupies a primordial place within the Group's operations. Air France-KLM makes an on-going investment in this area to ensure ever-higher standards, an ambition which is supported by the application of safety best practices via a Safety Management System (SMS) and a working environment which is focused on continuous learning and progress.

Air France-KLM adapts its flight safety procedures to ensure the most effective response to new threats potentially emerging in the air transport industry (presence on board of lithium batteries, growth of the drone industry, etc.). As a result, flight safety procedures are reinforced on a day-to-day basis with the deployment of the SMS in all the Air France-KLM entities. Thanks to the tools and methods contributed by this system, the Group is able systematically to identify potential threats, hazards and at-risk situations, enabling pro-active risk management. The SMS thus supplements the traditional methods used to detect any non-respect of regulatory standards and the analysis of individual incidents.

To further improve this approach, a new risk analysis and threat detection method and risk model is currently being developed. It will enable the combination and visualization of information contributed by the employee, audit and electronic flight analysis reports to represent the risks. These risk model diagrams, which are shaped like a bow tie, are the central component of the new working methodology for the risk analysis teams and managers, ensuring a continuous improvement in the robustness of the operating procedures. The required measures can then be implemented more precisely and efficiently. This "bow tie" analysis methodology is progressively becoming a reference model for Safety Management Systems in the air transport industry.

The safety of Air France-KLM's flight operations depends not only on the effectiveness of the SMS, but also on a positive safety-first culture, which encourages staff to improve their safety performance. Across the Group the "Safety Culture Program" enables employees and sub-contractors to benefit from a wide range of training courses and communication on this subject, and is underpinned by the principles enshrined in the Group's safety policy.

Air France-KLM aims to achieve a continuous risk and performance-based improvement in its industry-leading flight safety management system, which enables risk-focused decisions to be taken at every level of the Group.

## Permanent contact with every aircraft

The Group is also multiplying initiatives on the in-flight position reporting of its aircraft. Air France-KLM is represented in the "Aircraft Tracking" working group, spearheaded by the International Air Transport Association (IATA), and intends to be a key contributor to this project. Under the control of the International Civil Aviation Organization (ICAO), this working group is responsible for submitting proposed long-term solutions which are harmonized between governments on the real-time monitoring of commercial passenger and cargo aircraft trajectories.

Since 2010, Air France then KLM Royal Dutch Airlines have implemented a particularly high-performance tracking system for their aircraft. The aircraft's precise position is transmitted every ten minutes to the airline's operational control center (twenty minutes on average for the air transport industry). In the event of any divergence relative to

the planned flight path, the interval for the automated reporting of the aircraft's position is reduced from ten minutes to one minute.

Furthermore, in line with the recommendations of the French authority responsible for safety investigations into accidents or incidents in civil aviation (BEA), the Air France fleet is now equipped with ULB (Underwater Locator Beacon) flight recorders (more commonly known as "black boxes") with 90 days of autonomy (as opposed to the 30 regulatory days) during which aircraft can be located at any time world-wide in the event of immersion. KLM Royal Dutch Airlines is currently looking into the installation of similar equipment on its fleet. The Group is also studying the possibility of equipping its aircraft with an improved beacon, which would issue a more-easily-perceptible frequency when under water.



In 2014-15, 110 projects were funded by the Air France Foundation

**84** projects supporting vulnerable children

**17** projects supporting disabled children

**9** projects supporting sick children

As a world major in the airline industry, Air France-KLM has long been building close links with charitable bodies and NGOs in the countries it serves world-wide. The Group is only too aware that access to education, leisure and culture are key to offering children a better future.

**Company-wide mobilization around children in Senegal**

In 2015, for the second year running, the Air France Foundation organized a fund-raising event with the company's staff. This major initiative, undertaken in partnership with Air France Cargo, was for the benefit of children in Dakar and the surrounding region. More than five tons of clothing, toys, games, educational and childcare materials, etc. were donated by Air France staff and subsequently shipped from Paris to Dakar by Air France Cargo for distribution by the seven associations partnering the Foundation: Empire des Enfants, Collectes et Partages, Village Pillote, La Liane, Samusocial Sénégal, Dunes Aventures and the Vivre Ensemble Madrasah NGO. All the crew took part in the donation distribution ceremony to show their support for the Foundation's work.

Established in 1992, the Air France Foundation is a pioneer in the corporate world. For more than 22 years it has been selecting and supporting programs to help children and young people who are sick, disabled or highly vulnerable.

**Supporting children's rights**

Founded in 1999, the KLM AirCares program supports vulnerable children living in countries to which the airline operates flights. AirCares thus supports numerous charitable organizations working towards improving living conditions for children.

To take this program to another level, since December 2013 KLM Royal Dutch Airlines has been working with UNICEF. Through a vast three-year plan, the company supports the "Children's Rights and Business Principles"; a comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights.

KLM Royal Dutch Airlines is the first airline to fully embrace and implement these "Children's Rights & Business Principles". The airline will strive to ensure that all of its processes and activities, as well as those of its partners and suppliers, uphold and support children's rights. The next step will be to ensure that these principles are further disseminated in the air transport industry.

**Donating Flying Blue Miles**

Since small gestures can make a big difference, Air France-KLM offers the frequent flyer members of its Flying Blue loyalty program the opportunity to participate in humanitarian programs by donating a portion of their Flying Blue Miles. The generosity of customers in supporting the KLM AirCares and Air France's association partners enables the financing of ever-more projects. For further information, go to the "Spend Miles" section at [www.flyingblue.com](http://www.flyingblue.com).



# At the service of children everywhere in the world

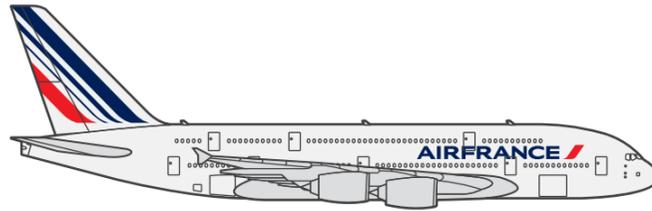
# An optimized fleet

Data at March 31, 2015

## Long-haul fleet

### AIRBUS A380-800

AIR FRANCE: 10  
SEATS: 516  
SPEED: M 0.85  
LENGTH: 72.72 M  
WINGSPAN: 79.75 M

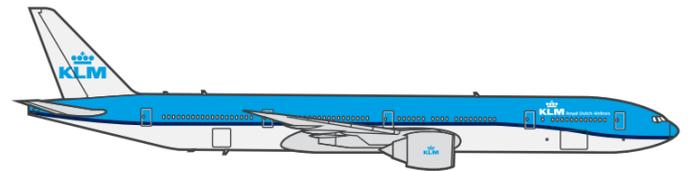
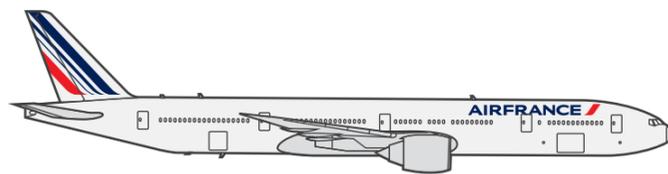


### BOEING 777-200/300

AIR FRANCE: 25/37  
SEATS: 247 – 309/296 – 468

KLM : 15/9  
SEATS: 318/425

SPEED: M 0.84  
LENGTH: 63.73 M/73.86 M  
WINGSPAN: 60.93 M/64.80 M

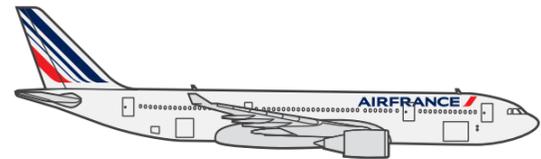
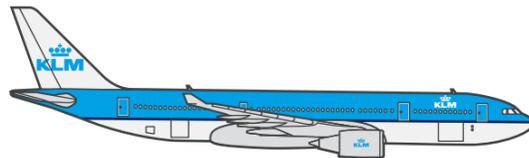


### AIRBUS A330-200/300

AIR FRANCE: 15  
SEATS: 208

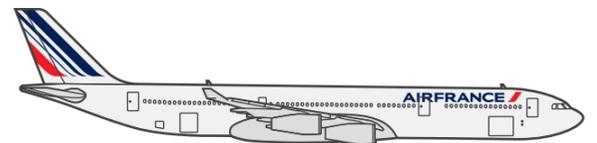
KLM: 12/5  
SEATS: 243/292

SPEED: M 0.82  
LENGTH: 59 M/63.69 M  
WINGSPAN: 60.30 M



### AIRBUS A340-300

AIR FRANCE: 13  
SEATS: 275  
SPEED: M 0.82  
LENGTH: 63.60 M  
WINGSPAN: 60.30 M

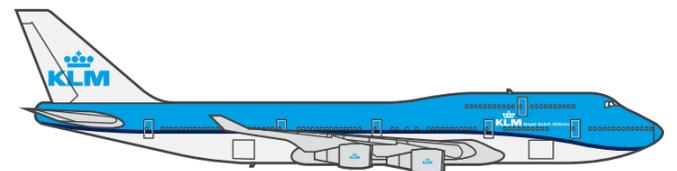
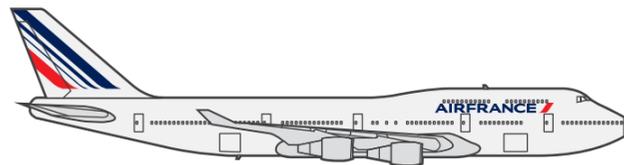


### BOEING 747-400 PASSENGER/COMBI

AIR FRANCE: 5  
SEATS: 432

KLM: 7/15  
SEATS: 415/276  
WEIGHT CARRIED: 35 TONS (COMBI)

SPEED: M 0.85  
LENGTH: 70.66 M  
WINGSPAN: 64.44 M

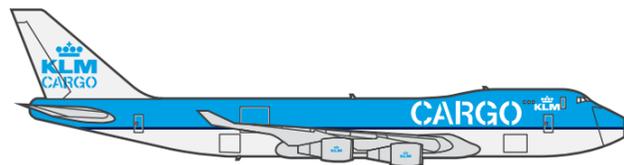


### BOEING 747-400 CARGO

AIR FRANCE: 1  
WEIGHT CARRIED: 105 TONS

KLM: 4  
WEIGHT CARRIED: 112 TONS

SPEED: M 0.85  
LENGTH: 70.67 M  
WINGSPAN: 64.44 M

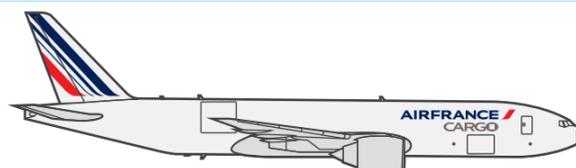


### McDONELL DOUGLAS MD-11 CARGO

KLM: 6  
WEIGHT CARRIED: 82 TONS  
SPEED: M 0.85  
LENGTH: 61.21 M  
WINGSPAN: 51.96 M

### BOEING 777-200 CARGO

AIR FRANCE: 2  
WEIGHT CARRIED: 103 TONS  
SPEED: M 0.84  
LENGTH: 63.70 M  
WINGSPAN: 60.90 M

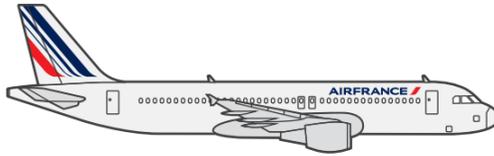


The average age of the aircraft in the operational fleet was 10.9 years at March 31, 2015.

## Medium-haul fleet

### AIRBUS A318/A319/A320/A321

AIR FRANCE: 18/38/45/22  
SEATS: 131/138 – 142/165 – 178/200 – 212  
SPEED: M 0.78  
LENGTH: 31.45 M/33.84 M/37.57 M/44.51 M  
WINGSPAN: 34.10 M



### BOEING 737-700/800/900

KLM: 18/25/5  
SEATS: 132/174/189  
SPEED: M 0.78  
LENGTH: 33.62 M/39.47 M/42.12 M  
WINGSPAN: 35.80 M



### BOEING 737-700/800

TRANSAVIA: 9/37  
SEATS: 149/189  
SPEED: M 0.78  
LENGTH: 33.62 M/39.47 M  
WINGSPAN: 35.72 M



20 Boeing 737-800s ordered in 2015 to support Transavia's rapid growth in France and its development in the Netherlands.

## Regional fleet

### EMBRAER 135/145/170/190

HOP!: 1/17/16/10  
SEATS: 37/50/76/100  
SPEED: M 0.75  
LENGTH: 26.33 M/29.87 M/29.90 M/36.24 M  
WINGSPAN: 20.04 M/20.04 M/26 M/28.72 M



### EMBRAER 190

KLM: 28  
SEATS: 100  
SPEED: M 0.75  
LENGTH: 36.24 M  
WINGSPAN: 28.72 M



### BOMBARDIER CRJ 100/700/1000

HOP!: 4/13/14  
SEATS: 50/72/100  
SPEED: M 0.75  
LENGTH: 27.77 M/32.51 M/39.10 M  
WINGSPAN: 21.21 M/23.35 M/26.20 M



### FOKKER 70

KLM: 19  
SEATS: 80  
SPEED: M 0.74  
LENGTH: 30.91 M  
WINGSPAN: 28.08 M



### ATR 42/72

HOP!: 13/10  
SEATS: 48/70  
SPEED: M 0.45  
LENGTH: 22.67 M/27.17 M  
WINGSPAN: 24.57 M/27.05 M



New ATR 72s at HOP! Air France and Embraers at KLM Cityhopper to deliver improved economic and environmental performance.



Find photos and videos of the Group's fleet at [www.airfranceklm.com](http://www.airfranceklm.com)

# The 787-9 will shortly enter revenue service with the Group

During the autumn of 2015, the Group's first Boeing 787-9 will join the KLM Royal Dutch Airlines fleet. It will offer a 294-seat capacity divided between World Business Class and the Economy Comfort and Economy cabins, together with an innovative in-flight connectivity system. In autumn 2016, Air France will also take delivery of its first aircraft of this same type. In total, Air France-KLM has ordered 25 Boeing 787-9s for delivery between 2015 and 2023. By replacing the oldest aircraft, this aircraft will enable a substantial reduction in operating costs, and in gas and noise emissions.



Air France-KLM's 2014 Annual Report was produced by the Air France-KLM Corporate Communications Division.

Design and realization: **HAVAS WORLDWIDE PARIS**

**Photo credits:**

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Logo  
PEFC

Air France-KLM's 2014 Annual Report, Registration Document and Corporate Social Responsibility Report are available on the website [www.airfranceklm.com](http://www.airfranceklm.com).

# OUR BRANDS

2014



**Air France**  
**KLM Royal Dutch Airlines**

**Transavia**  
**HOP!**

**Air France Industries KLM Engineering & Maintenance**

**Air France-KLM Martinair Cargo**

**Servair**

Air France-KLM, a global airline leader with European foundations. Our mission: to bring Europeans together, welcome the rest of the world to Europe and export globally the best that Europe has to offer. To accomplish this mission, we propose an extensive offer, organized around a portfolio of 7 complementary brands, each a champion in their individual segments. Each of these brands comes with a strong promise, has a clearly-defined personality, meets a customer lifestyle need and offers specific products and services which make it stand out. Each of these brands innovates and evolves in step with customers to support them in their projects and desires, and to surprise them with an unprecedented offer. Each of these brands is embodied in the men and women of Air France-KLM who are dedicated to earning the trust and preference of customers. In the passenger transportation market, Air France, KLM Royal Dutch Airlines, HOP! Air France and Transavia offer a choice of fares, destinations, frequencies, services and support which is unique in the world. In the aeronautics maintenance market, opting for Air France Industries KLM Engineering & Maintenance means calling on the reference player and benefiting from its powerful, global network. In the cargo market, transporting merchandise with Air France-KLM Martinair Cargo means prioritizing efficiency, speed and flexibility. In the airline catering market, choosing Servair means securing the services of a leading company and benefiting from the creativity of its teams.

*7 brands to offer the best service to customers day after day.*



Air France, a global airline with the French touch, focuses on unparalleled standards of personalized service to make travel a moment of pleasure and elegance. Air France customers benefit at all times from the best-possible travel experience thanks to attentive service and top-notch products. The quintessence of this French-style travel promise which is so appreciated by Air France customers world-wide is captured in the signature: France is in the Air.

# Air France

France is in the Air

**AIRFRANCE** /

1 HUB AT PARIS-CHARLES DE GAULLE

179 DESTINATIONS <sup>(1)</sup>

IN 80 COUNTRIES IN 2015

344 AIRCRAFT IN OPERATION  
AT MARCH 31, 2015

(1) Including HOP! Air France.

## A NEW ADVERTISING FILM

On March 8, 2015, Air France launched its new "France is in the Air" advertising film. Created by the BETC agency and directed by the French duo "We are from L.A.", the film has been broadcast on TV channels, in cinemas, and on digital and social media. It showcases the best of France: a nation which is positive, caring and inspiring as it reaches out to the world. And it does so with audacity, poetically surpassing the references traditionally used by airlines. Fashion, fine dining, the Tour de France, the young ballerinas of the Paris Opera and even a French kiss... a series of evocative scenes which reflect the Company's new attitude, combining fighting spirit with a desire to be closer to its customers. With this film, Air France is reaffirming its concept of travel as a special and enchanting moment. A vision which reflects the three values guiding the airline's services on a daily basis: caring, high quality and pleasure.



#### METICULOUS ATTENTION TO DETAIL

In the La Première and Business cabins, every detail is the subject of meticulous care. To ensure a truly exceptional in-flight dining experience, the airline entrusted the well-known French designer Jean-Marie Massaud with designing its new tableware. In the La Première cabin, he has created a complete service of more than 40 original pieces while in Business, the tableware has been carefully designed to evoke lightness and flight. In another unique detail, the wine and champagne list is signed by internationally-renowned experts. Since September 2014, Paolo Basso, the 2013 world's best sommelier, has been entrusted with selecting the wines and champagnes across the entire Air France network. In the La Première and Business cabins<sup>(1)</sup> he works together with Bettane & Desseave, authors of the French Wine Guide.

<sup>(1)</sup> Paolo Basso works with Bettane & Desseave in the La Première long-haul, Business long-haul and Business medium-haul cabins on flights lasting more than three hours.

#### THE COMFORT OF AN A380

Embarking on board an Air France Airbus A380 is always the promise of an exceptional journey. Once on board, the travel comfort of the 516 passengers has been optimized in an exceptionally spacious cabin interior. The 220 portholes flood the cabin with natural light and graduated mood lighting enables jet lag-free travel across different time zones. Furthermore, the six bars located throughout the aircraft enable everyone to meet up with fellow passengers during the flight. For the Summer 2015 season, Air France's ten A380s are flying to eight destinations (Los Angeles, New York-JFK, San Francisco, Washington, Abidjan, Johannesburg, Hong Kong and Shanghai).

#### BENEFIT FROM SUBLIME LOUNGES ACROSS THE WORLD

Everywhere in the world, customers traveling in the La Première and Business cabins benefit from access to more than 500 lounges including some 40 Air France lounges, offering a wide range of services in a hushed, relaxing environment. In 2014, on the occasion of the World Airline Awards organized by Skytrax, the La Première lounge at Paris-Charles de Gaulle designed by the architect Didier Lefort was named the best first class lounge in the world. The lounge's restaurant and its menu created by Chef Alain Ducasse also won the award for the best first class fine-dining proposition. Air France has also inaugurated its fully renovated lounge at the heart of New York-JFK airport, situated in Terminal 1. Bathed in light, it has a tranquil, calming atmosphere. Furthermore, the lounge has two buffets serving hot and cold snacks, as well as a wide range of alcoholic and non-alcoholic drinks including champagne and French wines, revisiting French gastronomy thanks to a selection of fresh products and gourmet recipes.



### BLUEY, NEW SERVICES FOR CHILDREN

Since December 2014, KLM Royal Dutch Airlines has offered a new range of tailor-made services especially for child passengers. Designed to entertain them before, during and after their flights, this range of products is easily recognizable thanks to its Bluey logo, a blue aircraft with the famous KLM crown. On their arrival at Amsterdam-Schiphol, unaccompanied children are welcomed in their very-own lounge which has been totally restyled in Bluey colors. During the flight, numerous games are distributed to everyone. On intercontinental flights, at klm.com, parents can order online a meal especially prepared with their children in mind. Lastly, there is also a separate children's channel offering multiple entertainment programs which are easily accessible from their personal screens. With an average of ten children per flight, it is vital for the company to offer these young passengers dedicated services ensuring they can benefit from an enjoyable trip.

### AN EVER-MORE-MODERN FLEET

Within the framework of its fleet renewal program, KLM Royal Dutch Airlines will take delivery of the Boeing 787-9 in the autumn of 2015. This next-generation aircraft will generate a significant fuel saving with lower CO<sub>2</sub> emissions and less noise. KLM Cityhopper is also renewing its fleet thanks to the acquisition of two Embraer 190 aircraft which will join the fleet in December 2015, along with fifteen Embraer 175s (E175+) for delivery between March 2016 and June 2018. In parallel, the Mc Donnell Douglas MD-11 operated its last commercial flight under KLM Royal Dutch Airlines colors in October 2014 following 21 years of revenue service in the company's fleet. On November 11, 2014, KLM Royal Dutch Airlines organized a big send-off for the aircraft by giving its greatest fans the opportunity to travel on board three special flights. Covering the Netherlands on departure from Amsterdam-Schiphol, KLM Royal Dutch Airlines was the last airline in the world to offer passenger flights in the MD-11. KLM Royal Dutch Airlines thus marks the end of an era and is now investing in a more modern, sustainable and fuel-efficient fleet.



### AN INNOVATIVE PARTNERSHIP WITH AIRBNB

In December 2014, KLM Royal Dutch Airlines entered into an innovative long-term partnership with Airbnb, the well-known global home rental website. To celebrate the event, at Amsterdam-Schiphol, the company transformed one of its aircraft into a real apartment with numerous on-board stays available exclusively on the Airbnb website. Within the framework of this partnership, KLM Royal Dutch Airlines customers can now find Airbnb accommodation directly on the company's website while they are booking their airline tickets. Unique rental properties across the world are also available from the home page of the klm.com website.



1 HUB AT AMSTERDAM-SCHIPHOL

139 DESTINATIONS  
IN 63 COUNTRIES IN 2015

199 AIRCRAFT IN OPERATION  
AT MARCH 31, 2015



# KLM Royal Dutch Airlines

Happy to help

KLM Royal Dutch Airlines offers a warm, genuine service to customers from all cultures. On each of its flights, the company proposes innovative products while putting the emphasis on the best the Netherlands has to offer. Open and inspiring, KLM Royal Dutch Airlines also plans to promote a responsible and sustainable economy within the airline industry.

## HEADING FOR 100 YEARS!

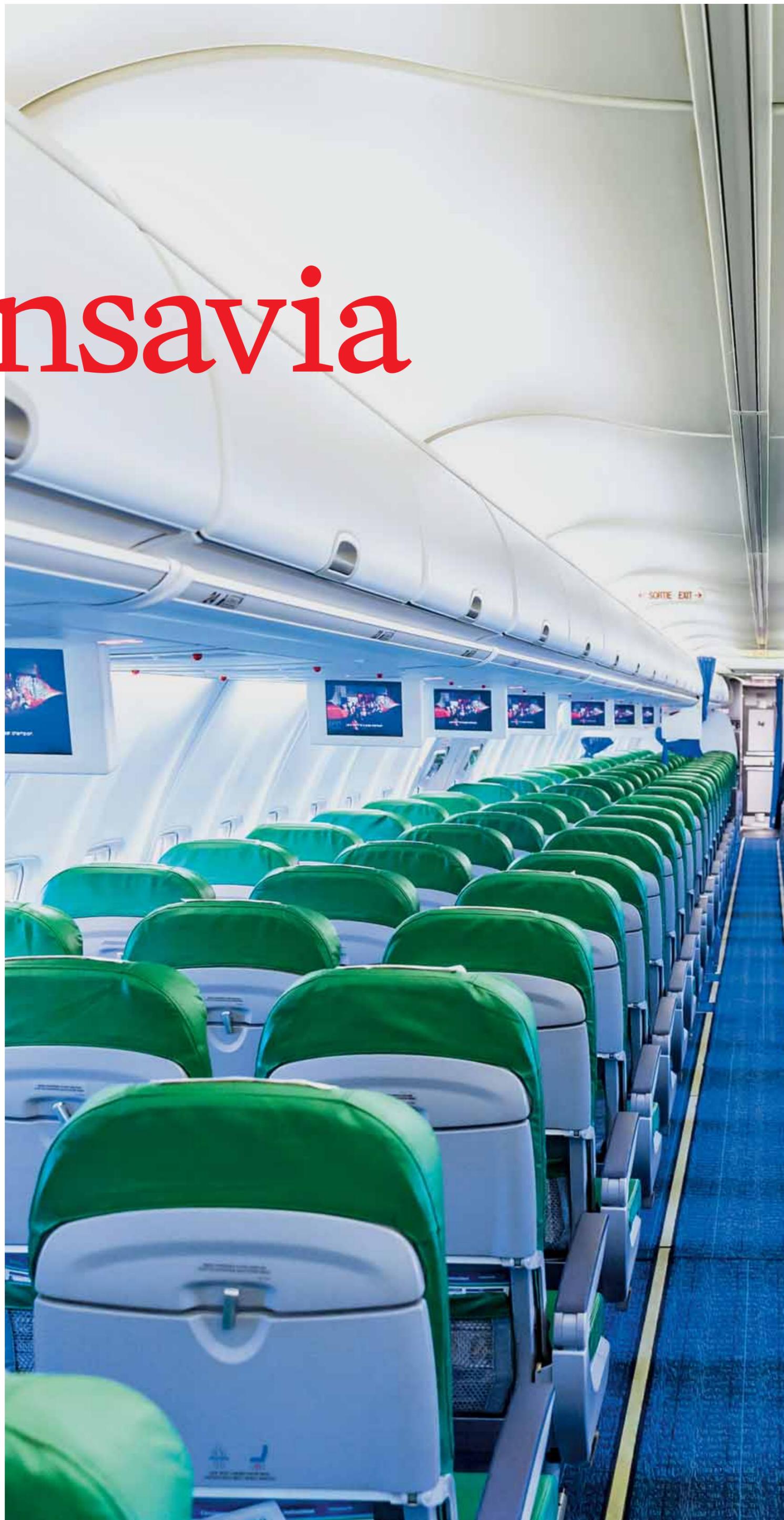
Having been founded on October 7, 1919 at The Hague in the Netherlands, KLM Royal Dutch Airlines celebrated its 95th anniversary in 2014, becoming the oldest airline in the world to be operating under its original name. To mark this milestone, KLM Royal Dutch Airlines invited its employees and their families to a spectacular projection showcasing all its activities, featuring an MD11 aircraft as the projection screen. It also inaugurated the "Exploring KLM's 95-Year Journey" exhibition at the Jan van der Togt museum in Amstelveen and added to its collection of typically-Dutch Delftware miniature houses. Filled with real Dutch gin, these houses have been distributed for the past fifty years on board World Business Class. In 2019, the company will celebrate its 100-year anniversary.



# Transavia

It's a pleasure!

Transavia continues to develop, thanks to its low-cost flights operated on departure from France and the Netherlands bound for destinations across Europe and the Mediterranean rim. The company is reaffirming its growth objectives: become customers' low-cost carrier of choice, maintain its leading position in the Netherlands and become the number one company on departure from Paris-Orly to European destinations as of 2015.



6 BASES IN THE NETHERLANDS  
AND FRANCE

140 DESTINATIONS  
IN 33 COUNTRIES IN 2015

46 AIRCRAFT IN OPERATION  
AT MARCH 31, 2015



## BECOMING NUMBER ONE

In France, Transavia is seeing substantial growth in the Summer 2015 season (capacity +30%<sup>(1)</sup>). In 2020, it will carry three times the current number of passengers, thanks to expansion in the fleet from 14 to 40 aircraft. As a result, 650 direct jobs will be created in the company.

(1) Capacity measured in Available Seat-Kilometers (ASK) and relative to the Summer 2014 season (excluding the impact of the Air France pilots' strike in September 2014).

## NEW BOEINGS TO SUPPORT THE BRAND'S GROWTH

In 2015, Transavia placed an order for 20 Boeing B737-800s, with 17 firm orders and three aircraft under option. These aircraft will support Transavia's rapid growth in France and its development in the Netherlands. Deliveries of these aircraft will begin in January 2016 and continue through to 2018. These orders, which are an integral part of the Perform 2020 plan, confirm the Group's ambition in the low-cost segment on departure from its domestic markets. The aircraft will have 189 seats, the "Boeing Sky Interior" and will be equipped with next-generation CFM56-7BE engines. The Transavia France and Transavia Netherlands fleets comprise exclusively Boeing B737s, thereby ensuring significant savings, particularly in terms of aircraft maintenance costs.

## NEW IDENTITY

In January 2015, the company unveiled a new logo and a new look. It's a pleasure! thus became the Transavia signature, embodied for customers by all its pilots, hostesses, stewards and ground staff. The pleasure principle is now the cornerstone on which the airline is looking to build its future.



## A BRAND NEW WEBSITE

Transavia has also launched its new website aimed at greater efficiency, rapidity and ease of use. The customer's end-to-end navigation experience has been completely redesigned and optimized down to the confirmation emails for bookings. A more functional calendar and additional bespoke services developed in close cooperation with customers are also offered. For more, go to [www.transavia.com](http://www.transavia.com).

“A combination  
of power  
and simplicity.”

#### DOMINATING THE FRENCH DOMESTIC NETWORK

The Air France Group has embarked on a commercial offensive in the short-haul market. Competition here is intense with rail, and now coach travel and car-pooling. A dense network covering the French territory, a strong commercial presence in this market and a now more-streamlined, responsive organization should enable the regrouped HOP! Air France entity to affirm itself as the reference in the French domestic network which is the largest in Europe.

#### A NEW OFFER ON THE SHORT-HAUL NETWORK

The company has unveiled a new offering, with one-way flights at fares starting from €49 including taxes. Three principles inform the company's pricing strategy: attractive fares which vary depending on the required level of flexibility, paid-for option-based services to compose an à la carte trip and even more competitive prices during certain periods of the year.

#### A REGROUPED ACTIVITY

Since March 29, 2015, HOP! Air France has regrouped, under a single banner and sole, coherent commercial proposition, the entire network of flights on departure from Paris-Orly and the French regions, the transverse services and the flights to near-by European destinations<sup>(1)</sup>. The combination of the two brands also enables the Group to capitalize on their individual strengths and specificities. HOP! Is the main brand for customers, symbolizing the values of proximity, simplicity and accessibility. It is backed by the Air France brand and all that implies in terms of reassurance, confidence and a guarantee of quality. HOP! Air France thus plans to facilitate customer mobility over short distances.

<sup>(1)</sup> Excluding flights to and from Paris-Charles de Gaulle on departure from or bound for elsewhere in Europe.



# HOP!

You're already there.

HOP! Air France serves 130 destinations in France and the rest of Europe. The business is adapting to all mobility needs to facilitate travel in France and to near-by European countries thanks to simple, rapid and comfortable journeys. With regular frequencies and convenient flight times, HOP! Air France can meet the needs of both leisure and business customers.

**HOP!**  
AIRFRANCE

130 DESTINATIONS IN FRANCE  
AND EUROPE IN SUMMER 2015

96 AIRCRAFT OPERATING  
ON THIS NETWORK ALONE<sup>(1)</sup>

<sup>(1)</sup> This fleet does not include the aircraft chartered by Air France to feed the Paris-Charles de Gaulle hub.

[airfrance.fr](http://airfrance.fr) and [hop.com](http://hop.com)

# Air France-KLM Martinair Cargo

Freight made personal

Air France-KLM Martinair Cargo is pursuing its restructuring within a difficult economic environment. Air freight is being impacted by the situation of structural industry overcapacity. To reduce its costs, the business is progressively retiring a portion of its full-freighter fleet to refocus most of its activity on the bellies of passenger aircraft. Within the framework of the Perform 2020 plan, this full-freighter fleet will thus be progressively reduced to five aircraft by 2017.

## RECOGNIZED EXPERTISE IN TEMPERATURE-CONTROLLED TRANSPORTATION

Air France-KLM Martinair Cargo offers transportation solutions for merchandise which is sensitive to changes in temperature, like pharmaceutical products. In 2014 in Amsterdam, the Group thus signed a partnership with the company va-Q-tec, enabling the transportation of products in containers specially adapted to respect the cold chain. Three additional cold rooms are also available at Paris-Charles de Gaulle, enabling products for transportation to be kept at between 2°C and 8°C. In Paris, the Group thus offers up to 1,130 m<sup>3</sup> of space dedicated to merchandise requiring temperature-controlled transportation.

## A NEW EXPRESS HUB

To pursue a goal of developing its business in high-value-added cargo, on March 30, 2015 Air France-KLM Martinair Cargo inaugurated a 9,000 m<sup>2</sup> hub specializing in express and postal freight. Situated close to Terminal 2 at Paris-Charles de Gaulle, this new sorting center benefits from an optimal geographical location. Since it is closer to the long-haul aircraft arriving from or departing for world-wide destinations, it can respect urgent delivery deadlines and thus meet customer expectations more effectively. With this Express Hub, Air France-KLM Martinair Cargo can thus handle no fewer than 6,000 packages per hour compared with 700 previously.

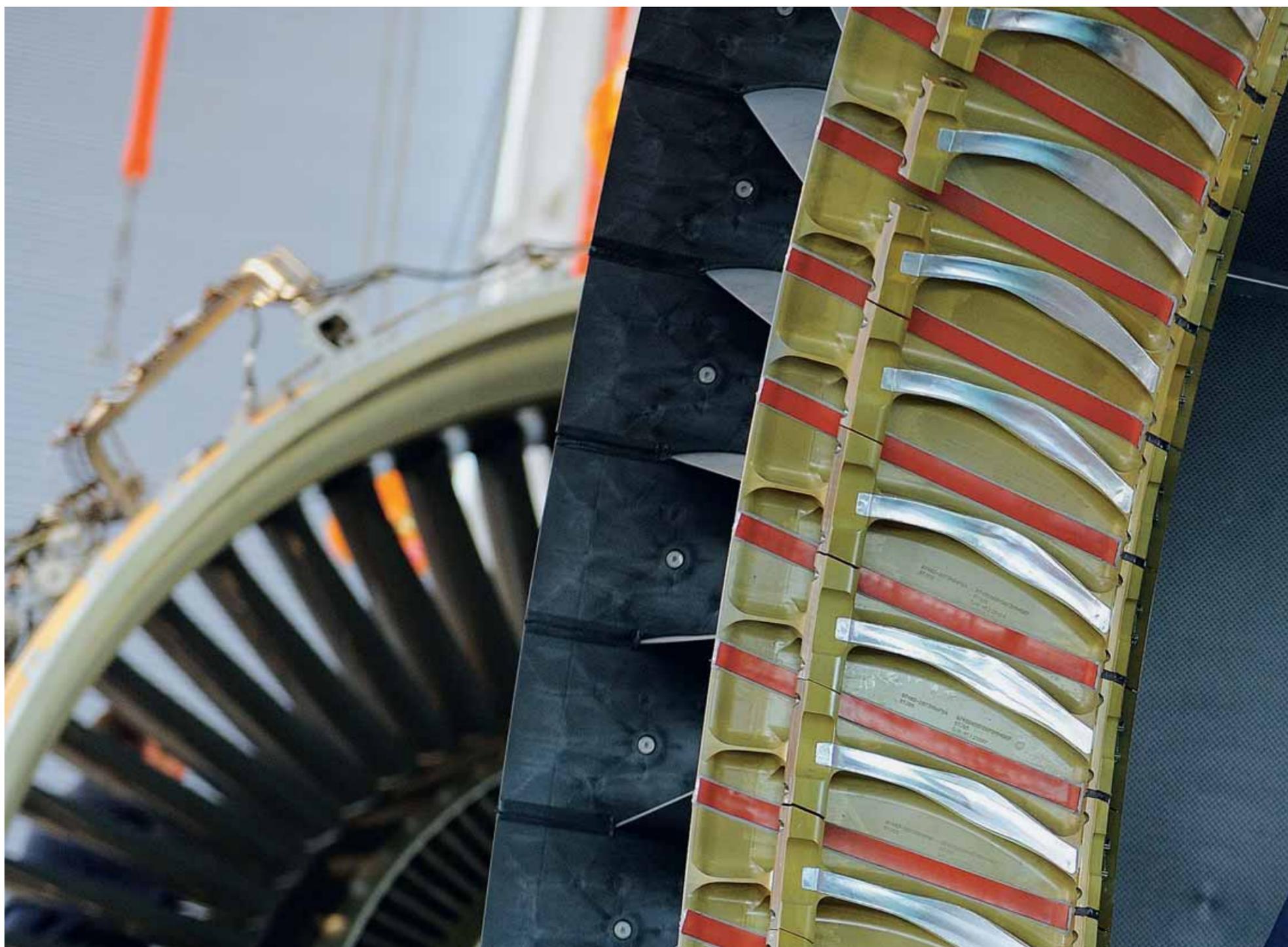
**AIRFRANCE**  **KLM**  
 **Martinair CARGO**

**80%** OF FREIGHT LOADED IN THE BELLIES OF THE GROUP'S PASSENGER AIRCRAFT

**255** OUTSTATIONS, INCLUDING SOME SERVED ONLY BY FULL-FREIGHTERS

**70** ADDITIONAL FREQUENCIES IN SUMMER 2015

[afklcargo.com](http://afklcargo.com)



# Air France Industries KLM Engineering & Maintenance

Adaptive MRO solutions

**AIRFRANCE** / **KLM**  
**INDUSTRIES** Engineering & Maintenance

2 "MRO OF THE YEAR" AWARDS IN 2015  
FROM TRADE MAGAZINES AIRLINE  
ECONOMICS AND AVIATION WEEK

1,500 AIRCRAFT BELONGING  
TO 150 DOMESTIC OR INTERNATIONAL  
AIRLINES SUPPORTED DURING 2014



### MRO<sup>(1)</sup> OF THE YEAR!

In 2015, AFI KLM E&M won two “MRO of the Year” awards, one of which for the second year running. Through these awards, industry professionals on the MRO market recognized the value-added of AFI KLM E&M’s aircraft maintenance services together with its client service quality. The winning of these awards highlights AFI KLM E&M’s commitment to maintaining optimum levels of maintenance performance and quality over the long term, and its continuous improvement efforts.

(1) Maintenance, Repair & Overhaul.

In the aeronautics maintenance market, Air France Industries KLM Engineering & Maintenance (AFI KLM E&M) ranks number two globally amongst the multi-product players thanks to third-party revenues of around €1.2 billion. Its role is to ensure competitive support for the Air France and KLM Royal Dutch Airlines fleets, while operating as a leading MRO in its own market. The business operates in three major maintenance segments: airframe maintenance, engine maintenance and component support (electronic, mechanical, pneumatic, hydraulic, etc.). In 2014, consistent with the Transform 2015 objectives, AFI KLM E&M continued the deployment of measures aimed at reinforcing its competitiveness and reducing the Group’s maintenance unit costs. Within the framework of the Perform 2020 plan, the Group now plans to consolidate its leadership position in the maintenance business while maintaining the imperatives of competitiveness and strict financial discipline.

### A LEADER ON NEXT-GENERATION PRODUCTS

While Air France-KLM is preparing to receive its first Boeing 787-9 in the autumn of 2015, the Group’s maintenance business is already the leader in component support for this aircraft. It supports numerous airlines in this area, particularly Thai Airways International and Royal Air Maroc, who both recently entrusted the company with the component maintenance and overhaul on their Boeing 787s. Furthermore, in February 2015, the AFI KLM E&M engine workshop at Amsterdam-Schiphol carried out its first “Quick Turn” check on GE Aviation’s GEnx-1B, the engine selected to equip the Group’s Boeing 787 aircraft. This first operation marked the initiation of an offering on this next-generation engine which is set to see substantial growth over the next few years.



### A RECORD YEAR FOR CONTRACTS

In 2014, the competitive environment became tougher for the maintenance business marked, notably, by the increased pressure from equipment manufacturers. Against this backdrop, AFI KLM E&M won a number of major global contracts. In April, the Group signed a formal agreement with Air China Technics, organizing support for the GE90 engines equipping the Chinese carrier’s Boeing 777 fleet. This contract, the largest in AFI KLM E&M’s history, binds the two parties exclusively over the long-term. In another significant contract win, last November LATAM Airlines Group, the largest Latin American carrier, entrusted the Group with the component support on its Boeing aircraft. The agreement concerns the entire LATAM Airlines Group Boeing fleet, or a total of 90 aircraft. These contracts contributed to the significant growth in the order book with third-party clients in 2014 (+28% relative to 2013).

### INTERNATIONAL GROWTH

AFI KLM E&M is pursuing its development strategy in profitable markets and segments, backed by the power of its global logistics network. This growth guarantees AFI KLM E&M customers ready access to all the Group’s services, adapted solutions and local stocks of spare parts. The business is thus building its positioning in the United States. Having acquired the US company Barfield, specialized in component support in March 2014, in April 2015 AFI KLM E&M announced the purchase of a 50% stake in Tradewinds, a US company specialized in the trading of engine parts.

# Servair

At the service  
of airlines

As the leader in airline catering, Servair supplies 120 companies in over 25 countries located in four continents, its teams covering all aspects of on-board services. Servair produces more than 560,000 meal trays every day at 44 airports, while respecting the highest quality standards. Aircraft cleaning and loading, newspaper and magazine management and on-board sales are also amongst the services proposed.



**SERVAIR**

**NO.1** IN AIRLINE CATERING AND  
CLEANING IN FRANCE

**NO.3** GLOBALLY IN AIRLINE CATERING  
AND LOGISTICS

**84** MILLION MEAL TRAYS  
PRODUCED ANNUALLY

**50,000** MICROBIOLOGICAL ANALYSES  
REALIZED EVERY YEAR IN ITS INTERNAL  
LABORATORY

**39** MILLION SEATS CLEANED  
EVERY YEAR

[servair.fr](http://servair.fr)

## A NEW CATERING FACILITY IN SÃO PAULO

Having expanded its network in 2014 with operations in Kinshasa, Brussels, Calgary and Montreal, in March 2015 Servair opened a new catering facility at São Paulo-Guarulhos international airport in Brazil. This facility, which is located close to the runways at Guarulhos international airport, has been designed to produce 15,000 meals a day. It benefits from all Servair's culinary, technical and logistics experience, notably thanks to a fleet of ten new trucks capable of serving all types of aircraft. The opening of this facility offering a foothold in a rapidly-developing economic region reflects Servair's international growth strategy, São Paulo-Guarulhos international airport being one of the leading airports in Brazil and the South-American continent.

## "CHEFS ON BOARD" OPERATIONS

During long-haul flights, within the framework of the "chefs on board" operation, Air France regularly offers its customers a chance to meet the individuals who have created their meals. This is the opportunity for a Servair chef to engage with passengers to hear their impressions, discuss the menus served on board and reveal the secrets of airline catering. The Michelin-starred chefs creating the meals in Air France's Business and La Première cabins also take part in these in-flight encounters, accompanied by the Servair chefs. In 2014, Air France customers were thus able to meet Michel Roth, Régis Marcon and Anne-Sophie Pic.

# OUR DESTINATIONS

2014



AIRFRANCE **KLM**

# Discover the Air France-KLM world



Edmonton

Calgary

Vancouver

Minneapolis

Montreal

Toronto

Chicago

Detroit

Boston

New York

Washington

San Francisco

Los Angeles

Dallas

Atlanta

Houston

Miami

Havana

Cancun

Mexico City

Port-au-Prince

Santo Domingo

Punta Cana

St Maarten

Pointe-à-Pitre

Fort-de-France

Aruba

Curacao

Bonaire

Caracas

Paramaribo

Cayenne

Panama City

Bogotá

Calli

Quito

Guayaquil

Lima

Brasilia

Rio de Janeiro

São Paulo

Santiago

Buenos Aires

Montevideo

Papeete

Reykjavik-Keflavik

Trondheim

Alesund

Bergen

Oslo

Stavanger

Kristiansand

Göteborg

Belfast

Dublin

Amsterdam

Paris-CDG

Montpellier

Barcelona

Madrid

Valencia

Casablanca

Enfidha

Fes

Funchal

Gran Canaria

Nouakchott

Sal Island

Boa Vista

Island

Dakar

Banjul

Bamako

Conakry

Freetown

Abidjan

Accra

Lomé

Port Harcourt

Malabo

Douala

Libreville

Pointe-Noire

Luanda

Cape Town

Niamey

Ouagadougou

Cotonou

Lagos

Abuja

Yacounde

Libreville

Pointe-Noire

Luanda

Cape Town



- Destinations operated in 2015 under their proprietary brands by Air France, KLM Royal Dutch Airlines, Transavia and HOP!
- Air France-KLM hubs
- ⊕ New Air France destinations
- ⊕ New KLM Royal Dutch Airlines destinations
- ⊕ New Transavia destinations



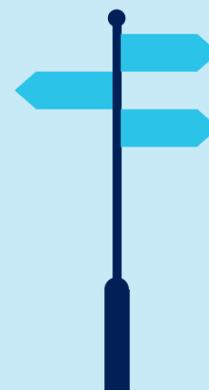
# 2

global hubs at Paris-Charles de Gaulle and Amsterdam-Schiphol



# 87.4

million passengers carried in 2014



# 316

destinations in 115 countries



# 1<sup>st</sup>

Air France-KLM is the number one in terms of intercontinental traffic on departure from Europe



## member of SkyTeam

the number two global alliance



# 546

aircraft in operation at December 31, 2014

# OUR GOVERNANCE

2014



AIRFRANCE KLM

a. **Alexandre de Juniac**  
Chairman and Chief Executive Officer,  
Air France-KLM

b. **Frédéric Gagey**  
Chairman and Chief Executive Officer, Air France

c. **Pieter Elbers**  
President and Chief Executive Officer, KLM

d. **Alain Bassil**  
Chief Operating Officer, Air France

e. **René de Groot**  
Chief Operating Officer, KLM

f. **Patrick Alexandre**  
Executive Vice President Commercial – Sales & Alliances, Air France-KLM

g. **Pieter Bootsma**  
Executive Vice President Commercial – Strategy, Air France-KLM

h. **Adeline Challon-Kemoun**  
Executive Vice President, Marketing, Digital & Communication, Air France-KLM

i. **Bram Gräber**  
Executive Vice President Transavia, Air France-KLM  
Executive Vice President Cargo (ad interim), Air France-KLM

j. **Wim Kooijman**  
Executive Vice President Human Resources, Air France-KLM

# The Executive Committee

The Air France-KLM Executive Committee meets every two weeks, alternating between Amsterdam and Paris, to establish the principal orientations of the Group within the framework of the strategy approved by the Board of Directors. At March 31, 2015, the Executive Committee comprised 15 members.



k. **Jean-Christophe Lalanne**  
Executive Vice President Information Technology, Air France-KLM

l. **Jacques Le Pape**  
Executive Vice President Corporate Secretary, Air France-KLM

m. **Pierre-François Riolacci**  
Chief Financial Officer, Air France-KLM

n. **Franck Ternier**  
Executive Vice President Engineering & Maintenance, Air France-KLM

o. **Nathalie Stubler**  
Secretary to the Group Executive Committee and Chief of Staff

## Board of Directors

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

**Peter Hartman**  
Vice-Chairman of the Air France-KLM Board of Directors

**Maryse Aulagnon**  
Chair and Chief Executive Officer of Affine

**Isabelle Bouillot**  
President of China Equity Links

**Régine Bréhier**  
Director of Maritime Affairs

**Jean-Dominique Comolli**  
Honorary Civil Administrator

**Jean-François Dehecq**  
Vice-Chairman of the National Industry Council

**Jaap de Hoop Scheffer**  
Professor, Leiden University (Netherlands)

**Louis Jobard**  
Boeing 747-400 Flight Captain

**Cornelis van Lede**  
Company director

**Solenne Lepage**  
Director of Transportation Shareholdings, Agency for State Shareholdings

**Christian Magne**  
Air France Executive

**Isabelle Parize**  
Chief Executive Officer of Nocibé

**Leo van Wijk**  
Chairman of the SkyTeam Governing Board

## Determining the orientations of the Group

The Board of Directors determines the orientations of the company's activity and ensures their implementation. In this capacity, it contributes alongside the General Management to ensuring its proper functioning based on the opinions and recommendations of the specialized advisory Committees. At December 31, 2014, the Board of Directors comprised 14 members:

- 11 Board directors appointed by the Shareholders' Meeting (including two representing the employee shareholders);
- three representatives of the French State appointed by ministerial order.



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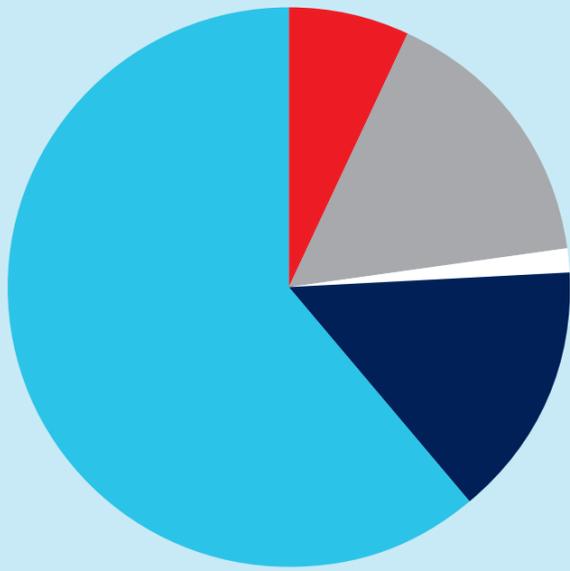
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# Listening to our shareholders

Break-down of the Air France-KLM share capital at December 31, 2014.



- 61.2% Institutional investors
- 15.9% French State
- 14.7% Individual shareholders
- 6.8% Employees
- 1.4% Treasury stock



Air France-KLM regularly publishes ACTION'air, the newsletter dedicated to individual shareholders, which covers the Group's economic and financial news, and brings forthcoming events to their attention (site visits, etc.). It is distributed to all Club members by mail or email and is available on the [www.airfranceklm.com](http://www.airfranceklm.com) website in French and English.

Year after year, Air France-KLM devotes substantial efforts to building real relationships of trust and transparency with its shareholders. The Group has developed dedicated tools, giving them rapid access to a wide range of information.

## A new website to increase transparency

In 2015, the Group launched its new [www.airfranceklm.com](http://www.airfranceklm.com) website, giving access to all the key information relating to its activity in a few clicks. Financial news is now regrouped at this sole, unique address. The annual results, regulated information, investor relations agenda, key figures and information aimed at individual shareholders and professional investors are all easily accessible in the "Finance" section. There are also versions of the website specially adapted to access by computer, tablet computer and smartphone.

## The Shareholders' Club, offering access to exclusive events

The Shareholders' Club, accessible to shareholders with more than 50 shares, fosters an exclusive link with the company while keeping shareholders abreast of the Group's general and financial situation notably through the ACTION'air shareholders' newsletter. This quarterly newsletter also offers a program of events and site visits giving an insight into the different Air France-KLM businesses.

To facilitate a behind-the-scenes perspective of its operations, Air France-KLM regularly invites shareholders to information meetings in Paris and the French regions, attended by the company management. Site visits are also organized at the Group's main facilities. In 2014, shareholders were thus able to discover the Paris-Charles de Gaulle hub and the BEPN flight crew training center. Presentations on the Group are also organized within the framework of major events like the Le Bourget Paris Air Show.

Holders of more than 50 shares can become a member of the Air France-KLM Shareholders' Club by sending a shareholding certificate proving ownership of at least 50 shares to: [mail.actionnaires@airfranceklm.com](mailto:mail.actionnaires@airfranceklm.com) or to the following mailing address: Air France-KLM – Relations Actionnaires, AFKL-FI, 95737 Roissy-Charles de Gaulle Cedex. You can also sign up directly in the "Shareholders" section of the [airfranceklm.com](http://airfranceklm.com) website.

Air France-KLM also has an Individual Shareholders' Committee (ISC) which meets at least four times a year and which, by reacting and commenting on the Group's financial communication, enables the management to identify the needs of individual shareholders more effectively.

## Institutional investors

On the occasion of the half-year and annual results, the Group's senior executives participate in roadshows to meet with institutional investors. These roadshows are organized in France, elsewhere in Europe and in the United States by the investor relations team which maintains an on-going dialogue with financial analysts and institutional investors.



Air France-KLM stock price since the launch of the Transform 2015 plan (in euros)



# Consolidated financial statements of the Group

At December 31, 2014

## Consolidated balance sheet

### Assets

In € million	December 31, 2014	December 31, 2013 <sup>(1)</sup>
Goodwill	243	237
Intangible assets	1,009	896
Flight equipment	8,728	9,391
Other property, plant and equipment	1,750	1,819
Investments in equity associates	139	177
Pension assets	1,409	2,454
Other financial assets	1,502	1,963
Deferred tax assets	1,031	434
Other non-current assets	243	113
<b>Total non-current assets</b>	<b>16,054</b>	<b>17,484</b>
Assets held for sale	3	91
Other short-term financial assets	787	1,031
Inventories	538	511
Trade accounts receivables	1,728	1,775
Other current assets	961	845
Cash and cash equivalents	3,159	3,684
<b>Total current assets</b>	<b>7,176</b>	<b>7,937</b>
<b>Total assets</b>	<b>23,230</b>	<b>25,421</b>

### Liabilities and equity

In € million	December 31, 2014	December 31, 2013 <sup>(1)</sup>
Issued capital	300	300
Additional paid-in capital	2,971	2,971
Treasury shares	(86)	(85)
Reserves and retained earnings	(3,856)	(941)
<b>Equity attributable to equity holders of Air France-KLM</b>	<b>(671)</b>	<b>2,245</b>
Non-controlling interests	39	48
<b>Total equity</b>	<b>(632)</b>	<b>2,293</b>
Provisions and retirement benefits	3,491	3,102
Long-term debt	7,994	8,596
Deferred tax liabilities	14	178
Other non-current liabilities	536	397
<b>Total non-current liabilities</b>	<b>12,035</b>	<b>12,273</b>
Liabilities relating to assets held for sale	–	58
Provisions	731	670
Current portion of long-term debt	1,885	2,137
Trade payables	2,444	2,369
Deferred revenue on ticket sales	2,429	2,371
Frequent flyer programs	759	755
Other current liabilities	3,330	2,329
Bank overdrafts	249	166
<b>Total current liabilities</b>	<b>11,827</b>	<b>10,855</b>
<b>Total liabilities</b>	<b>23,862</b>	<b>23,128</b>
<b>Total equity and liabilities</b>	<b>23,230</b>	<b>25,421</b>

(1) Restated for IFRIC21, CityJet reclassified as a discontinued operation.

# Consolidated income statement

In € million	December 31, 2014	December 31, 2013 <sup>(1)</sup>
<b>Sales</b>	<b>24,912</b>	<b>25,520</b>
Other revenues	18	10
<b>External expenses</b>	<b>(15,791)</b>	<b>(15,997)</b>
Aircraft fuel	(6,629)	(6,897)
Chartering costs	(438)	(455)
Aircraft operating lease costs	(873)	(913)
Landing fees and en route charges	(1,840)	(1,839)
Catering	(591)	(589)
Handling charges and other operating costs	(1,476)	(1,405)
Aircraft maintenance costs	(1,356)	(1,303)
Commercial and distribution costs	(870)	(852)
Other external expenses	(1,718)	(1,744)
Salaries and related costs	(7,316)	(7,482)
Taxes other than income taxes	(169)	(186)
Amortization, depreciation and provisions	(1,718)	(1,725)
Other income and expenses	(65)	(10)
<b>Income/(loss) from current operations</b>	<b>(129)</b>	<b>130</b>
Sales of aircraft equipment	–	(12)
Sales of subsidiaries	185	7
Other non-current income and expenses	695	(352)
<b>Income/(loss) from operating activities</b>	<b>751</b>	<b>(227)</b>
Income from cash and cash equivalents	76	77
Cost of financial debt	(446)	(481)
<b>Net cost of financial debt</b>	<b>(370)</b>	<b>(404)</b>
Foreign exchange gains/(losses), net	(158)	74
Change in fair value of financial assets and liabilities	(92)	57
Other financial income and expenses	(68)	(28)
<b>Income/(loss) before tax</b>	<b>63</b>	<b>(528)</b>
Income taxes	(209)	(957)
<b>Net income/(loss) of consolidated companies</b>	<b>(146)</b>	<b>(1,485)</b>
Share of profits/(losses) of associates	(39)	(211)
<b>Income/(loss) from continuing operations</b>	<b>(185)</b>	<b>(1,696)</b>
Net income/(loss) from discontinued operations	(4)	(122)
<b>Net income/(loss) for the period</b>	<b>(189)</b>	<b>(1,818)</b>
Minority interest	(9)	(9)
<b>Net income/(loss) for the period, Group</b>	<b>(198)</b>	<b>(1,827)</b>

# Consolidated statement of cash flows

In € million	December 31, 2014	December 31, 2013 <sup>(1)</sup>
Net income from continuing operations	(185)	(1,696)
Net income from discontinued operations	(4)	(122)
Amortization, depreciation and operating provisions	1,725	1,735
Financial provisions	68	28
Gain on disposals of tangible and intangible assets	(19)	12
Loss/(gain) on disposals of subsidiaries and associates	(184)	(6)
Derivatives – non-monetary result	73	(61)
Unrealized foreign exchange gains and losses, net	122	(114)
Share of (profits) losses of associates	39	211
Deferred taxes	172	916
Impairment	113	79
Other non-monetary items	(1,041)	127
<b>Cash flow</b>	<b>879</b>	<b>1,109</b>
<b>Of which discontinued operations</b>	<b>(6)</b>	<b>(19)</b>
(Increase)/decrease in inventories	(24)	1
(Increase)/decrease in trade receivables	98	59
Increase/(decrease) in trade payables	29	55
Change in other receivables and payables	10	228
Change in working capital from discontinued operations	20	27
<b>Net cash flow from operating activities</b>	<b>1,012</b>	<b>1,479</b>
Acquisition of subsidiaries, of shares in non-controlled entities	(43)	(27)
Purchase of property, plant and equipment and intangible assets	(1,431)	(1,186)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	354	27
Proceeds on disposal of property, plant and equipment and intangible assets	269	245
Dividends received	20	17
Decrease/(increase) in net investments, more than 3 months	285	5
Net cash flow used in investing activities of discontinued operations	(20)	(5)
<b>Net cash flow used in investing activities</b>	<b>(566)</b>	<b>(924)</b>
Increase in capital	–	6
Issuance of debt	1,583	1,887
Repayment on debt	(2,024)	(1,480)
Payment of debt resulting from finance lease liabilities	(565)	(588)
New loans	(10)	(98)
Repayment on loans	36	119
Dividends paid	(3)	(4)
<b>Net cash flow from financing activities</b>	<b>(983)</b>	<b>(158)</b>
Effect of exchange rate on cash and cash equivalents and bank overdrafts	(77)	(36)
Effect of exchange rate on cash and cash equivalents and bank overdrafts of discontinued operations	–	1
<b>Change in cash and cash equivalents and bank overdrafts</b>	<b>(614)</b>	<b>362</b>
Cash and cash equivalents and bank overdrafts at beginning of period	3,518	3,160
Cash and cash equivalents and bank overdrafts at end of period	2,910	3,518
Change in cash of discontinued operations	(6)	4

(1) Restated for IFRIC21, CityJet reclassified as a discontinued operation.