First half financial report

April-September 2010

Société anonyme with share capital of €300,219,278

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Mailing address: 45, rue de Paris, 95747 Roissy-CDG Cedex

Paris Trade and Company Register 552 043 002

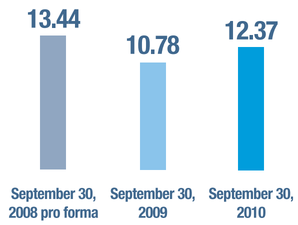
Free translation into English for convenience only – French version prevails

Key figures

The key figures for the first half ended September 30, 2008 pro forma have been restated for the application of the IFRIC 13 interpretation and include Martinair, the subsidiary acquired on January 1, 2009.

Revenues

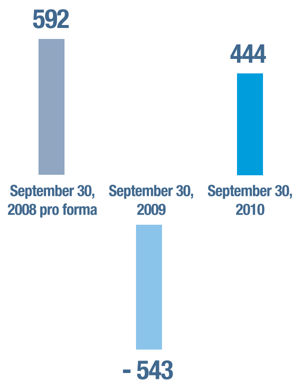
(In € billion)



The global economic recovery has supported demand for air transportation since the beginning of the financial year. The Group's revenues rose by 14.8% after a positive currency effect of 4.2%. However, the first half opened with the crisis linked to the eruption of the Icelandic volcano whose impact on revenues is estimated at €268 million.

Income/(loss) from current operations

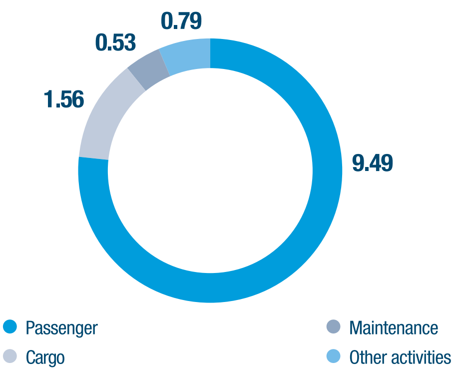
(In € million)



The good level of activity, the implementation of strategic measures in both the passenger and the cargo businesses and control over costs particularly within the framework of the Challenge 12 cost-savings plan enabled a near-€1 billion improvement in income from current operations in this half year versus the first half of 2009-10.

Breakdown of revenues by activity at September 30, 2010

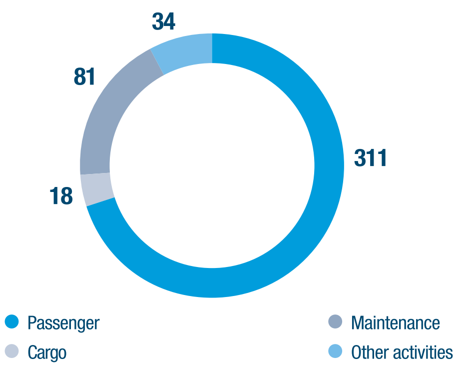
(In € billion)



The passenger and cargo businesses saw their revenues rise by 13.6% and 39.9% respectively under the combined effects of an increase in traffic and a positive trend in unit revenues.

Breakdown of income/(loss) from current operations by activity at September 30, 2010

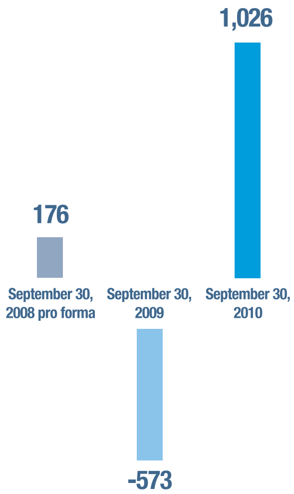
(In € million)



The passenger and cargo businesses returned to profit having lost a respective €353 million and €344 million in the first half ended September 30, 2009.

Net income/(loss), Group share

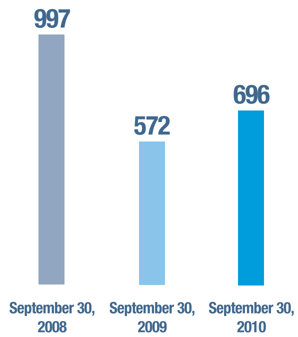
(In € million)



During the first half, the Group sold part of its shareholding in Amadeus at the time of the IPO. This transaction enabled the Group to generate a €1 billion capital gain linked to the sale of shares and the revaluation of the remaining shareholding (15.23%) at the IPO price.

Investments net of disposals

(In € million)

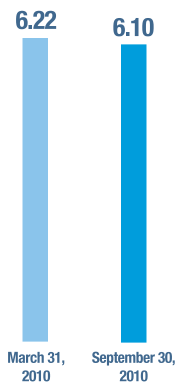


The Group decided to limit its investments in order to preserve cash.

Financial structure

(In € billion)

➤ Net debt



➤ Gearing ratio

Corporate governance

The Board of Directors

In order to comply with the governance principles as presented in the AFEP-MEDEF Corporate Governance Code and adopt the conclusions of the evaluation of the functioning of the Board of Directors, the Shareholders' Meeting of July 10, 2008, decided to reduce the duration of Board directors' terms of office from six to four years and to include the option of a staggered renewal process for mandates in the bylaws. Consistent with this, and given the significant number of mandates expiring in 2010, the Shareholders' Meeting of July 8, 2010 set the duration of Board Directors' terms of office for newly-appointed or re-appointed Board Directors at two, three or four years in order to ensure the smooth renewal of the Board of Directors.

At September 30, 2010, the composition of the Board of Directors was as follows:

- 12 directors appointed by the Shareholders' Meeting, including two representing the employee shareholders;
- 3 representatives of the French State appointed by ministerial order.

➤ Experience and training of members of the Board of Directors

Board Director	Age at September 30, 2010	Date appointed to the Group	Date appointed to the Air France-KLM Board	Sector	Current position
Jean-Cyril Spinetta	66 years	September 23, 1997	September 15, 2004	Public Service Air Transport (Air Inter and Air France)	Chairman of the Board of Directors of Air France-KLM and of Air France
Leo van Wijk	63 years	June 24, 2004	September 15, 2004	Air Transport (KLM)	Vice-Chairman of the Air France-KLM Board of Directors
Maryse Aulagnon *(1)****	61 years	July 8, 2010	July 8, 2010	Industry (CGE) Property and Finance (Affine group)	Chairperson and Chief Executive Officer of Affine
Patricia Barbizet *(2) (3)****	55 years	January 3, 2003	September 15 2004	Industry (Renault, Pinault group)	Chief Executive Officer and Board Director of Artémis
Bruno Bézard	47 years	March 14, 2007	March 14, 2007	Public Service	Head of the Beijing Regional Economic Mission
Frits Bolkestein*	77 years	November 22, 2005	November 22, 2005	Industry (Shell) Administration (Dutch Parliament and European Commission)	Member of the Supervisory Board of de Nederlandsche Bank
Jean-François Dehecq *(1) (3)**	70 years	January 25, 1995	September 15, 2004	Industry (SNPA and Sanofi) and Véolia Environnement	Honorary Chairman of Sanofi-Aventis
Jean-Marc Espalioux *(2) (3)****	58 years	September 14, 2001	September 15, 2004	Services (CGE, Accor)	Chairman of Financière Agache Private Equity

Board Director	Age at September 30, 2010	Date appointed to the Group	Date appointed to the Air France-KLM Board	Sector	Current position
Pierre-Henri Gourgeon	64 years	January 20, 2005	January 20, 2005	Aeronautics and Air Transport	Chief Executive Officer of Air France-KLM and of Air France
Claude Gressier *(1)*	67 years	June 24, 2004	September 15, 2004	Public Service	Honorary Inspector General of Public Works
Peter Hartman	61 years	July 8, 2010	July 8, 2010	Air Transport (KLM)	President and CEO of KLM
Philippe Josse	50 years	January 26, 2006	January 26, 2006	Public Service	Director of Budget
Cornelis van Lede *(1) (3)***	67 years	June 24, 2004	September 15, 2004	Industry (Shell, Akzo, Dutch Industry Federation) Consultancy (McKinsey & Company)	Chairman of the Heineken Supervisory Board
Christian Magne *(1)*	58 years	September 14, 2001	September 15, 2004	Air Transport (Air France)	Finance Executive
Bernard Pédamon *(1)*	49 years	July 8, 2010	July 8, 2010	Air Transport (Air France)	Flight Captain

** Directors considered to be independent.*
(1) Member of the audit committee.
(2) Member of the remuneration committee.
(3) Member of the appointments committee.

The Group Executive Committee

The Group Executive Committee comprises 12 members who fulfil responsibilities at the level of the Air France-KLM group while retaining their functions within each entity. The Group Executive Committee meets every two weeks, alternating between Amsterdam and Paris, in order to determine the Group's main orientations within the framework of the strategy approved by the Board of Directors.

➤ Experience and training of members of the Group Executive Committee

Members	Age at September 30, 2010	Relevant professional experience	
		Sector	Experience
Pierre-Henri Gourgeon Chief Executive Officer of Air France-KLM and Air France	64 years	Aeronautics and air transport	39 years
Peter Hartman President and Chief Executive Officer of KLM	61 years	Air transport (KLM)	37 years
Philippe Calavia Chief Financial Officer of Air France and Senior Executive Vice-President, Finance, of Air France-KLM	61 years	Banking Air transport (Air France)	7 years 12 years
Alain Bassil Executive Vice-President, Operations, Air France and Executive Vice-President, Maintenance, of the Air France-KLM group	54 years	Air transport (Air France)	30 years
Christian Boireau Executive Vice-President, Commercial France, Air France	59 years	DDE – French Departmental Directorate for Equipment Air transport (Air Inter and Air France)	6 years 29 years
Frédéric Gagey Chief Financial Officer of KLM and Senior Executive Vice-President, Fleet and Purchasing, of the Air France-KLM group	54 years	Air transport (Air Inter, Air France and KLM)	16 years
Bertrand Lebel Secretary to the Executive Committee in charge of strategic planning for the Air France-KLM group	57 years	Consultant Air Transport (Air France)	16 years 12 years
Bruno Matheu Chief Commercial Officer, Air France and Executive Vice-President, Revenue Management, Marketing and Network, Air France-KLM	46 years	Air transport (UTA and Air France)	24 years
Édouard Odier Executive Vice-President, Information Systems, of Air France and Air France-KLM	57 years	Air transport (Air France and Amadeus)	33 years
Frank de Reij Executive Vice-President, Procurement, of the Air France-KLM group	50 years	International transport Air transport (KLM)	10 years 12 years
Erik Varwijk Executive Vice-President, Commercial Passenger Business, KLM and Executive Vice-President, International and The Netherlands of the Air France-KLM group	48 years	Air transport (KLM)	21 years
Michael Wisbrun Chief Executive Officer, Air France-KLM Cargo	58 years	Air transport (KLM)	32 years

Stock market and shareholder structure

Air France-KLM is listed for trading on the Paris and Amsterdam Stock Markets (Euronext Paris and Amsterdam) under the ISIN code FR0000031122. The stock is a component of the CAC next20 index and is also included in the leading sustainable development and employee shareholder indices. In September 2010, Air France-KLM was confirmed as air transport leader in sustainable development for 2010 and figures in the two Dow Jones Sustainability Indices for the sixth consecutive year.

Stock market performance

Over the first half (April-September 2010), the Air France-KLM share performed in line with the CAC 40 (-7.75% and -7.91% respectively). Between January 1 and September 30, 2010, however, the Air France-KLM share gained 2.27% whereas the CAC 40 index lost 5.62%.

	2010-11 First half	2009-10 Financial year	2008-09 Financial year
Share price high *(In €)*	12.950	13.080	21.150
Share price low *(In €)*	8.610	6.485	6.215
Number of shares in circulation	300,219,278	300,219,278	300,219,278
Market capitalization at the end of the period *(In € billion)*	3.4	3.5	2.0

Information relating to the share capital

At September 30, 2010, the share capital of Air France-KLM comprised 300,219,278 shares. The Shareholders' Meeting of July 8, 2010 decided to reduce the nominal value of the shares from €8.5 to €1. The share capital was thus reduced from €2,551,863,863 to €300,219,278, with the amount of the resulting capital reduction being charged to the share premium account.

Period ended	September 30, 2010	March 31, 2010	March 31, 2009
Number of shares in circulation	300,219,278	300,219,278	300,219,278
Share capital	300,219,278	2,551,863,863	2,551,863,863

The shares are fully paid up and shareholders have a choice between registered and bearer form. Each share confers one voting right. There are no specific rights attached to the shares, nor any securities not representing the share capital.

Securities conferring entitlement to shares

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 2.75% 2020

In April 2005, Air France issued 21,951,219 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANEs), with a 15-year maturity, for a total of €450 million. These bonds have a nominal unit value of €20.50 and mature on April 1, 2020. The annual coupon is 2.75% paid annually in arrears on April 1. These bonds can be converted at any time until March 23, 2020 and the conversion/exchange ratio is 1.03 shares for each bond. After the conversion, during the 2007-08 financial year, of 597 bonds, of which 510 gave rise to the creation of 525 shares, the number of convertible bonds remaining in circulation at September 30, 2010 amounted to 21,950,622.

Bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANE) 4.97% 2015

In June 2009, Air France-KLM issued 56,016,949 bonds convertible and/or exchangeable into new or existing Air France-KLM shares (OCEANEs) for a total of €661 million. These bonds, which are convertible at any time, have a nominal unit value of €11.80, a conversion/exchange ratio of one share for one bond and mature on April 1, 2015. The annual coupon is 4.97% paid annually in arrears on April 1. At September 30, 2010, 7,326 bonds had been converted, of which 735 during the 2010-11 first half. The number of convertible bonds remaining in circulation at September 30, 2010 stood at 56,009,623.

Shareholder structure

Period ended	September 30, 2010	March 31, 2010	March 31, 2009
Number of shares in circulation	300,219,278	300,219,278	300,219,278
French State	15.7%	15.7%	15.7%
Current and former employees	10.5%	11.8%	12.0%
Treasury stock	1.6%	1.9%	2.0%
Free float	72.2%	70.6%	70.3%

At September 30, 2010, French residents held 61.9% of the share capital and non-residents 38.1%. Amongst the French resident shareholders, other than the French State (47.2 million shares) and employees (31.5 million shares), individual shareholders represented 14% of the capital with 42 million shares and institutional investors 59.8% with 179.5 million shares. Non-residents held 114.4 million shares. The breakdown of the non-resident shareholders was as follows: North America 19.1% of the share capital with 57.2 million shares, of which 9.5 million in ADR form, Europe 15.1% of the share capital with 45.2 million shares, and the rest of the world 2.3% of the share capital with 6.9 million shares.

Market and environment

After a particularly difficult year for air transport in 2009, the economic recovery enabled a faster-than-expected turnaround for the industry despite the crisis in April 2010 linked to the volcanic eruption which led to the progressive closure of most of European airspace over a seven-day period. This shutdown of the airspace led to the cancellation of around 100,000 flights and an estimated revenue loss of $1.7 billion, of which around 70% for the European airlines *(source: IATA May 2010)*.

For the AEA (Association of European Airlines) member airlines, this crisis explains the weak growth in passenger traffic measured in revenue passenger-kilometers (RPK) over the first nine months of 2010 (+2.3%) whereas the monthly trend since March 2010 has been around +4%. Following a very significant reduction in 2009, capacity has been kept well under control since the beginning of 2010 and only since May has it increased albeit at a slower pace than demand. At the level of the IATA member airlines, the data show 7.7% growth in passenger traffic and a 3.0% increase in capacity between January and August 2010, enabling the international body to forecast unit revenue per revenue passenger-kilometer (RPK) up by 7.3% for the year *(source: IATA September 2010)*.

All the major zones have benefited from the pick-up in demand for air transport. Between January and August 2010, the Middle East region posted the strongest growth (+18.1%) but also the greatest increase in capacity (+12.9%). Africa also saw a significant increase in traffic (+12.7%), followed by Asia (+10.0%), Latin America (+11.0%), North America (+6.1%) and Europe (+4.0%) *(source: IATA October 2010)*. The European airlines were the worst affected by the eruption of the Icelandic volcano. Between January and August 2010, long-haul traffic out of Europe increased by just 1.3% for a capacity reduction of 2.4%, the load factor thus gaining 3.1 points to 83.1% *(source: AEA August 2010)*.

The cargo activity also recovered strongly, the impact of the volcanic crisis having been more limited. Since the beginning of 2010, traffic has increased by 9.5% for the AEA member airlines and by 26.6% at global level *(sources: AEA and IATA October 2010)*. Despite the uncertainties surrounding global economic growth, the cargo business remains positively oriented in terms of both volumes and unit revenues. In 2010, IATA expects a 7.9% increase in unit revenue per revenue ton-kilometer (RTK).

The efforts made by the airlines to adapt their capacity and reduce their costs, accompanied by the recovery in demand, have enabled the air transport industry to return to profit. At global level, based on a rebound in passenger and cargo traffic of 7.7% and 19.8% in 2010, IATA forecasts show the industry generating positive operating income of $20.6 billion and net income of $8.9 billion in 2010 (losses of $1.2 billion and $9.9 billion, respectively, in 2009). For 2011, IATA is less optimistic, believing that global growth should slow, leading to pressure on revenues and load factors within a context of capacity increases. As a result, the industry should generate operating income of around $15.4 billion (-25% versus 2010) and net income of some $5.3 billion (-40.5% versus 2010). According to IATA, the European sector should generate a net loss of $1.3 billion in 2010 before returning to break-even in 2011.

Highlights

Environment

The main events of the first six months from April to September 2010 were as follows:

- A strong recovery in the global economy with growth of around 3.5%;
- The progressive closure of European airspace over a seven-day period following the eruption of the Icelandic volcano in April 2010;
- The crisis linked to the volcano masked the recovery in demand that had started in March 2010. Over the first half, traffic measured in revenue passenger-kilometers (RPK) within the AEA (Association of European Airlines) increased by just 2.3%;
- The euro weakened relative to the other principal currencies (dollar, yen and sterling) over the first half.

Air France-KLM

- During the crisis linked to the volcanic eruption, the quasi totality of the Group's passenger, cargo and leisure activities were suspended for four days, followed by a progressive reinstatement of the schedules over three further days. The Group estimated the revenue loss at €268 million with a €158 million negative impact at the operating level.
- On April 29, 2010, the company WAM was the subject of an IPO on the Madrid stock exchange under the name Amadeus. This transaction enabled the Group to generate a capital gain of €1.03 billion on the sale of one third of its shareholding and the revaluation of its remaining 15.2% stake. The operation also generated €193 million of cash proceeds.
- On April 1, Air France launched its new medium-haul product which was well-received by customers and, in parallel, long-haul aircraft continued to be equipped with the *Premium Voyageur* cabin launched in October 2009.
- The voluntary redundancy plan for ground staff closed in May, bringing the departures to some 1,900 versus the original estimate of 1,700.
- During the first half, the SkyTeam alliance was further strengthened in Asia by welcoming Chinese carrier China Eastern and the Taiwanese airline China Airlines which should join the alliance by mid-2011. Air France signed a joint-venture agreement with China Southern.
- In September, Air France-KLM was confirmed air transport leader in sustainable development for 2010 and remains in the two Dow Jones Sustainability Indices – DJSI World and DJSI Europe – for the sixth consecutive year.

Strategy

The two years of crisis have led to structural changes in the behaviour of consumers who are becoming increasingly sensitive to price and the value for money of the service provided. While continuing to leverage the specific strengths stemming from the complementarities between Air France and KLM in their three principal businesses (passenger, cargo and maintenance), in 2009 the Group implemented a number of strategic measures to adjust its activity to the new environment: the adaptation of long-haul and the transformation of medium-haul in the passenger business and restructuring in the cargo business. Certain measures were implemented immediately, some are gradually being introduced while others were launched on April 1, 2010. In parallel, the Group has prioritized the recovery in unit revenues by limiting the growth in capacity, continued to curtail investment and reinforced its cost-savings plan.

Fundamental strengths

A powerful, balanced network

The Air France-KLM group currently operates the largest network between Europe and the rest of the world. Of the 180 long-haul destinations served directly by AEA (Association of European Airlines) member airlines in the Summer 2010 season, Air France-KLM accounted for 112, or 62% of the total, compared with 50% for British Airways + Iberia and 52% for the Lufthansa group (Lufthansa + Swiss + Austrian + Brussels Airlines + BMI). Furthermore, the Group also offers 30 unique destinations which are served by neither British Airways + Iberia nor the Lufthansa group.

Lastly, given its presence in all the major markets, the Group's network is balanced, with no one market representing more than a third of passenger revenues.

Two coordinated hubs at developing airports

The Group's network is coordinated around the two intercontinental hubs of Roissy-Charles de Gaulle and Amsterdam-Schiphol, which are two of the four largest connecting platforms in Europe. Their efficiency is supplemented in southern Europe by the airports of Rome and Milan where Alitalia, the Group's strategic partner since January 2009, operates. Furthermore, these hubs, which combine connecting with point-to-point traffic, are organized around airport platforms whose development potential will further strengthen the role of the large intercontinental hubs. During this period of crisis, this unique combination of hubs is a major strength at a time when the smallest airlines are cancelling some of their direct flights, requiring their passengers to such destinations to look for a connecting flight.

A global alliance that strengthens the network

Air France and KLM play a lead role in the SkyTeam alliance, the number two global alliance in terms of market share. Bringing together thirteen European, American and Asian airlines, SkyTeam enables the Group to respond to market needs and withstand competition in both passenger and cargo transportation. The alliance comprises Aeroflot, AeroMexico, Air Europa (Spain), Air France, Alitalia, China Southern, Czech Airlines, Delta, Kenya Airways, KLM, Korean Airways and, since June 2010, Tarom and Vietnam Airlines. In April and September 2010, China Eastern and China Airlines both signed Memoranda of Understanding confirming their plans to join SkyTeam by mid-2011. Negotiations are currently underway with Latin American carriers such as Aerolinas Argentina and a number of Asian airlines.

A unique partnership on the North Atlantic

Since April 1, 2009, Air France-KLM and Delta have coordinated their activities on the North Atlantic through a joint-venture agreement. The scope of this agreement is very extensive, representing revenues of around $10 billion. It covers all the flights between North America, Mexico and Europe through integrated cooperation and the flights between North America and Mexico to and from the Mediterranean basin, Africa, the Gulf countries and India together with the flights from Europe to and from Central America, Colombia, Venezuela, Peru and Ecuador through close coordination. This type of contract enables the sharing of revenues and costs. It should improve the economic performance of the Air France-KLM group's North Atlantic network by around €150 million in three years. During the 2009-10 financial year, this joint-venture generated €50 million of additional income.

A strategic partnership with Alitalia

Air France-KLM chose to step up its cooperation with Alitalia through an operational partnership agreement, cemented with a 25% equity interest in the Italian company. This agreement has significant advantages for the two groups. Air France-KLM gains access to the Italian market, the fourth-largest in Europe, thanks to a restructured and financially solid partner with a strong presence in its domestic market following the merger with competitor Air One. For its part, Alitalia has access to the leading network linking Europe to the rest of the world thanks to the dual hub system whose reach into southern Europe is extended by this partnership.

Commenting on its positive third quarter results (July-September 2010), Alitalia indicated that, for the current financial year, it should exceed its initial objective which is to halve the €327 million net loss made in the 2009 financial year and confirmed its break even target for 2011 *(source: Alitalia statement, October 13, 2010)*.

A modern fleet

The Group makes an ongoing investment in new aircraft and currently operates one of the most efficient and modern fleets in the sector. Such investment has a triple advantage in that it enables the Group to offer an enhanced level of passenger comfort, achieve substantial fuel savings and respect its sustainability commitments by reducing noise disturbance for local residents and greenhouse gas emissions. Air France was the first European airline to operate the Airbus A380 and, at September 30, 2010, had four of these aircraft. Having first been operated on the New York route in November 2009, then Johannesburg in February 2010, the A380 has also been operated on the Tokyo service since September 2010.

An innovative product offer

Air France-KLM puts the customer at the heart of its strategy by offering not only one of the best networks world-wide in terms of destinations and flight times but also by developing an innovative product offer. This innovation can be seen, specifically, in fare combinability, which multiplies the routing possibilities and gives access to attractive fares, in the joint frequent flyer program, *Flying Blue*, in e-services and in improved cabin services. New products and services are developed in keeping with the Group's environmental policy.

Results for the first half ended September 30, 2010

The results for the first half ended September 30, 2010 were affected by the closure of European airspace in April. The operating loss attributable to this shutdown is estimated at €158 million.

The passenger business posted a slight fall in traffic (-0.8%) for capacity down by 2.6%. The load factor gained 1.5 points to 83.3%. In the cargo business, traffic rose by 2.6% for capacity down by 3.6%, underpinning a 4.1 point increase in the load factor to 67.7%. In these two businesses, unit revenues showed strong growth on the previous year (+13.8% in available seat-kilometers excluding currency and +38.6% in available ton-kilometers excluding currency).

Total revenues amounted to €12.37 billion (+14.8%). Operating costs increased by 5.4% and by just 1.1% excluding fuel. The savings achieved within the framework of *Challenge 12* stood at €287 million during the first six months.

Income from current operations amounted to €444 million (versus a €543 million loss at September 30, 2009) and adjusted income from current operations stood at €585 million. The adjusted operating margin was 4.7%.

Net income, Group share amounted to €1.03 billion after the €1.03 billion capital gain on Amadeus (versus a net loss, Group share of €573 million at September 20, 2009). The restated net result was positive at €104 million (a €509 million net loss at September 30, 2009).

Earnings per share stood at €3.48 and diluted earnings per share at €2.81 versus undiluted and diluted losses per share of €1.95 at September 30, 2009.

Outlook for the current year

In current market conditions, the Group's objective is to generate operating income of above €300 million for the 2010-11 full year.

Within the framework of its three-year plan (2011-12/2013-14), the Group has set itself financial objectives of a 3% reduction in unit costs on a constant currency and fuel price basis, an adjusted operating margin of above 7%, a return to a gearing ratio of 0.5 and a post-tax RoCE (return on capital employed) of 8%.

Subsequent events

On November 9, 2010, the Air France-KLM group was informed of the level of fines imposed by the European Commission on 14 cargo operators, including Air France, KLM and Martinair, in respect of anti-competitive practices in the air cargo industry relating mainly to the period between May 2004 and February 2006.

The total amount of fines imposed on the Air France-KLM group was €339.6 million.

The Air France-KLM group considers that the level of the fines is disproportionate given the fact that the economic analysis produced within the context of the procedure demonstrated that the actions in question had no detrimental effect on the freight shippers nor the freight forwarders. Moreover, the level of the fines disregards the economic hardship that the air cargo industry has suffered, and will have a distortive effect on the level playing field.

As a result, the Group intends to file an appeal against this decision with the European Union Court of Justice.

The overall level of fines exceeds the provisions already taken. An additional provision of €127 million was thus made as a non-recurrent expense in the financial statements for the 2010-11 first half, presented to the Board of Directors on November 17, 2010.

Air France-KLM confirms its commitment to scrupulous compliance with competition laws, and to monitoring, on an ongoing basis, the effectiveness of measures implemented across the entire Group, aimed at preventing anti-competitive practices, as part of its overall compliance policy.

Activities

Passenger business

The crisis linked to the eruption of the Icelandic volcano in April 2010 masked the recovery in air transport demand, particularly in the first quarter. During the first half, Air France-KLM group traffic declined by 0.8% but this apparent weakness was effectively due to April which saw a 15.9% fall in traffic. Capacity was reduced by 2.6%, enabling the load factor to gain 1.5 points to 83.3%. This level of load factor was higher than the AEA average which stood at 81% over the same period.

The redefinition of Air France's medium-haul offer since April 1, 2010 with two clearly differentiated products – the economy or *Voyageur* cabin for passengers seeking a simple product at attractive fares and the business or *Premium* cabin for passengers looking for more flexibility and services at affordable prices – has proved very successful with customers. Furthermore, this new commercial offer has been accompanied by cost-saving procedures. The initial results confirm the expected improvement in medium-haul profitability for the 2010-11 financial year. The improvement in this network's profitability was effectively €160 million, of which a significant proportion is explained by the transformation of this network. In long-haul, the new *Premium Voyageur* class, launched in October 2009, is steadily being deployed with 67 of the 76 aircraft already equipped with the new cabin. This new product has also been very well-received by passengers.

With a fleet of 532 passenger aircraft in operation, of which 181 are regional aircraft, the Group carried 37.3 million passengers (-2.7%) and generated total passenger revenues of €9.49 billion (+13.6% after a positive currency effect of 2.8%). Operating income stood at €311 million (versus a €353 million loss at September 30, 2009) despite the estimated €146 million cost for this activity of the volcano crisis. The year-on-year improvement in the passenger business for this half year thus amounted to €664 million.

➤ Key figures by network

First half to September 30	Capacity in ASK *(In million)*		Traffic in RPK *(In million)*		Load factor *(In %)*		No. of passengers *(In thousands)*		Scheduled passenger revenues *(In € million)*	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Europe	27,296	29,495	20,630	21,547	75.6	73.1	25,416	26,429	3,190	3,106
North and Latin America	40,964	42,401	36,188	36,936	88.3	87.1	4,871	5,000	2,405	1,901
Asia/Pacific	27,455	27,377	23,945	23,260	87.2	85.0	2,769	2,686	1,558	1,177
Africa/Middle East	18,401	18,544	14,865	14,758	80.8	79.6	2,837	2,822	1,333	1,202
Caribbean/Indian Ocean	12,877	12,623	10,112	10,107	78.5	80.1	1,433	1,435	575	566
Total	**126,993**	**130,440**	**105,739**	**106,608**	**83.3**	**81.7**	**37,327**	**38,371**	**9,061**	**7,952**

In the Summer 2010 season, the **long-haul network** covered 112 destinations in 69 countries, operated by the two airlines out of Paris and Amsterdam. In addition to these destinations there were those operated under code share with partners. The weight of this network was little changed on the previous year with 80.5% of the Group's traffic and 78.5% of capacity (80% and 77% respectively at September 30, 2009). Revenues of €5.87 billion were generated on this network, representing 65% of total scheduled passenger revenues, a four percentage point increase on the 2009-10 first half.

Over the first six months, traffic was stable (+0.1%) for capacity down by 1.2% (respectively -4.2% and -4.5% at September 30, 2009). The load factor amounted to 85.4% (+1.1 points). The number of passengers carried stood at 11.9 million as in 2009. Unit revenue per available seat-kilometer (RASK) saw a significant increase (22.7%), particularly in economy class (21.4%) where it even exceeded the pre-crisis level. In *Premium* class, however, despite a sharp increase (+24.3%), unit revenue per available seat-kilometer remained below its pre-crisis level, with companies yet to fully withdraw their restrictive travel policies.

The **Americas** is the Group's first network and the first long-haul network, accounting for a little over one third of traffic and close to 32% of capacity. Traffic declined by 2.0% for a 3.4% reduction in capacity, underpinning a 1.2 point increase in the load factor to a high 88.3%. The number of passengers declined by 2.6% to 4.9 million. As a result, scheduled passenger revenues increased by 26.5% after a positive currency effect of 3.4% to €2.41 billion (€1.9 billion at September 30, 2009).

Activity on the **Asia** network recovered strongly during the first half. The Group's second network and the second in long-haul in terms of traffic (around 22% of traffic and capacity), this network recorded a traffic increase of 2.9% for stable capacity (+0.3%), enabling the load factor to gain 2.3 points to 87.2%. The number of passengers increased by 3.1% to 2.8 million and scheduled passenger revenues rose by 32.4% to €1.56 billion (€1.18 billion at September 30, 2009).

During this half year, more than 2.8 million passengers (+0.5%) were carried on the **Africa-Middle East** network, the Group's third long-haul and fourth network representing 14% of capacity and traffic. Traffic on this network saw a modest increase (+0.7%) for slightly lower capacity (-0.8%), the load factor gaining 1.2 points to 80.8%. Scheduled passenger revenues amounted to €1.33 billion versus €1.2 billion at September 30, 2009 (+10.9%).

Caribbean and Indian Ocean, the Group's smallest network, represents around 10% of capacity and total traffic. The Group carried 1.4 million passengers, the same number as at September 30, 2009. Traffic was stable while capacity increased by 2.0%, leading to a 1.5 point decline in the load factor to 78.5%. Scheduled passenger revenues stood at €575 million versus €566 million at September 30, 2009 (+1.6%).

The **medium-haul** network covers Europe (including France) and North Africa, totaling 123 destinations in 36 countries. This network principally links Europe to the rest of the world thanks to the Group's two hubs. The French domestic market is mostly served out of Orly, notably thanks to the La Navette shuttle service which links Paris to the main French regional capitals. The Group's regional subsidiaries Brit Air, Régional, CityJet, VLM and Cityhopper also participate in the Group's medium-haul activity.

The Group's third network in terms of traffic, it represented 21.5% of capacity and 19.5% of traffic but 68% of passengers and 35% of revenues at September 30, 2010. Traffic was down by 4.3% for a 7.5% reduction in capacity and the load factor gained 2.5 points to 75.6%. The Group carried 25.4 million passengers (-3.8%), generating scheduled passenger revenues of €3.19 billion, up by 2.7% (€3.11 billion at September 30, 2009). Unit revenue per available seat-kilometer (RASK) saw a strong recovery during this half year (+11.1%). This network has, however, yet to regain its pre-crisis levels of unit revenues.

➤ Key figures for the passenger business

First half to September 30	2010	2009
Number of passengers *(In thousands)*	37,327	38,371
Total passenger revenues *In € million)*	9,493	8,357
Scheduled passenger revenues *(In € million)*	9,061	7,952
Unit revenue per RPK *(In € cents)*	8.58	7.46
Unit revenue per ASK *(In € cents)*	7.15	6.10
Unit cost per ASK *(In € cents)*	6.82	6.30
Income/(loss) from current operations *(In € million)*	311	(353)

Unit revenue per revenue passenger-kilometer (RPK) increased by 14.9% and by 11.7% on a constant currency basis. Unit revenue per available seat-kilometer (ASK) rose by 17.1% and by 13.8% on a constant currency basis. Unit cost per available seat-kilometer increased by 8.2% but by only 1.6% on a constant currency and fuel price basis.

Cargo business

The cargo business has benefited from the recovery in international trade since the beginning of the year and from the restructuring measures implemented over the past twelve months: reducing the all-cargo fleet, optimizing the bellies of passenger and combi aircraft and rationalizing the network by leveraging the complementarities between Air France, KLM and Martinair. Traffic increased by 2.6% for capacity down by 3.6%, enabling the load factor to gain 4.1 points to 67.7%. The Group carried 743,529 tons (+2.0%).

The increase in traffic was combined with a very strong rise in unit revenues which, as of the beginning of this financial year, practically regained their pre-crisis levels. At September 30, 2010, unit revenue per available ton-kilometer was up by 45.7%, enabling a 39.9% increase in revenues to €1.56 billion. Income from current operations reached €18 million after an estimated €3 million negative impact from the volcanic eruption crisis versus a loss from current operations of €344 million one year earlier.

First half to September 30	Capacity in ATK *(In million)*		Traffic in RTK *(In million)*		Load factor *(In %)*		No. of tons *(In thousands)*		Cargo transportation revenues *(In € million)*	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Europe	251	264	34	36	13.5	13.7	26	27	26	29
North and Latin America	3,243	3,334	2,200	2,069	67.9	62.1	274	259	535	352
Asia/Pacific	2,970	3,141	2,360	2,340	79.5	74.5	271	270	547	377
Africa/Middle East	1,413	1,408	883	865	62.4	61.4	144	141	295	216
Caribbean/Indian Ocean	516	556	207	231	40.2	41.5	28	31	72	77
Total	**8,393**	**8,704**	**5,684**	**5,541**	**67.7**	**63.7**	**743**	**728**	**1,475**	**1,051**

The three main networks are the Americas, Asia and Africa/Middle East. They represent 96% of traffic, 91% of capacity and 93% of revenues.

The **Asia** network is the first network in terms of traffic and represents around 35% of capacity, 42% of traffic and 37% of cargo revenues. Traffic increased by 0.9% for capacity down by 5.4%, leading to a 5.0 point increase in the load factor to a high 79.5%. Revenues stood at €547 million, a significant increase on the previous year (+45.1%).

The **Americas** network represents nearly 39% of traffic and capacity and 36% of cargo revenues. Traffic rose by 6.3% for capacity down by 2.7%. The load factor was 5.8 points higher at 67.9%. Revenues rose by 36% to €535 million.

Africa/Middle East is the cargo activity's third network and by far the smallest with around 17% of capacity and traffic and 20% of cargo transportation revenues. Traffic increased by 2.0% for virtually stable capacity (+0.4%). The load factor stood at 62.4% (+1 point). Revenues amounted to €295 million, up by 36.6%.

➤ Key figures for the cargo business

First half to September 30	2010	2009
Tonnage transported *(In thousands)*	743	728
Total cargo business revenues *(In € million)*	1,560	1,115
Revenues from the transportation of cargo *(In € million)*	1,475	1,051
Unit revenue per RTK *(In € cents)*	25.96	18.97
Unit revenue per ATK *(In € cents)*	17.58	12.07
Unit cost per ATK *(In € cents)*	17.10	15.77
Income/(loss) from current operations *(In € million)*	18	(344)

Unit revenue per RTK (revenue ton-kilometer) increased by 36.9% and by 30.3% on a constant currency basis. Unit revenue per ATK (available ton-kilometer) increased by 45.7% and by 38.6% on a constant currency basis. Unit cost per ATK rose by 8.5% but was virtually unchanged (-0.4%) on a constant currency and fuel price basis.

Maintenance business

The maintenance business had a good 2010-11 first half. Revenues increased by 9.5% to €532 million and operating income rose by 19% to €81 million (€68 million at September 30, 2009). The high-added-value activities like engine maintenance and component support proved very dynamic. The heavy maintenance business, while still loss-making, nonetheless improved its performance.

Other businesses

The other activities principally comprise the leisure and catering businesses. Total revenues from these other businesses amounted to €785 million at September 30, 2010 (€817 million at September 30, 2009) and income from current operations stood at €34 million (€86 million at September 30, 2009).

The **leisure** business comprises the Transavia group and, since January 1, 2009, the Martinair leisure business whose activity continues to be scaled back. Furthermore, the leisure business suffered from the closure of European airspace with a revenue loss estimated at €24 million and a €9 million negative impact on operating income. In total, revenues declined by 2.6% to €589 million and income from operations fell from €64 million at September 30, 2009 to €23 million at September 30, 2010.

The **catering** business saw a €14 million decline in third-party revenues to €161 million. Income from current operations amounted to €8.4 million versus €18.5 million one year earlier.

The Air France-KLM fleet

At September 30, 2010, the Air France-KLM group fleet comprised 615 aircraft, of which 593 in operation. The regional fleet amounted to 192 aircraft, of which 181 in operation. The Transavia group fleet comprised 40 medium-haul aircraft. There were firm orders for 63 aircraft, 13 fewer units than at March 31, 2010. Options stood at 53 aircraft (five fewer units than at March 31, 2010). The changes relative to March 31 are explained by the delivery of 14 aircraft during the first half, the conversion of one option into a firm order and the cancellation of four options.

The Air France group fleet

The Air France group fleet comprised 406 aircraft at September 30, 2010, of which 391 in operation. There were firm orders for 49 aircraft, including 14 regional aircraft and there were options for 30 aircraft of which five were for regional aircraft.

The Air France fleet

The Air France fleet totaled 257 aircraft at September 30, 2010, with 249 in operation of which 102 were long-haul aircraft, five were cargo aircraft and 142 were medium-haul aircraft.

Of the total fleet, 53% of the aircraft are fully owned, 7% are under finance lease and 41% under operating lease. Over the first half, two Airbus A380s joined the long-haul fleet and one Boeing B747-400 was withdrawn. One Boeing B747-400 was brought back into service. One Boeing B747-200 and two Boeing B747-400 cargo aircraft were withdrawn from the fleet. Three cargo aircraft are not in operation. In the medium-haul fleet, one Airbus A320 entered the fleet and four Airbus A321 and A320s were withdrawn.

Aircraft	Owned		Finance lease		Operating lease		Total		In operation	
	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10
B747-400	6	5	-	-	7	7	13	12	9	10
B777-300	17	17	2	2	11	11	30	30	30	30
B777-200	15	15	2	2	8	8	25	25	25	25
A380-800	1	2	-	-	1	2	2	4	2	4
A340-300	11	11	2	2	5	5	18	18	18	18
A330-200	5	3	1	2	9	10	15	15	15	15
Long-haul	**55**	**53**	**7**	**8**	**41**	**43**	**103**	**104**	**99**	**102**
B747-400	5	3	-	-	3	3	8	6	4	3
B747-200	1	-	-	-	-	-	1	-	-	-
B777-F Cargo	-	-	2	2	-	-	2	2	2	2
Cargo	**6**	**3**	**2**	**2**	**3**	**3**	**11**	**8**	**6**	**5**
A321	12	11	1	1	11	12	24	24	23	24
A320	35	29	2	2	24	27	61	58	58	56
A319	22	21	4	4	19	20	45	45	45	44
A318	18	18	-	-	-	-	18	18	18	18
Medium-haul	**87**	**79**	**7**	**7**	**54**	**59**	**148**	**145**	**144**	**142**
Total	**148**	**135**	**16**	**17**	**98**	**105**	**262**	**257**	**249**	**249**

The fleet of the regional subsidiaries and Transavia

At September 30, 2010, the regional subsidiaries (Brit Air, Régional, CityJet and VLM) had a fleet of 140 aircraft, of which 133 were operational. Some 51% of this fleet is fully owned, 23% is under finance lease and 26% under operating lease. Over the first half, three aircraft entered the fleet and ten were withdrawn at Régional. Two aircraft were withdrawn from operation at Brit Air and two at VLM.

Two Boeing B737-800 aircraft under operating lease joined the Transavia France fleet during the first half.

The Air France-KLM fleet

The Air France group fleet

Aircraft	Owned		Finance lease		Operating lease		Total		In operation	
	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10
Brit Air										
Canadair Jet 100	8	9	5	4	2	2	15	15	14	15
Canadair Jet 700	6	6	9	9	-	-	15	15	15	15
Canadair Jet 900	-	-	-	-	2	2	2	2	2	2
F100-100	3	3	-	-	8	6	11	9	11	9
Total	**17**	**18**	**14**	**13**	**12**	**10**	**43**	**41**	**42**	**41**
CityJet										
AVRO RJ 85	15	15	-	-	12	12	27	27	23	24
Total	**15**	**15**	-	-	**12**	**12**	**27**	**27**	**23**	**24**
Régional										
EMB190	4	4	-	-	6	6	10	10	10	10
EMB170	6	8	1	2	-	-	7	10	7	10
EMB145-EP/MP	8	8	14	14	6	5	28	27	28	27
EMB135-ER	4	4	3	3	2	-	9	7	8	6
EMB120-ER	3	1	-	-	-	-	3	1	-	-
F100-100	1	-	-	-	6	2	7	2	7	-
Total	**26**	**25**	**18**	**19**	**20**	**13**	**64**	**57**	**60**	**53**
VLM Airlines										
Fokker 50	13	13	-	-	4	2	17	15	15	15
Total	**13**	**13**	-	-	**4**	**2**	**17**	**15**	**15**	**15**
Total regional fleet	**71**	**71**	**32**	**32**	**48**	**37**	**151**	**140**	**140**	**133**
Transavia France										
B737-800	-	-	-	-	7	9	7	9	7	9
Total	-	-	-	-	**7**	**9**	**7**	**9**	**7**	**9**
Total Air France group	**219**	**206**	**48**	**49**	**153**	**151**	**420**	**406**	**396**	**391**

The KLM group fleet

The KLM group fleet comprises 209 aircraft of which 202 in operation after the integration of the Martinair fleet. There are firm orders for 14 aircraft and options amount to 23 units of which 11 regional aircraft.

The KLM fleet

The KLM fleet totaled 111 aircraft at September 30, 2010, all in operation, of which 61 were long-haul, four were cargo and 46 were medium-haul aircraft. Some 29% of the fleet is fully owned, 39% is under finance lease and 32% under operating lease.

During the first half, two B737-700s joined the medium-haul fleet while one Boeing B737-400 and three Boeing B737-300s were withdrawn. There were no changes in the long-haul and cargo fleets.

	Owned		Finance lease		Operating lease		Total		In operation	
Aircraft	**03/31/10**	**09/30/10**	**03/31/10**	**09/30/10**	**03/31/10**	**09/30/10**	**03/31/10**	**09/30/10**	**03/31/10**	**09/30/10**
B747-400	11	11	6	6	5	5	22	22	22	22
B777-300	-	-	4	4	-	-	4	4	4	4
B777-200	-	-	6	6	9	9	15	15	15	15
MD11	8	8	-	-	2	2	10	10	10	10
A330-200	-	-	6	6	4	4	10	10	10	10
Long-haul	**19**	**19**	**22**	**22**	**20**	**20**	**61**	**61**	**61**	**61**
B747-400	-	-	3	3	1	1	4	4	4	4
Cargo			**3**	**3**	**1**	**1**	**4**	**4**	**4**	**4**
B737-900	-	-	2	2	3	3	5	5	5	5
B737-800	1	3	12	10	8	8	21	21	21	21
B737-700	-	-	6	6	-	2	6	8	6	8
B737-400	6	6	-	-	3	2	9	8	9	8
B737-300	7	4	-	-	-	-	7	4	7	4
Medium-haul	**14**	**13**	**20**	**18**	**14**	**15**	**48**	**46**	**48**	**46**
Total	**33**	**32**	**45**	**43**	**35**	**36**	**113**	**111**	**113**	**111**

The subsidiaries' fleet

The Transavia and Martinair fleet

The Transavia Netherlands fleet comprises 31 aircraft, all in operation, of which 19% are fully owned, 26% are under finance lease and 55% under operating lease. Two Boeing B737-800s joined the fleet during the first half.

The Martinair fleet comprises 15 aircraft, of which 12 were in operation at September 30, 2010. It has four long-haul aircraft, all in operation, and 11 cargo aircraft, of which eight are operational. Some 33% of the fleet is fully owned, with 67% under operating lease.

Aircraft	Owned		Finance lease		Operating lease		Total		In operation	
	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10
Transavia Netherlands										
B737-800	2	6	5	3	12	12	19	21	19	21
B737-700	-	-	5	5	5	5	10	10	10	10
Total	**2**	**6**	**10**	**8**	**17**	**17**	**29**	**31**	**29**	**31**
Martinair										
B767-300	-	-	-	-	4	4	4	4	4	4
Long-haul	**-**	**-**	**-**	**-**	**4**	**4**	**4**	**4**	**4**	**4**
B747-400 BCF	-	-	-	-	4	4	4	4	1	1
MD-11-CF	3	3	-	-	1	1	4	4	4	4
MD-11-F	2	2	-	-	1	1	3	3	3	3
Cargo	**5**	**5**	**-**	**-**	**6**	**6**	**11**	**11**	**8**	**8**
Total	**5**	**5**	**-**	**-**	**10**	**10**	**15**	**15**	**12**	**12**
Total other fleet	**7**	**11**	**10**	**8**	**27**	**27**	**44**	**46**	**41**	**43**

The regional fleet

At September 30, 2010, the KLM Cityhopper regional subsidiary had a fleet of 52 aircraft, of which 48 were operational. This fleet is 62% fully owned, 31% under finance lease and 8% under operating lease. Over the half year, four Embraer 190s joined the fleet while four Fokker 100s and 50s were withdrawn from service.

Aircraft	Owned		Finance lease		Operating lease		Total		In operation	
	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10	03/31/10	09/30/10
KLM Cityhopper										
F100	5	5	-	-	-	-	5	5	5	5
F70	23	23	3	3	-	-	26	26	26	26
F50	4	4	-	-	-	-	4	4	-	-
EMB190	-	-	9	13	4	4	13	17	13	17
Total	**32**	**32**	**12**	**16**	**4**	**4**	**48**	**52**	**44**	**48**

Risks and risk management

Risk factors

There were no significant changes to the risks and uncertainties of the Air France-KLM group during this half year relative to the 2009-10 Reference Document filed on June 10, 2010.

Related parties

The information concerning related parties can be found in note 20 of the consolidated financial statements.

Comments on the financial statements

Consolidated results for the first half ended September 30, 2010

With the exception of the sale of part of the Amadeus holding at the time of the IPO, there were no major changes in the Air France-KLM group's consolidation scope versus that of September 30, 2009.

(In € million)	**September 30, 2010**	**September 30, 2009**	**Change (In %)**
Revenues	12,370	10,775	14.8
Income/(loss) from current operations	444	(543)	ns
Income/(loss) from operating activities	1,327	(618)	ns
Net income/(loss) from continuing operations	1,024	(573)	ns
Net income/(loss), Group share	1,026	(573)	ns
Basic earnings/(loss) per share *(In €)*	3.48	(1.95)	ns

Revenues

Consolidated revenues amounted to €12.37 billion for the period, up by 14.8% on the first half ended September 30, 2009. Under the combined effects of the recovery in air transport demand and the adaptation measures, passenger revenues increased by 13.6% to €9.49 billion and cargo revenues rose by 39.9% to €1.56 billion.

Operating expenses

Operating expenses increased by 5.4% to €11.93 billion. Excluding fuel, the increase was just 1.1%. The Group achieved €287 million of cost savings within the framework of the *Challenge 12* plan. For production measured in EASK (equivalent available seat-kilometers) down by 2.4%, unit costs per EASK increased by 7.8% and by 1.0% on a constant currency and fuel price basis. They remained stable excluding the impact related to the closure of European airspace at the beginning of the financial year.

External expenses increased by 9.8% to €7.43 billion versus €6.77 billion one year earlier. The increase was 3.4% excluding fuel.

The breakdown of operating expenses was as follows:

(In € million)	September 30, 2010	September 30, 2009	Change *(In %)*
Aircraft fuel	2,944	2,432	21.1
Chartering costs	245	252	(2.8)
Aircraft operating lease costs	416	364	14.3
Landing fees and en route charges	901	904	(0.3)
Catering	285	296	(3.7)
Handling charges and other operating costs	665	658	1.1
Aircraft maintenance costs	595	536	11.0
Commercial and distribution costs	496	437	13.5
Other external charges	884	891	(0.8)
Total	**7,431**	**6,770**	**9.8**

The main changes were as follows:

- Aircraft fuel: First half fuel expenses amounted to €2.94 billion versus €2.43 billion at September 30, 2009. The increase in the fuel bill was due to the combined effect of a 1% decline in volumes, a negative currency effect of 7% and a 14% rise in the fuel price after hedging.
- Chartering costs: Aircraft chartering costs paid within the framework of chartering aircraft capacity from other airlines fell by 2.8% to €245 million versus €252 million at September 30, 2009. This reduction in chartering costs is explained by the context of capacity reduction.
- Aircraft operating lease costs: Aircraft operating lease costs increased by 14.3% to €416 million under the dual effect of the rise in the dollar and an increase in the average size of the aircraft leased.
- Landing fees and en route charges: Landing fees and en route charges are paid by airlines for the use of airspace and airports. They remained stable at €901 million (€904 million at September 30, 2009).
- Catering: Catering costs, which relate to services supplied on board aircraft, amounted to €285 million versus €296 million at September 30, 2009, i.e. a 3.7% reduction. These expenses relate to the costs incurred by the Air France-KLM group for its own account and the expenses incurred by the Group's catering subsidiary on behalf of its third-party clients.
- Handling charges and other operating costs: Handling charges mainly cover aircraft handling on the ground, passenger handling for the Group and, for a small proportion, those incurred on behalf of third-party clients. They rose by 1.1% to €665 million, in line with activity.
- Aircraft maintenance costs: These include the maintenance of the Group's aircraft and procurement for the third-party activity. They amounted to €595 million, up by 11% versus September 30, 2009, due to a good level of activity and the appreciation in the dollar.
- Commercial and distribution costs: Commercial and distribution costs rose by 13.5% to €496 million versus €437 million at September 30, 2009. This increase was in line with the growth in passenger revenues.
- Other external charges: Other external charges principally comprise rental charges, telecommunication costs, insurance and fees. They amounted to €884 million at September 30, 2010 versus €891 million one year earlier.

Salaries and related costs amounted to €3.69 billion versus €3.72 billion at September 30, 2009, a 0.7% reduction. On a constant scope, the average headcount declined by 3.5% to 102,378 employees. This fall is explained, notably, by the implementation of the voluntary redundancy plan at Air France.

Taxes other than income taxes amounted to €90 million versus €124 million at September 30, 2009. This 27.4% reduction mostly corresponds to the classification under income taxes of the new CAVE tax on the added value of enterprises replacing the professional tax and levied in France as of January 1, 2010.

Amortization, depreciation and provisions stood at €856 million versus €846 million at September 30, 2009.

Income/(loss) from current operations

Income from current operations amounted to €444 million versus a loss of €543 million at September 30, 2009, or an improvement of €987 million over this first half.

The contribution to revenues and income from current operations by sector of activity was as follows:

	September 30, 2010		September 30, 2009	
(In € million)	Revenues	Income/(loss) from current operations	Revenues	Income/(loss) from current operations
Passenger	9,493	311	8,357	(353)
Cargo	1,560	18	1,115	(344)
Maintenance	532	81	486	68
Others	785	34	817	86
Total	**12,370**	**444**	**10,775**	**(543)**

Income/(loss) from operating activities

The main non-recurrent item was the €1.03 billion capital gain generated on the disposal of one third of the Group's holding in Amadeus which was the subject of an IPO in the Madrid stock market in April 2010 and the revaluation of the remaining shareholding (15.2%) at the IPO price.

The income from current operations also includes a €127 million adjustment in the provision relating to the fines imposed by the European Commission on Air France, KLM and Martinair in respect of anti-competitive practices in the air freight sector.

In total, **income from operating activities** reached €1.33 billion versus a loss of €618 million at September 30, 2009 which included, in particular, the impact of the €15 million negative change in the fair value of 15 Fokker 100s as well as a €49 million provision relating to the indemnities due on two cargo aircraft that were withdrawn from operation.

Net cost of financial debt

The net cost of financial debt amounted to €189 million versus €126 million at September 30, 2009 given an increase in the cost of gross debt and a reduction in financial income mainly reflecting lower interest rates and the fall in the yield on investments.

Other financial income and expenses

Net financial expenses amounted to €72 million versus €51 million at September 30, 2009 with the breakdown as follows.

- a €54 million foreign exchange loss;
- a €26 million negative change in the fair value of financial assets and liabilities. This loss was mainly due to the change in the inefficient portion of foreign exchange derivatives;
- €8 million of provision write-backs.

Net income/(loss), Group share

The **income tax charge** amounted to €10 million versus a €241 million gain at September 30, 2009, giving an effective tax rate of 0.8% versus 30.3% in the previous half year. The low effective tax rate at September 30, 2010 is notably explained by the virtual exoneration from tax of the capital gain relating to the Amadeus transaction.

The **share of profits/(losses) of associates** amounted to a €32 million negative at September 30, 2010 (versus a negative €19 million at September 30, 2009). This mostly comprised the €35 million share of Alitalia group losses for the January-June 2010 half year, the equity accounting taking place with a lag of a quarter.

Net income, Group share stood at €1.03 billion at September 30, 2010 versus a loss of €573 million at September 30, 2009.

The contributions to net income by quarter were, respectively, €736 million at June 30, 2010 and €290 million at September 30, 2010.

Basic earnings per share amounted to €3.48 at September 30, 2010 versus a loss per share of €1.95 at September 30, 2009.

Investments and financing of the Group

The Air France-KLM group's net capital expenditure on tangible and intangible assets amounted to €696 million during the first half versus €572 million at September 30, 2009. Net investment in the fleet amounted to €263 million, ground investment to €143 million, spare parts to €92 million and capitalized maintenance costs to €198 million.

Operating cash flow amounted to €708 million versus a negative €745 million at September 30, 2009. This improvement came from:

- Firstly, an €869 million improvement in cash flow from operations to €842 million at September 30, 2010;
- Secondly, the change in working capital which moved from €(718) million at September 30, 2010 to €(134) million at September 30, 2010. €184 million of this change was attributable to the early unwinding of fuel and currency hedges, €160 million to debts vis-à-vis the French State, €95 million to debt on social contributions and €32 million to the frequent flyer programs.

At the closing date, the net cash position stood at €4.1 billion. Furthermore, the Group still had available credit facilities totaling €1.35 billion at September 30, 2010 after the reimbursement, by the Air France-KLM holding company, of a €250 million credit line in September 2010.

Stockholders' equity amounted to €6.64 billion, a €1.22 billion improvement on the level at March 31, 2010 under the combined effect of the net income for the first half and the revaluation of the Group's holding in Amadeus. Net financial debt stood at €6.10 billion (€6.22 billion at March 31, 2010). The gearing ratio improved to 0.92 and 0.88 excluding derivative instruments (1.15 and 1.08, respectively, at March 31, 2010).

Air France-KLM parent company results

As a holding company, Air France-KLM has no operating activity. Its revenues comprise royalties paid by the two operating subsidiaries for use of the Air France-KLM logo and its expenses essentially comprise financial communication costs, statutory auditors' fees, the remuneration of corporate officers and the financial expenses corresponding to the bonds issued in 2009 and the credit facility drawn down until September 2010. In total, operating income amounted to a €1 million positive. The net result was a €37 million loss taking into account the financial expenses linked to the bond issues.

Key performance ratios

Adjusted operating margin

In accordance with generally accepted practice for the financial analysis of the air transport sector, operating leases are capitalized at seven times for the capital employed and gearing ratio calculations. Consequently, income from current operations is adjusted by the portion of operating leases considered to be financial charges, i.e. 34% of operating leases, the percentage resulting from the capitalization rate of the operating leases. The result is an adjusted operating margin which, by eliminating the accounting impact of different methods of aircraft financing, makes it easier to compare the profitability of the different airlines.

(In € million)	**At September 30, 2010**	**At September 30, 2009**
Income/(loss) from current operations	444	(543)
Portion of operating leases considered to be financial charges	141	124
Adjusted income/(loss) from current operations	585	(419)
Revenues	12,370	10,775
Adjusted operating margin	4.7%	(3.9)%

Gearing ratio

The gearing ratio expresses net debt as a percentage of stockholders' equity. Net debt is the result of deducting cash (cash and cash equivalents plus investments less bank current accounts) from short and long-term debt.

(In € million)	At September 30, 2010	At March 31, 2010
Current and non-current financial debt	10,764	11,047
Accrued interest	(143)	(115)
Deposits on leased aircraft	(481)	(471)
Debt currency and hedging instruments	44	39
Gross financial debt	**10,184**	**10,500**
Cash and cash equivalents	3,588	3,751
Investments over three months	421	343
Triple A deposits	232	298
Bank current accounts	(154)	(116)
Cash	**4,087**	**4,276**
Net debt	**6,097**	**6,224**
Consolidated stockholders' equity	6,638	5,418
Net debt/consolidated stockholders' equity	**0.92**	**1.15**
Net debt/consolidated stockholders' equity excluding fair value of hedging instruments	**0.88**	**1.08**

Restated net income

The Group provides a restated net income figure when:

- a high level of fuel price volatility impacts the value of the fuel hedging portfolio: this impact was particularly significant within the framework of the fuel hedging strategy applied prior to 2009;
- non-recurrent transactions are significant relative to the net result.

(In € million)	At September 30, 2010	At September 30, 2009
Net income/(loss), Group share	1,026	(573)
Income taxes	10	(241)
Net income/(loss), Group share before income tax	1,036	(814)
Non-recurrent items*	(883)	75
Non-cash portion of the change in fair value of hedging instruments**	(14)	(14)
Restated net income/(loss), Group share before income tax	139	(753)
Tax impact	(35)	244
Restated net income/(loss)	104	(509)

* *Non-recurrent items: income and expenses accounted between income/(loss) from current operations and income/(loss) from operating activities.*
** *See consolidated statements of cash flow.*

Unaudited interim condensed consolidated financial statements
April 1, 2010 – September 30, 2010

Consolidated income statement (unaudited)

Period from April 1 to September 30, *(In € million)*	Notes	2010	2009
Sales	***4***	***12,370***	***10,775***
Other revenues		5	3
Revenues		***12,375***	***10,778***
External expenses	5	(7,431)	(6,770)
Salaries and related costs	6	(3,690)	(3,715)
Taxes other than income taxes		(90)	(124)
Amortization and depreciation	7	(812)	(833)
Provisions	7	(44)	(13)
Other income and expenses	8	136	134
Income from current operations		***444***	***(543)***
Sales of aircraft equipment		6	2
Other non-current income and expenses	9	877	(77)
Income from operating activities		***1,327***	***(618)***
Cost of financial debt	10	(231)	(186)
Income from cash and cash equivalents	10	42	60
Net cost of financial debt		***(189)***	***(126)***
Other financial income and expenses	10	(72)	(51)
Income before tax		***1,066***	***(795)***
Income taxes	11	(10)	241
Net income of consolidated companies		***1,056***	***(554)***
Share of profits (losses) of associates	12	(32)	(19)
Net income from continuing operations		***1,024***	***(573)***
Net income for the period **- Group** - Minority interest		**1,024** **1,026** (2)	**(573)** **(573)** -
Earnings per share – Group *(In €)*			
- basic	13	3.48	(1.95)
- diluted	13	2.81	(1.95)

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of recognized income and expenses (unaudited)

(In € million)	**September 30, 2010**	**September 30, 2009**
Net income for the period	***1,024***	***(573)***
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	174	6
Change in fair value transferred to profit or loss	-	-
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	(117)	726
Change in fair value transferred to profit or loss	149	452
Items of the recognized income and expenses of equity shares	***(8)***	***10***
Currency translation adjustment	***(4)***	***(3)***
Tax on items taken directly to or transferred from equity		
Income/(expense) recognized directly in equity	(16)	(360)
Total of other comprehensive income included in the recognized income and expenses	**178**	**831**
Recognized income and expenses	***1,202***	***258***
- Group	***1,204***	***255***
- Minority interest	(2)	3

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated balance sheet (unaudited)

Assets *(In € million)*	**Notes**	**September 30, 2010**	**March 31, 2010**
Goodwill		401	401
Intangible assets		644	612
Flight equipment	14	11,347	11,349
Other property, plant and equipment	14	2,174	2,252
Investments in equity associates		407	446
Pension assets		2,873	2,733
Other financial assets *(including €573 million of deposits related to financial leases as of September 30, 2010 and €630 million as of March 31, 2010)*	9	1,733	840
Deferred tax assets		947	942
Other non-current assets		136	180
Total non-current assets		***20,662***	***19,755***
Assets held for sale		37	93
Other short term financial assets *(including €561 million of deposits related to financial leases and investments between 3 months and 1 year as of September 30, 2010 and €482 million as of March 31, 2010)*		588	517
Inventories		566	537
Trade accounts receivable		2,344	2,142
Income tax receivables		1	1
Other current assets		840	979
Cash and cash equivalents		3,588	3,751
Total current assets		***7,964***	***8,020***
Total assets		**28,626**	**27,775**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated balance sheet (unaudited) (continued)

Liabilities and equity *(In € million)*	**Notes**	**September 30, 2010**	**March 31, 2010**
Issued capital	15.1	300	2,552
Additional paid-in capital		2,971	719
Treasury shares		(98)	(106)
Reserves and retained earnings	15.2	3,414	2,198
Equity attributable to equity holders of Air France-KLM		***6,587***	***5,363***
Minority interest		51	55
Total Equity		***6,638***	***5,418***
Provisions and retirement benefits	16	1,516	1,432
Long-term debt	17	9,163	9,222
Deferred tax		436	418
Other non-current liabilities		552	818
Total non-current liabilities		***11,667***	***11,890***
Liability related to assets held for sale		5	10
Provisions	16	714	696
Current portion of long-term debt	17	1,601	1,825
Trade accounts payable		2,241	2,032
Deferred revenue on ticket sales		2,125	2,340
Frequent flyer programs		821	840
Current tax liabilities		9	11
Other current liabilities		2,651	2,597
Bank overdrafts		154	116
Total current liabilities		***10,321***	***10,467***
Total liabilities		**21,988**	**22,357**
Total liabilities and equity		**28,626**	**27,775**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of changes in stockholders' equity (unaudited)

(In € million)	Number of shares	Issued capital	Additional paid-in capital	Treasury shares	Reserves and retained earnings	Equity attributable to holders of Air France-KLM	Minority interest	Total equity
March 31, 2009	**300,219,278**	**2,552**	**765**	**(124)**	**2,429**	**5,622**	**54**	**5,676**
Fair value adjustment on available for sale securities	-	-	-	-	6	6	-	6
Gain/(loss) on cash flow hedges	-	-	-	-	825	825	3	828
Currency translation adjustment	-	-	-	-	(3)	(3)	-	(3)
Net income for the period	-	-	-	-	(573)	(573)	-	(573)
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**255**	**255**	**3**	**258**
Stock based compensation (ESA) and stock options	-	-	-	-	14	14	-	14
Dividends paid				-	-	-	(1)	(1)
OCEANE	-	-	-	-	69	69	-	69
Treasury shares	-	-	-	14	-	14	-	14
September 30, 2009	**300,219,278**	**2,552**	**765**	**(110)**	**2,767**	**5,974**	**56**	**6,030**
March 31, 2010	**300,219,278**	**2,552**	**719**	**(106)**	**2,198**	**5,363**	**55**	**5,418**
Fair value adjustment on available for sale securities	-	-	-	-	171	171	-	171
Gain/(loss) on cash flow hedges	-	-	-	-	11	11	-	11
Currency translation adjustment	-	-	-	-	(4)	(4)	-	(4)
Net income for the period	-	-	-	-	1,026	1,026	(2)	1,024
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**1,204**	**1,204**	**(2)**	**1,202**
Stock based compensation (ESA) and stock options	-	-	-	-	12	12	-	12
Dividends paid	-	-	-	-	-	-	(2)	(2)
Capital decrease	-	(2,252)	2,252	-	-	-	-	-
Treasury shares	-	-	-	8	-	8	-	8
September 30, 2010	**300,219,278**	**300**	**2,971**	**(98)**	**3,414**	**6,587**	**51**	**6,638**

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Consolidated statement of cash flows (unaudited)

Period from April 1 to September 30, *(In € million)*	**Notes**	**2010**	**2009**
Net income for the period – Group		1,026	(573)
Minority interest		(2)	-
Amortization, depreciation and operating provisions		856	846
Financial provisions		(8)	7
Gain on disposals of tangible and intangible assets		(8)	-
Loss/(gain) on disposals of subsidiaries and associates		-	(1)
Gain on WAM (ex Amadeus) operation	9	(1,030)	-
Derivatives – non monetary results		(14)	(14)
Unrealized foreign exchange gains and losses, net		61	(48)
Share of (profits) losses of associates		32	19
Deferred taxes		(4)	(239)
Other non-monetary items		(67)	(24)
Subtotal		**842**	**(27)**
(Increase)/decrease in inventories		(23)	(62)
(Increase)/decrease in trade receivables		(229)	(106)
Increase/(decrease) in trade payables		253	63
Change in other receivables and payables		(135)	(613)
Net cash flow from operating activities		***708***	***(745)***
Acquisitions of subsidiaries and investments in associates, net of cash acquired		(9)	(15)
Purchase of property, plant and equipment and intangible assets		(1,128)	(1,095)
Proceeds on WAM (ex Amadeus) transaction	9	193	-
Proceeds on disposal of subsidiaries and investments in associates		10	-
Proceeds on disposal of property, plant and equipment and intangible assets		432	523
Dividends received		6	3
Decrease (increase) in investments, net between 3 months and 1 year		(76)	241
Net cash used in investing activities		***(572)***	***(343)***
Issuance of long-term debt		297	1,449
Repayments on long-term debt		(435)	(110)
Payment of debt resulting from finance lease liabilities		(258)	(234)
New loans		(43)	(31)
Repayments on loans		107	54
Dividends paid		(2)	(1)
Net cash flow from financing activities		***(334)***	***1,127***
Effect of exchange rate on cash and cash equivalents and bank overdrafts		***(3)***	***(4)***
Change in cash and cash equivalents and bank overdrafts		***(201)***	***35***

Period from April 1 to September 30, *(In € million)*	**Notes**	**2010**	**2009**
Cash and cash equivalents and bank overdrafts at beginning of period		*3,635*	*3,466*
Cash and cash equivalents and bank overdrafts at end of period		*3,434*	*3,501*
Income tax paid (flow included in operating activities)		*(16)*	*5*
Interest paid (flow included in operating activities)		*(194)*	*(167)*
Interest received (flow included in operating activities)		*20*	*49*

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Notes to the unaudited interim condensed consolidated financial statements

April 1, 2010 – September 30, 2010

Note 1 Business description

As used herein, the term "Air France-KLM" refers to Air France-KLM SA, a limited liability company organized under French law excluding its consolidated subsidiaries.

The Group is headquartered in France and is one of the largest airlines in the world. The Group's core business is passenger transportation. The Group's activities also include cargo, aeronautics maintenance and other air-transport related activities, including principally catering and charter services.

The limited company Air France-KLM SA, domiciled at 2 rue Robert Esnault-Pelterie 75007 Paris – France, is the parent company of the Air France-KLM group. Air France-KLM is listed for trading in Paris (Euronext), Amsterdam (Euronext).

The Group's functional currency is the euro.

Note 2 Significant events of the year

On April 29, 2010, the company WAM was the subject of an Initial Purchase Offer (IPO) on the Spanish stock exchange. This operation was executed in two stages:

1. A capital increase reserved to the market, which the Group did not subscribe to;
2. The concomitant sale of a part of the shares held by the Group.

After the operation, the Group's holding has decreased from 22% to 15%. At the same time, the governance of WAM has been changed. These two items involved the loss of significant influence for the Group as well as a change in the valuation method of the shares held. The impact of this transaction on the Group financial accounts is described in Note 9.

In April 2010, the European air space was closed or strongly disturbed because of a volcanic eruption in Iceland.

Note 3 Accounting policies

3.1. Accounting principles

Accounting principles used for the interim condensed consolidated financial statements

Pursuant to the European Regulation 1606/2002 of July 19, 2002, the consolidated financial statements of the Air France-KLM group have been established in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Commission at the date of these consolidated financial statements drawing up.

The interim condensed consolidated financial statements as of September 30, 2010 are prepared in accordance with the IFRS, as adopted by the European Union at the date of the preparation of these condensed consolidated financial statements, and are presented according to IAS 34 "Interim financial reporting". They must be read in connection with the annual consolidated financial statements for the year ended March 31, 2010.

The interim condensed consolidated financial statements as of September 30, 2010 are prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2009-10 but with the exception of the standards and interpretations adopted by the European Union applicable for the Group started April 1, 2010.

The condensed consolidated financial statements were approved by the Board of Directors on November 17, 2010.

Change in accounting principles

The revised standards IFRS 3 "Business Combination" and IAS 27 "Individual and Consolidated Financial Statements" are applied since April 1, 2010.

This change in the accounting rules involves the modification of the section 3.3.2. "Interest in associates and joint-ventures" of the consolidated financial statements for the year ended March 31, 2010 as follows:

The investments in which the Group has ceased to exercise significant influence or joint control are no longer consolidated and are valued at their fair value on the date of withdrawal from the consolidation scope.

The use of this new accounting rule about the loss of significant influence occurring during the period and also the impact associated to are detailed in the Note 9.

3.2. Preparation of unaudited interim consolidated financial statements

Seasonality of the activity

Revenues and income from current operations are characterized by their seasonal nature related to a high level of activity during the first half of the fiscal year. This phenomenon varies in magnitude depending on the year. In accordance with IFRS, revenues and the related expenses are recognized over the period in which they are realized and incurred respectively.

Income taxes

For the interim financial statements, the tax charge (current and deferred) is calculated by applying to the income before tax for the period the estimated annual average tax rate for the current year for each entity or tax group.

3.3. Use of estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses. The significant areas of estimations described in Note 3 of the March 31, 2010 consolidated financial statements, concerned:

- revenue recognition related to deferred revenue on ticket sales;
- tangible and intangible assets;
- financial assets;
- deferred tax assets;
- *Flying Blue* frequent flyer program;
- provisions.

The Group's management makes these estimates and assessments continuously on the basis of its past experience and various other factors considered to be reasonable.

Then, consolidated accounts of the six-month period have been closed taking into account the economical and financial crisis and the high volatilities of markets. Concerning the long-term assets valuation, i.e. the long-term assets, assumption has in particular been taken that the crisis would have a limited duration.

Actual results could differ from these estimates depending on changes in the assumptions used or different conditions.

Note 4 Information by activity and geographical area

Information by business segments

The Group is organized with the following segments:

Passenger: Passenger operating revenues primarily come from passenger transportation services on scheduled flights with the Group's airline code, including flights operated by other airlines under code-sharing agreements. They also include commissions paid by SkyTeam alliance partners, code-sharing revenues, revenues from excess baggage and airport services supplied by the Group to third party airlines and services linked to IT systems.

Cargo: Cargo operating revenues come from freight transport on flights under the companies' codes, including flights operated by other partner airlines under code-sharing agreements. Other cargo revenues are derived principally from sales of cargo capacity to third parties.

Maintenance: Maintenance operating revenues are generated through maintenance services provided to other airlines and customers globally.

Other: The revenues from this segment come primarily from catering supplied by the Group to third-party airlines and to charter flights operated primarily by Transavia.

Business segments' results are those that are either directly attributable or that can be allocated on a reasonable basis to these business segments. Amounts allocated to business segments correspond to the income from current operations. Other elements of the income statement are presented in the "non allocated" column.

Information by geographical segments
Group activities are broken down into six geographical regions:

- Metropolitan France;
- Europe except France and North Africa;
- Caribbean, French Guiana and Indian Ocean;
- Africa, Middle East;
- Americas, Polynesia;
- Asia and New Caledonia.

Only segment revenues are allocated by geographical sales area.

4.1. Information by business segment

Six month period ended September 30, 2010

(In € million)	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	10,027	1,568	1,553	1,087	-	14,235
Intersegment sales	(534)	(8)	(1,021)	(302)	-	(1,865)
External sales	***9,493***	***1,560***	***532***	***785***	***-***	***12,370***
Income from current operations	***311***	***18***	***81***	***34***	***-***	***444***
Income from operating activities	311	18	81	34	883	1,327
Share of profits (losses) of associates	-	-	-	-	(32)	(32)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(261)	(261)
Income taxes	-	-	-	-	(10)	(10)
Net income from continuing operations	***311***	***18***	***81***	***34***	***580***	***1,024***

Six month period ended September 30, 2009

(In € million)	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	8,795	1,122	1,488	1,135	-	12,540
Intersegment sales	(438)	(7)	(1,002)	(318)	-	(1,765)
External sales	***8,357***	***1,115***	***486***	***817***	***-***	***10,775***
Income from current operations	***(353)***	***(344)***	***68***	***86***	***-***	***(543)***
Income from operating activities	(353)	(344)	68	86	(75)	(618)
Share of profits (losses) of associates	-	-	-	-	(19)	(19)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(177)	(177)
Income taxes	-	-	-	-	241	241
Net income from continuing operations	***(353)***	***(344)***	***68***	***86***	***(30)***	***(573)***

4.2. Information by geographical area

Sales by geographical area

➤ Six month period ended September 30, 2010

(In € million)	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2,750	2,868	196	664	1,694	889	9,061
Other passenger sales	173	146	6	33	35	39	432
Total passenger	**2,923**	**3,014**	**202**	**697**	**1,729**	**928**	**9,493**
Scheduled cargo	152	494	13	123	252	441	1,475
Other cargo sales	27	16	2	4	19	17	85
Total cargo	**179**	**510**	**15**	**127**	**271**	**458**	**1,560**
Maintenance	304	207	-	-	21	-	532
Others	214	548	11	12	-	-	785
Total	**3,620**	**4,279**	**228**	**836**	**2,021**	**1,386**	**12,370**

➤ Six month period ended September 30, 2009

(In € million)	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	2,644	2,560	192	577	1,320	659	7,952
Other passenger sales	154	144	5	31	27	44	405
Total passenger	**2,798**	**2,704**	**197**	**608**	**1,347**	**703**	**8,357**
Scheduled cargo	137	337	14	98	181	284	1,051
Other cargo sales	20	9	2	5	15	13	64
Total cargo	**157**	**346**	**16**	**103**	**196**	**297**	**1,115**
Maintenance	293	172	-	-	21	-	486
Others	202	590	12	13	-	-	817
Total	**3,450**	**3,812**	**225**	**724**	**1,564**	**1,000**	**10,775**

Traffic sales by geographical area of destination

➤ Six month period ended September 30, 2010

(In € million)	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	973	2,217	575	1,333	2,405	1,558	9,061
Scheduled cargo	3	23	72	295	535	547	1,475
Total	**976**	**2,240**	**647**	**1,628**	**2,940**	**2,105**	**10,536**

➤ Six month period ended September 30, 2009

(In € million)	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	978	2,128	566	1,202	1,901	1,177	7,952
Scheduled cargo	3	26	77	216	352	377	1,051
Total	**981**	**2,154**	**643**	**1,418**	**2,253**	**1,554**	**9,003**

Note 5 External expenses

Six month period ended September 30, *(In € million)*	2010	2009
Aircraft fuel	2,944	2,432
Chartering costs	245	252
Aircraft operating lease costs	416	364
Landing fees and en route charges	901	904
Catering	285	296
Handling charges and other operating costs	665	658
Maintenance costs	595	536
Commercial and distribution costs	496	437
Other external expenses	884	891
Total	**7,431**	**6,770**
Excluding aircraft fuel	*4,487*	*4,338*

"Other external expenses" correspond mainly to rent and insurance costs.

Note 6 Salaries and number of employees

➤ Salaries and related costs

Six month period ended September 30, *(In € million)*	2010	2009
Wages and salaries	2,721	2,712
Social contributions	886	877
Net periodic pension cost	99	157
Expenses related to share-based compensation	12	14
Other expenses	(28)	(45)
Total	**3,690**	**3,715**

The "other expenses" comprise the capitalization of salaries costs on the aircraft and engine overhaul.

➤ Average number of employees

Six month period ended September 30,	2010	2009
Flight deck crew	8,716	8,924
Cabin crew	22,648	22,917
Ground staff	71,097	74,281
Total	**102,461**	**106,122**

Note 7 Amortization, depreciation and provisions

Six month period ended September 30, *(In € million)*	2010	2009
Amortization and depreciation		
Intangible assets	27	27
Flight equipment	643	662
Other property, plant and equipment	142	144
	812	**833**
Provisions		
Inventories	9	5
Trade receivables	1	4
Risks and contingencies	34	4
	44	**13**
Total	**856**	**846**

Note 8 Other income and expenses

Six month period ended September 30, *(In € million)*	2010	2009
Joint operation of routes	2	37
Operations-related currency hedges	113	100
Other	21	(3)
Total	**136**	**134**

Note 9 Other non-current income and expenses

Six month period ended September 30, *(In € million)*	2010	2009
WAM (ex Amadeus) operation	1,030	-
Other	(153)	(77)
Other non-current income and expenses	**877**	**(77)**

Six month period ended September 30, 2010

On April 29, 2010, the company WAM was the subject of an Initial Purchase Offer (IPO) on the Spanish stock exchange. This operation was executed in two stages:

1. A capital increase reserved to the market, which the Group did not subscribe to.
2. The concomitant sale of a part of the shares held by the Group.

After the operation, the Group's holding has decreased from 22% to 15%. At the same time, the governance of WAM has been changed. These two items involved the loss of significant influence for the Group as well as a change in the valuation method of the shares held.

As a consequence, according to IFRS, since April 29, 2010, date of the IPO, shares held by the Group are valued at their market value (market price).

The global profit recorded in the income statement for an amount of €1,030 million is analyzed as follows:

- gain on disposal of shares: €280 million, including €193 million of cash received;
- valuation of shares held by the Group: €750 million.

After this operation, shares of WAM held by the Group have been reclassified in "assets available for sales" (in "other financial assets non current"). The value of shares is updated at each closing period according to the stock exchange rate. The counterpart of this revaluation is recorded in the other comprehensive income.

The line "Others" mainly comprises the complementary allowance of €127 million related to the fines imposed by the European Commission to the Air France, KLM and Martinair entities with respect to anti competitive agreements in the air freight industry (cf. Note 16) as well as a complementary provision of €15 million related to the Air France voluntary redundancy plan which was extended.

Six month period ended September 30, 2009

The "other" line includes the impact of the fair value adjustments of 15 Fokker 100 for an amount of €(15) million and a provision of €49 million corresponding to the indemnities to be paid for two cargo aircraft that will not be used anymore.

Note 10 Net cost of financial debt and other financial income and expenses

(In € million) **Six month period ended September 30,**	**2010**	**2009**
Income from marketable securities	6	8
Other financial income	36	52
Income from cash and cash equivalents	***42***	***60***
Loan interests	(148)	(123)
Lease interests	(48)	(61)
Capitalized interests and other non monetary items	(35)	(2)
Cost of financial debt	***(231)***	***(186)***
Net cost of financial debt	***(189)***	***(126)***
Foreign exchange gains (losses), net	(54)	56
Change in fair value of financial assets and liabilities	(26)	(99)
Net (charge) release to provisions	8	(7)
Other	-	(1)
Other financial income and expenses	***(72)***	***(51)***

The interest rate used in the calculation of capitalized interest is 3.71% for the six month period ended September 30, 2010 (4.19% for the six month period ended September 30, 2009).

The change in fair value of financial assets and liabilities recorded as of September 30, 2009 comes mainly from the variation of the ineffectiveness of fuel derivatives.

Note 11 Income taxes

11.1. Income tax charge

(In € million) **Six month period ended September 30,**	**2010**	**2009**
Current tax (expense)/benefit	***(14)***	***2***
Charge for the period	(14)	1
Adjustment of previous current tax charges	-	1
Deferred tax income/(expense) from continuing operations	***4***	***239***
Change in temporary differences	(138)	(171)
CVAE impact	3	-
(Use)/recognition of tax loss carryforwards	139	410
Income tax (expense)/income from continuing operations	***(10)***	***241***

The current tax charge relates to the amounts paid or payable in the short term to the tax authorities in respect to the financial period, in accordance with the regulations prevailing in various countries and any applicable treaties.

11.2. Deferred tax recorded directly in equity

Deferred tax directly recorded in equity amounts to a loss of €16 million as of September 30, 2010 against a loss of €396 million for the period ended September 30, 2009.

For the six month period ended September 30, 2010, these deferred taxes related to the accounting of cash flow hedges.

For the six month period ended September 30, 2009, these deferred taxes relate to the accounting of cash flow hedges for €360 million and to the accounting of the optional part of the OCEANE issued in June 2009 for €36 million.

Note 12 Share of profits (losses) of associates

Six month period ended September 30, 2010

The "share of profits (losses) of associates" includes mainly the part of the loss amounting to €35 million of Alitalia group. It corresponds to the activity from January 1 to June 30, 2010, its annual closing date being December 31.

Six month period ended September 30, 2009

The "share of profits (losses) of associates" included mainly the part of the loss amounting to €16 million of Alitalia group. It corresponded to the activity from April 1 to June 30, 2009, the company being including in the scope since March 31, 2009 and its annual closing date being December 31.

Note 13 Earnings per share

➤ Reconciliation of income used to calculate earnings per share

(In € million) **Six month period ended September 30,**	**2010**	**2009**
Income for the period – Group share	***1,026***	***(573)***
Dividends to be paid to priority shares	-	-
Income for the period – Group share (used to calculate basic earnings per share)	***1,026***	***(573)***
Impact of potential ordinary shares:		
♦ interest paid on convertible bonds (net of tax)	22	-
Income for the period – Group share (used to calculate diluted earnings per share)	***1,048***	***(573)***

➤ Reconciliation of the number of shares used to calculate earnings per share

Six month period ended September 30,	2010	2009
Weighted average number of:		
♦ Ordinary shares issued	300,219,278	300,219,278
♦ Treasury stock held regarding stock option plan	(1,438,337)	(1,780,782)
♦ Treasury stock held for the share buyback plan	(1,172,666)	(1,179,249)
♦ Other treasury stock	(2,961,608)	(2,968,203)
Number of shares used to calculate basic earnings per share	***294,646,667***	***294,291,044***
Weighted average number of ordinary shares:		
♦ Conversion of convertible bonds	78,618,766	-
♦ Exercise of stock options	-	-
Number of potential ordinary shares	***78,618,766***	***-***
Number of ordinary and potential ordinary shares used to calculate diluted earnings per share	***373,265,433***	***294,291,044***

Note 14 Tangible assets

	As of September 30, 2010			As of March 31, 2010		
(In € million)	Gross value	Depreciation	Net Value	Gross value	Depreciation	Net Value
Owned aircraft	10,584	4,803	5,781	10,348	4,510	5,838
Leased aircraft	4,730	1,296	3,434	4,653	1,176	3,477
Assets in progress	964	-	964	913	-	913
Other	2,020	852	1,168	1,936	815	1,121
Flight equipment	***18,298***	***6,951***	***11,347***	***17,850***	***6,501***	***11,349***
Land and buildings	2,619	1,266	1,353	2,576	1,201	1,375
Equipment and machinery	1,265	770	495	1,206	730	476
Assets in progress	50	-	50	122	-	122
Other	915	639	276	915	636	279
Other tangible assets	***4,849***	***2,675***	***2,174***	***4,819***	***2,567***	***2,252***
Total	**23,147**	**9,626**	**13,521**	**22,669**	**9,068**	**13,601**

The net value of tangible assets financed under capital lease amounts to €3,802 million as of September 30, 2010 and €3,820 million as of March 31, 2010.

Note 15 Equity attributable to equity holders of Air France-KLM SA

15.1. Breakdown of stock and voting rights

As of September 30, 2010, the issued capital of Air France-KLM comprised 300,219,278 fully paid-up shares whose nominal value amounts to €1. Each share is entitled to one vote.

The breakdown of stock and voting rights is as follows:

	As of September 30, 2010		As of March 31, 2010	
	Capital	Voting rights	Capital	Voting rights
French State	16%	16%	16%	16%
Employees and former employees	11%	11%	12%	12%
Treasury shares	2%	-	2%	-
Other	71%	73%	70%	72%
Total	**100%**	**100%**	**100%**	**100%**

The item "Employees and former employees" includes shares held by employees and former employees identified in funds or by a Sicovam code.

15.2. Reserves and retained earnings

(In € million)	As of September 30, 2010	As of March 31, 2010
Legal reserve	70	70
Distributable reserve	1,032	1,064
Derivatives and available for sale securities reserves	(136)	(318)
Other reserves	1,422	2,941
Net income (loss) – Group share	1,026	(1,559)
Total	**3,414**	**2,198**

Note 16 Provisions and retirement benefits

(In € million)	As of September 30, 2010			As of March 31, 2010		
	Non current	Current	Total	Non current	Current	Total
Retirement benefits	955	-	955	919	-	919
Restitution of aircraft	392	145	537	345	171	516
Restructuring	1	182	183	1	194	195
Litigation	36	376	412	38	321	359
Other	132	11	143	129	10	139
Total	**1,516**	**714**	**2,230**	**1,432**	**696**	**2,128**

Provision for litigation with third parties

An assessment of litigation risks with third parties was carried out with the Group's attorneys and provisions have been recorded whenever circumstances rendered it necessary.

Provisions for litigation with third parties also include provisions for tax risks. Such provisions are set up when the Group considers that the tax authorities could challenge a tax position adopted by the Group or one of its subsidiaries.

In the normal course of its activities, Air France-KLM group and its subsidiaries Air France and KLM (and their subsidiaries) are involved in litigations some of which may be significant.

Litigations concerning anti-trust laws

a) In the air-freight industry

a.1) Investigation of the anti-trust authorities

Air France, KLM and Martinair, a wholly-owned subsidiary of KLM since January 1, 2009, have been involved, since February 2006, with twenty-five other airlines in investigations initiated by the anti-trust authorities in several countries, with respect to allegations of anti-competitive agreements or concerted action in the air-freight industry.

The proceedings initiated in the United-States, Australia and Canada resulted, during financial year 2008-09, in Plea Agreements made by Air France, KLM and Martinair with the appropriate agencies, and the payment of fines putting an end to those proceedings.

In Europe, the European Commission has announced on November 9, 2010 its decision to impose fines on 14 airlines including Air France, KLM and Martinair related to anti-competition practices – mainly concerning fuel surcharges. The commission imposed an overall fine of €340 million on the Group companies of Air France-KLM.

This fine exceeds by €127 million the provisions already made by the Group in its accounts. Consequently, an additional "non current expense" has been recorded in the first semester 2010-11.

As the Group's parent, Air France-KLM has been considered by the European Commission as being jointly and severally liable for unlawful practices of which the Group companies were found guilty.

Upon receipt of the full decision, the Group companies will take appropriate action including a possible appeal before the General Court of the European Union.

In South Korea, the Korean antitrust authority (KFTC) announced on May 27, 2010 that it had decided to impose fines on twenty airlines in connection with anti-competitive practices concerning fuel surcharges. The KFTC imposed a total fine of €11.2 million on Air France-KLM (for anti-competitive practices prior to September 2004), Air France (for anti-competitive practices following September 2004) and KLM.

Upon receipt of the decision, the Group companies will analyze the merits of the decision and possibly file an appeal before the competent Court.

These fines will have no financial impact, given the amount of provisions made by the Group.

Procedures in Switzerland, Brazil and South Africa are also still under way as of September 30, 2010. They have not been provided against, as the Group is unable, in the current state of the proceedings, to evaluate its exposure. Having regard to the revenues involved, these risks are not individually significant.

a.2) Civil suits

Pursuant to the initiation in February 2006 of the various competition authorities' investigations, class actions were brought by forwarding agents and air-freight shippers in the United States and Canada against Air France, KLM and Martinair, and the other freight carriers.

In the USA, the Group concluded a settlement agreement with the representatives of the class action in July 2010. The Settlement Agreement, under which the Group has accepted to pay US$87 million, brings to a close all claims, lawsuits and legal proceedings in the past, present or future by plaintiffs seeking to obtain financial compensation from the Air France-KLM group for unlawful practices in freight transportation to, from or within the US. The terms of the Settlement Agreement have been preliminarily approved by the Eastern District Court of New York.

The Settlement has no impact on the Group's results, given the provisions already made to cover this risk.

As of this date, the Group remains exposed in class actions brought in Canada.

In the Netherlands, KLM, Martinair have been summoned to appear before the District Court of Amsterdam in a civil suit brought by a company named Equilib which states that it has purchased claims from seventy purchasers of airfreight services who have allegedly suffered losses as a result of an antitrust infringement in the European market between 2000 and 2006.

Equilib seeks to obtain a declaratory judgment confirming that the Group companies have been guilty of unlawful conduct and are jointly and severally liable, along with other carriers, for the losses suffered by the airfreight purchasers. Equilib currently estimates its claims at €400 million but does not substantiate that figure. Air France has been named in the writ of summons, but has not received service of the writ as of the date of November 17, 2010. The Group companies will firmly resist this claim which raises several legal issues.

No provisions with respect to this civil suit have been made by the Group given the early stage of the proceedings.

b) In the air transport industry (passengers)

b.1) Investigation of the European Commission of the air transport industry (passengers) between Europe and Japan

Air France and KLM, like other air carriers, were subjected on March 11, 2008 to searches and seizures in connection with an investigation by the European Commission of possible anti-competitive agreements or concerted practices in the area of air transport services (passengers) between the States parties to the agreement on the European Economic Area and Japan.

On February 13, 2009, Air France and KLM replied to a questionnaire from the Commission pointing out the background of air traffic relations between France and the Netherlands, on the one hand, and Japan on the other hand. These relations are governed by bilateral agreements requiring the approval of fares by the civil aviation authorities in the States concerned after agreement among the air carriers designated pursuant to such agreements.

A second questionnaire was sent to the Group by the European Commission on October 1, 2009. To date, the Group is unable to state an opinion regarding the action that will be taken in connection with such enquiries by the European Commission.

b.2) Civil actions

During 2009, Air Fance and KLM were subpoenaed in a class action involving all the airlines working transpacific routes between the United States and Asia/Oceania, on the basis of allegations of price-fixing on such routes.

Air France which has only one transpacific route between the USA and Tahiti and KLM which is not involved on these routes strongly deny these allegations. Both airlines accordingly filed motions to dismiss in February 2010.

Contingent liabilities

The Group is involved into several governmental and legal procedures for which provisions have not been necessarily recorded in financial statements.

a) Pretory

Société Air France, as a legal entity, was placed under investigation on July 20, 2006 on charges of concealed employment and as an accessory to misuse of corporate assets in connection with a judicial investigation initiated against the officers of Pretory, a company with which Air France, pursuant to the 9/11 attacks, had entered into an agreement for the provision of safety officers on certain flights.

The airline immediately filed a motion with the Paris Court of Appeal for annulment of the implication in the investigation notified to it. Though that motion was denied, Société Air France intends to challenge its implication in this case.

b) KLM minority shareholders

On January 22, 2008, the association VEB and Ernary BV served KLM and Air France-KLM before the Amsterdam Civil Court claiming that KLM and Air France-KLM be ordered to pay out a higher dividend than the €0.58 per ordinary share paid for fiscal year 2007-2008.

On September 1, 2010 the Court dismissed the case on the grounds that the dividend resolution met the test of reasonableness and fairness and therefore not up for annulment.

c) Rio-Paris AF447 flight

Pursuant to the crash of the Rio-Paris AF447 flight in the South Atlantic, various legal actions have been brought in the USA and Brazil by the victims' heirs.

All these proceedings are aimed at collecting damages as reparation for the losses suffered by the heirs of the passengers deceased in the crash. The civil consequences of the crash are covered by Air France's third-party liability insurance policy.

In the US, all the proceedings have been consolidated in California before the Northern district Court.

On October 4, 2010 the District judge has granted the defendants motion for dismissal on grounds of “forum non convenience”.

To Air France-KLM’s knowledge, there is no other litigation, arbitration or exceptional fact that could have or have had in the recent past a material impact on the financial position, the profitability or patrimony of the Group.

Other than the points indicated in this note, to the Group’s knowledge, there is no other litigation, arbitration or other threatened or pending disputes that could have or has had, for a period covering at least the last twelve months, a material impact on the financial position or the profitability of the issuer and/or the Group.

Note 17 Financial debt

	As of September 30, 2010			As of March 31, 2010		
(In € million)	Non current	Current	Total	Non current	Current	Total
Perpetual subordinated loan stock	562	-	562	528	-	528
OCEANE (convertible bonds)	974	1	975	964	-	964
Bonds	1,450	-	1,450	1,450	-	1,450
Capital lease obligations	3,338	578	3,916	3,421	579	4,000
Other long-term debt	2,839	879	3,718	2,859	1,131	3,990
Accrued interest	-	143	143	-	115	115
Total	**9,163**	**1,601**	**10,764**	**9,222**	**1,825**	**11,047**

As of June 26, 2009, Air France-KLM issued a bond with an option of conversion and/or exchange for new or existing Air France-KLM shares (OCEANE) with a maturity date fixed at April 1, 2015. 56,016,949 bonds were issued for a total amount of €661 million. Each bond has a nominal value of €11.80. The annual coupon amounts to 4.97%.

Upon issue of this convertible debt, Air France-KLM recorded a debt of €556 million, corresponding to the present value of future payments for interest discounted at the rate of a similar bond without a conversion option.

The option value was evaluated by deducting this debt value from the total nominal amount (i.e. €661 million) and was recorded in equity.

Note 18 Lease commitments

18.1. Capital leases

The breakdown of total future minimum lease payments related to capital lease is as follows:

(In € million)	As of September 30, 2010	As of March 31, 2010
Flight equipment	4,183	4,295
Buildings	250	269
Other	236	228
Total	**4,669**	**4,792**

18.2. Operating leases

The undiscounted amount of the future minimum operating lease payments for aircraft under operating lease totaled €3,971 million as of September 30, 2010 (€4,612 million at March 31, 2010).

Note 19 Flight equipment orders

Due dates for commitments in respect of flight equipment orders are as follows:

(In € million)	As of September 30, 2010	As of March 31, 2010
IATA N (6 months)	542	N/A
IATA N+1	1,079	1,065
IATA N+2	743	1,279
IATA N+3	468	640
IATA N+4	159	401
IATA N+5	28	101
> IATA N+5	-	-
Total	**3,019**	**3,486**

These commitments relate to amounts in US dollars, converted into euros at the closing date exchange rate. Furthermore these amounts are hedged.

The number of aircraft on firm order as of September 30, 2010 decreased by 13 units compared with March 31, 2010 to 63 units. The number of options has also decreased during the period by 5 aircraft to 53 units. Evolution of the backlog can be analysed as follows:

- the delivery of 14 aircraft over the period;
- the conversion of one option into firm order;
- and the cancellation of 4 options.

Long-haul fleet

Passenger
The Group took delivery of 2 Airbus A380. The Group has converted one option into firm orders for one Airbus A330.

Cargo
The Group has not taken any delivery.

Medium-haul fleet

The Group took delivery of 4 Boeing B737s and cancelled 4 options for this aircraft type. It has also taken delivery of 1 Airbus A320.

Regional fleet

The Group took delivery of 3 Embraer 170 and 4 Embraer 190.

The Group's commitments concern the following aircraft:

Aircraft type	To be delivered in IATA		Y (6 months)	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond Y+5	Total
Long-haul fleet – passenger										
A380	As of September 30, 2010	Firm orders	-	2	2	3	1	-	-	8
		Options	-	-	-	-	*1*	*1*	-	*2*
	As of March 31, 2010	Firm orders	N/A	2	2	2	3	1	-	10
		Options	*N/A*	-	-	-	*1*	*1*	-	*2*
A330	As of September 30, 2010	Firm orders	1	-	1	-	-	-	-	2
		Options	-	-	*1*	-	-	-	-	*1*
	As of March 31, 2010	Firm orders	N/A	1	-	-	-	-	-	1
		Options	*N/A*	-	*1*	*1*	-	-	-	*2*
B777	As of September 30, 2010	Firm orders	3	3	5	2	1	1	-	15
		Options	-	-	*3*	*4*	*4*	*1*	-	*12*
	As of March 31, 2010	Firm orders	N/A	3	3	7	2	-	-	15
		Options	*N/A*	-	*1*	*4*	*4*	*3*	-	*12*
Long-haul fleet – cargo										
B777 F	As of September 30, 2010	Firm orders	-	1	-	-	-	-	-	1
		Options	-	-	*1*	*2*	-	-	-	*3*
	As of March 31, 2010	Firm orders	N/A	-	1	-	-	-	-	1
		Options	*N/A*	-	-	*1*	*2*	-	-	*3*
Medium-haul fleet										
A320	As of September 30, 2010	Firm orders	2	6	5	-	-	-	-	13
		Options	-	-	-	*4*	*6*	-	-	*10*
	As of March 31, 2010	Firm orders	N/A	1	12	1	-	-	-	14
		Options	*N/A*	-	-	*2*	*5*	*3*	-	*10*
A321	As of September 30, 2010	Firm orders	-	1	-	-	-	-	-	1
		Options	-	-	-	-	-	-	-	-
	As of March 31, 2010	Firm orders	N/A	-	1	-	-	-	-	1
		Options	*N/A*	-	-	-	-	-	-	-
B737	As of September 30, 2010	Firm orders	2	5	2	-	-	-	-	9
		Options	-	-	-	*5*	*2*	-	-	*7*
	As of March 31, 2010	Firm orders	N/A	6	5	2	-	-	-	13
		Options	*N/A*	-	*1*	*3*	*5*	*2*	-	*11*

Aircraft type	To be delivered in IATA		Y (6 months)	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond Y+5	Total
Regional fleet										
Emb 170	As of September 30, 2010	Firm orders	-	-	-	-	-	-	-	-
		Options	*1*	*2*	*3*	*4*	-	-	-	*10*
	As of March 31, 2010	Firm orders	N/A	3	-	-	-	-	-	3
		Options	*N/A*	-	*3*	*3*	*4*	-	-	*10*
Emb 190	As of September 30, 2010	Firm orders	-	-	-	-	-	-	-	-
		Options	*4*	-	-	*2*	-	-	-	*6*
	As of March 31, 2010	Firm orders	N/A	4	-	-	-	-	-	4
		Options	*N/A*	-	*2*	*2*	*2*	-	-	*6*
CRJ 1000	As of September 30, 2010	Firm orders	8	5	1	-	-	-	-	14
		Options	-	-	-	*1*	*1*	-	-	*2*
	As of March 31, 2010	Firm orders	N/A	6	4	4	-	-	-	14
		Options	*N/A*	-	-	-	*1*	*1*	-	*2*

Note 20 Related parties

Six month period ended September 30, 2010

Relationships of the Group with its related parties have not changed significantly in terms of amounts and or scope.

Six month period ended September 30, 2009

Relationships of the Group with its related parties have not changed significantly in terms of amounts and or scope with the exception of these with Alitalia group, related party since March 25, 2009.

The Group made sales of €53 million and incurred costs of €4 million with Alitalia group.

Note 21 Subsequent events

In the investigations initiated by anti-trust authorities of several countries, the European Commission has made public as of November 9, 2010 the amount of the fine it intends to impose to airlines, including Air France, KLM and Martinair with respect to anti competitive agreements in the air freight industry prior to February 2006.

The total amount of fines addressed to entities of the Air France-KLM group is €340 million. It exceeds the provisions already drawn during previous periods amounting to €127 million.

As the Commission's decision occurred before the half year financial statements were submitted to by the Board of Directors dated November 17, 2010, a complementary allowance of €127 million was booked as of September 30, 2010 (cf. Notes 9 and 16).

Information and control

Statement by the person responsible for the first half financial report to September 30, 2010

I hereby declare that, to the best of my knowledge, the condensed financial statements for the first half of the 2010-11 financial year have been established in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company and of all the companies within the consolidation scope, and that the first half activity report presents a true picture of the significant events arising during the first six months of the financial year and of their impact on the first half financial statements, the main related party agreements together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Pierre-Henri Gourgeon
Chief Executive Officer

Statutory Auditors' review report on the interim financial information as of and for the six-month period ended September 30, 2010

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meetings and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Air France-KLM SA for the six-month period ended September 30, 2010;
- the verification of information contained in the interim management report.

These interim condensed consolidated financial statements are the responsibility of the Board of Directors, in the context described in Note 3.3 to the interim condensed consolidated financial statements, of heavy markets volatility and uncertain economic conditions. This situation is characterized by a certain difficulty to determine the future economic outlook which already prevailed as at March 31, 2010. Our role is to express a conclusion on these financial statements based on our review.

I Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

Without qualifying our opinion, we draw your attention to Note 3.1 to the interim condensed consolidated financial statements which describes the change in accounting policies relating to the first-time application of the revised standards IFRS 3 "Business Combination" and IAS 27 "Individual and Consolidated Financial Statements", effective April 1st, 2010.

II Specific verification

We have also verified the information given in the interim management report on the interim condensed consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the interim condensed consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, November 18, 2010

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

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This is a free translation into English of the statutory auditors' review report issued in French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

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