

Roissy, April 10, 2018

**DISCLOSURE IN APPLICATION
OF THE AFEP-MEDEF CORPORATE GOVERNANCE CODE**

Supported by the work of the Remuneration Committee, the Air France-KLM Board of Directors set the remuneration for the Chairman and Chief Executive Officer as follows:

Compensation of Mr. Janaillac in respect of the 2017 financial year in his capacity as Chairman and Chief Executive Officer

Mr. Janaillac's variable compensation in his capacity as Chairman and Chief Executive Officer was set at €522,000 in respect of the 2017 financial year.

This amount corresponds to:

- 58% of the fixed compensation in respect of the quantitative performance (Air France-KLM COI and Adjusted Net Debt);
- 29% of the fixed compensation in respect of the qualitative performance (efficiency of Group governance, implementation of the Trust Together strategic project and objectives, especially through the restoration of trust amongst staff and the 1.5% reduction in unit costs, excluding *intéressement* and profit-sharing, strengthening and development of the Group's international alliances).

	Breakdown of the variable portion		Achievement
	Target: 80% of the fixed compensation	Maximum: 100% of the fixed compensation	
Quantitative performance: Air France-KLM COI (Current Operating Income)	40%	50%	48%
Quantitative performance: Adjusted Net Debt¹ (Adjusted Net Debt before financial divestments and adjusted for the impact of exchange rate euro/dollar on aircraft operational leases)	8%	10%	10%
Qualitative performance - Efficiency of Group governance - Implementation of the Trust Together strategic project and objectives, especially through the restoration of trust amongst staff and the reduction in unit costs (-1,5% excluding <i>intéressement</i> and profit-sharing) - Strengthening and development of the Group's international alliances	8%	10%	8%
	16%	20%	11%
	8%	10%	10%

Since Mr. Janaillac decided to waive a portion of his variable compensation in respect of 2017, leaving it unchanged on the variable compensation he had been granted *pro rata temporis* for 2016 (85% of his fixed compensation), he will receive variable compensation of €510,000 in respect of the 2017 financial year.

¹ The definition will take into account the adoption by the Group of IFRS 16.

Compensation of Mr. Janailac in respect of the 2018 financial year, in his capacity as Chairman and Chief Executive Officer

During its meeting of March 14, 2018, the Air France-KLM Board of Directors set the compensation of Mr. Janailac in his capacity as Chairman and Chief Executive Officer as follows, subject to approval by the Shareholders' Meeting pursuant to Article L.225-37-2 of the *Code de Commerce*.

▪ **Annual fixed compensation**

Mr. Jean-Marc Janailac's annual fixed compensation in his capacity as Chairman and Chief Executive Officer was set at €600,000 (unchanged for the eighth consecutive year).

▪ **Annual variable compensation**

Mr. Jean-Marc Janailac's variable compensation was maintained at the same level, with a target level of 70% of his fixed compensation and a maximum of 100% of this compensation.

The criteria for determining the variable compensation in respect of the 2018 financial year were set as follows:

	Breakdown of the variable portion	
	Target: 70% of the fixed compensation	Maximum: 100% of the fixed compensation
Quantitative performance: Air France-KLM COI (Current Operating Income)	35%	50%
Quantitative performance: Adjusted Net Debt² (Adjusted Net Debt before divestments and excluding impact of the euro/dollar exchange rate on aircraft operational leases)	7%	10%
Qualitative performance - Definition of a new Air France-KLM medium-term strategic plan and unit cost reduction (target -1.2% and maximum -1.5%) - Successful implementation of new international strategic alliances in line with the targets defined in the business plan - Improvement in the effectiveness of the Group's governance	12%	17%
	6%	9%
	10%	14%

No directors' fees are paid in addition to this compensation.

▪ **Long-term incentive**

Phantom shares were granted to Mr. Jean-Marc Janailac. These phantom shares give him the opportunity to receive a long-term compensation, the amount of which will be determined by reference to Air France-KLM share price at the end of a three-year period, subject to presence and performance conditions evaluated over a three-year vesting period.

The number of phantom shares granted was determined by dividing the amount equal to 10% of his fixed compensation (i.e., €60,000) by the average of the Air France-KLM

² The definition will take into account the adoption by the Group of IFRS 16.

opening share prices over a 20-day period preceding the grant date (on March 14, 2018) (i.e., €9.95). 6030 phantom shares were granted.

The acquisition of the performance shares is subject to a presence condition until the end of the vesting period (i.e. until the day of the 2021 Shareholders' Meeting convened to vote on the compensation of the Chairman and Chief Executive officer pursuant to Article L. 225-100 of the *Code de Commerce*). By way of exception, in the event of death³, invalidity or non-renewal of the term of office, the number of phantom shares acquired will be determined *pro rata temporis*, subject to achievement of the performance criteria.

In the event of resignation or dismissal, all the phantom shares granted will become null and void.

The performance criteria, evaluated over the three-year vesting period, are as follows:

KPI	Performance	Vesting as a % of grant
1. TSR on AFKLM shares vs. the weighted TSR on the shares of other sector companies (30%) ⁴	>120 Between 80 and 100 <80	120% Between 80% and 120% 0%
2. Actual AFKLM ROCE vs. budget (40%) ⁵	>120 Between 80 and 100 <80	120% Between 80% and 120% 0%
3. Dow Jones Sustainability Index	Position 1 Position 2 Position 3 Position 4 and lower	120% 100% 80% 0%
4. Environmental commitments and CSR performance targets (15%) ⁶	Substantially above At required level Under required level	120% Between 80 and 120%

Note that the weighted average of the performance criteria may not exceed 100%.

▪ **Overall ceiling for the compensation granted to the Chairman and Chief Executive Officer in respect of 2018**

In addition, the amount that may be paid in respect of the phantoms shares granted is capped so that the sum of the fixed compensation for 2018, the variable compensation paid in respect of 2018 and the amount paid in 2021 under this phantom shares plan will not exceed the maximum compensation ceiling set for 2017 (i.e. €1.2 million).

³ By way of exception, in the event of death, the number of phantom shares may be acquired *pro rata temporis* prior to the end of the vesting period, during the Shareholders' Meeting following the date of death. The performance criteria will be deemed to have been respected.

⁴ Defined as the performance of the Air France-KLM share price in any financial year relative to the performance of the sector: Lufthansa (40%), IAG (35%), Ryanair (12.5%), easyJet (12.5%).

⁵ Calculation based on absolute ROCE. The same correction for fuel will be applied as provided under the short-term incentive plan.

⁶ The evaluation of this criterion will be over a three-year period based on indicators reviewed annually by the Board of Directors.