

Air France-KLM SA
(incorporated as a *société anonyme* in France)

€500,000,000 3.875 per cent. Notes due 1 July 2026
Issue price: **99.444 per cent.**

€300,000,000 3.000 per cent. Notes due 1 July 2024
Issue price: **99.647 per cent.**

The €500,000,000 3.875 per cent. Notes due 1 July 2026 (the **2026 Notes**) and the €300,000,000 3.000 per cent. Notes due 1 July 2024 (the **2024 Notes** and together with the 2026 Notes, the **Notes**) are to be issued by Air France-KLM (the **Issuer** or **Air France-KLM**) on 1 July 2021 (the **Issue Date**).

Each 2026 Note will bear interest on its principal amount from (and including) the Issue Date to (but excluding) 1 July 2026 at a fixed rate of 3.875 per cent. *per annum* payable annually in arrear on 1 July in each year and commencing on 1 July 2022 and each 2024 will bear interest on its principal amount from (and including) the Issue Date to (but excluding) 1 July 2024 at a fixed rate of 3.000 per cent. *per annum* payable annually in arrear on 1 July in each year and commencing on 1 July 2022, as further described in the section “Terms and Conditions of the Notes – Interest” of this Prospectus. Payments in respect of the Notes will be made without deduction for or on account of taxes imposed or levied by the Republic of France to the extent described under “Terms and Conditions of the Notes – Taxation”

Unless previously redeemed or purchased and cancelled, the 2026 Notes will be redeemed in full at their principal amount on 1 July 2026 (the **2026 Maturity Date**) and the 2024 Notes will be redeemed in full at their principal amount on 1 July 2024 (the **2024 Maturity Date** and together with the 2026 Maturity Date, the **Maturity Date**). The Notes may, and in certain circumstances shall, be redeemed before the Maturity Date, in whole only but not in part, at their principal amount, together with, any accrued interest, notably in the event that certain French taxes are imposed (See “Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons”).

The Issuer may, at its option (i) (x) redeem the outstanding 2026 Notes, in whole or in part, from and including the date falling three (3) months before the 2026 Maturity Date to but excluding the 2026 Maturity Date and (y) redeem the outstanding 2024 Notes, in whole or in part, from and including the date falling one (1) month before the 2024 Maturity Date to but excluding the 2024 Maturity Date, at par plus accrued interest, in accordance with the provisions set out in “Terms and Conditions of the Notes – Redemption and Purchase – Pre-Maturity Call Option”; (ii) redeem the outstanding Notes, in whole or in part, at any time, prior to the first day of the pre-maturity call option period, in accordance with the provisions set out in “Terms and Conditions of the Notes – Redemption and Purchase – Make-Whole Redemption by the Issuer” and (iii) redeem all but not some only of the outstanding Notes in the event that seventy-five (75) per cent. or more of the initial aggregate nominal amount of Notes have been redeemed, in accordance with the provisions set out in “Terms and Conditions of the Notes – Redemption and Purchase – Clean-Up Call Option”.

Noteholders will be entitled, in the event of a Change of Control (as defined in “Terms and Conditions of the Notes”) of the Issuer or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L.233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM, to request at their sole option the Issuer to redeem all or part of their Notes at their principal amount together with any accrued interest, subject to certain conditions as more fully described in “Terms and Conditions of the Notes – Change of Control”.

This document (including the documents incorporated by reference) constitutes a prospectus (the **Prospectus**) for the purposes of Article 6 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended or superseded (the **Prospectus Regulation**). This Prospectus has been approved by the French *Autorité des marchés financiers* (the **AMF**) in France in its capacity as competent authority pursuant to the Prospectus Regulation. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made for the Notes to be admitted to trading on the regulated market of Euronext Paris (**Euronext Paris**) with effect from the Issue Date. Euronext Paris is a regulated market for the purposes of Directive 2014/65/UE of the European Parliament and of the Council on markets in financial instruments, as amended, appearing on the list of regulated markets issued by the European Securities and Markets Authority (each a **Regulated Market**).

The Notes will on the Issue Date be inscribed (*inscription en compte*) in the books of Euroclear France which shall credit the accounts of the Account Holders (as defined in “Terms and Conditions of the Notes – Form, Denomination and Title” herein) including Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream Banking S.A. (**Clearstream**).

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. The Notes will at all times be represented in book entry form (*dématérialisé*) in the books of the Account Holders (as defined in “Terms and Conditions of the Notes – Form, Denomination and Title” herein) in compliance with Articles L. 211-3 *et seq.* and R. 211-1 *et seq.* of the French *Code monétaire et financier*. No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

Neither the Notes nor the long-term debt of the Issuer are rated. At the date hereof, the Issuer is not rated.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the Section “Risk Factors” in this Prospectus. Unless otherwise stated, references in this Prospectus to the “Group” or to the “Air France-KLM Group” are references to the Issuer and its consolidated subsidiaries.

Copies of this Prospectus and the documents incorporated by reference in this Prospectus will be published on the websites of the Issuer (www.airfranceklm.com) and of the AMF (www.amf-france.org), save for the First Quarter 2021 Financial Information and the First Quarter 2021 Results Press Release which will only be available on the website of the Issuer.

Joint Global Coordinators and Joint Bookrunners

Banco Santander

Deutsche Bank

Société Générale
Corporate & Investment Banking

Joint Bookrunners

Banco Santander

Deutsche Bank

HSBC

Natixis

Société Générale

Crédit Agricole CIB

Corporate & Investment Banking

This Prospectus constitutes a prospectus for the purposes of Article 6 of the Prospectus Regulation. This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see Section “Documents Incorporated by Reference” below).

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Joint Bookrunners (as defined in “Subscription and Sale” below) to subscribe or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions (including as a result of change in law). Potential investors are advised to ask for their own tax adviser’s advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor.

Neither the Notes nor the long-term debt of the Issuer are rated. At the date hereof, the Issuer is not rated. One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed below, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;*
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;*
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;*
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and*
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase, sale or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

For a description of further restrictions on offers and sales of Notes and the distribution of this Prospectus, see Section “Subscription and Sale” below.

No person is or has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Bookrunners.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group, since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Bookrunners have not separately verified the information or representation contained or incorporated by reference herein. To the fullest extent permitted by law, the Joint Bookrunners accept no responsibility whatsoever for the information or representation contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or in connection with the Notes or their distribution or for any other statement, made or purported to be made by the Joint Bookrunners or on their behalf in connection with the Issuer or the offering and issue of the Notes. The Joint Bookrunners accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such information or statement.

Neither this Prospectus nor any other information supplied in connection with the Notes or their distribution is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation by the Issuer or the Joint Bookrunners that any recipient of this Prospectus or any other information supplied in connection with the Notes or their distribution should purchase any of the Notes. None of the Joint Bookrunners acts as a fiduciary to any investor or potential investor in the Notes. Each investor contemplating subscribing or purchasing Notes should make its own independent investigation of the financial condition and affairs, its own appraisal of the creditworthiness, of the Issuer or the Group and of the terms of the offering, including the merits and risks involved. For further details, see Section "Risk Factors" herein. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Joint Bookrunners undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Bookrunners.

EU MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET - Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority (ESMA) on 5 February 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on 5 February 2018 (in accordance with the FCA's policy statement entitled "Brexit our approach to EU non-legislative materials"), in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act

2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

IMPORTANT - PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT - PRIIPS REGULATION / PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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RISK FACTORS

The Issuer considers that the risk factors described below are important to make an investment decision in the Notes and/or may alter its ability to fulfil its obligations under the Notes towards investors. The risk factors may relate to the Issuer and the Group.

The following describes the main risk factors that the Issuer considers, as of the date hereof, material with respect to the Notes. The risks described below are not the only risks the Issuer and its subsidiaries face and they do not describe all of the risks of an investment in the Notes. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations or on an investment in the Notes.

Prior to making an investment decision in the Notes, prospective investors should consider carefully all the information contained or incorporated by reference in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Notes must make their own analysis and assessment of all the risks associated to the Notes and the risks related to the Issuer, its activities and financial position. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Notes and the suitability of such an investment in light of their particular circumstances.

The Notes should only be purchased by investors who are financial institutions or other professional investors or qualified investors who are able to assess the specific risks implied by an investment in the Notes, or who act on the advice of financial institutions.

In each sub-category below the Issuer sets out first the most material risk, in its assessment, taking into account the expected magnitude of its negative impact and the probability of its occurrence. This section includes the main risks which, as of the date of the Prospectus, could potentially impact the Group's activity, financial situation, reputation, results and outlook, as notably identified within the framework of the establishment of the Group's risk mapping, which evaluates their criticality, i.e. their gravity and probability of occurrence, as well as the mitigation plans in place.

*Words and expressions defined under sections "Terms and Conditions of the 2026 Notes" and "Terms and Conditions of the 2024 Notes" shall have the same meanings in this section. References to "Conditions" in this section refer to the Terms and Conditions of the 2026 Notes and the Terms and Conditions of the 2024 Notes (together, the **Terms and Conditions of the Notes**).*

1. RISKS FACTORS RELATING TO THE ISSUER AND THE GROUP

The risk factors relating to the Issuer and its activities are set out on pages 132 to 150 of the 2020 Universal Registration Document which are incorporated by reference herein (as defined in Section "Documents Incorporated by Reference" of this Prospectus). The risk factors considered to be the most significant (indicated by an asterisk) are presented first. These risks include:

- Geopolitical and macro-economic risks;
 - Impact of the Covid-19 epidemic on the Group's activities*;
 - Terrorist attacks, threats of attack or geopolitical instability*;
 - Competition in the short, medium and long-haul air passenger transportation market*;
 - Cyclical nature of the air transportation industry*;
 - Trend in the oil price*; and
 - Competition and trends in the aeronautics maintenance market.

- Risks relating to the air transportation activity;
 - Risks related to airline safety*;
 - Risks related to the environment;
 - Acceptability of air transportation growth*;
 - Climate change;
 - Carbon credit risk;
 - Loss of flight slots or lack of access to flight slots;
 - Reinforcement of passenger compensation rights;
 - Changes in international, national or regional regulations and legislation;
 - Regulatory authorities' inquiry into the commercial cooperation agreements between carriers; and
 - Commitments *vis-à-vis* the European Commission.

- Risks related to the Group's processes;
 - Failure of a critical IT system, IT risks and cyber criminality;
 - Cybercriminality*;
 - Data security;
 - Business continuity and regulatory compliance;
 - Non-compliance with regulations, including competition and anti-bribery laws;
 - Operational performance and customer risks;
 - Working conditions and human capital development; and
 - Pension plans.

- Legal Risks;

- Financial market risks;
 - Liquidity risks*;
 - Financing risks*;
 - Risks relating to the fuel price;
 - Currency risks;
 - Investment exposure ("translation risk")
 - Exposure on indebtedness;
 - Counterparty risk exposure;
 - Interest rate risk; and
 - Investment risks.

2. RISKS FACTORS RELATING TO THE NOTES

The following paragraphs describe the main risk factors that are considered material for prospective investors in order to assess the market risk associated with the Notes. They do not describe all the risks of an investment in the Notes and should

be read and interpreted in the context of the sanitary crisis resulting from the coronavirus (COVID-19) and its potential impact on the Issuer and its Group (described in particular in section 3.1.1.1. "Impact of the Covid-19 epidemic on the Group's activities" of the 2020 Universal Registration Document).

2.1 Risks for the Noteholders as creditors of the Issuer

2.1.1 Credit Risk

As contemplated in Condition 2 (*Status of the Notes*) of the Terms and Conditions of the Notes, the obligations of the Issuer in respect of the Notes and any interest payable under the Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer. However, Noteholders are exposed to the credit risk of the Issuer. Credit risk refers to the risk that the Issuer may be unable to meet its financial obligations under the Notes. If the creditworthiness of the Issuer deteriorates, and notwithstanding Condition 9 (*Events of Default*) of the Terms and Conditions of the Notes which enables the investors to request the redemption of the Notes, it may not be able to fulfil all or part of its payment obligations under the Notes. In such a case, the value of the Notes may decrease, which could materially negatively impact the Noteholders and investors may lose all or part of their investment.

2.1.2 French insolvency law

As a *société anonyme* incorporated in France, French insolvency laws apply to the Issuer. The Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in Condition 11 (*Representation of the Noteholders*). However, under French insolvency law, holders of debt securities (such as the Notes) issued by a French company (as the Issuer) are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation procedure (*procédure de sauvegarde*, *procédure de sauvegarde accélérée* or *procédure de sauvegarde financière accélérée*), a judicial reorganisation procedure (*procédure de redressement judiciaire*) or a judicial liquidation (*liquidation judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer regardless of their governing law and will not be convened in accordance with Condition 11 (*Representation of the Noteholders*).

The Assembly deliberates on the proposed preservation plan (*projet de plan de sauvegarde*), the proposed accelerated preservation plan (*projet de plan de sauvegarde accélérée*), accelerated financial preservation plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may notably agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) if the differences in situation so justify; and/or
- decide to convert debt securities into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the amount of debt securities held by the holders who voted during such Assembly; notwithstanding any clause to the contrary and the law governing the issuance agreement). No quorum is required for the Assembly to be validly held.

For the avoidance of doubt, the meeting provisions set out in Condition 11 (*Representation of the Noteholders*) will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances. The procedures, as described above or as they may be amended, could have an adverse impact on holders of the Notes seeking repayment in the event that the Issuer or its subsidiaries were to be subject to French insolvency proceedings.

The insolvency procedure in France is regulated by the provisions of the French *Code de commerce* as amended by ordinance no. 2014-326 dated 12 March 2014 and these provisions govern the common rights, interests and representation of the Noteholders in this context. As a result, Noteholders should be aware that they will generally have limited ability to influence the outcome of an accelerated preservation (*procédure de sauvegarde accélérée*), an accelerated financial preservation (*procédure de sauvegarde financière accélérée*), a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) of the Issuer in France, especially given the current capital structure of the Issuer.

It should be noted that a new European directive entitled “Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt, and amending Directive (EU) 2017/1132” has been adopted by the European Union on 20 June 2019 (the **Restructuring Directive**) and shall be transposed by the Member States before 17 July 2021. Depending on how it will be transposed into French law, it may modify French insolvency law described above and impact the situation of Noteholders in the event that the Issuer or its Subsidiaries were to be subject to the relevant French insolvency proceedings.

More specifically the Restructuring Directive is expected to impact the process of adoption of restructuring plans under insolvency proceedings. Creditors (including the Noteholders) shall be treated in separate classes which reflect certain class formation criteria for the purpose of adopting a restructuring plan. Classes shall be formed in such a way that each class comprises claims or interests with rights that are sufficiently similar to justify considering the members of the class a homogenous group with commonality of interest. As a minimum, secured and unsecured claims shall be treated in separate classes for the purpose of adopting a restructuring plan. A restructuring plan shall be deemed to be adopted by affected parties, provided that a majority in the amount of their claims or interests is obtained in each and every class (the required majorities shall be laid down by Member States at not higher than 75% in the amount of claims or interests in each class). If the restructuring plan is not approved by each and every class of affected parties, the plan may however be confirmed by a judicial or administrative authority by applying a cross-class cram-down.

Therefore, when such directive is transposed into French law, it cannot be excluded that the Noteholders will no longer deliberate on the proposed restructuring plan in a separate assembly, meaning that they will no longer benefit from a specific veto power on this plan. Instead, as any other affected parties, the Noteholders will be grouped into one or several classes (with potentially other types of creditors) and their dissenting vote may possibly be overridden by a cross-class cram down. The commencement of insolvency proceedings against the Issuer would have a material adverse effect on the market value of Notes issued by the Issuer. Any decisions taken by the Assembly or a class of creditor, as the case may be, could substantially impact the Noteholders and even cause them to lose all or part of their investment, should they not be able to recover amounts due to them from the Issuer.

2.1.3 Structural subordination due to holding company status

The Issuer is a holding company with no material assets other than its shareholdings in its subsidiaries Société Air France (**SAF**) and Koninklijke Luchtvaart Maatschappij N.V. (**KLM**). Investors will not have any direct claims on the cash flows or the assets of the Issuer’s subsidiaries and such subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to the Issuer for these payments. Therefore, in the event the Issuer fails to comply with its obligations under the Notes, the investors will not be able to recover all or part of their investment from the Issuer’s subsidiaries.

Claims of the creditors of the Issuer’s subsidiaries have priority as to the assets of such subsidiaries over the claims of the Noteholders. Consequently, Noteholders are in effect structurally subordinated on insolvency to the prior claims of the creditors of the Issuer’s subsidiaries. Hence, the investors may not be able to recover all or part of their investment once the claims of the creditors of the Issuer’s subsidiaries have been served.

2.2 Risks relating to the trading markets of the Notes

2.2.1 Market value of the Notes

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to the market interest and yield rates and the time remaining to the maturity date.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and Euronext Paris on which such Notes are traded. The price at which a holder of such Notes will be able to sell such Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser, which could materially negatively impact the Noteholders. Accordingly, all or part of the capital invested by the Noteholder may be lost upon any transfer of the Notes, so that the Noteholder in such case would receive significantly less than the total amount of capital invested.

2.2.2 The secondary market for the Notes

Application has been made to Euronext Paris for the Notes to be admitted to trading on Euronext Paris as from the Issue Date. An established trading market in the Notes may never develop or if a secondary market does develop, it may be illiquid. Although the Notes are expected to be admitted to trading on Euronext Paris as from the Issue Date, the Notes may be not so admitted or that an active market will develop. The absence of liquidity may have a significant material adverse effect on the value of the Notes.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, the outstanding amount of the Notes, any redemption features of the Notes as specified in Condition 5 of the Terms and Conditions of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect substantially the market value of the Notes.

The yield of the 2026 Notes as at the Issue Date is 4.000 per cent. *per annum* and the yield of the 2024 Notes as at the Issue Date is 3.125 per cent. *per annum*. However, investors may not be able to sell their Notes in the secondary market (in which case the market or trading price and liquidity may be adversely affected) or may not be able to sell their Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Hence, the investors may receive a lower yield than anticipated at the time of the issue.

2.2.3 Interest rate risks

The 2026 Notes bear interest on their outstanding principal amount from time to time at the rate of 3.875 per cent. *per annum*, payable annually in arrears on 1 July in each year and commencing on 1 July 2022 and the 2024 Notes bear interest on their outstanding principal amount from time to time at the rate of 3.000 per cent. *per annum*, payable annually in arrears on 1 July in each year and commencing on 1 July 2022, in accordance with Condition 4 (*Interest*). Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value and the yield of the Notes and Noteholders may receive lower return on the Notes than anticipated at the time of the issue.

While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and can lead to losses for the Noteholders if they sell Notes during the period in which the market interest rate exceeds the fixed rate of the Notes.

2.3 Risks relating to the structure of the Notes

2.3.1 Limited restrictive covenants

The Notes do not restrict the Issuer from incurring additional debt. As contemplated in Condition 3 (*Negative Pledge*), the Terms and Conditions of the Notes contain a negative pledge that prohibits the Issuer in certain circumstances from creating security over assets, but only to the extent that such is used to secure other notes or similar listed or quoted debt instruments, and there are certain exceptions to the negative pledge. The Terms and Conditions of the Notes do not contain any other covenants restricting the operations of the Issuer, or its ability to distribute dividends or buy back shares. These limited restricted covenants may not provide sufficient protection for investors in the Notes which could materially and negatively impact the Noteholders and increase the risk of losing all or part of their investment in the Notes.

2.3.2 The Notes may be redeemed by the Issuer prior to maturity

The Notes may at the option of the Issuer, and shall in certain circumstances, be redeemed, in whole but not in part, at their principal amount together with accrued interest for certain tax reasons (see Condition 5(b) (*Redemption for Taxation Reasons*)). In such circumstances, any early redemption of the Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated. An investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

In addition, the Issuer may, at its option (i) (x) redeem the outstanding 2026 Notes, in whole or in part, from and including the date falling three (3) months before the 2026 Maturity Date to but excluding the 2026 Maturity Date, (y) redeem the outstanding 2024 Notes, in whole or in part, from and including the date falling one (1) month before the 2024 Maturity Date to but excluding the 2024 Maturity Date, at par plus accrued interest, as provided in Condition 5(c) (*Pre-Maturity Call Option*); (ii) redeem the outstanding Notes, in whole or in part, at any time, prior to the first day of the pre-maturity call option period, at the relevant make-whole redemption amount, as provided in Condition 5(d) (*Make-Whole Redemption*) and (iii) redeem all but not some only of the outstanding Notes in the event that seventy-five (75) per cent. or more of the initial aggregate nominal amount of the Notes (including any further notes to be consolidated and form a single series with the Notes pursuant to Condition 13 (*Further Issues and Assimilation*)) have been redeemed and cancelled, as provided in Condition 5(e) (*Clean-Up Call Option*). Accordingly, the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Potential investors should consider reinvestment risk in light of other investments available at that time.

In particular, with respect to the Clean-Up Call Option provided in Condition 5(e) (*Clean-Up Call Option*), there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the threshold of seventy-five (75) per cent. of the initial aggregate nominal amount of the Notes (including any further notes to be consolidated and form a single series with the Notes pursuant to Condition 13 (*Further Issues and Assimilation*)) has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call Option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

Furthermore, the Issuer may be unable to redeem the Notes at the Maturity Date. The Issuer could also be compelled to redeem the Notes if an event of default, Change of Control or Share Transfer (as defined in Condition 8 (*Change of Control*)) were to occur. If the Noteholders, upon an event of default, a Change of Control or a Share Transfer, were to require from the Issuer the redemption of their Notes, the Issuer cannot guarantee that it will be able to pay the whole required amount. The Issuer's capacity to redeem the Notes will in particular depend on its financial situation at the time of the redemption and may be limited by any applicable legislation, by the conditions of its indebtedness and also by any new financings in place at that date and which shall replace, add or modify the existing or future debt of the Issuer. Furthermore, the Issuer's failure to redeem the Notes may result in an event of default pursuant to the terms and conditions of another loan.

In addition, in case of partial redemption of Notes by the Issuer or the Noteholders, any trading market in respect of those Notes that have not been so redeemed may become illiquid. Please also refer to the risk factors entitled respectively "Exercise of the Make-Whole Redemption and the Pre-Maturity Call Option by the Issuer in respect of the Notes may affect the liquidity of the Notes in respect of which such option is not exercised" and "Exercise of put option or notice of event of default in respect of certain Notes may affect the liquidity of the Notes in respect of which such put option is not exercised or a notice of event of default is not given".

All of the above may reduce the profits potential investors in the Notes may have expected in subscribing the Notes and could negatively impact the Noteholders.

2.3.3 Modification of the Terms and Conditions of the Notes

Condition 11 (*Representation of the Noteholders*) of the Terms and Conditions of the Notes contains provisions for calling meetings of Noteholders or taking written decisions to consider matters affecting the Noteholders' interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting, and Noteholders who voted in a manner contrary to the majority, Noteholders may through Collective Decisions (as such term is defined in Condition 11 (*Representation of the Noteholders*) of the Terms and Conditions of the Notes) adopt any proposal relating to the modification of the Terms and Conditions of the Notes including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, as more fully described in Condition 11 (*Representation of the Noteholders*) of the Terms and Conditions. This may have a negative impact on the market value of the Notes and hence investors may lose part of their investment.

By exception to the above provisions, Condition 11 (*Representation of the Noteholders*) of the Terms and Conditions provides that the provisions of Article L.228-65 I. 1° of the French *Code de commerce* (providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer) shall not apply to the Notes. As a result of this exclusion, the prior approval of the Noteholders will not have to be obtained on any such matter which may affect their interests generally.

2.3.4 Exercise of the Make-Whole Redemption and the Pre-Maturity Call Option by the Issuer in respect of the Notes may affect the liquidity of the Notes in respect of which such option is not exercised

Both the Pre-Maturity Call Option by the Issuer provided in Condition 5(c) (*Pre-Maturity Call Option*) of the Terms and Conditions of the Notes and the Make Whole Redemption by the Issuer provided in Condition 5(d) (*Make-Whole Redemption*) of the Terms and Conditions of the Notes are exercisable in whole or in part. If the Issuer decides to redeem the Notes in part, such partial redemption shall be effected by reducing the nominal amount of all Notes in proportion to the aggregate principal amount redeemed. Depending on the number of Notes in respect of which such option is exercised, any trading market in respect of the remaining Notes for which such option is not exercised may become illiquid.

As a result, investors in the Notes may not be able to sell their Notes on the market without incurring a significant discount from the nominal value of the Notes and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes, which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue.

2.3.5 Exercise of put option or notice of event of default in respect of certain Notes may affect the liquidity of the Notes in respect of which such put option is not exercised or a notice of event of default is not given

In the event of a Change of Control as provided in Condition 8 (*Change of Control*) of the Terms and Conditions of the Notes of the Issuer or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L. 233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM, each Noteholder will have the right at its sole option to request the Issuer to redeem all or part of its Notes at their principal amount together with any accrued interest (subject to certain conditions, all as more fully described in Condition 8 (*Change of Control*)). In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. As of 31 December 2020, the

Issuer holds 100% of the share capital and voting rights of Société Air France and 99.70% of the dividend rights and 49% of the voting rights of KLM. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

Depending on the number of Notes in respect of which the put option is exercised or in respect of which notice of an event of default is given as provided in Condition 9 (*Events of Default*) of the Terms and Conditions of the Notes, any trading market in respect of those Notes in respect of which such put option is not exercised may become illiquid. Therefore, investors in the Notes not having exercised their put option or not having given their notice of event of default may not be able to sell their Notes on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes, which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue.

2.3.6 Purchases by the Issuer in the open market or otherwise (including by way of a tender offer) in respect of certain Notes may affect the liquidity of the Notes which have not been so purchased

Depending on the number of Notes purchased by the Issuer as provided in Condition 5(f) (*Purchase*) of the Terms and Conditions of the Notes, any trading market in respect of those Notes that have not been so purchased may become illiquid. Therefore, investors in the Notes not having exercised their put options may not be able to sell their Notes on the market and may have to wait until the Maturity Date to obtain redemption of their investments in the Notes which may have a negative impact on the Noteholders and reduce the profits anticipated by the investors at the time of the issue.

DOCUMENTS INCORPORATED BY REFERENCE

The following sections identified in the cross-reference table below of the following documents, which have previously been published, are incorporated by reference in, and form part of, this Prospectus:

- (1) the sections referred to in the table below which are extracted from the *Document d'enregistrement universel 2020* of the Issuer in French language which was filed under no. D.21-0270 with the AMF on 7 April 2021. Such document is referred to in this Prospectus as the **2020 Universal Registration Document**. Any reference in this Prospectus or in the information incorporated by reference to the 2020 Universal Registration Document will be deemed to include those sections only;

https://www.airfranceklm.com/fr/system/files/afk_deu_2020_29042021.pdf

- (2) the sections referred to in the table below which are extracted from the *Document d'enregistrement universel 2019* of Issuer in French language which was filed under no. D. 20-313 with the AMF on 17 April 2020. Such document is referred to in this Prospectus as the **2019 Universal Registration Document**. Any reference in this Prospectus or in the information incorporated by reference to the 2019 Universal Registration Document will be deemed to include those sections only; and

https://www.airfranceklm.com/fr/system/files/documentdenregistrementuniversel_2019_0.pdf

- (3) the English translation of the Issuer's unaudited interim consolidated financial information as at 31 March 2021 (the **First Quarter 2021 Financial Information**) (being an English translation of the Issuer's *informations financières consolidées intermédiaires (non auditées) au 31 mars 2021*); and

https://www.airfranceklm.com/sites/default/files/financial_statements_notes_afklm_as_of_march_31_2021.pdf

- (4) the English translation of the Issuer's first quarter 2021 results press release (the **First Quarter 2021 Results Press Release**) (being an English translation of the Issuer's *communiqué de presse des résultats du premier trimestre 2021*);

https://www.airfranceklm.com/en/system/files/q1_2021_press_release_en.pdf

save that any statement contained in this Prospectus or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with article 23 of the Prospectus Regulation herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any reference in the Prospectus to the 2020 Universal Registration Document, the 2019 Universal Registration Document, the First Quarter 2021 Financial Information and the First Quarter 2021 Results Press Release shall be deemed to include only the sections mentioned in the table below.

Free translations in the English language of the 2020 Universal Registration Document and the 2019 Universal Registration Document are available on the Issuer's website (<https://www.airfranceklm.com/>). These documents are available for information purposes only and are not incorporated by reference in this Prospectus. The only binding versions are the French language versions.

Any information not listed in the cross-reference list below but included in the documents incorporated by reference is either not relevant for investors or covered elsewhere in the Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference, the information on the websites to which this Prospectus (including, for the avoidance of doubt, any information on the websites which appear in the

documents incorporated by reference) refers does not form part of this Prospectus and has not been scrutinized or approved by the AMF.

Cross-reference list for information incorporated by reference

Annex 7 of the Commission Delegated Regulation 2019/980, as amended		Page/Ref No.
3	Risk Factors	2020 Universal Registration Document pages 132 to 150
4	Information about the Issuer	
4.1	History and development of the Issuer	2020 Universal Registration Document pages 372 to 373
4.1.1	The legal and commercial name of the issuer	2020 Universal Registration Document page 374
4.1.2	The place of registration of the issuer, its registration number and legal entity identifier ('LEI').	2020 Universal Registration Document page 374
4.1.3	The date of incorporation and the length of life of the issuer, except where the period is indefinite.	2020 Universal Registration Document page 374
4.1.4	The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address, telephone number of its registered office (or principal place of business if different from its registered office) and website of the issuer, if any, with a disclaimer that the information on the website does not form part of the prospectus unless that information is incorporated by reference into the prospectus.	2020 Universal Registration Document page 374
4.1.5	Any recent events particular to the issuer and which are to a material extent relevant to an evaluation of the issuer's solvency.	First Quarter 2021 Results Press Release pages 1 to 17
5	Business Overview	
5.1	Principal activities	
5.1.1	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.	2020 Universal Registration Document pages 23 to 42
5.1.2	The basis for any statement made by the issuer regarding its competitive position.	2020 Universal Registration Document pages 14 to 18
6	Organisational structure	
6.1	If the issuer is part of a group, a brief description of the group and the issuer's position within the group. This may be in the form of, or accompanied by, a diagram of the organisational structure if this helps to clarify the structure.	2020 Universal Registration Document pages 153 to 160, 336 to 338, 375 to 377
7	Trend Information	
7.1	A description of: (a) any material adverse change in the prospects of the issuer since the date of its last published audited financial statements; and	2020 Universal Registration Document pages 6 to 12

	Annex 7 of the Commission Delegated Regulation 2019/980, as amended	Page/Ref No.
	<p>(b) any significant change in the financial performance of the group since the end of the last financial period for which financial information has been published to the date of the registration document.</p> <p>If neither of the above are applicable then the issuer should include (an) appropriate negative statement(s).</p>	
9	Administrative, Management and Supervisory Bodies	
9.1	Names, business addresses and functions within the issuer of the following persons and an indication of the principal activities performed by them outside of that issuer where these are significant with respect to that issuer:	2020 Universal Registration Document pages 48 to 71
	(a) members of the administrative, management or supervisory bodies; and	
	(b) partners with unlimited liability, in the case of a limited partnership with a share capital.	
9.2	Administrative, Management, and Supervisory bodies conflicts of interests	
	Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 9.1, and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.	2020 Universal Registration Document page 80
10	Major Shareholders	
10.1	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused.	2020 Universal Registration Document pages 117 to 125
10.2	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	2020 Universal Registration Document page 125
11	Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses	
11.1	Historical Financial Information	
11.1.1	Historical financial information covering the latest two financial years (at least 24 months) or such shorter period as the issuer has been in operation and the audit report in respect of each year.	2020 Universal Registration Document pages 246 to 346 2019 Universal Registration Document pages 234 to 346
11.1.3	<p>Accounting standards</p> <p>The financial information must be prepared according to International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002.</p> <p>If Regulation (EC) No 1606/2002 is not applicable the financial statements must be prepared according to:</p> <p>(a) a Member State's national accounting standards for issuers from the EEA as required by Directive 2013/34/ EU;</p> <p>(b) a third country's national accounting standards equivalent to Regulation (EC) No 1606/2002 for third country issuers.</p> <p>Otherwise the following information must be included in the registration document:</p>	2020 Universal Registration Document page 258 and 259 2019 Universal Registration Document page 227

Annex 7 of the Commission Delegated Regulation 2019/980, as amended		Page/Ref No.
	<p>(a) a prominent statement that the financial information included in the registration document has not been prepared in accordance with International Financial Reporting Standards as endorsed in the Union based on Regulation (EC) No 1606/2002 and that there may be material differences in the financial information had Regulation (EC) No 1606/2002 been applied to the historical financial information;</p> <p>(b) immediately following the historical financial information a narrative description of the differences between Regulation (EC) No 1606/2002 as adopted by the Union and the accounting principles adopted by the issuer in preparing its annual financial statements.</p>	
11.1.5	<p>Consolidated financial statements</p> <p>If the issuer prepares both stand-alone and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	<p>2020 Universal Registration Document pages 246 to 339</p> <p>2019 Universal Registration Document pages 234 to 339</p>
	(a) balance sheet;	<p>2020 Universal Registration Document pages 248 to 249</p> <p>2019 Universal Registration Document pages 236 to 237</p>
	(b) income statement;	<p>2020 Universal Registration Document page 246</p> <p>2019 Universal Registration Document page 234</p>
	(c) cash flow statement; and	<p>2020 Universal Registration Document pages 251 to 252</p> <p>2019 Universal Registration Document pages 239 to 240</p>
	(d) accounting policies and explanatory notes.	<p>2020 Universal Registration Document pages 253 to 339</p> <p>2019 Universal Registration Document pages 241 to 320</p>
	Interim financial information (unaudited)	First Quarter 2021 Financial Information pages 3 to 29
11.1.6	<p>Age of financial information</p> <p>The balance sheet date of the last year of audited financial information may not be older than 18 months from the date of the registration document</p>	2020 Universal Registration Document pages 248 to 249
11.2	Auditing of historical annual financial information	
11.2.1	The historical annual financial information must be independently audited. The audit report shall be prepared in accordance with Directive 2006/43/EC and Regulation (EU) No 537/2014.	<p>2020 Universal Registration Document pages 340 to 347</p> <p>2019 Universal Registration Document pages 321 to 326</p>

Annex 7 of the Commission Delegated Regulation 2019/980, as amended		Page/Ref No.
11.2.1a	Where audit reports on the historical financial information have been refused by the statutory auditors or where they contain qualifications, modifications of opinion, disclaimers or an emphasis of matter, the reason must be given, and such qualifications, modifications, disclaimers or emphasis of matter must be reproduced in full.	2020 Universal Registration Document page 340 2019 Universal Registration Document page 321
11.3	Legal and arbitration proceedings	
	Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	2020 Universal Registration Document pages 145, 305 to 307
12	Material Contracts	
	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligations to security holders in respect of the securities being issued.	2020 Universal Registration Document pages 121 to 123

TERMS AND CONDITIONS OF THE 2026 NOTES

The terms and conditions of the Notes (the **Conditions**) will be as follows:

The issue of the €500,000,000 3.875 per cent. Notes due 1 July 2026 (the **Notes**) by Air France-KLM (the **Issuer**) has been authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 11 June 2021 and a decision of its *Directeur Général Adjoint Finance* dated 25 June 2021. The Issuer has entered into (i) an agency agreement dated 29 June 2021 as amended and supplemented from time to time (the **Fiscal Agency Agreement**) with Société Générale as fiscal agent, paying agent, calculation agent and put agent (the **Fiscal Agent**, the **Paying Agent**, the **Calculation Agent** and the **Put Agent** which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent, calculation agent or put agent, as the case may be). Copy of the Fiscal Agency Agreement is available for inspection during usual business hours at the specified office of the Fiscal Agent and at the registered office of the Issuer.

References below to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below. In these Conditions, **holder of Notes**, **holder of any Note** or **Noteholder** means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L. 211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream Banking S.A. (**Clearstream**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2. STATUS OF THE NOTES

The Notes and the interest thereon constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) below) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with any other unsubordinated and unsecured obligations, present or future, of the Issuer.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes not to, and undertakes to ensure that none of its Principal Subsidiaries (as defined below), grant to holders of other present or future notes (*obligations*), any mortgage (*hypothèque*) over the Issuer's or its Principal Subsidiaries' present or future assets or real property interests, nor any pledge (*nantissement*) on all or part of the Issuer's or its Principal Subsidiaries' business (*fonds de commerce*), nor any other security (*sûreté réelle*, *gage* or *nantissement*) on its present or future assets or income, unless the Issuer's obligations under the Notes are equally and rateably secured so as to rank *pari passu* with such other present or future notes (*obligations*) so secured. Such

undertaking is given only in relation to security interests given for the benefit of holders of notes (*obligations*) and does not affect in any way the right of the Issuer to dispose of its assets or to grant any security in respect of such assets in any other circumstance.

For the purposes of these Conditions:

outstanding means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 (*Interest*) after such date) have been duly paid to the Fiscal Agent, (iii) those which have become void or in respect of which claims have become prescribed and (iv) those which have been purchased by the Issuer and that are held or that have been cancelled as provided in the Conditions.

Principal Subsidiary means at any time relevant:

- (a) Société Air France (**SAF**); or
- (b) Koninklijke Luchtvaart Maatschappij N.V. (**KLM**); or
- (c) any Subsidiary of the Issuer (other than SAF and KLM) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

Subsidiary means in relation to any person or entity at any time, a subsidiary as defined in Article L. 233-1 of the French *Code de commerce* or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L. 233-3 I.1 and I.2 of the French *Code de commerce*.

4. INTEREST

(a) ***Interest Payment Dates***

The Notes bear interest from, and including, 1 July 2021 (the **Issue Date**) to but excluding 1 July 2026 at the rate of 3.875 per cent. *per annum* payable annually in arrear on 1 July in each year (each an **Interest Payment Date**), and for the first time on 1 July 2022.

(b) ***Interest Payments***

Each Note will cease to bear interest from the due date for redemption, unless payment of principal is improperly withheld or refused on such date. In such event, interest on such Note shall continue to accrue at such rate until, and including, whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder and (ii) the day of receipt by or on behalf of Euroclear France of all sums due in respect of all the Notes.

Interest shall be calculated on an Actual/Actual – ICMA basis, as follows:

- (i) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the Actual/Actual-ICMA basis will be the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (ii) if the Accrual Period is longer than one Determination Period, the Actual/Actual- ICMA basis will be the sum of:

- (A) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

Accrual Period means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

Determination Period means the period from, and including, the Issue Date to, but excluding, the first Interest Payment Date and each successive period from, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date.

5. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition and with Conditions 8 (*Change of Control*) and 9 (*Events of Default*).

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 1 July 2026 (the **Maturity Date**).

(b) *Redemption for Taxation Reasons*

- (i) If, by reason of a change in any law or regulation of the Republic of France or any political subdivision or authority therein or thereof having power to tax, or any change in the official application or interpretation of such law or regulation (including a holding by a competent court), becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 (*Taxation*), the Issuer may, at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 (*Taxation*), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

(c) ***Pre-Maturity Call Option***

The Issuer may, at its option, from and including the date falling three (3) months before the Maturity Date to but excluding the Maturity Date, subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at their principal amount together with all interest accrued up to but excluding the date set for redemption.

(d) ***Make-Whole Redemption***

The Issuer may, at its option, subject to compliance by the Issuer with all relevant laws, regulations and directives and subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at any time prior to the first day of the pre-maturity call option period (the **Optional Make-Whole Redemption Date**) at their Optional Redemption Amount (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make-Whole Redemption Date.

The **Optional Redemption Amount** will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) 100 per cent. of the outstanding principal amount of the Notes so redeemed and (y) the sum of the then present values on the relevant Optional Make-Whole Redemption Date of (i) the outstanding principal amount of each Note and (ii) the remaining scheduled payments of interest on such Note for the remaining term of such Note until the first day of the pre-maturity call option period (determined on the basis of the interest rate applicable to such Note from the relevant Optional Make-Whole Redemption Date (excluding any interest accruing on such Note to, but excluding, such Optional Make-Whole Redemption Date)), discounted to the relevant Optional Make-Whole Redemption Date on an annual basis at the Early Redemption Rate (as defined below) plus the Early Redemption Margin (as defined below).

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent of the Issuer or the Noteholders.

For this purpose of this Condition 5(d) (*Make-Whole Redemption*):

Business Day means a day, not being a Saturday or a Sunday, on which (i) Euroclear France, Euroclear and Clearstream are open for business, (ii) commercial banks and foreign exchange markets are open for business in Paris, and (iii) on which the TARGET System is operating, and **TARGET System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Early Redemption Margin means 0.50 per cent. *per annum*.

Early Redemption Rate means the rate *per annum* equal to the average of the four (4) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) Business Day in Paris preceding the relevant Optional Make-Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the third Business Day in Paris preceding the Optional Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

Reference Benchmark Security means German government bond bearing interest at a rate of 0.00 per cent. *per annum* and maturing in April 2026 with ISIN DE0001141836.

Reference Dealers means each of the four banks (that may include the Joint Bookrunners), selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

Similar Security means a reference bond or reference bonds issued by the German government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

For the purposes of Conditions 5(c) (*Pre-Maturity Call Option*) and 5(d) (*Make-Whole Redemption*), in the case of a partial redemption, the redemption may be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed, subject to compliance with any applicable laws and regulated market or stock exchange requirements.

The Early Redemption Rate and the Optional Redemption Amount will be notified by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*).

So long as the Notes are admitted to trading on Euronext Paris and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the French *Autorité des marchés financiers*, a notice specifying the aggregate nominal amount of Notes outstanding.

(e) ***Clean-Up Call Option***

In the event that seventy-five (75) per cent. or more of the initial aggregate nominal amount of the Notes (including any further notes to be consolidated and form a single series with the Notes pursuant to Condition 13 (*Further Issues and Assimilation*)) have been redeemed, other than by way of a redemption at the option of the Issuer in accordance with Condition 5(d) (*Make-Whole Redemption*), or purchased (and subsequently cancelled), the Issuer may, at its option, subject to having given not more than forty-five (45) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the outstanding Notes, in whole but not in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(f) ***Purchase***

The Issuer may at any time purchase Notes in the open market or otherwise, without any limitation (including by way of tender and/or exchange offer) at any price and on any condition. Notes so purchased by the Issuer may be cancelled or held and resold in accordance with applicable laws and regulations.

(g) ***Cancellation***

All Notes which are purchased for cancellation by, or on behalf of, the Issuer pursuant to this Condition 5 (*Redemption and Purchase*) or redeemed by the Issuer pursuant to Conditions 8 (*Change of Control*) and 9 (*Events of Default*) shall be immediately cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France and may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. PAYMENTS

(a) *Method of Payment*

Payments of principal, interest and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks use the TARGET System (as defined in Condition 5(d) (*Make-Whole Redemption*) above). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Paying Agent, as the case may be, in respect of such payments.

Payments of principal, interest and other amounts in respect of the Notes will be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable thereto, but without prejudice to the provisions described in Condition 7 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on Business Days*

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined in Condition 5(d) (*Make-Whole Redemption*) above), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the relevant Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

(c) *Fiscal Agent, Paying Agent, Calculation Agent and Put Agent*

The name and specified offices of the initial Fiscal Agent, initial Put Agent and other initial Paying Agent are as follows:

FISCAL AGENT, PAYING AGENT, CALCULATION AGENT AND PUT AGENT

SOCIETE GENERALE

32 rue du Champ de Tir

CS 30812

44308 Nantes Cedex 3

France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Put Agent, the Calculation Agent or any Paying Agent and/or appoint a substitute Fiscal Agent, Calculation Agent or Put Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Put Agent, the Calculation Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times be (i) a Fiscal Agent having a specified office in a major European city, (ii) so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, at least one Paying Agent having a specified office in a European city and ensuring financial services in the Republic of France (which may be the Fiscal Agent) and (iii) a Calculation Agent.

Such appointment or termination shall be notified to the Noteholders in accordance with Condition 12 (*Notices*).

7. TAXATION

(a) *Withholding Tax*

All payments of principal, interest and other assimilated revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If any French law or regulation should require that any payment of principal, interest and other assimilated revenues in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*).

8. CHANGE OF CONTROL

In the event of a Change of Control, as defined below, or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L. 233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (a **Share Transfer**), each Noteholder may at its sole option require the early redemption of all or part of its Notes, subject to the conditions set out below.

The Notes will be redeemed at their principal amount plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date).

In the event of a Change of Control or Share Transfer, the Issuer will inform the Noteholders, no later than thirty (30) calendar days following the effective Change of Control or Share Transfer, by means of a notice in accordance with Condition 12 (*Notices*). This notice will remind Noteholders that they are entitled to require the early redemption of all or part of their Notes and will indicate (i) the date which has been set for the early redemption, such date should fall between the twenty-fifth (25th) and the thirtieth (30th) Business Day following the date of the publication of the notice, (ii) the redemption amount and (iii) the period of at least fifteen (15) Business Days, during which early redemption requests and the corresponding Notes should be transmitted to the Put Agent.

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

Redemption requests and the corresponding Notes shall be submitted to the Put Agent between the twentieth (20th) and the fifth (5th) Business Day before the early redemption date.

A form of redemption request will be obtainable from the specified office of any Paying Agent.

The date of the early redemption request shall correspond to the Business Day during the course of which the last of conditions (1) and (2) below is met, at the latest at 5 p.m. Paris time or the next following Business Day if such condition is met after 5 p.m. Paris time:

- (1) the Put Agent would have received the early redemption request from the financial intermediary through whose books the Notes are held;
- (2) the Notes would have been transferred to the Put Agent by the relevant financial intermediary.

For the purposes of this Condition 8, **Change of Control** means, for one or more individuals or entities acting alone or in concert, acquiring the control of the Issuer, being specified that **control** means, for the purpose of the present definition, the holding (directly or indirectly via entities controlled by the relevant person(s)) of (x) the majority of the voting rights of the shares of the Issuer or (y) more than 40% of such voting rights if no other shareholder of the Issuer, acting alone or in concert, holds (directly or indirectly via entities controlled by such shareholder(s)) a percentage of voting rights in excess of the above stake.

9. EVENTS OF DEFAULT

The Representative (as defined in Condition 11 (*Representation of the Noteholders*)), upon request of any Noteholder, may, after written notice given by registered letter with acknowledgment of receipt to the Issuer (copy to the Fiscal Agent) has been given and unless all defaults shall have been remedied, cause all the Notes held by such Noteholder to become immediately due and payable, whereupon such Notes shall become immediately due and payable at their principal amount, together with any accrued interest thereon until their actual redemption date, upon the occurrence of any of the following events:

- (a) the Issuer fails to make payment of any sum due in respect of the Notes and if the Issuer does not remedy such default within fifteen (15) calendar days from such due date; or
- (b) the Issuer breaches any of the other provisions relating to the Notes, as the case may be, and does not remedy such breach within thirty (30) calendar days from the date the Issuer receives written notice of such breach from the Representative; or
- (c) a payment default by the Issuer and/or any of its Principal Subsidiaries occurs in relation to any payment of any other borrowed money or loans guaranteed by the Issuer and/or any of its Principal Subsidiaries for an amount equal to or in excess of €150 million, or its equivalent in any other currency, on their due date, or on such date as may have been extended by any applicable grace period, unless the Issuer and/or its relevant Principal Subsidiary challenges such default in good faith before a competent court, in which case an early redemption of the Notes will be mandatory only if the court has decided on the merits of the case (*statué au fond*); or
- (d) judgment is rendered ordering the liquidation or transfer of the entirety of the assets of the Issuer or any of its Principal Subsidiaries, or any equivalent procedure; if the Issuer or any of its Principal Subsidiaries is subject to a conciliation procedure (*procédure de conciliation*) as provided under Articles L. 611-4 *et seq.* of the French *Code de commerce*, or any equivalent procedure, are in a state of suspension of payments (*cessation de paiements*) or any similar state, or subject to judicial liquidation proceedings (*procédure de liquidation judiciaire*) or any equivalent procedure.

10. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

11. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the *Masse*).

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of Articles L. 228-48, L. 228-59, L. 228-65 I 1°, L. 228-65 II, L. 228-71, R. 228-67, R.228-69, R.228-72 and R. 228-76 al. 1 thereof, and by the conditions set out below, provided that notices calling a general meeting of the Noteholders (a **General Meeting**) and the resolutions passed at any General Meeting or by a Written Decision (as defined below) and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 12 (*Notices*) below.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue with respect to the Notes, without prejudice to the rights that Noteholders may exercise individually in accordance with, and subject to, the provisions of the terms and conditions of the Notes.

The *Masse* will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through collective decisions of the Noteholders (the **Collective Decisions**).

11.1 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- the Issuer, the members of its Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a company in whatever capacity.

The initial Representative shall be:

Association de représentation des masses de titulaires de valeurs mobilières

Centres Jacques Ferronière
32 rue du Champ de Tir
CS 30812
44308 Nantes cedex 3

The Issuer shall pay to the Representative an amount equal to euros 500 (excluding VAT) each year until the Maturity Date and due and payable for the first time on the Issue Date. No additional remuneration is payable in relation to any subsequent issue pursuant to Condition 13 (*Further Issues and Assimilation*).

In the event of death, liquidation, dissolution, incompatibility, resignation or revocation of the Representative, a replacement will be elected by the General Meeting.

All Noteholders may at all times obtain the names and addresses of the Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

11.2 Collective Decisions

Collective Decisions are adopted either in a General Meeting or by Written Decision (as such term is defined below).

In accordance with Article R. 228-71 of the French *Code de commerce*, the right of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the second (2nd) Business Day preceding the date set for the relevant Collective Decision.

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any Noteholder.

(a) General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place, agenda and required quorum of any General Meeting will be published in accordance with Condition 12, not less than fifteen (15) calendar days prior to the date of the general meeting on first convocation and not less than six (6) calendar days prior to the date of the General Meeting on second convocation.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a simple majority of votes cast by the Noteholders attending such General Meeting or represented thereat.

In accordance with Article L. 228-61 of the French *Code de commerce*, each Noteholder has the right to participate in General Meetings in person, by proxy, by correspondence, by videoconference, or by any other means of telecommunication allowing the identification of participating Noteholders.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the six

(6) calendar day period preceding the holding of the General Meeting on second convocation or during the fifteen (15) calendar day period preceding the seeking of approval of a resolution by way of a Written Decision.

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits of the Noteholders which now or in the future may accrue, including authorizing the Representative to act at law as plaintiff or defendant in the name and on behalf of the Noteholders.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert the Notes into shares.

(b) ***Written Decision***

In accordance with Article L. 228-46-1 of the French *Code de commerce*, Collective Decisions may also be taken by a Written Decision, at the initiative of the Issuer or the Representative.

Such Written Decision shall be signed by or on behalf of all the Noteholders without having to comply with formalities and time limits referred to above. Any Written Decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Subject to the following sentence, a Written Decision may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of such Noteholders. Approval of a Written Decision may also be given by way of electronic communication allowing the identification of Noteholders (**Electronic Consent**).

Notice seeking the approval of a Written Decision (including by way of Electronic Consent) will be published as provided under Condition 12 (*Notices*) not less than 15 calendar days prior to the date fixed for the passing of such Written Decision (the **Written Decision Date**). Notices seeking the approval of a Written Decision will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Decision. Noteholders expressing their approval or rejection before the Written Decision Date will undertake not to dispose of their Notes until after the Written Decision Date.

For the purpose hereof, a Written Decision means a resolution in writing signed by or approved by or on behalf of the holders of not less than seventy five 75 per cent. in nominal amount of the Notes outstanding. References to a Written Decision include, unless the context otherwise requires, a resolution approved by Electronic Consent.

(c) ***Effect of resolutions***

A resolution passed at a General Meeting, and a Written Decision or an Electronic Consent, shall be binding on all Noteholders, whether or not present at the General Meeting and whether or not, in the case of a Written Decision or an Electronic Consent, they have participated in such Written Decision or Electronic Consent and each of them shall be bound to give effect to the resolution accordingly.

(d) ***Exclusion of certain provisions of the French Code de commerce***

The provisions of Article L.228-65 I. 1° of the French *Code de commerce* providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer shall not apply to the Notes.

(e) ***Notices of decisions***

Collective Decisions shall be published in accordance with the provisions set out in Condition 12 (*Notices*) not more than 90 calendar days from the date thereof. The decisions referred to in Articles R. 228-79 and R. 236-11 of the French *Code de commerce* will be published in accordance with Condition 12 (*Notices*).

(f) ***Sole Noteholder***

If and for so long as the Notes are held by a sole Noteholder and unless a Representative has been appointed, such Noteholder shall exercise all powers, rights and obligations entrusted to the Masse by the provisions of the French *Code de commerce*. The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Notes.

12. NOTICES

Any notice to the Noteholders will be valid if delivered to Euroclear France, Euroclear or Clearstream for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.airfranceklm.com), provided that, so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to that stock exchange so require, such notice shall also be published in a leading daily newspaper having general circulation in the Republic of France (which is expected to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders) or on the website of Euronext Paris (www.euronext.com).

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

13. FURTHER ISSUES AND ASSIMILATION

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for the issue price, the amount and date of the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the event of such an assimilation, the Noteholders and the holders of such further notes will be grouped together in a single *Masse* for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

14. GOVERNING LAW AND JURISDICTION

(a) ***Governing Law***

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

(b) ***Jurisdiction***

Any legal action or proceeding arising out of or in connection with the Notes will be irrevocably submitted to the exclusive jurisdiction of the competent courts of the Issuer's head office.

TERMS AND CONDITIONS OF THE 2024 NOTES

The terms and conditions of the Notes (the **Conditions**) will be as follows:

The issue of the €300,000,000 3.000 per cent. Notes due 1 July 2024 (the **Notes**) by Air France-KLM (the **Issuer**) has been authorised pursuant to a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 11 June 2021 and a decision of its *Directeur Général Adjoint Finance* dated 25 June 2021. The Issuer has entered into (i) an agency agreement dated 29 June 2021 as amended and supplemented from time to time (the **Fiscal Agency Agreement**) with Société Générale as fiscal agent, paying agent, calculation agent and put agent (the **Fiscal Agent**, the **Paying Agent**, the **Calculation Agent** and the **Put Agent** which expressions shall, where the context so admits, include any successor for the time being as fiscal agent, paying agent, calculation agent or put agent, as the case may be). Copy of the Fiscal Agency Agreement is available for inspection during usual business hours at the specified office of the Fiscal Agent and at the registered office of the Issuer.

References below to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below. In these Conditions, **holder of Notes**, **holder of any Note** or **Noteholder** means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in dematerialised bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L. 211-3 *et seq.* and R.211-1 *et seq.* of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any authorised financial intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank SA/NV (**Euroclear**) and the depositary bank for Clearstream Banking S.A. (**Clearstream**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

2. STATUS OF THE NOTES

The Notes and the interest thereon constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*) below) unsecured obligations of the Issuer and rank and will rank at all times *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with any other unsubordinated and unsecured obligations, present or future, of the Issuer.

3. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding (as defined below), the Issuer undertakes not to, and undertakes to ensure that none of its Principal Subsidiaries (as defined below), grant to holders of other present or future notes (*obligations*), any mortgage (*hypothèque*) over the Issuer's or its Principal Subsidiaries' present or future assets or real property interests, nor any pledge (*nantissement*) on all or part of the Issuer's or its Principal Subsidiaries' business (*fonds de commerce*), nor any other security (*sûreté réelle*, *gage* or *nantissement*) on its present or future assets or income, unless the Issuer's obligations under the Notes are equally and rateably secured so as to rank *pari passu* with such other present or future notes (*obligations*) so secured. Such

undertaking is given only in relation to security interests given for the benefit of holders of notes (*obligations*) and does not affect in any way the right of the Issuer to dispose of its assets or to grant any security in respect of such assets in any other circumstance.

For the purposes of these Conditions:

outstanding means in relation to the Notes, all the Notes issued other than (i) those which have been redeemed on their due date or otherwise in accordance with the Conditions, (ii) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 4 (*Interest*) after such date) have been duly paid to the Fiscal Agent, (iii) those which have become void or in respect of which claims have become prescribed and (iv) those which have been purchased by the Issuer and that are held or that have been cancelled as provided in the Conditions.

Principal Subsidiary means at any time relevant:

- (e) Société Air France (**SAF**); or
- (f) Koninklijke Luchtvaart Maatschappij N.V. (**KLM**); or
- (g) any Subsidiary of the Issuer (other than SAF and KLM) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such transfer is a Principal Subsidiary.

Subsidiary means in relation to any person or entity at any time, a subsidiary as defined in Article L. 233-1 of the French *Code de commerce* or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L. 233-3 I.1 and I.2 of the French *Code de commerce*.

4. INTEREST

(a) ***Interest Payment Dates***

The Notes bear interest from, and including, 1 July 2021 (the **Issue Date**) to but excluding 1 July 2024 at the rate of 3.000 per cent. *per annum* payable annually in arrear on 1 July in each year (each an **Interest Payment Date**), and for the first time on 1 July 2022.

(b) ***Interest Payments***

Each Note will cease to bear interest from the due date for redemption, unless payment of principal is improperly withheld or refused on such date. In such event, interest on such Note shall continue to accrue at such rate until, and including, whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder and (ii) the day of receipt by or on behalf of Euroclear France of all sums due in respect of all the Notes.

Interest shall be calculated on an Actual/Actual – ICMA basis, as follows:

- (iii) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the Actual/Actual-ICMA basis will be the number of days in the Accrual Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
- (iv) if the Accrual Period is longer than one Determination Period, the Actual/Actual- ICMA basis will be the sum of:

- (C) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (D) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where

Accrual Period means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

Determination Period means the period from, and including, the Issue Date to, but excluding, the first Interest Payment Date and each successive period from, and including, an Interest Payment Date to, but excluding, the next succeeding Interest Payment Date.

5. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition and with Conditions 8 (*Change of Control*) and 9 (*Events of Default*).

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed by the Issuer at their principal amount on 1 July 2024 (the **Maturity Date**).

(b) *Redemption for Taxation Reasons*

(v) If, by reason of a change in any law or regulation of the Republic of France or any political subdivision or authority therein or thereof having power to tax, or any change in the official application or interpretation of such law or regulation (including a holding by a competent court), becoming effective on or after the Issue Date, the Issuer would, on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 7 (*Taxation*), the Issuer may, at its sole discretion, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal or interest without withholding for French taxes.

(vi) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7 (*Taxation*), then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall, subject to having given not less than seven (7) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all, but not some only, of the Notes at their principal amount, together with all interest accrued to the date fixed for redemption of which notice hereunder may be given, provided that the due date for redemption shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal or interest payable in respect of the Notes or, if such date has passed, as soon as practicable thereafter.

(c) ***Pre-Maturity Call Option***

The Issuer may, at its option, from and including the date falling one (1) month before the Maturity Date to but excluding the Maturity Date, subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at their principal amount together with all interest accrued up to but excluding the date set for redemption.

(d) ***Make-Whole Redemption***

The Issuer may, at its option, subject to compliance by the Issuer with all relevant laws, regulations and directives and subject to having given not more than thirty (30) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the outstanding Notes, in whole or in part, at any time prior to the first day of the pre-maturity call option period (the **Optional Make-Whole Redemption Date**) at their Optional Redemption Amount (as defined below) together with any accrued and unpaid interest up to, but excluding, the Optional Make-Whole Redemption Date.

The **Optional Redemption Amount** will be calculated by the Calculation Agent and will be an amount in Euro rounded to the nearest cent (half a cent being rounded upwards) being the greater of (x) 100 per cent. of the outstanding principal amount of the Notes so redeemed and (y) the sum of the then present values on the relevant Optional Make-Whole Redemption Date of (i) the outstanding principal amount of each Note and (ii) the remaining scheduled payments of interest on such Note for the remaining term of such Note until the first day of the pre-maturity call option period (determined on the basis of the interest rate applicable to such Note from the relevant Optional Make-Whole Redemption Date (excluding any interest accruing on such Note to, but excluding, such Optional Make-Whole Redemption Date)), discounted to the relevant Optional Make-Whole Redemption Date on an annual basis at the Early Redemption Rate (as defined below) plus the Early Redemption Margin (as defined below).

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be final and binding upon all parties. The Calculation Agent shall act as an independent expert and not as agent of the Issuer or the Noteholders.

For this purpose of this Condition 5(d) (*Make-Whole Redemption*):

Business Day means a day, not being a Saturday or a Sunday, on which (i) Euroclear France, Euroclear and Clearstream are open for business, (ii) commercial banks and foreign exchange markets are open for business in Paris, and (iii) on which the TARGET System is operating, and **TARGET System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

Early Redemption Margin means 0.50 per cent. *per annum*.

Early Redemption Rate means the rate *per annum* equal to the average of the four (4) quotations given by the Reference Dealers of the mid-market annual yield to maturity of the Reference Benchmark Security on the fourth (4th) Business Day in Paris preceding the relevant Optional Make-Whole Redemption Date at 11.00 a.m. (Central European time (CET)).

If the Reference Benchmark Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent after prior consultation with the Issuer if practicable under the circumstances, at 11.00 a.m. (Central European time (CET)) on the third Business Day in Paris preceding the Optional Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer.

Reference Benchmark Security means German government bond bearing interest at a rate of 0.00 per cent. *per annum* and maturing in April 2024 with ISIN DE0001141794.

Reference Dealers means each of the four banks (that may include the Joint Bookrunners), selected by the Calculation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

Similar Security means a reference bond or reference bonds issued by the German government having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

For the purposes of Conditions 5(c) (*Pre-Maturity Call Option*) and 5(d) (*Make-Whole Redemption*), in the case of a partial redemption, the redemption may be effected by reducing the nominal amount of all such Notes in proportion to the aggregate nominal amount redeemed, subject to compliance with any applicable laws and regulated market or stock exchange requirements.

The Early Redemption Rate and the Optional Redemption Amount will be notified by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*).

So long as the Notes are admitted to trading on Euronext Paris and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the French *Autorité des marchés financiers*, a notice specifying the aggregate nominal amount of Notes outstanding.

(e) ***Clean-Up Call Option***

In the event that seventy-five (75) per cent. or more of the initial aggregate nominal amount of the Notes (including any further notes to be consolidated and form a single series with the Notes pursuant to Condition 13 (*Further Issues and Assimilation*)) have been redeemed, other than by way of a redemption at the option of the Issuer in accordance with Condition 5(d) (*Make-Whole Redemption*), or purchased (and subsequently cancelled), the Issuer may, at its option, subject to having given not more than forty-five (45) nor less than fifteen (15) calendar days' prior notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem the outstanding Notes, in whole but not in part, at their principal amount plus accrued interest up to but excluding the date fixed for redemption.

(f) ***Purchase***

The Issuer may at any time purchase Notes in the open market or otherwise, without any limitation (including by way of tender and/or exchange offer) at any price and on any condition. Notes so purchased by the Issuer may be cancelled or held and resold in accordance with applicable laws and regulations.

(g) ***Cancellation***

All Notes which are purchased for cancellation by, or on behalf of, the Issuer pursuant to this Condition 5 (*Redemption and Purchase*) or redeemed by the Issuer pursuant to Conditions 8 (*Change of Control*) and 9 (*Events of Default*) shall be immediately cancelled (together with rights to interest any other amounts relating thereto) by transfer to an account in accordance with the rules and procedures of Euroclear France and may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

6. PAYMENTS

(a) *Method of Payment*

Payments of principal, interest and other amounts in respect of the Notes will be made in euro, by credit or transfer to an account denominated in euro (or any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks use the TARGET System (as defined in Condition 5(d) (*Make-Whole Redemption*) above). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all payments validly made to such Account Holders in favour of Noteholders will be an effective discharge of the Issuer and the Paying Agent, as the case may be, in respect of such payments.

Payments of principal, interest and other amounts in respect of the Notes will be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable thereto, but without prejudice to the provisions described in Condition 7 (*Taxation*). No commission or expenses shall be charged to the Noteholders in respect of such payments.

(b) *Payments on Business Days*

If the due date for payment of any amount of principal or interest in respect of any Note is not a Business Day (as defined in Condition 5(d) (*Make-Whole Redemption*) above), payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the relevant Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

(c) *Fiscal Agent, Paying Agent, Calculation Agent and Put Agent*

The name and specified offices of the initial Fiscal Agent, initial Put Agent and other initial Paying Agent are as follows:

Fiscal Agent, Paying Agent, Calculation Agent and Put Agent

SOCIETE GENERALE

32 rue du Champ de Tir

CS 30812

44308 Nantes Cedex 3

France

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Put Agent, the Calculation Agent or any Paying Agent and/or appoint a substitute Fiscal Agent, Calculation Agent or Put Agent and additional or other Paying Agents or approve any change in the office through which the Fiscal Agent, the Put Agent, the Calculation Agent or any Paying Agent acts, provided that, so long as any Note is outstanding, there will at all times be (i) a Fiscal Agent having a specified office in a major European city, (ii) so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to such stock exchange so require, at least one Paying Agent having a specified office in a European city and ensuring financial services in the Republic of France (which may be the Fiscal Agent) and (iii) a Calculation Agent.

Such appointment or termination shall be notified to the Noteholders in accordance with Condition 12 (*Notices*).

7. TAXATION

(a) *Withholding Tax*

All payments of principal, interest and other assimilated revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

(b) *Additional Amounts*

If any French law or regulation should require that any payment of principal, interest and other assimilated revenues in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of the Republic of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with the Republic of France other than the mere holding of such Note.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 7 (*Taxation*).

8. CHANGE OF CONTROL

In the event of a Change of Control, as defined below, or in the event that a person, other than an entity controlled directly or indirectly by the Issuer (within the meaning of Article L. 233-3 of the French *Code de commerce*), came to hold (via purchase, subscription or any other means) (i) more than 50% of the share capital of Société Air France and/or the economic rights of KLM or (ii) more than 50% of the voting rights of Société Air France and/or KLM (a **Share Transfer**), each Noteholder may at its sole option require the early redemption of all or part of its Notes, subject to the conditions set out below.

The Notes will be redeemed at their principal amount plus interest accrued since the last Interest Payment Date (or, as the case may be, since the Issue Date).

In the event of a Change of Control or Share Transfer, the Issuer will inform the Noteholders, no later than thirty (30) calendar days following the effective Change of Control or Share Transfer, by means of a notice in accordance with Condition 12 (*Notices*). This notice will remind Noteholders that they are entitled to require the early redemption of all or part of their Notes and will indicate (i) the date which has been set for the early redemption, such date should fall between the twenty-fifth (25th) and the thirtieth (30th) Business Day following the date of the publication of the notice, (ii) the redemption amount and (iii) the period of at least fifteen (15) Business Days, during which early redemption requests and the corresponding Notes should be transmitted to the Put Agent.

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

Redemption requests and the corresponding Notes shall be submitted to the Put Agent between the twentieth (20th) and the fifth (5th) Business Day before the early redemption date.

A form of redemption request will be obtainable from the specified office of any Paying Agent.

The date of the early redemption request shall correspond to the Business Day during the course of which the last of conditions (1) and (2) below is met, at the latest at 5 p.m. Paris time or the next following Business Day if such condition is met after 5 p.m. Paris time:

- (3) the Put Agent would have received the early redemption request from the financial intermediary through whose books the Notes are held;
- (4) the Notes would have been transferred to the Put Agent by the relevant financial intermediary.

For the purposes of this Condition 8, **Change of Control** means, for one or more individuals or entities acting alone or in concert, acquiring the control of the Issuer, being specified that **control** means, for the purpose of the present definition, the holding (directly or indirectly via entities controlled by the relevant person(s)) of (x) the majority of the voting rights of the shares of the Issuer or (y) more than 40% of such voting rights if no other shareholder of the Issuer, acting alone or in concert, holds (directly or indirectly via entities controlled by such shareholder(s)) a percentage of voting rights in excess of the above stake.

9. EVENTS OF DEFAULT

The Representative (as defined in Condition 11 (*Representation of the Noteholders*)), upon request of any Noteholder, may, after written notice given by registered letter with acknowledgment of receipt to the Issuer (copy to the Fiscal Agent) has been given and unless all defaults shall have been remedied, cause all the Notes held by such Noteholder to become immediately due and payable, whereupon such Notes shall become immediately due and payable at their principal amount, together with any accrued interest thereon until their actual redemption date, upon the occurrence of any of the following events:

- (h) the Issuer fails to make payment of any sum due in respect of the Notes and if the Issuer does not remedy such default within fifteen (15) calendar days from such due date; or
- (i) the Issuer breaches any of the other provisions relating to the Notes, as the case may be, and does not remedy such breach within thirty (30) calendar days from the date the Issuer receives written notice of such breach from the Representative; or
- (j) a payment default by the Issuer and/or any of its Principal Subsidiaries occurs in relation to any payment of any other borrowed money or loans guaranteed by the Issuer and/or any of its Principal Subsidiaries for an amount equal to or in excess of €150 million, or its equivalent in any other currency, on their due date, or on such date as may have been extended by any applicable grace period, unless the Issuer and/or its relevant Principal Subsidiary challenges such default in good faith before a competent court, in which case an early redemption of the Notes will be mandatory only if the court has decided on the merits of the case (*statué au fond*); or
- (k) judgment is rendered ordering the liquidation or transfer of the entirety of the assets of the Issuer or any of its Principal Subsidiaries, or any equivalent procedure; if the Issuer or any of its Principal Subsidiaries is subject to a conciliation procedure (*procédure de conciliation*) as provided under Articles L. 611-4 *et seq.* of the French *Code de commerce*, or any equivalent procedure, are in a state of suspension of payments (*cessation de paiements*) or any similar state, or subject to judicial liquidation proceedings (*procédure de liquidation judiciaire*) or any equivalent procedure.

10. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 10 years (in the case of principal) and 5 years (in the case of interest) from the due date for payment thereof.

11. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped automatically for the defence of their common interests in a *masse* (hereinafter referred to as the *Masse*).

The *Masse* will be governed by the provisions of the French *Code de commerce* with the exception of Articles L. 228-48, L. 228-59, L. 228-65 I 1°, L. 228-65 II, L. 228-71, R. 228-67, R.228-69, R.228-72 and R. 228-76 al. 1 thereof, and by the conditions set out below, provided that notices calling a general meeting of the Noteholders (a **General Meeting**) and the resolutions passed at any General Meeting or by a Written Decision (as defined below) and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 12 (*Notices*) below.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which may accrue with respect to the Notes, without prejudice to the rights that Noteholders may exercise individually in accordance with, and subject to, the provisions of the terms and conditions of the Notes.

The *Masse* will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through collective decisions of the Noteholders (the **Collective Decisions**).

11.1 Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- the Issuer, the members of its Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*Conseil d'administration*), Management Board (*Directoire*) or Supervisory Board (*Conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or
- companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a company in whatever capacity.

The initial Representative shall be:

Association de représentation des masses de titulaires de valeurs mobilières

Centres Jacques Ferronière
32 rue du Champ de Tir
CS 30812
44308 Nantes cedex 3

The Issuer shall pay to the Representative an amount equal to euros 500 (excluding VAT) each year until the Maturity Date and due and payable for the first time on the Issue Date. No additional remuneration is payable in relation to any subsequent issue pursuant to Condition 13 (*Further Issues and Assimilation*).

In the event of death, liquidation, dissolution, incompatibility, resignation or revocation of the Representative, a replacement will be elected by the General Meeting.

All Noteholders may at all times obtain the names and addresses of the Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

11.2 Collective Decisions

Collective Decisions are adopted either in a General Meeting or by Written Decision (as such term is defined below).

In accordance with Article R. 228-71 of the French *Code de commerce*, the right of each Noteholder to participate in Collective Decisions will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the second (2nd) Business Day preceding the date set for the relevant Collective Decision.

The Issuer shall hold a register of the Collective Decisions and shall make it available, upon request, to any Noteholder.

(a) General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting, together with the proposed agenda for such General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place, agenda and required quorum of any General Meeting will be published in accordance with Condition 12, not less than fifteen (15) calendar days prior to the date of the general meeting on first convocation and not less than six (6) calendar days prior to the date of the General Meeting on second convocation.

General Meetings may deliberate validly on first convocation only if the Noteholders present or represented hold at least one-fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. The decisions of the General Meeting shall be taken by a simple majority of votes cast by the Noteholders attending such General Meeting or represented thereat.

In accordance with Article L. 228-61 of the French *Code de commerce*, each Noteholder has the right to participate in General Meetings in person, by proxy, by correspondence, by videoconference, or by any other means of telecommunication allowing the identification of participating Noteholders.

Each Noteholder or representative thereof will have the right to consult or make a copy of the text of the resolutions which will be proposed and of the reports, if any, which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer and at any other place specified in the notice of the General Meeting, during the fifteen (15) calendar day period preceding the holding of the General Meeting on first convocation, or during the six

(6) calendar day period preceding the holding of the General Meeting on second convocation or during the fifteen (15) calendar day period preceding the seeking of approval of a resolution by way of a Written Decision.

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits of the Noteholders which now or in the future may accrue, including authorizing the Representative to act at law as plaintiff or defendant in the name and on behalf of the Noteholders.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) to Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert the Notes into shares.

(b) ***Written Decision***

In accordance with Article L. 228-46-1 of the French *Code de commerce*, Collective Decisions may also be taken by a Written Decision, at the initiative of the Issuer or the Representative.

Such Written Decision shall be signed by or on behalf of all the Noteholders without having to comply with formalities and time limits referred to above. Any Written Decision shall, for all purposes, have the same effect as a resolution passed at a General Meeting of such Noteholders. Subject to the following sentence, a Written Decision may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of such Noteholders. Approval of a Written Decision may also be given by way of electronic communication allowing the identification of Noteholders (**Electronic Consent**).

Notice seeking the approval of a Written Decision (including by way of Electronic Consent) will be published as provided under Condition 12 (*Notices*) not less than 15 calendar days prior to the date fixed for the passing of such Written Decision (the **Written Decision Date**). Notices seeking the approval of a Written Decision will contain the conditions of form and time-limits to be complied with by the Noteholders who wish to express their approval or rejection of such proposed Written Decision. Noteholders expressing their approval or rejection before the Written Decision Date will undertake not to dispose of their Notes until after the Written Decision Date.

For the purpose hereof, a Written Decision means a resolution in writing signed by or approved by or on behalf of the holders of not less than seventy five 75 per cent. in nominal amount of the Notes outstanding. References to a Written Decision include, unless the context otherwise requires, a resolution approved by Electronic Consent.

(c) ***Effect of resolutions***

A resolution passed at a General Meeting, and a Written Decision or an Electronic Consent, shall be binding on all Noteholders, whether or not present at the General Meeting and whether or not, in the case of a Written Decision or an Electronic Consent, they have participated in such Written Decision or Electronic Consent and each of them shall be bound to give effect to the resolution accordingly.

(d) ***Exclusion of certain provisions of the French Code de commerce***

The provisions of Article L.228-65 I. 1° of the French *Code de commerce* providing for a prior approval of the General Meeting of the Noteholders of any change in corporate purpose or form of the Issuer shall not apply to the Notes.

(e) ***Notices of decisions***

Collective Decisions shall be published in accordance with the provisions set out in Condition 12 (*Notices*) not more than 90 calendar days from the date thereof. The decisions referred to in Articles R. 228-79 and R. 236-11 of the French *Code de commerce* will be published in accordance with Condition 12 (*Notices*).

(f) ***Sole Noteholder***

If and for so long as the Notes are held by a sole Noteholder and unless a Representative has been appointed, such Noteholder shall exercise all powers, rights and obligations entrusted to the Masse by the provisions of the French *Code de commerce*. The Issuer shall hold a register of the decisions taken by the sole Noteholder in this capacity and shall make it available, upon request, to any subsequent holder of any of the Notes.

12. NOTICES

Any notice to the Noteholders will be valid if delivered to Euroclear France, Euroclear or Clearstream for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.airfranceklm.com), provided that, so long as the Notes are admitted to trading on Euronext Paris and the rules applicable to that stock exchange so require, such notice shall also be published in a leading daily newspaper having general circulation in the Republic of France (which is expected to be *Les Echos* or such other newspaper as the Fiscal Agent shall deem necessary to give fair and reasonable notice to the Noteholders) or on the website of Euronext Paris (www.euronext.com).

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

13. FURTHER ISSUES AND ASSIMILATION

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects save for the issue price, the amount and date of the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation.

In the event of such an assimilation, the Noteholders and the holders of such further notes will be grouped together in a single *Masse* for the defence of their common interests. References in these Conditions to the Notes include any other notes issued pursuant to this Condition and assimilated with the Notes.

14. GOVERNING LAW AND JURISDICTION

(a) ***Governing Law***

The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of France.

(b) ***Jurisdiction***

Any legal action or proceeding arising out of or in connection with the Notes will be irrevocably submitted to the exclusive jurisdiction of the competent courts of the Issuer's head office.

USE OF PROCEEDS

The estimated net proceeds of the issue (i) of the 2026 Notes will amount to € 494,820,000 and (ii) of the 2024 Notes will amount to € 297,981,000. The estimated net proceeds of the issue of the Notes will be used to refinance (i) the redemption of the outstanding market debt of the Issuer, and gradually (ii) part of the State Aid debt package granted late May 2020.

RECENT DEVELOPMENTS

Commitments vis-à-vis the European Commission - State Aid:

In 2020, the implementation of the measures to reinforce the Group's liquidity was subject to the prior approval of the European Commission under State aid rules (decisions of 4 May 2020 and 13 July 2020 respectively).

The aforementioned 13 July 2020 decision regarding KLM was annulled by the General Court of the European Union (*Tribunal de l'Union européenne*) on 19 May 2021 (following an appeal filed by Ryanair) for insufficient statement of reasons. However, in view of this limited and formal ground for annulment and the Covid-19 crisis making it necessary to provide legal certainty to the Member States' support measures, the General Court suspended the effects of this annulment (the liquidity aid is therefore still approved and not deemed to be annulled), pending the adoption of a new decision with sufficient statement of reasons by the Commission. The final date given by the General Court for this purpose is 19 July 2021.

Furthermore, the aforementioned 4 May 2020 decision regarding Air France was challenged by Ryanair and Malta Air on 20 April 2021 before the General Court of the European Union and is still presumed valid. The written procedure before the General Court of the European Union is ongoing between the applicants and the Commission. The summary of the pleas of annulment was published on 7 June 2021 and third parties, such as the French State, Air France-KLM and the Company Air France may ask to intervene in support of the Commission.

The following recent press releases have been published by the Issuer:

1. Press release dated 31 May 2021: Declaration of number of voting rights

Declaration of number of voting rights

Information relating to the total number of voting rights and shares as required by L.233-8 II of the code of commerce and article 223-16 of the general rules of the French market authority (AMF).

Date	Number of shares	Total number of voting rights	
31/05/2021	642,634,034	Theoretical number of voting rights ¹ :	860,617,537

2. Press release dated 26 April 2021: Participation in AIR FRANCE-KLM shareholders' meeting on may 26, 2021

Roissy, April 26, 2021

Conditions for participating in the Air France-KLM Shareholders' Meeting of May 26, 2021 and availability of documents ahead of the Shareholders' Meeting

In view of the health crisis situation, the containment measures taken by the French public authorities, and in order to fight against the spread of the virus, the Air France-KLM Combined Ordinary and Extraordinary Shareholders' Meeting of May

¹ Our theoretical number of voting rights includes all the voting rights, including the double voting rights

26, 2020 will exceptionally be held behind closed doors, without the physical presence of its shareholders or other persons entitled to attend, in accordance with the provisions of Article 4 of Order No. 2020 321 of March 25, 2020 adapting the rules of meeting and deliberation of the meetings and governing bodies of legal entities and entities without legal personality under private law due to the Covid-19 epidemic, extended and amended by Order No. 2020-1497 of December 2, 2020, Order No. 2020-418 of April 10, 2020 extended and amended by Order No. 2020-1614 of December 18, 2020 and Order No. 2021- 255 of March 9, 2021.

In this context, the information relating to this Shareholders' Meeting referred to in article R. 225-83 of the French Commercial Code is available on the Company's website at www.airfranceklm.com (Finance / Shareholders / Annual General Meeting) and is held available to shareholders in accordance with legal and regulatory conditions.

The notice of meeting (*avis de réunion*) containing the agenda, the draft resolutions submitted to shareholders by the Board of Directors and a description of the conditions for participating and voting in the Shareholders' Meeting was published in the *Bulletin des Annonces Légales Obligatoire* (BALO), on April 21, 2021. The procedures for participating and voting at the Shareholders' Meeting are also detailed on the Company's website www.airfranceklm.com (Finance / Shareholders / Shareholders' Meeting section).

Shareholders are reminded that they may vote without physically participating in the Combined Ordinary and Extraordinary Shareholders' Meeting. For this purpose, they are strongly encouraged to participate either by Internet (on the secure voting platforms VOTACCESS and VOXALY) or by mail (using the voting form attached to the notice of meeting and posted on the Company's website www.airfranceklm.com) for the purpose of voting or giving a proxy. No admission card will be sent to shareholders or their proxies upon request.

It is also specified that shareholders will not be able to propose, during the Shareholders' Meeting, amendments to draft resolutions or new resolutions or to ask live oral questions. However, they may ask written questions prior and during the Shareholders' Meeting in accordance with the procedures described on the Company's website www.airfranceklm.com (Finance / Shareholders / Shareholders' Meeting).

The Shareholders' Meeting will be broadcast live on the Company's website www.airfranceklm.com (Finance / Shareholders / Shareholders' Meeting section) and will be available via the link <https://www.yuca.tv/en/air-france-klm/assemblee-generale-2021>. You can also watch a replay of the meeting any time after the Shareholders' Meeting.

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3. Press release dated 21 April 2021: Deeply Subordinated Notes issue

Roissy, 21 April 2021

Air France-KLM has successfully issued undated deeply subordinated notes in three tranches of €1 billion, for a total amount of €3 billion

As part of its recapitalization plan announced at the launch of the capital increase announced on April 12, 2021, and completed on April 19, 2021 for an amount of €1.036 billion, the Company has issued on April 20, 2021 undated deeply subordinated notes (recorded as IFRS equity in the Company's consolidated financial statements) for a total amount of €3 billion, subscribed in full by the French State by way of set-off on claims it holds on the Company pursuant to the

shareholders' loan (the “ACC”) granted in May 2020 and fully drawn for the amount of €3 billion (the “Deeply Subordinated Notes”).

This issue will be composed of three tranches with a perpetual maturity and a nominal amount of €1 billion each, with respective first redemption options (Call) at 4, 5 and 6 years and then redeemable on each interest payment date, and bearing interest at 7.00%, 7.25% and 7.50% respectively until these dates.

These initial interest rates for each tranche will increase to 8.50%, 8.00% and 8.00%, respectively, on the first respective early redemption date at the option of the Company, of the relevant tranche. These interest rates will then be reset every year from April 20, 2028, on the basis of the 12-month Euribor rate plus a margin of 10.40%, it being specified that the applicable 12-month Euribor rate will not be lower than -0.45%. The Company will have the option to defer the payment of interest at its discretion, in whole or in part. Deferred interest on the Deeply Subordinated Notes will be accrued and capitalized.

Payment of interest will nevertheless be mandatory notably in the event of payment of dividends or repurchase of equity securities, subject to certain customary exceptions.

These Deeply Subordinated Notes may be converted by way of set-off (*compensation de créances*) in the context of future issuances of quasi-capital securities or capital increases. In the event of (i) a third party, acting alone or in concert, holding more than 30% of the share capital or the voting rights of Company, (ii) non-approval by the shareholders' general meeting of a project of issuance of shares or any other securities giving right to shares of the Company, submitted by the board of directors, enabling the French State to convert in ordinary shares of the Company or any other securities giving right to shares of the Company all or part of the Deeply Subordinated Notes or (iii) implementation of an issuance of shares or other securities giving right to shares of the Company (with the exception of transactions implemented with preferential subscription rights or with priority subscription period and which may be subscribed by way of set-off (*compensation de créances*), transactions reserved for the French State or transactions without preferential subscription rights by way of "private placement" previously authorized by the French State), without the prior consent of the French State, the Company may redeem (a) in the event referred in (i) and (ii) above, in whole, and (b) in the event referred to in (iii) above, in whole or in part, the Deeply Subordinated Notes outstanding. Failing which the applicable interest rate shall be increased by an additional margin of 5.50% *per annum* from the date of occurrence of any of the events referred to in (i), (ii) or (iii). Such interest rate adjustments shall be cumulative, without exceeding 11.00% *per annum*.

This transaction will strengthen Air France's equity by €3 billion in accordance with IFRS accounting standards, without impact on cash flow, while increasing the flexibility in its profile of debt repayment.

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4. Press release dated 19 April 2021: Success of capital increase

Roissy, 19 April 2021

Air France-KLM announces the success of its capital increase for an amount of €1.036 billion after exercise in full of the increase option

Air France-KLM (the “Company”) announces today the success of its capital increase without shareholders' preferential subscription rights, by way of a public offering and with a priority subscription period on an irreducible and reducible basis granted to existing shareholders, for an amount of approximately €1,036 million (after exercise in full of the increase option) (the “Capital Increase”).

“The success of our capital increase and the renewed support of our main shareholders testify to the confidence of investors in the prospects of the Group, whose financial solidity has been strengthened thanks to these initial recapitalization measures.”, said **Air France-KLM Group CEO, Benjamin Smith**, “All Air France-KLM management and employees are strongly committed to pursuing our transformation plan to work together to improve the competitiveness of the Group and its airlines, and to approach the recovery with determination and ambition when it takes shape. “

The Group has reiterated the economic, financial and environmental commitments made in the framework of the State loan and reflected in its transformation plan. The Group therefore maintains an ambitious environmental roadmap to accelerate the Group's sustainable transition, in line with the objectives of the National Low Carbon Strategy (*Stratégie Nationale Bas Carbone*).

The Capital Increase will result in the issuance of 213,999,999 new shares (the “**New Shares**”) at a price per share of €4.84, representing approximately 50% of the Company’s existing share capital.

The proceeds of the Capital Increase will be allocated to strengthen the equity of Air France. Air France will use the allocated amount to consolidate its liquidity and finance general corporate purposes in the context of the Covid-19 crisis.

The Capital Increase, including the private placement, the priority offer and the public offer, attracted strong investor demand, which enabled the exercise in full of the increase option.

Orders placed in the public offering will be allocated in full, for an amount of approximately €2 million. Given the demand and the number of New Shares subscribed for by the shareholders during the priority subscription period both on an irreducible and reducible basis (*à titre irréductible et réductible*), orders placed in the private placement will be partially reduced to an amount of approximately €252 million.

In the context of the priority subscription period, the Company’s existing shareholders subscribed to 161,498,962 New Shares, representing approximately €782 million and 75% of the total amount of the Capital Increase, of which €266 million on an irreducible basis.

As per their subscription commitments, and given the allotment scale of reducible orders, the French State and China Eastern Airlines subscribed in the context of the priority period respectively 122,560,251 New Shares (i.e. 57% of the total amount of the Capital Increase) and 23,944,689 New Shares (i.e. 11% of the total amount of the Capital Increase).

The Company has agreed to a lock-up period starting from the signature of the placement and underwriting agreement and expiring 90 calendar days following the settlement and delivery date of the New Shares, subject to certain exceptions.

Each of the French State, China Eastern Airlines, the Dutch State and Delta Airlines has agreed to a lock-up period of 90 calendar days after the date of settlement and delivery of the New Shares, subject to customary exceptions.

Following the completion of the Capital Increase, the Company’s share capital will increase to €642,634,034 divided in 642,634,034 shares, each with a nominal value of €1, split as follows:

	% of the capital	% of theoretical voting rights ⁽¹⁾
Number of shares and voting rights	642,634,034	860,643,182
French State	28.6%	28.5%
China Eastern Airlines ⁽²⁾	9.6%	11.5%
Dutch State ⁽³⁾	9.3%	13.9%
Delta Air Lines, Inc	5.8%	8.7%
Employees (<i>FCPE</i>)	2.5%	3.7%
Treasury stock	0.2%	0.3%
Others	44.0% ⁽⁴⁾	33.4%

(1) The theoretical voting rights calculation takes into account all the voting rights, including the double voting rights.

(2) Through Eastern Airlines Industry Investment (Luxembourg) Company Limited.

(3) by notice received on 8 March 2021, supplemented by a notice received on 9 March 2021, the Dutch State declared that on 4 March 2021, it had exceeded the threshold of 15% of the voting rights of the Company and that it held 60,000,000 shares of the Company representing 120,000,000 voting rights, i.e., 14.00% of the share capital and 18.56% of the voting rights of the Company.

(4) On 8 February 2021, Bank of America Corporation declared that it had exceeded the threshold of 7.19% of the share capital, corresponding to the consolidation of shares physically held but also, and for the most part, to the equity accounting of securities held through financial instruments. Excluding these instruments, Bank of America Corporation physically holds less than 5% of the capital of Air France-KLM and is therefore not represented in the shareholding chart above.

The settlement and delivery and the admission to trading on the regulated markets of Euronext Paris and Euronext Amsterdam of the New Shares are expected to take place on 22 April 2021.

Crédit Agricole Corporate and Investment Bank, Deutsche Bank, HSBC and Natixis acted as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners (the “**Joint Global Coordinators**”), Banco Santander and Société Générale are acting as Joint Lead Managers and Joint Bookrunners (the “**Joint Bookrunners**” and together with the Joint Global Coordinators the “**Bank Syndicate**”).

Availability of the prospectus

The prospectus (the “**Prospectus**”), comprising (i) the universal registration document of the Company filed with the AMF on 7 April 2021 under number D.21-0270 (the “**Universal Registration Document**”) (ii) a securities note (including a summary of the prospectus) (the “**Securities Note**”) which received approval under number 21-102 dated 12 April 2021, is available on the Company’s website (www.airfranceklm.com) and on the AMF’s website (www.amf-france.org). Copies of the Prospectus will be made available free of charge at the Company’s headquarters, located at, 2, rue Robert Esnault-Pelterie - 75007 Paris, France.

Potential investors are advised to consider carefully the risk factors described in chapter 3.1 “Risk factors” of the Universal Registration Document and chapter 2 “Risk factors” of the Securities Note. Should all or any part of these risk factors materialize, the Company’s and the Group’s businesses, financials, results or ability to reach its guidance may be negatively affected.

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5. Press release dated 13 April 2021: Approval of the prospectus

Roissy, 13 April 2021

Air France-KLM announces the subscription price of its capital increase without shareholders' preferential subscription rights by way of a public offering and with a 3-day priority subscription period on an irreducible basis and, partially, on a reducible basis granted to existing shareholders for an amount of approximately €901 million following the completion of the private placement, which may be increased to a maximum amount of €1,036 million in the event of the exercise in full of the increase option

Approval of the prospectus by the AMF

Beginning of the priority subscription period and of the public offering

Further to the press release dated 12 April 2021 announcing the launch of a capital increase and the beginning of the private placement, Air France-KLM (the "**Company**") announces today that the subscription price has been set at €4.84 per new share, representing a 9,98% discount on the volume-weighted average share price of the Company of the last 3 trading sessions prior to the 12 April 2021 inclusive and a 8,85% discount on the closing price as of 12 April 2021, in the context of its capital increase announced on 12 April 2021 and following the completion of the private placement the same day.

The Capital Increase will result in the issuance of 186,086,956 new shares, which may be increased to 213,999,999 new shares in the event of the exercise in full of the Increase Option ("**New Shares**"), corresponding to a maximum of 50% of the Company's share capital.

Partial exercise of the increase option

Given the orders received in the context of the private placement, the Company intends to exercise at least 50% of the increase option of the capital increase.

The final decision on the exercise of this increase option will be taken at the end of the centralization period, on 19 April 2021.

The Capital Increase will include:

- a 3-day priority subscription period on an irreducible and, partially, reducible basis that will be granted to the Company's existing shareholders (as of the record date of 12 April 2021), which will run from 13 April 2021 to 15 April 2021 (included) at 5:00pm (Paris time);
- a public offering in France for retail investors principally, which will run from 13 April 2021 until 15 April 2021 (inclusive) at 5:00pm (Paris time) (the "**Public Offering**"); and
- a private placement to institutional investors, launched on 12 April 2021 and closed on the same day (the "**Private Placement**").

Orders placed in the Public Offering and Private Placement might be subject to reduction depending on the results of the priority subscriptions on an irreducible basis and reducible basis received during the priority subscription period. It is specified that subscriptions made by shareholders on a reducible basis will be allocated in proportion to their requests on an irreducible basis (within the limit of 5 times their demand on a reducible basis) and, in any case, within the limit of their demand.

Availability of the prospectus

The prospectus (the "**Prospectus**"), comprising (i) the universal registration document of the Company filed with the AMF on 7 April 2021 under number D.21-0270 (the "**Universal Registration Document**") and (ii) a securities note (including a summary of the prospectus) (the "**Securities Note**") which received approval under number 21-102 dated 12 April 2021, is available on the Company's website (www.airfranceklm.com) and on the AMF's website (www.amf-france.org). Copies of the Prospectus will be made available free of charge at the Company's headquarters, located at, 2, rue Robert Esnault-Pelterie - 75007 Paris,

France.

Potential investors are advised to consider carefully the risk factors described in chapter 3.1 “*Risk factors*” of the Universal Registration Document and chapter 2 “*Risk factors*” of the Securities Note. Should all or any part of these risk factors materialize, the Company’s and the group’s businesses, financials, results or ability to reach its guidance may be negatively affected.

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6. Press release dated 12 April 2021: Launching of capital increase

Roissy, 12 April 2021

Air France-KLM launches a capital increase without shareholders’ preferential subscription rights, by way of a public offering and with a 3-day priority subscription period on an irreducible basis and on a reducible basis granted to existing shareholders, for an amount of approximately €988 million, which may be increased to a maximum amount of €1,136 in the event of the exercise in full of the increase option²

Launch of the Private Placement

Subscription price per new share between €4.84 and €5.31

Air France-KLM (the “**Company**”) announces today the launch of a capital increase without shareholders’ preferential subscription rights by way of a public offering and with a priority subscription period on an irreducible and reducible basis granted to existing shareholders (the “**Capital Increase**”) for an amount of approximately €988 million, which may be increased to €1,136 million in the event of the exercise in full of the increase option (the “**Increase Option**”).

The net proceeds of the Capital Increase are expected to amount to €980 million (which may be increased to €1,126 million in the event of the exercise in full of the Increase Option). The net proceeds of the Capital Increase will be allocated to strengthen the equity of Air France. Air France will use the allocated amount to consolidate its liquidity and finance general corporate purposes in the context of the Covid-19 crisis.

The Capital Increase will lead to the issuance of 186 million new shares, which may be increased to 214 new shares in the event of the exercise in full of the Increase Option (“**New Shares**”), corresponding to a maximum of 50% of the Company’s share capital.

This press release relates to the launch of the Private Placement (as defined below).

In the context of the recapitalization plan, the Company will also proceed with the issue of undated deeply subordinated notes (recorded as equity in the Company’s consolidated financial statements) for a total amount of €3 billion, subscribed in full by the French State by way of set-off on claims it holds on the Company pursuant to the shareholders’ loan granted in May 2020, fully drawn for the amount of €3 billion (the “**Super-Subordinated Notes**”).

² Based on the upper end of the indicative price range of the private placement, i.e. €5.31

This issue will be composed of three tranches with a perpetual maturity and a nominal amount of €1 billion each, with respective redemption options (Non Call) at 4, 5 and 6 years, and bearing interest at 7.00%, 7.25% and 7.50% respectively until these dates. Interest on the Super-Subordinated Notes will be capitalized.

These initial interest rates of each tranche of the Super-Subordinated Notes will be revised on the first early redemption date at the option of the Company of the relevant tranche and every 5 years thereafter, on the basis of the 5-year Euribor mid-swap rate increased by the initial margin retained for the initial fixed interest rate and the applicable Step-Up margin.

The interest rate would also be adjusted by applying the Step-Up margins from the first early redemption date:

- 4-year Super-Subordinated Notes: 1.50% as of the fifth year then 3.00% as of the eighth year onwards;
- 5-year Super-Subordinated Notes: 0.75% from sixth year then 2.75% from the eighth year onwards;
- 6-year Super-Subordinated Notes: 0.50% from the seventh year then 2.50% from the eighth year onward.

In the event of:

- (i) a third party, acting alone or in concert, holds more than 30% of the share capital of Issuer;
- (ii) non-approval by the shareholders' general meeting of a project of issuance of shares (or any other securities giving right to shares of the Issuer), submitted by the board of directors of the Issuer, enabling the French State to convert in shares of the Company all or part of the TSS held by the French State ; or
- (iii) implementation by the Issuer, without prior consent of the French State, of an issuance of shares (or other securities giving right to shares of the Company), except if such issuance of shares (or other securities giving right to shares of the Company) is realised with preferential subscription rights or with priority subscription period and that the French State is able to subscribe such shares (or other securities giving right to shares of the Issuer) by way of setoff (*compensation de créances*) with the Super-Subordinated Notes,

The Company may, at its sole discretion, redeem in full the Super-Subordinated Notes remaining outstanding, failing which the applicable interest rate shall be increased by an additional margin of 5.50% *per annum* from the date of occurrence of any of the events referred to in (i), (ii) or (iii). Such interest rate adjustments shall be cumulative, provided, however, that the cumulative adjustments shall not exceed 11.00% *per annum*.

It is specified that in the event that the interest rate resulting from the above principles is lower than the minimum rate provided for by the decision of the European Commission of April 5, 2021 authorizing the subscription of Super-Subordinated Notes by the French State, the applicable rate will be equal to the latter rate.

The Company would be granted with the option to defer the payment of interest, in whole or in part, at the Company's option, the payment of interest being nevertheless mandatory in the event of payment of dividends or repurchase of equity securities, subject to certain conditions.

These Super Subordinated Notes may be converted by way of set-off (*compensation de créances*) in the context of future issuances of quasi-capital securities or capital increases.

This transaction will strengthen Air France's equity by €3 billion in accordance with IFRS accounting standards, without impact on cash flow, while increasing the Air France's flexibility in its profile of debt repayment.

PRIORITY SUBSCRIPTION PERIOD

Subject to the approval of the Prospectus (as defined below) relating to this transaction by the *Autorité des marchés financiers* (the « **AMF** »), the Company's existing shareholders (as of the record date of 12 April 2021) will be granted a 3-day priority subscription period on an irreducible basis (*à titre irréductible*) and on a reducible basis (*à titre réductible*), which will run from 13 April 2021 to 15 April 2021 (inclusive) at 17.00 (Paris time). Such priority subscription period will not be listed nor transferable.

In the context of the priority subscription period, the Company's existing shareholders may subscribe (i) on an irreducible basis (*à titre irréductible*) up to their shareholding in the capital of the Company and (ii) on a reducible basis (*à titre réductible*) to a number of shares greater than that to which they can subscribe on an irreducible basis within the limit of 5 times their demand on a reducible basis for one (1) share subscribed on an irreducible basis. Subscriptions made on a reducible basis will be allocated in proportion to their requests on an irreducible basis.

PRIVATE PLACEMENT AND PUBLIC OFFERING

The New Shares not subscribed for during the priority subscription period as described above are being offered in a global offering including:

- ✦ a private placement to institutional investors, within and outside of France, excluding certain countries, in particular the United States of America, Japan, South Africa and Australia, that will be executed through a bookbuilding process on 12 April 2021 after market close (the "**Private Placement**");
- ✦ a public offering in France for retail investors principally, which will run from 13 April 2021 until 15 April 2021 (inclusive) at 17.00 (Paris time) (the "**Public Offering**"), subject to the approval by the AMF of the Prospectus (as defined below) relating to this transaction.

Orders placed in the Public Offering and Private Placement might be subject to reduction depending on the results of the priority subscriptions on an irreducible basis and reducible basis received during the priority subscription period.

The subscription price of the New Shares in the context of the priority subscription period and the Public Offering will be equal to the Private Placement subscription price of the New Shares and will be set between €4.84 and €5.31 per share.

The subscription price will be communicated in a press release published at the latest on 13 April 2021 before market open.

The New Shares, which will entitle their holders to any dividends declared by the Company as from the date of issuance, will be, as from their issuance date, fully fungible with the Company's existing shares and will be traded under the same trading line and ISIN code as the Company's existing shares (ISIN code FR0000031122).

INTENTIONS AND SUBSCRIPTION COMMITMENTS OF THE MAIN SHAREHOLDERS

Subscription commitment from the French State

The French State, board member of the Company and holding 61,241,325 shares of the Company (i.e. 14.3% of the share capital) as of the date this press release, committed on 12 April 2021 to subscribe up to a maximum of 65.9% of the Capital Increase (excluding the Increase Option) corresponding to a maximum amount of €650.8 million³ (i) on an irreducible basis (*à titre irréductible*) up to its shareholding in the capital of the Company, by subscribing 26,587,276 New Shares for an amount of approximately €141,2 million⁴ and (ii) on a reducible basis (*à titre réductible*) by subscribing 95,972,975 New Shares for a maximum amount of €509,6 million⁵, so as not to hold more than 29.9% of the Company's share capital following the completion of the Capital Increase.

Subscription commitment from China Eastern Airlines

China Eastern Airlines, which holds 37,527,410 shares of the Company (i.e. 8.8% of the share capital and 10.5% of the voting rights) as of the date this press release, committed on 2nd April 2021 to subscribe (i) on an irreducible basis (*à titre irréductible*) up to its shareholding in the capital of the Company, by subscribing 16,292,130 New Shares, for a maximum amount of approximately €86.5 million⁶ and (ii) on a reducible basis (*à titre réductible*) by subscribing 7,652,559 New Shares for a maximum amount of €40.6 million⁷, in order to hold following the completion of the Capital Increase a fraction of the share capital representing less than 10% of the share capital of the Company.

³ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁴ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁵ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁶ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

⁷ Based on the upper end of the indicative price range of the Private Placement, i.e. €5.31

The subscription commitments described hereabove are referred to as the “**Subscription Commitments**”. The Subscription Commitments total approximately €777.9 million and represent approximately 78.7% of the amount of the Capital Increase. The Subscription Commitments will respectively be terminated in the event the placement and underwriting agreement entered into with the Bank Syndicate (as such term is defined below) would itself be terminated.

The Dutch State, which holds 60,000,000 shares of the Company (i.e. 14.0% of the share capital) as of the date of this press release, has informed the Company of its intention not to participate in the Capital Increase. Delta Air Lines, which holds 37,527,410 shares of the Company (i.e. 8.8% of the share capital) as of the date of this press release, has informed the Company of its intention not to participate in the Capital Increase.

The Company is not aware of the intentions of its other shareholders in relation to the Capital Increase.

LEGAL FRAMEWORK

The Capital Increase was decided by the board of directors of the Company on 5 April 2021 pursuant to the 19th resolution of the combined shareholders’ meeting of the Company held on 26 May 2020 and was voted by all the directors that took part to the vote.

The European Commission notified to the French State its favourable decision regarding the participation of the latter to the Capital Increase on 5 April 2021 pursuant to the temporary framework for State aid mesures to support the economy in the current COVID-19 outbreak. This participation is subject to certain commitments by the French State *vis-à-vis* measures that need to be implemented by the Company (see the Company’s press release on 6 April 2021). In this context, the French State will have to submit an exit strategy to the European Commission within 12 months. The exit of the French State could, among other things, take the form, with respect to the Super-Subordinated Notes, of their redemption by sale on the market, and/or their direct redemption or by way of set-off (*compensation de créance*) against equity securities, and/or securities giving access to the capital), as mentioned in the press release of April 6, 2021. With respect to the shares subscribed in the context of the Capital Increase, they will be sold by the French State at market conditions. In accordance with the provisions of the Temporary Framework, if these Covid19 recapitalization measures notified by the French State for the benefit of Air France and the Company (in respect of hybrid instruments and capital issuance) are not significantly reduced at the end of a sixyear period, alternative measures with respect to Air France will have to be notified by the French State to the European Commission.

UNDERWRITING

The Capital Increase is underwritten by way of a placement and underwriting agreement signed on 12 April 2021 between the Company and the Bank Syndicate (as such term is defined below). Under the terms of the placement and underwriting agreement, the underwriters undertook to, severally but not jointly (*sans solidarité*), subscribe the New Shares that are not subscribed at the end of the subscription period, so that the Capital Increase (excluding the Increase Option), is, taking into account the Subscription Commitments, subscribed for an amount representing 100% of the initial amount.

This underwriting agreement does not constitute a performance guarantee (*garantie de bonne fin*) within the meaning of Article L.225-145 of the French Commercial Code.

LOCK-UP COMMITMENTS

The Company has agreed to a lock-up period starting from the signature of the placement and underwriting agreement and expiring 90 calendar days following the settlement and delivery date of the New Shares, subject to certain exceptions.

Each of the French State, China Eastern Airlines, the Dutch State and Delta Airlines has agreed to a lockup period of 90 calendar days after the date of settlement and delivery of the New Shares, subject to customary exceptions.

Crédit Agricole Corporate and Investment Bank, Deutsche Bank, HSBC and Natixis are acting as Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners (the “**Joint Global Coordinators**”), Banco Santander and Société Générale are acting as Joint Lead Managers and Joint Bookrunners (the “**Joint Bookrunners**” and together with the Joint Global Coordinators the “**Bank Syndicate**”).

INDICATIVE TIMETABLE

5 April 2021	Meeting of the Board of Directors subdelegating to the Chief Executive Officer the authority to decide and implement the Capital Increase
6 April 2021	Publication of a press release related to the contemplated recapitalization plan
12 April 2021	Decision of the Chief Executive Officer of the Company deciding the launch of the Capital Increase Publication of a press release announcing the launch of the Capital Increase Signing of the placement and underwriting agreement Opening of the bookbuilding process for the Private Placement Closing of the bookbuilding process for the Private Placement Setting of the subscription price
	Approval of the Prospectus by the AMF
13 April 2021	Publication (before market opens) of the press release announcing the closing of the bookbuilding process, the subscription price, the availability of the prospectus and the beginning of the priority subscription period and of the public offering Notice published by Euronext announcing the opening of the priority subscription period and the Public Offering Opening of the priority subscription period and of the public offering
15 April 2021	Closing of the priority subscription period and of the public offering at 5:00pm (Paris time)
19 April 2021	Potential exercise of the Increase Option Publication by the Company of the press release announcing the results of the Capital Increase Notice published by Euronext announcing the priority subscription period and the Public Offering results and admission of the New Shares to trading
22 April 2021	Issuance and admission to trading of the New Shares on Euronext Paris and Euronext Amsterdam Settlement and Delivery of the New Shares

AIR FRANCE-KLM AND CHINA EASTERN AIRLINES TO REINFORCE THEIR PARTNERSHIP

In the context of the participation of China Eastern Airlines to the share capital increase of Air FranceKLM, both airline groups have decided to extend the scope of their partnership through :

- ✦ an intensified commercial cooperation and an extended collaboration to non-commercial related activities (e.g. ground services, catering or maintenance) ;
- ✦ an increased footprint on the Beijing market, with the Paris-Beijing and Amsterdam-Beijing routes joining the current Joint Venture existing between Air France-KLM and China Eastern Airlines when the conditions are satisfied.

Air France-KLM and China Eastern Airlines are historical partners, with a codeshare cooperation that started in 2000 on the Paris-Shanghai route, a first Joint Venture agreement signed between Air France and China Eastern Airlines in 2012, and an extension of this agreement to KLM in 2016. China Eastern Airlines took an equity stake in the Company in 2017, shaping the ambition for a long term strategic partnership.

With this expansion of the cooperation between Air France-KLM and China Eastern Airlines, both airline groups are clearly paving the way to create the most efficient and powerful Joint Venture between Europe and China.

AVAILABILITY OF THE PROSPECTUS

The prospectus (the “**Prospectus**”), comprising (i) the universal registration document of the Company filed with the AMF on 7 April 2021 under number D.21-0270 (the “**Universal Registration Document**”), and (ii) a securities note (including a summary of the Prospectus) (the “**Securities Note**”), will be made available once it receives approval by the AMF, which is expected on 12 April 2021 at the latest.

Copies of the Prospectus will be made available free of charge at the Company’s headquarters, located at, 2, rue Robert Esnault-Pelterie - 75007 Paris, France. The Prospectus is also available on the Company’s website (www.airfranceklm.com) and on the AMF’s website (www.amf-france.org).

Potential investors are advised to consider carefully the risk factors described in chapter 3.1 “Risk factors” of the Universal Registration Document and chapter 2 “Risk factors” of the Securities Note, that will available on the Company’s website (www.airfranceklm.com) and on the AMF website (www.amf-france.org), before deciding whether to invest. Should all or any part of these risk factors materialize, the Company’s and the group’s businesses, financials, results or ability to reach its guidance may be negatively affected.

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7. Press release dated 7 April 2021: Availability of the 2020 universal registration document

Roissy, 7 April 2021

Availability of the 2020 Universal Registration Document

Air France-KLM’s 2020 Universal Registration Document was filed with the Autorité des Marchés Financiers (AMF) on April 7, 2021.

The French version is available in accordance with the applicable regulatory conditions. It may be consulted on the AMF website (www.amf-france.org) and on Air France-KLM’s website www.airfranceklm.com (Finance/Annual Documents and Finance/Publications/Regulated Information sections). The English version of this document is available on Air France-KLM’s website www.airfranceklm.com (Finance/Annual Documents and Finance/Publications/Regulated Information sections).

The Registration Document has been published in European Single Electronic Format (ESEF) in XBRL and includes, in particular, the Annual Financial Report, the Report of the Board of Directors on corporate governance, the Statutory Auditors' reports and the information relating to the Statutory Auditors' fees.

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8. Press release dated 11 June 2021: new pension scheme agreement reached for ground staff klm, klm ground pension fund now also a defined contribution scheme

Roissy, June 11, 2021

New pension scheme agreement reached for ground staff KLM, KLM Ground pension fund now also a Defined Contribution Scheme

Following the earlier conversion of KLM pension schemes into collective defined contribution schemes for Cockpit and Cabin staff in 2017, now also an agreement has been reached for the KLM Ground staff fund. This implies that all major KLM pension funds now (finally) have a collective defined contribution scheme. This will lead to more predictable annual contributions and less volatility on the Balance Sheet. A shift fully in line with the general trend in The Netherlands.

KLM and the five Dutch ground unions in KLM reached an agreement allowing the modification of the ground's pension scheme as per January 2021. This formal agreement between KLM and the Board of the KLM Ground pension fund has been reached. In summary:

- This agreement will eliminate the risk for deficit payments and thus will avoid significant variances in the equity position.
- The amended pension scheme will qualify as a collective defined contribution scheme under IFRS.
- KLM agreed to a modest increase of the yearly pension premiums as from January 2021.
- Following changes in Dutch pension regulation since 2014, lower pension premiums were paid by KLM to the KLM Ground pension fund. As agreed with the unions, the savings since 2014 were set aside by KLM and amount to 49 million euros. This amount will now be paid as a one-off contribution to the Ground pension fund in June 2021.

According to IAS 19, the de-risking of the Ground pension fund will lead to the derecognition of the so-called "Pension Asset" on Air France KLM's balance sheet. The pension asset amounted to 211 million euros on the Balance Sheet of 31 December 2020. It increased by 340 million euros during Q1 2021 as a result of the higher discount rate and positive return on asset under management. As per 31 March 2021, the pension asset amounted to 551 million euros (414 million euros net of tax). The impact of the derecognition of the pension asset (non-cash), the one-off contribution to be paid in June 2021 and the additional pension premiums from January through May 2021 will be taken in the P&L as a non-current expense. The actual amounts will be calculated and recorded in Q2 2021.

With this agreement, KLM has finalized the de-risking of the three main Dutch KLM pension schemes, thus contributing to reduce significantly the volatility of the annual pension contributions and the Group's balance sheet. In addition, the Group balance sheet will not show a "Pension asset" anymore as from June 2021.

SUBSCRIPTION AND SALE

Banco Santander S.A., Deutsche Bank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, HSBC Continental Europe, Natixis and Société Générale (the **Joint Bookrunners**) have jointly and severally agreed, pursuant to a subscription agreement (the **Subscription Agreement**) dated 29 June 2021, subject to satisfaction of certain conditions, to procure subscribers and payment for, or failing which to subscribe and pay for, (i) the 2026 Notes at an issue price of 99.444 per cent. of the principal amount of 2026 Notes (the **2026 Issue Price**) and (ii) the 2024 Notes at an issue price of 99.647 per cent. of the principal amount of 2024 Notes (the **2024 Issue Price**), less any applicable commission as separately agreed between the Joint Bookrunners and the Issuer. The Issuer will also reimburse the Joint Bookrunners in respect of certain of their expenses, and has agreed to indemnify the Joint Bookrunners against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act (**Regulation S**). The Notes are being offered and sold outside of the United States reliance on Regulation S.

Each Joint Bookrunner has agreed that it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Bonds, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 of Regulation S. Accordingly, neither the Joint Bookrunners nor any of their respective affiliates, nor any persons acting on their behalf, have engaged or will engage in any directed selling efforts with respect to the Notes, and the Joint Bookrunners, their respective affiliates and any persons acting on their behalf have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Bookrunner has agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

United Kingdom

Each of the Joint Bookrunners has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to United Kingdom Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

France

Each Joint Bookrunner has represented and agreed that, it has only offered or sold and will only offer or sell, directly or indirectly, any Notes to the public in France pursuant to an exemption under Article 1(4) of the Prospectus Regulation and under Article L. 411-2 of the French *Code monétaire et financier* and that the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to qualified investors (*investisseurs qualifiés*), as defined in the Prospectus Regulation as amended from time to time and in Article L. 411-2 1° of the French *Code monétaire et financier*.

Prohibition of Sales to European Economic Area Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of Directive 2016/97/(EU), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Canada

Each of the Joint Bookrunners has represented and agreed that it has not offered or sold and will not offer or sell the Notes in Canada other than to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

General

No action has been or will be taken by the Issuer or the Joint Bookrunners that would, or is intended to, permit a public offer of the Notes or possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Joint Bookrunners has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or

indirectly, offer or sell any Notes or has not, directly or indirectly, distributed or published and will not, directly or indirectly, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information relating to the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

1. Authorisation

The Notes were issued pursuant to a resolution of the *Conseil d'administration* (Board of Directors) of the Issuer adopted on 11 June 2021 and a decision of the *Directeur Général Adjoint Finance* of the Issuer dated 25 June 2021.

2. Approval by the AMF

This Prospectus has been approved by the AMF in France in its capacity as competent authority pursuant to the Prospectus Regulation and received the approval number no. 21-262 dated 29 June 2021. The AMF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus will be valid until the date of admission of the Notes to trading on Euronext Paris. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid.

3. Admission to trading and listing fees

Application has been made for the Notes to be admitted to trading on Euronext Paris as from the Issue Date.

The estimated costs for the admission to trading of (i) the 2026 Notes are €12,350 and (ii) the 2024 Notes are €9,680 (including AMF and Euronext Paris fees).

4. Clearing systems

The 2026 Notes have been accepted for clearance through Clearstream and Euroclear with the Common Code number 235981971 and Euroclear France with the International Securities Identification Number (ISIN) FR0014004AF5.

The 2024 Notes have been accepted for clearance through Clearstream and Euroclear with the Common Code number 235982056 and Euroclear France with the International Securities Identification Number (ISIN) FR0014004AE8.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Brussels, Belgium and the address of Clearstream is 42 avenue John Fitzgerald Kennedy, L-1855 Luxembourg, Grand-Duchy of Luxembourg. The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France.

5. Conflict of interest

At the date of this Prospectus, there are no conflicts of interest which are material to the issue of the Notes between the duties of the members of the Board of Directors (*Conseil d'administration*) to the Issuer and their private interests and/or their other duties.

6. No significant or material change

Save as disclosed in this Prospectus, and the information incorporated by reference herein, including with respect to the impact that the sanitary crisis resulting from the coronavirus (COVID-19) (and in particular the information contained in section 3.1.1.1. "Impact of the Covid-19 epidemic on the Group's activities" of the 2020 Universal Registration Document), there has been no significant change in the financial position or financial performance of the Issuer and the Group since 31 March 2021 and there has been no material adverse change in the prospects of the Issuer and the Group since 31 December 2020.

7. Legal proceedings

Save as disclosed in this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Issuer is aware) which may have, or have had in the past twelve (12) months prior to the date of this Prospectus, significant effects on the financial position or profitability of the Issuer and/or the Group.

8. Financial statements

Deloitte & Associés and KPMG Audit, a department of KPMG S.A. (all entities regulated by the *Haut Conseil du Commissariat aux Comptes (H3C)* and duly authorised as *Commissaires aux comptes*) have audited and rendered audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2019 and 2020. The French auditors carry out their duties in accordance with the principles of *Compagnie Nationale des Commissaires aux Comptes (CNCC)* and are members of the CNCC professional body.

9. Documents

So long as any of the Notes are outstanding, the following documents can be inspected on the website of the Issuer (www.airfranceklm.com):

- (i) the *statuts* of the Issuer;
- (ii) 2020 Universal Registration Document;
- (iii) 2019 Universal Registration Document;
- (iv) First Quarter 2021 Financial Information;
- (v) First Quarter 2021 Results Press Release;
- (vi) a copy of this Prospectus together with any supplement to this Prospectus and any document incorporated by reference; and
- (vii) all reports, letters and other documents, valuations and statements prepared by any expert at the Issuer's request of which is included or referred to in this Prospectus in respect of the issue of the Notes.

A copy of this Prospectus together with any supplement to this Prospectus and any document incorporated by reference (a) may be obtained, free of charge, at the registered office of the Issuer during normal business hours and (b) will be available on the website of the Issuer (www.airfranceklm.com). Copies of this Prospectus, the 2020 Universal Registration Document and the 2019 Universal Registration Document will also be available on the website of the *Autorité des marchés financiers* (www.amf-france.org).

Any websites included in this Prospectus are for information purposes only and the information in such websites does not form any part of this Prospectus unless that information is incorporated by reference into the Prospectus.

10. Yield

The yield of the 2026 Notes is equal to 4.000 per cent. *per annum* and is calculated on the Issue Date on the basis of the 2026 Issue Price. It is not an indication of future yield.

The yield of the 2024 Notes is equal to 3.125 per cent. *per annum* and is calculated on the Issue Date on the basis of the 2024 Issue Price. It is not an indication of future yield.

11. Estimated net proceeds

The estimated net amount of the proceeds of the 2026 Notes amounts to € 494,820,000.

The estimated net amount of the proceeds of the 2024 Notes amounts to € 297,981,000.

12. Currency

All references in this document to “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended.

13. LEI number

The Legal Entity Identifier number of the Issuer is 969500AQW31GYO8JZD66.

14. Interest

Save for the net proceeds of the issue of the Notes which will be used to refinance (i) the redemption of the outstanding market debt of the Issuer, and gradually (ii) part of the State Aid debt package granted late May 2020, to which the Joint Bookrunners are party, so far as the Issuer is aware, no person involved in the issue of the Notes has any interest, including conflicting ones, that is material to the issue.

15. Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions (including as a result of change in law). Potential investors are advised to ask for their own tax adviser’s advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor.

16. Joint Bookrunners

Certain of the Joint Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer’s affiliates. Certain of the Joint Bookrunners or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

17. Stabilisation

In connection with the issue of the Notes, Société Générale (the **Stabilising Manager**) (or any person acting on behalf of the Stabilising Manager) may (but will not be required to) over-allot Notes or effect transactions within a specified period,

with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date and 60 calendar days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager in accordance with all applicable laws and rules.

The Issuer confirms the appointment of Société Générale as the central point responsible for adequate public disclosure of information, and handling any request from a competent authority, in accordance with Article 6(5) of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures, including as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

18. Absence of ratings

Neither the Notes nor the Issuer are rated. At the date hereof, the Issuer is not rated. One or more independent credit rating agencies may assign credit ratings to the Notes on an unsolicited basis. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of rating is not a recommendation to buy, sell or hold securities.

19. Forward-looking statements

This Prospectus contains or incorporates by reference objectives, forecasts or other forward-looking statements that may be identified by the use of words such as “anticipate,” “believe,” “expect,” “estimate,” “plan,” “outlook,” and “project” and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Such objectives, forecasts or other forward-looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the businesses of the Group, as well as assumptions and analysis made by the Group in light of its perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate in the circumstances. By their nature, forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause actual results, performance and the timing of events to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements speak only as of the date on which the statements were made, and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this Prospectus or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. These forward-looking statements do not constitute profit forecasts or estimates under Commission Delegated Regulation (EU) 2019/980, as amended, supplementing the Prospectus Regulation.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE PROSPECTUS

I hereby certify that, to the best of my knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

29 June 2021

Air France-KLM
2, rue Robert Esnault-Pelterie
75007 Paris
France

Duly represented by Frédéric Gagey, *Directeur Général Adjoint Finance* of the Issuer, authorised signatory, pursuant to the resolution of the Board of Directors (*Conseil d'administration*) dated 11 June 2021.



This Prospectus has been approved by the AMF, in its capacity as competent authority under Regulation (EU) 2017/1129, as amended.

The AMF has approved this Prospectus after having verified that the information it contains is complete, coherent and comprehensible within the meaning of Regulation (EU) 2017/1129, as amended.

This approval is not a favourable opinion on the Issuer and on the quality of the Notes described in this Prospectus. Investors should make their own assessment of the opportunity to invest in such Notes.

This Prospectus has been approved on 29 June 2021 and is valid until the date of admission to trading and shall, during this period and in accordance with the conditions set out in Article 23 of Regulation (EU) 2017/1129 as amended, be completed by a supplement to the Prospectus in the event of new material facts or substantial errors or inaccuracies. This Prospectus has the following approval number: 21-262

ISSUER

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JOINT GLOBAL COORDINATORS AND JOINT BOOKRUNNERS

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JOINT BOOKRUNNERS

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FISCAL AGENT, PAYING AGENT, CALCULATION AGENT AND PUT AGENT

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