

This press release does not constitute a solicitation to purchase or an offer of the Bonds (as defined below) or the shares of Air France-KLM (together, the "Securities") in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the "Securities Act"). The Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered or exempt from registration under the Securities Act. Air France-KLM does not intend to register any portion of the offering of the Bonds in the United States of America or to conduct a public offering of the Securities in the United States.

The Bonds will be offered only by way of a private placement to institutional investors. The Bonds may not be offered or sold to retail investors (as defined hereafter). No Key Information Document under PRIIPS Regulation has been and will be prepared.



Press release

Air France-KLM launches an offering of Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (OCEANE) due 2026 for a maximum nominal amount of €500 million

Roissy (France), 20 March 2019 – Air France-KLM (the "**Company**") (Euronext Paris: FR0000031122) announces today the launch of an offering of bonds convertible into new shares and/or exchangeable for existing shares ("**OCEANE**") due 2026 (the "**Bonds**") for a maximum nominal amount of €500 million within the limits of a maximum number of 30 million underlying shares by way of a private placement to institutional investors only (the "**Offering**").

The net proceeds from the issue of the Bonds will be used by the Company for general corporate purposes, including the refinancing of the subordinated perpetual notes issued in 2015 and callable in October 2020.

The nominal unit value of the Bonds will be set at a premium of 57.5% to 65.0% above Air France-KLM's reference share price¹ on the regulated market of Euronext Paris (« **Euronext Paris** »).

The Bonds will be issued at par and will bear a coupon ranging from 0.125% to 0.500% from the Issue Date (as defined below), payable annually in arrears on March 25 of each year (or on the following business day if this date is not a business day), and for the first time on March 25, 2020.

The final terms of the Bonds are expected to be announced today and the settlement-delivery of the Bonds is expected to take place on March 25, 2019 (the "**Issue Date**").

Unless previously converted, exchanged, redeemed or purchased and cancelled, the Bonds will be redeemed at par on March 25, 2026 (or on the following business day if this date is not a business day). The Bonds may be redeemed prior to maturity at the option of the Company, under certain conditions, and at the option of the bondholders, notably in case of a Change of Control of the Company (as defined in the terms and conditions of the Bonds).

In particular, the Bonds may be fully redeemed earlier at par plus accrued interest, at the Company's option from April 15, 2022 until the maturity date of the Bonds, if the arithmetic average, calculated over a period of 10 consecutive trading days chosen by the Company from among the 20 consecutive trading days preceding the publication of the early redemption notice, of the products of the Company's volume weighted average price on Euronext Paris on each trading day and the applicable exchangeable ratio on each such trading Day exceeds 130% of the nominal value of the Bonds.

¹ The reference share price will be equal to the volume-weighted average price of Air France-KLM's shares recorded on the regulated market of Euronext Paris from the start of trading on March 20, 2019 until the determination of the final terms of the Bonds on the same day.

*This press release does not constitute a solicitation to purchase or an offer of the Bonds (as defined below) or the shares of Air France-KLM (together, the “**Securities**”) in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the “**Securities Act**”). The Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered or exempt from registration under the Securities Act. Air France-KLM does not intend to register any portion of the offering of the Bonds in the United States of America or to conduct a public offering of the Securities in the United States.*

The Bonds will be offered only by way of a private placement to institutional investors. The Bonds may not be offered or sold to retail investors (as defined hereafter). No Key Information Document under PRIIPS Regulation has been and will be prepared.

Moreover, the Bonds may be redeemed at par plus accrued interest at the bondholders’ option on March 25, 2024.

Existing shareholders of the Company shall have no preferential subscription rights (or priority subscription period) in connection with the issue of the Bonds or the underlying new shares of the Company issued upon conversion.

Application will be made for the listing of the Bonds on Euronext Access™ (the open market of Euronext Paris) to occur within 30 days after the Issue Date.

HSBC, Natixis and Société Générale are acting as joint global coordinators and joint bookrunners of the Offering (the “**Joint Global Coordinators**”).

Intention of existing shareholders

The French State, who currently holds 14.29% of the Company’s share capital, has informed the Company of its intention to participate to the placement pro rata to its current shareholding².

The Company is not aware of the intention of any of its other main shareholders to participate in the Offering.

Conversion/Exchange Right

Bondholders will be granted a conversion/exchange right of the Bonds into new and/or existing shares of the Company which they may exercise at any time from the 40th day following the Issue Date (i.e. May 04, 2019) and up to 5.00 p.m. (Paris time) on the 7th business day (inclusive) preceding the maturity date or the relevant early redemption date.

The conversion/exchange ratio is set at one share per Bond subject to standard adjustments in certain cases. Upon exercise of their conversion/exchange right, bondholders will receive at the option of the Company new and/or existing Air France-KLM shares carrying in all cases all rights attached to existing shares as from the date of delivery.

Lock-up

In the context of the Offering, the Company will agree to a lock-up undertaking for a period starting from the announcement of the final terms of the Bonds and ending 90 days after the Issue Date, subject to certain customary exceptions or waiver from the Joint Global Coordinators.

Dilution

For illustrative purpose, based on a €500m Offering, a nominal value of €17.29³ per OCEANE and a 61.25% conversion premium corresponding to the mid-range of conversion premium, the dilution would approximately represent 6.7% of the outstanding share capital, should the Company decide to exclusively deliver new shares upon conversion.

² The final amount subscribed by the French State will depend on the final allocation resulting from the bookbuilding process.

³ Calculated on the basis of a reference share price corresponding to a €10.725 closing share price on March 19, 2019.

This press release does not constitute a solicitation to purchase or an offer of the Bonds (as defined below) or the shares of Air France-KLM (together, the “**Securities**”) in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the “**Securities Act**”). The Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered or exempt from registration under the Securities Act. Air France-KLM does not intend to register any portion of the offering of the Bonds in the United States of America or to conduct a public offering of the Securities in the United States.

The Bonds will be offered only by way of a private placement to institutional investors. The Bonds may not be offered or sold to retail investors (as defined hereafter). No Key Information Document under PRIIPS Regulation has been and will be prepared.

Legal framework of the Offering and placement

The Offering of the Bonds will be conducted solely on a private placement basis. The Offering will be made in compliance with Article L. 411-2-II of the French monetary and financial code (*Code monétaire et financier*, as per the authorisation granted by the Company’s extraordinary general meeting held on May 16th, 2017 (15th resolution), via an accelerated bookbuilt private placement in France and outside of France (excluding in particular the United States of America, Canada, Australia or Japan), to institutional investors only.

Available information

The Offering of the Bonds is not subject to a prospectus approved by the French Financial Market Authority (*Autorité des marchés financiers*) (the « **AMF** »). Detailed information on Air France-KLM, including its business, results, prospects and related risk factors are described in the Company’s registration document (*Document de Référence*) filed with the AMF on 29 March 2018 under number D.18-0232 which is available, together with Air France-KLM’s interim financial report as at 30 June 2018, the consolidated financial statements as at 31 December 2018, all the press releases and other regulated information about the Company, on Air France-KLM’s website (www.airfranceklm.com).

Important information

This press release does not constitute or form part of any offer or solicitation to purchase or subscribe for or to sell securities to any person in the United States, Australia, Canada or Japan or in any jurisdiction to whom or in which such offer is unlawful, and the Offering of the Bonds is not an offer to the public in any jurisdiction, including France.

Investor Relations

Marie-Agnès de Peslouan
+33 1 49 89 52 59
madespeslouan@airfranceklm.com

Wouter van Beek
+33 1 49 89 52 60
Wouter-van.Beek@airfranceklm.com

Press

+33 1 41 56 56 00

This press release does not constitute a solicitation to purchase or an offer of the Bonds (as defined below) or the shares of Air France-KLM (together, the "**Securities**") in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**"). The Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered or exempt from registration under the Securities Act. Air France-KLM does not intend to register any portion of the offering of the Bonds in the United States of America or to conduct a public offering of the Securities in the United States.

The Bonds will be offered only by way of a private placement to institutional investors. The Bonds may not be offered or sold to retail investors (as defined hereafter). No Key Information Document under PRIIPS Regulation has been and will be prepared.

Disclaimer

Important information

This press release may not be released, published or distributed, directly or indirectly, in or into the United States of America, Australia, Canada or Japan. The distribution of this press release may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes, should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No communication or information relating to the offering of the Bonds may be transmitted to the public in a country where there is a registration obligation or where an approval is required. No action has been or will be taken in any country in which such registration or approval would be required. The issuance or the subscription of the Bonds may be subject to legal and regulatory restrictions in certain jurisdictions; none of Air France-KLM and the Joint Global Coordinators assumes any liability in connection with the breach by any person of such restrictions.

This press release is an advertisement and not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of November 4, 2003 as amended (the "**Prospectus Directive**"). This press release is not an offer to the public, an offer to subscribe or designed to solicit interest for purposes of an offer to the public in any jurisdiction, including France.

The Bonds will be offered only by way of a private placement in France and/or outside France (excluding the United States of America, Australia, Canada and Japan), solely to persons referred to in article L. 411-2-II of the French monetary and financial code (Code monétaire et financier). There will be no public offering in any country (including France) in connection with the Bonds. This press release does not constitute a recommendation concerning the issue of the Bonds. The value of the Bonds and the shares of Air France-KLM can decrease as well as increase. Potential investors should consult a professional adviser as to the suitability of the Bonds for the person concerned.

Prohibition of sales to European Economic Area retail investors

No action has been undertaken or will be undertaken to make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) 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 Directive 2014/65/EU (as amended, "**MiFID II**");
or
 - (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a "qualified investor" as defined in the Prospectus Directive; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in

This press release does not constitute a solicitation to purchase or an offer of the Bonds (as defined below) or the shares of Air France-KLM (together, the "**Securities**") in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the "**Securities Act**"). The Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered or exempt from registration under the Securities Act. Air France-KLM does not intend to register any portion of the offering of the Bonds in the United States of America or to conduct a public offering of the Securities in the United States.

The Bonds will be offered only by way of a private placement to institutional investors. The Bonds may not be offered or sold to retail investors (as defined hereafter). No Key Information Document under PRIIPS Regulation has been and will be prepared.

the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II product governance / Retail investors, 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 Bonds has led to the conclusion that: (i) the target market for the Bonds is retail investors, eligible counterparties and professional clients, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to retail investors, eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (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 Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, even if the target market includes retail investors, the manufacturers have decided that the Bonds will be offered, as part of the initial offering, only to eligible counterparties and professional clients.

France

The Bonds have not been and will not be offered or sold or cause to be offered or sold, directly or indirectly, to the public in France. Any offer or sale of the Bonds and distribution of any offering material relating to the Bonds have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), and/or (b) qualified investors (investisseurs qualifiés) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French monetary and financial code (Code monétaire et financier).

United Kingdom

This press release is addressed and directed only (i) to persons located outside the United Kingdom, (ii) to investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (iii) to people designated by Article 49(2) (a) to (d) of the Order or (iv) to any other person to whom this press release may otherwise lawfully be communicated pursuant to applicable law (the persons mentioned in paragraphs (i), (ii), (iii) and (iv) all deemed relevant persons (the "**Relevant Persons**"). The Bonds and, as the case may be, the shares of Air France-KLM to be delivered upon exercise of the conversion rights (the "**Financial Instruments**"), are intended only for Relevant Persons and any invitation, offer of contract related to the subscription, tender, or acquisition of the Financial Instruments may be addressed and/or concluded only with Relevant Persons. All persons other than Relevant Persons must abstain from using or relying on this document and all information contained therein.

This press release is not a prospectus which has been approved by the Financial Conduct Authority or any other United Kingdom regulatory authority for the purposes of Section 85 of the Financial Services and Markets Act 2000.

United States of America

This press release may not be released, published or distributed in or into the United States (as defined in Regulation S under the Securities Act). This press release does not constitute or form a part of an offer of securities for sale or an offer of securities for sale or of any offer or solicitation to purchase securities in the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act or the law of any state of the United States. The Bonds will be offered or sold only to non-U.S. persons in offshore transactions outside of the United

**NOT FOR PUBLICATION, DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA, AUSTRALIA, CANADA
OR JAPAN**

*This press release does not constitute a solicitation to purchase or an offer of the Bonds (as defined below) or the shares of Air France-KLM (together, the “**Securities**”) in the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the US Securities Act of 1933, as amended (the “**Securities Act**”). The Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered or exempt from registration under the Securities Act. Air France-KLM does not intend to register any portion of the offering of the Bonds in the United States of America or to conduct a public offering of the Securities in the United States.*

The Bonds will be offered only by way of a private placement to institutional investors. The Bonds may not be offered or sold to retail investors (as defined hereafter). No Key Information Document under PRIIPS Regulation has been and will be prepared.

States, in accordance with Regulation S of the Securities Act. Air France-KLM does not intend to register any portion of the proposed offering of the Bonds in the United States and no public offering will be made in the United States.

Australia, Canada and Japan

The Bonds may not and will not be offered, sold or purchased in Australia, Canada or Japan. The information contained in this press release does not constitute an offer of securities for sale in Australia, Canada or Japan.

The distribution of this press release in certain countries may constitute a breach of applicable law.