

## Update of the 2008-09 Reference Document

This is an unofficial translation of the update to the French *Document de Référence* filed with the French *Autorité des Marchés Financiers* on June 17, 2009 pursuant to Article 212-13, 4° of the AMF General Regulations. It is a supplement to Air France-KLM's 2008-09 *French Document de Référence* filed with the AMF on June 9, 2009 under the registration number D.09-494. The *French Document de Référence* and its update may be used for the purposes of a financial transaction if supplemented with an offering memorandum approved by the AMF.

# Summary



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## Selected financial information

### Revenues (in € billion)

2008-09	2007-08 restated	2007-08 non-restated	2006-07
24.0	24.1*	24.1	23.1

\* After restatement for the application of the IFRIC 13 interpretation: + €9 million

### Income/(loss) from current operations (in € billion)

2008-09	2007-08 restated	2007-08 non-restated	2006-07
(0.1)	1.4*	1.4	1.2

\* After restatement for the application of the IFRIC 13 interpretation: + €9 million

### Net income/(loss), Group share (in € million)

2008-09	2007-08 restated	2007-08 non-restated	2006-07
(814)	756*	748	891

\* After restatement for the application of the IFRIC 13 interpretation: + €8 million

### Financial structure

(see also page 118 of the 2008-09 reference document)

(in € billion with the exception of the gearing ratio)	2008-09	2007-08 restated	2007-08 non-restated	2006-07
Net debt	4.4	2.7	2.7	3.8
Consolidated shareholders' equity	5.68	9.98*	10.61	8.41
Gearing ratio	0.78	0.27	0.25	0.45

\* After restatement for the application of the IFRIC 13 interpretation: €(639) million

### Investments and financing (in € billion)

	2008-09	2007-08	2006-07
Investments	2.0	2.3	2.4
Financing*	1.0	3.2	3.0

\* Financing relates to net cash flow from operating activities, proceeds on disposals of tangible and intangible assets and, for the 2007-08 financial year, the net cash received on the WAM/Amadeus transaction.

## Section 2 – Activity and highlights of the beginning of the financial year

### Activity

#### The joint-venture with Delta

The Air France-KLM group expects an improvement in the profitability of its network amounting to around \$150 million as of the next financial year. The scope of this joint-venture comprises the passenger activity and cargo carried in the holds of passenger aircraft. The dedicated cargo aircraft are excluded from this scope.

#### Highlights since the beginning of the 2009-10 financial year

##### May 2009 traffic

##### Passenger activity

May 2009 was impacted by unfavorable calendar effects in France (three public holidays compared with only two in May 2008). As a result, the decline in traffic (-8.1%) exceeded the reduction in capacity (-5.7%). The load factor was therefore down by 2.0 points to 77.3%. The group carried 6.1 million passengers (-7.8%).

- ◆ On the Americas network, traffic declined by 9.8% with a 8.3% reduction in capacity. The load factor declined by 1.5 points to 82.6%.
- ◆ On the Asia network, capacity was strongly reduced by 8.3% while traffic declined by 11.1%. The load factor dropped 2.2 points to 79.4%.
- ◆ Traffic on the Africa and Middle East network rose by 0.3% with capacity up 4.0%. The load factor fell by 2.7 points to 71.8%.
- ◆ The Caribbean and Indian Ocean network saw reductions in traffic and capacity of 6.5% and 6.6% respectively, leading to a stable load factor of 80.5% (+0.1 point).
- ◆ The European network saw capacity down by 4.5% and traffic by 7.4%. The load factor declined 2.2 points to 70.1%.

##### Cargo activity

Since January 1, 2009, the group has consolidated the cargo activity of Martinair. Including Martinair, traffic declined slightly (-1.0%) while capacity rose 2.1%. The load factor declined by 1.9 points to 62.9%. Excluding Martinair, traffic and capacity fell 18.0% and 14.1% respectively in May 2009, leading to a 3.0 point reduction in the load factor to 61.8%. This data confirms the signs of a stabilization in the decline in cargo activity witnessed in recent months and the progressive adjustment of capacity to demand.

### Recent events and outlook

In the first two months of the 2009-10 financial year, passenger and cargo activity was as follows:

- ◆ In the passenger activity, the Group reduced its capacity by 4.6% and saw a 5.4% decline in traffic leading to a limited reduction in the load factor. This trend in activity, which has stabilized since March has, however, not been accompanied by a recovery in unit revenues.
- ◆ Including Martinair, traffic was down by 3.7% for a 2.6% increase in capacity. Excluding Martinair, traffic and capacity fell by 20.4% and 14% respectively. This data confirms a stabilization in the reduction in cargo activity compared with the preceding months and the progressive adjustment of capacity to demand.

Given the environment which is subject to a particularly high level of uncertainty, the Air France-KLM group has limited visibility on activity during the first half (April to September 2009) of its 2009-10 financial year.

Air France-KLM's annual revenue forecasting process has taken into account a number of macro-economic assumptions which reflect a difficult economic environment throughout the 2009 calendar year, with a gradual recovery in activity starting in early 2010.

As a result, Air France-KLM expects that the different quarters comprising the 2009-10 financial year will see very contrasting trends versus the quarters of the previous financial year: a deterioration in revenues during the first quarter, in line with the trend seen during the period from January to March 2009; a more limited deterioration during the second quarter; stability during the last two quarters, and even a slight improvement at the year end versus the second half of 2008-09 which was already impacted by the crisis.

Overall, the weakness in traffic, combined with that of unit revenues, confirms the Group's expectation of a decline in revenues and an operating loss for the 2009-10 financial year, despite the reduction in the investment program and the reinforcement of the Group's cost-savings plan.

On June 1, 2009, flight AF 447 between Rio de Janeiro and Paris disappeared above the North Atlantic with 228 people on board, including 12 crew members. An investigation is underway by the French Accident Investigation Bureau for civil aviation (*Bureau d'Enquête et d'Analyse - BEA*) to determine the causes of the accident. This disaster is covered by an insurance policy for civil responsibility and damage to Air France aircraft. The sensor changes do not require the immobilization of aircraft and the cost of spare parts is not material. At this stage, the Group has not noted any impact on its activity. All the information at the disposal of Air France can be found on the website <http://alphasite.airfrance.com> (see also section 4 *Insurance Risks of the 2008-09 reference document*).



## Section 4 – Risks and risk management

### **Liquidity risks**

Both Air France and KLM's covenants were respected at March 31, 2009. Furthermore, the Group considers that it has no liquidity risk over the next twelve months.

## Section 5 – Financial report

### Investments and financing

Net debt amounts to €4.44 billion. The gearing ratio stands at 0.78 and 0.62 excluding the valuation of hedging instruments versus 0.27 and 0.33 respectively at March 31, 2008 after restating shareholders' equity by €639 million for the application of the IFRIC 13 interpretation to the frequent flyer program in 2008-09 (see also section 5 Performance ratios and note 3.1 to the consolidated financial statements).

### Comments on the financial statements

#### Income/(loss) from current operations

The loss from current operations was €71 million lower than the €200 million operating loss announced on May 26, 2009 thanks to a greater-than-expected reduction in operating expenses during the

fourth quarter. This amount comprises various elements of which the main items are around €10 million on the fuel bill, around €44 million on the totality of external expenses excluding fuel as listed in note 6 to the consolidated financial statements and around €8 million on depreciation.

### Financial position

At March 31, 2009, net debt amounted to €4.4 billion, a €1.7 billion increase on March 31, 2008 (see also section 5 Performance ratios).

The Group's gearing ratio therefore stood at 0.78 at March 31, 2009 versus 0.27 at March 31, 2008 (see also section 5 Performance ratios and note 3.1 to the consolidated financial statements).

### Performance ratios

#### Restated net income

The marked volatility in the oil price which led to material adjustments in other financial charges relating to the change in the fair value of hedging instruments as well as the significant nature of non-recurrent operations led the Group to restate net income for the following items:

(in € million)	March 31, 2009	March 31, 2008
Net income/(loss) – Group share	(814)	756
Non-recurrent items*	64	133
Non-cash portion of the change in fair value of hedging instruments**	333	(64)
Net tax impact***	(186)	(47)
Non-recurrent items in associates	25	12
<b>Restated net income</b>	<b>(578)</b>	<b>790</b>

\* Non-recurrent items: the difference between income from current operations and income from operating activities.

\*\* Change in the inefficient portion of fuel and foreign currency exchange hedging instruments (see the consolidated statements of cash flows and note 11 of the consolidated financial statements presented in the 2008-09 reference document).

\*\*\* Difference between the income tax recognized in the financial statements (€439 million at March 31, 2009 and €(359) million at March 31, 2008) and the amount of tax that would have been recognized based on restated net income (€253 million at March 31, 2009 and €(406) million at March 31, 2008). These latter amounts were shown in the press release of May 19, 2009.

### Gearing ratio

#### Detailed explanation of the table presented on page 118 of the 2008-09 reference document

The deposits on aircraft under finance lease (€496 million at March 31, 2009 and €537 million at March 31, 2008), AAA deposits (€352 million at March 31, 2009 and €279 million at March 31, 2008) and investment securities invested for more than three months (€430 million at March 31, 2009 and €185 million at March 31, 2008) used to calculate the gearing ratio correspond to the deposits relating to the non-current portion of debt (€740 million at March 31, 2009 and

€735 million at March 31, 2008) and to the deposits relating to the current portion of debt and to investments of between three months and one year (€538 million at March 31, 2009 and €266 million at March 31, 2008) presented in italics under balance sheet assets.

In addition, the amount of investment securities invested over more than three months (€430 million at March 31, 2009 and €185 million at March 31, 2008) and AAA deposits (€352 million at March 31, 2009) are presented respectively in notes 22 and 33.1 of the consolidated financial statements to March 31, 2009.

## Section 6 – Information and control

### Name and function of the person responsible for the update

Pierre-Henri Gourgeon  
Chief Executive Officer  
Air France-KLM

### Declaration by the person responsible for the update

I hereby declare that, to the best of my knowledge and having taken all reasonable precautions to this effect, the information contained in this update of the reference document reflects reality and that nothing has been omitted that would be likely to change the significance thereof.

I have obtained an end-of-engagement letter from the statutory auditors in which they confirm having verified the information on the financial position and the financial statements provided in this update and having reviewed this entire update. This letter contains no observations.

Pierre-Henri Gourgeon  
Chief Executive Officer

## Table of concordance

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