INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Commission for use in the European Union

January 1, 2012 – September 30, 2012

Air France-KLM Group

CONSOLIDATED INCOME STATEMENT (unaudited)

In € millions	*Notes*	**01.01.2012 09.30.2012 (9 months)**	**01.01.2011 09.30.2011 (9 months) Proforma**
Sales	***5***	**19 329**	**18 335**
Other revenues		11	27
Revenues		**19 340**	**18 362**
External expenses	***6***	(12 352)	(11 618)
Salaries and related costs	***7***	(5 762)	(5 594)
Taxes other than income taxes		(140)	(142)
Amortization		(1 187)	(1 226)
Depreciation and Provisions		(124)	(23)
Other income and expenses		68	90
Income from current operations		**(157)**	**(151)**
Sales of aircraft equipment		5	6
Other non-current income and expenses	***8***	(468)	(110)
Income from operating activities		**(620)**	**(255)**
Cost of financial debt		(325)	(342)
Income from cash and cash equivalents		61	69
Net cost of financial debt		***(264)***	***(273)***
Other financial income and expenses	***9***	38	(230)
Income before tax		**(846)**	**(758)**
Income taxes	***10***	(58)	242
Net income of consolidated companies		**(904)**	**(516)**
Share of profits (losses) of associates		(49)	(31)
Net income from continuing operations		**(953)**	**(547)**
Net income for the period			
- Equity holders of Air France – KLM		**(957)**	**(550)**
- Non-controlling interests		4	3
Earnings per share – Equity holders of Air France – KLM (in euros)			
- basic		(3.24)	(1.86)
- diluted		(3.24)	(1.86)

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

Air France-KLM Group

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSES (unaudited)

In € millions	01.01.2012 09.30.2012 (9 months)	01.01.2011 09.30.2011 (9 months) Proforma
Net income for the period	**(953)**	**(547)**
Fair value adjustment on available-for-sale securities		
Change in fair value recognized directly in equity	238	(264)
Change in fair value transferred to profit or loss	(98)	4
Cash flow hedges		
Effective portion of changes in fair value hedge recognized directly in equity	162	303
Change in fair value transferred to profit or loss	(194)	(296)
Items of the recognized income and expenses of equity shares	**-**	**7**
Currency translation adjustment	**4**	**(14)**
Tax on items related to other comprehensive income	**9**	**(13)**
Total of other comprehensive income included in the recognized income and expenses	**121**	**(273)**
Recognized income and expenses	**(832)**	**(820)**
- Equity holders of Air France – KLM	**(836)**	**(823)**
- Non-controlling interests	**4**	**3**

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

CONSOLIDATED BALANCE SHEET (unaudited)

Assets *In € millions*	*Notes*	**September 30, 2012**	**December 31, 2011**
Goodwill	*8*	258	426
Intangible assets		827	774
Flight equipment		10 271	10 689
Other property, plant and equipment		1 959	2 055
Investments in equity associates		413	422
Pension assets		3 400	3 217
Other financial assets(*)		1 714	2 015
Deferred tax assets		1 116	1 143
Other non-current assets		163	168
Total non-current assets		**20 121**	**20 909**
Assets held for sale		7	10
Other short term financial assets(*)		853	751
Inventories		533	585
Trade accounts receivables		2 375	1 774
Income tax receivables		11	10
Other current assets		901	995
Cash and cash equivalents		2 697	2 283
Total current assets		**7 377**	**6 408**
Total assets		**27 498**	**27 317**

(*) Including:

In € millions	**September 30, 2012**	**December 31, 2011**
Deposits related to financial leases	799	656
Marketable securities	974	987

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

Air France-KLM Group

CONSOLIDATED BALANCE SHEET (unaudited) (continued)

Liabilities and equity *In € millions*	*Notes*	**September 30, 2012**	**December 31, 2011**
Issued capital		300	300
Additional paid-in capital		2 971	2 971
Treasury shares		(83)	(89)
Reserves and retained earnings		2 025	2 858
Equity attributable to equity holders of Air France-KLM		**5 213**	**6 040**
Non-controlling interests		56	54
Total equity		**5 269**	**6 094**
Provisions and retirement benefits	***11***	2 161	2 061
Long-term debt		9 292	9 228
Deferred tax liabilities		459	466
Other non-current liabilities		368	321
Total non-current liabilities		**12 280**	**12 076**
Provisions		610	156
Current portion of long-term debt		1 280	1 174
Trade accounts payables		2 343	2 599
Deferred revenue on ticket sales		2 405	1 885
Frequent flyer programs		766	784
Current tax liabilities		1	6
Other current liabilities		2 504	2 386
Bank overdrafts		40	157
Total current liabilities		**9 949**	**9 147**
Total liabilities		**22 229**	**21 223**
Total liabilities and equity		**27 498**	**27 317**

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

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (unaudited)

In € millions	**Number of shares**	**Issued capital**	**Additional paid-in capital**	**Treasury shares**	**Reserves and retained earnings**	**Equity attributable to holders of Air France-KLM**	**Non controlling interests**	**Total equity**
December 31, 2010	**300 219 278**	**300**	**2 971**	**(93)**	**3 802**	**6 980**	**52**	**7 032**
Fair value adjustment on available for sale securities	-	-	-	-	(271)	**(271)**	-	**(271)**
Gain / (loss) on cash flow hedges	-	-	-	-	12	**12**	-	**12**
Currency translation adjustment	-	-	-	-	(14)	**(14)**	-	**(14)**
Net income for the period	-	-	-	-	(550)	**(550)**	3	**(547)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(823)**	**(823)**	**3**	**(820)**
Stock based compensation (ESA) and stock options	-	-	-	-	11	**11**	-	**11**
Dividends paid	-	-	-	-	-	**-**	(2)	**(2)**
OCEANE	-	-	-	-	-	**-**	-	**-**
Treasury shares	-	-	-	6	-	**6**	-	**6**
September 30, 2011	**300 219 278**	**300**	**2 971**	**(87)**	**2 990**	**6 174**	**53**	**6 227**
December 31, 2011	**300 219 278**	**300**	**2 971**	**(89)**	**2 858**	**6 040**	**54**	**6 094**
Fair value adjustment on available for sale securities	-	-	-	-	141	**141**	-	**141**
Gain / (loss) on cash flow hedges	-	-	-	-	(24)	**(24)**	-	**(24)**
Currency translation adjustment	-	-	-	-	4	**4**	-	**4**
Net income for the period	-	-	-	-	(957)	**(957)**	4	**(953)**
Total of income and expenses recognized	**-**	**-**	**-**	**-**	**(836)**	**(836)**	**4**	**(832)**
Stock based compensation (ESA) and stock options	-	-	-	-	2	**2**	-	**2**
Dividends paid	-	-	-	-	-	**-**	(1)	**(1)**
Treasury shares	-	-	-	6	-	**6**	-	**6**
Change in scope	-	-	-	-	1	**1**	(1)	**-**
September 30, 2012	**300 219 278**	**300**	**2 971**	**(83)**	**2 025**	**5 213**	**56**	**5 269**

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

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

In € millions	*Notes*	01.01.2012 09.30.2012 (9 months)	01.01.2011 09.30.2011 (9 months) Proforma
Net income for the period – Equity holders of Air France-KLM		(957)	(550)
Non-controlling interests		4	3
Amortization, depreciation and operating provisions		1 311	1 249
Financial provisions		(9)	-
Gain on disposals of tangible and intangible assets		(8)	(14)
Loss/ (gain) on disposals of subsidiaries and associates	*8*	(97)	(2)
Derivatives – non monetary results		(78)	87
Unrealized foreign exchange gains and losses, net		1	62
Impairment	*8*	168	-
Share of (profits) losses of associates		49	31
Deferred taxes		28	(260)
Other non-monetary items		304	(298)
Subtotal		**716**	**308**
(Increase) / decrease in inventories		54	(8)
(Increase) / decrease in trade receivables		(619)	(350)
Increase / (decrease) in trade payables		(221)	395
Change in other receivables and payables		782	294
Net cash flow from operating activities		**712**	**639**
Acquisition of subsidiaries, of shares in non-controlled entities		(38)	(29)
Purchase of property, plant and equipment and intangible assets		(1 260)	(1 984)
Proceeds on disposal of subsidiaries, of shares in non-controlled entities	*8*	466	-
Proceeds on disposal of property, plant and equipment and intangible assets		650	986
Dividends received		23	26
Decrease (increase) in investments		13	(85)
Net cash flow used in investing activities		**(146)**	**(1 086)**
Capital increase		-	6
Purchase of non-controlling interests, of owned shares		-	(15)
Disposal of subsidiaries without loss of control,of owned shares		7	(2)
Issuance of financial debt		1 025	1 056
Repayment on financial debt		(678)	(894)
Payment of debt resulting from finance lease liabilities		(415)	(425)
New loans		(59)	(76)
Repayment on loans		82	192
Dividends paid		(1)	(3)
Net cash flow from financing activities		**(39)**	**(161)**
Effect of exchange rate on cash and cash equivalents and bank overdrafts		**4**	**(23)**
Change in cash and cash equivalents and bank overdrafts		**531**	**(631)**
Cash and cash equivalents and bank overdrafts at beginning of period		2 126	3 351
Cash and cash equivalents and bank overdrafts at end of period		2 657	2 720
Income tax paid (flow included in operating activities)		(33)	(30)
Interest paid (flow included in operating activities)		(303)	(349)
Interest received (flow included in operating activities)		31	46

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

January 1, 2012 – September 30, 2012

1. BUSINESS DESCRIPTION

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

The term "Group" is represented by the economic definition of Air France-KLM and its 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) and Amsterdam (Euronext).
The presentation currency used in these financial statements is the euro, which is also the Group's functional currency.

2. CHANGE OF CLOSING DATE

The Extraordinary Shareholders' Meeting of July 7, 2011 approved the change of closing date for the Air France-KLM Group's financial statements from March 31 to December 31, with effect from the year ended December 31, 2011.
As a result, the financial statements closed on September 30, 2012 for the nine-month period from January 1, 2012 to September 30, 2012 are not comparable with the financial information published on September 30, 2011, reflecting a six-month period.
To facilitate comparison, proforma financial information has been established based on the Group's quarterly published financial information. As such, some assumptions and options have been adopted including:

- For the income and cash flow statements, proforma financial information for the nine-month period ended September 30, 2011 (from January 1, 2011 to September 30, 2011) has been obtained by adding the 4th quarter of the year ended March 31,2011 (from January 1, 2011 to March 31, 2011) and the 1st half year of the nine-month 2011 fiscal year ended December 31, 2011 (from April 1, 2011 to September 30, 2011),
- Pension costs have not been recalculated based on the calendar year. They are based on an evaluation carried out by external actuaries as of March 31, 2010 for the period from January 1, 2011 to March 31, 2011 and as of March 31, 2011 for the period from April 1, 2011 to September 30, 2011,
- The current and deferred taxes recognized in the proforma income have not been recalculated based on the calendar year. For the period from January 1, 2011 to March 31, 2011, they correspond to the taxes as calculated for the last quarter of the financial year ended March 31, 2011 and for the period from April 1, 2011 to September 30, 2011 to the taxes calculated for the corresponding in respect of the financial year ended December 31, 2011.

3. SIGNIFICANT EVENTS

3.1 Arising during the accounting period

On March 1, 2012, Air France, a subsidiary of Air France-KLM, launched a private placement of 33.6 million Amadeus IT Holding SA shares, corresponding to 7.5% of the capital. After this operation, the Group's holding decreased from 15.2% to 7.7%.The net proceeds from the transaction amounted to €466 million which generated a gain on disposal of €97 million in the income statement, as referred to in note 8.
Air France, together with Iberia and Lufthansa which hold respectively 7.5% and 7.6% of the share capital of Amadeus IT Holding SA, agreed to a lock-up period of 90 days.

The Group has initiated a restructuring plan concerning the company Air France and some of its affiliates. This plan mainly comprises two parts: an adjustment in the fleet and a plan to reduce the number of staff.
Based on the measures presented to the bodies officially representing Air France in June 2012, the Group has made its best estimate of the costs involved and has recorded a provision for restructuring as of September 30, 2012 (see note 8).

3.2 Subsequent events

There have been no significant events subsequent to the period.

4. ACCOUNTING POLICIES

4.1 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 as of December 31, 2011 were established in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Commission on the date these consolidated financial statements were drawn up.

The interim condensed consolidated financial statements as of September 30, 2012 have been prepared in accordance with IFRS, as adopted by the European Union on the date these condensed consolidated financial statements were drawn up, 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 December 31, 2011.

The interim condensed consolidated financial statements as of September 30, 2012 have been prepared in accordance with the accounting principles used by the Group for consolidated financial statements for the year 2011 with the exception of the standards and interpretations adopted by the European Union applicable for the Group starting January 1, 2012.

The condensed consolidated financial statements were approved by the Board of Directors on October 30, 2012.

Change in accounting principles

The IFRS standards, Amendments and IFRIC interpretations applicable effective January 1, 2012 have no significant impact on the Group's interim consolidated financial statements as of September 30, 2012.

The standards applicable on a mandatory basis to the Group from July 1, 2012 or in subsequent years are the following:

- Amendment to IAS 1 on presentation of other comprehensive income
- The revision of the standard IAS 19 "Employee Benefits" (applicable on a mandatory basis to fiscal years beginning on or after January 1, 2013).

The standards potentially applicable to the Group, published by the IASB, but not adopted by the European Union are described below. They will have to be applied, subject to their approbation by the European Union, to the accounting periods started January 1, 2013 or in subsequent years:

- Standard IFRS 10 "Consolidated Financial Statements"* which will replace IAS 27 "Consolidated and Separate Financial Statements" for the part concerning the consolidated financial statements and also SIC 12 "Consolidation – Special Purpose Entities"
- Standard IFRS 11 "Joint Arrangements"* which will replace IAS 31 "Interests in Joint Ventures" and also the interpretation SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers"
- Standard IFRS 12 "Disclosure on Interests in Other Entities"*
- The revision of standards IAS 27 "Consolidated and Separate Financial Statements"* and IAS 28 "Investments in Associates"
- Standard IFRS 13 "Fair Value Measurement"
- Standard IFRS 9 "Financial instruments - Classification and measurement of financial assets and liabilities" " (applicable on a mandatory basis to fiscal years beginning on or after January 1, 2015)
- Amendment to IFRS 7 "Disclosures – Offsetting Financial assets and Financial liabilities" (applicable on a mandatory basis to fiscal years beginning on or after January 1, 2013)
- Amendment to IAS 32 "Offsetting Financial assets and Financial liabilities" (applicable on a mandatory basis to fiscal years beginning on or after January 1, 2014)

* Concerning standards IFRS 10, IFRS 11 and IFRS 12, the European Commission could decide to make them applicable on a mandatory basis to fiscal years beginning on or after January 1, 2014, with early adoption permitted once the standards have been endorsed.

4.2 Preparation of the interim consolidated financial statements

Seasonality of the activity

Revenues and income from current operations are characterized by their seasonal nature given the high level of activity between April 1 and September 30. 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 respectively realized and incurred.

Income taxes

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

4.3 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 4 of the December 31, 2011 consolidated financial statements concerned:

- Revenue recognition related to deferred revenue on ticket sales
- Tangible and intangible assets
- Financial instruments, valuation of financial assets and liabilities
- Deferred tax
- 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.

The interim consolidated financial statements for the financial year have been established taking into account the current economic and financial crisis unfolding since 2008 and on the basis of financial parameters available at the closing date. The immediate effects of the crisis have been taken into account, in particular the valuation of current assets and liabilities. Concerning the longer-term assets, i.e. the non-current assets, the assumption was that the crisis would be of limited duration.

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

5 INFORMATION BY ACTIVITY AND GEOGRAPHICAL AREA

Business segments

The segment information by activity and geographical area presented below is prepared on the basis of internal management data communicated to the Executive Committee, the Group's principal operational decision-making body.

The Group is organized around 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.

The results of the business segments 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 mainly correspond to the current operating income.
Other elements of the income statement are presented in the "non-allocated" column.

Inter-segment transactions are evaluated based on normal market conditions.

Geographical segments

The Group's 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 revenue is allocated by geographical sales area.

5.1 Information by business segment

- **Nine-month period ended September 30, 2012**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	16 394	2 286	2 332	1 487	-	22 499
Intersegment sales	(1 140)	(20)	(1 553)	(457)	-	(3 170)
External sales	**15 254**	**2 266**	**779**	**1 030**	**-**	**19 329**
Income from current operations	(98)	(197)	108	30	-	(157)
Income from operating activities	(98)	(197)	108	30	(463)	(620)
Share of profits (losses) of associates	-	-	-	-	(49)	(49)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(226)	(226)
Income taxes	-	-	-	-	(58)	(58)
Net income from continuing operations	**(98)**	**(197)**	**108**	**30**	**(796)**	**(953)**

The income from operating activities not allocated mainly corresponds to non-current income and expenses detailed in note 8.

- **Nine-month period ended September 30, 2011 (proforma)**

In € millions	Passenger	Cargo	Maintenance	Other	Non allocated	Total
Total sales	14 986	2 357	2 316	1 548	-	21 207
Intersegment sales	(836)	(16)	(1 549)	(471)	-	(2 872)
External sales	**14 150**	**2 341**	**767**	**1 077**	**-**	**18 335**
Income from current operations	**(151)**	**(60)**	**67**	**(7)**	**-**	**(151)**
Income from operating activities	(151)	(60)	67	(7)	(104)	(255)
Share of profits (losses) of associates	-	-	-	-	(31)	(31)
Net cost of financial debt and other financial income and expenses	-	-	-	-	(503)	(503)
Income taxes	-	-	-	-	242	242
Net income from continuing operations	**(151)**	**(60)**	**67**	**(7)**	**(396)**	**(547)**

The income from operating activities not allocated mainly corresponds to non-current income and expenses detailed in note 8.

5.2 Information by geographical area

Sales by geographical area

- **Nine-month period ended September 30, 2012**

In € millions	**Metropolitan France**	**Europe except France, North Africa**	**Caribbean, French Guiana, Indian Ocean**	**Africa, Middle East**	**Americas, Polynesia**	**Asia, New Caledonia**	**Total**
Scheduled passenger	4 409	4 681	285	961	2 627	1 589	14 552
Other passenger sales	289	222	10	46	48	87	702
Total passenger	**4 698**	**4 903**	**295**	**1 007**	**2 675**	**1 676**	**15 254**
Scheduled cargo	288	816	20	155	387	460	2 126
Other cargo sales	41	36	3	7	30	23	140
Total cargo	**329**	**852**	**23**	**162**	**417**	**483**	**2 266**
Maintenance	500	251	-	-	28	-	779
Others	317	646	21	45	-	1	1 030
Total	**5 844**	**6 652**	**339**	**1 214**	**3 120**	**2 160**	**19 329**

- **Nine-month period ended September 30, 2011 (proforma)**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	4 324	4 403	270	871	2 326	1 343	13 537
Other passenger sales	256	199	8	41	32	77	613
Total passenger	**4 580**	**4 602**	**278**	**912**	**2 358**	**1 420**	**14 150**
Scheduled cargo	283	864	25	152	379	518	2 221
Other cargo sales	35	20	3	10	29	23	120
Total cargo	**318**	**884**	**28**	**162**	**408**	**541**	**2 341**
Maintenance	448	293	-	-	26	-	767
Others	320	697	13	47	-	-	1 077
Total	**5 666**	**6 476**	**319**	**1 121**	**2 792**	**1 961**	**18 335**

Traffic sales by geographical area of destination

- **Nine-month period ended September 30, 2012**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	1 481	3 506	1 053	1 906	4 017	2 589	14 552
Scheduled cargo	4	36	105	442	863	676	2 126
Total	**1 485**	**3 542**	**1 158**	**2 348**	**4 880**	**3 265**	**16 678**

- **Nine-month period ended September 30, 2011 (proforma)**

In € millions	Metropolitan France	Europe except France, North Africa	Caribbean, French Guiana, Indian Ocean	Africa, Middle East	Americas, Polynesia	Asia, New Caledonia	Total
Scheduled passenger	1 506	3 324	984	1 799	3 571	2 353	13 537
Scheduled cargo	3	37	110	448	888	735	2 221
Total	**1 509**	**3 361**	**1 094**	**2 247**	**4 459**	**3 088**	**15 758**

6 EXTERNAL EXPENSES

In € millions	01.01.2012 09.30.2012 (9 months)	01.01.2011 09.30.2011 (9 months Proforma
Aircraft fuel	5 539	4 816
Chartering costs	417	431
Aircraft operating lease costs	718	628
Landing fees and air route charges	1 411	1 367
Catering	450	428
Handling charges and other operating costs	1 042	1 003
Maintenance costs	831	879
Commercial and distribution costs	677	638
Other external expenses	1 267	1 428
Total	**12 352**	**11 618**
Excluding aircraft fuel	*6 813*	*6 802*

7 SALARIES AND NUMBER OF EMPLOYEES

Salaries and related costs

In € millions	**01.01.2012 09.30.2012 (9 months)**	**01.01.2011 09.30.2011 (9 months) Proforma**
Wages and salaries	4 179	4 127
Social contributions	1 362	1 348
Net periodic pension cost	234	152
Expenses related to share-based compensation	3	10
Other expenses	(16)	(43)
Total	**5 762**	**5 594**

The “other expenses” comprise the capitalization of salary costs on aircraft and engine overhaul.

Average number of employees

	01.01.2012 09.30.2012 (9 months)	**01.01.2011 09.30.2011 (9 months) Proforma**
Flight deck crew	8 431	8 509
Cabin crew	22 509	22 836
Ground staff	70 247	70 794
Total	**101 187**	**102 139**

8 OTHER NON-CURRENT INCOME AND EXPENSES

In € millions	**01.01.2012 09.30.2012 (9 months)**	**01.01.2011 09.30.2011 (9 months) Proforma**
Restructuring costs	(372)	5
Impairment	(168)	-
Disposals of subsidiaries and affiliates	97	1
Other	(25)	(116)
Other non-current income and expenses	**(468)**	**(110)**

- **Nine-month period ended September 30, 2012**

Restructuring costs

The Group has initiated a restructuring plan concerning the company Air France and its regional affiliates in France. This plan mainly comprises two parts: an adjustment in the fleet and a plan to reduce staff.
The plan’s conditions have been presented to the bodies officially representing the Air France staff on June 2012. Concerning the affiliates, the discussion process is continuing.
Concerning the resizing of the fleet, the modalities may result in the disposal, sale, dismantling or termination of operating lease contracts.

Concerning the staff reduction plan which concerns 5 122 positions, it includes assistance for voluntary retirement and a voluntary departure plan whose period of application will start during the 4th quarter of 2012.
In these conditions, the Group has made its best estimate of the costs involved by the plan and has recorded a provision for restructuring amounting to €370 million as of September 30, 2012.
This provision will be updated as the application conditions evolve.

Impairment

Within the framework of the restructuring plan "Transform 2015" and such as presented at the end of August to the works councils of the concerned companies, the Air France Group decided on the reorganization of its "regional" activity by separating the activity France grouped together within a “pole regional France” (PRF) of the other regional airlines in particular in Ireland and in Belgium.
In this framework, the Group proceeded to the review of the assets of City Jet and its subsidiary VLM the measure of which has to be made from now on an independent way. This analysis drove the Group to depreciate the totality of the goodwill attached to VLM for an amount of € 168 million.

Disposals of subsidiaries and affiliates

The “disposals of subsidiaries and affiliates” line includes an amount of €97 million corresponding to the gain on disposal realised by the Group on March 1, 2012 concerning a private placement of Amadeus IT Holding SA share, whose sale proceeds amounted to €466 million, as described in note 3.1.

- **Nine-month period ended September 30, 2011 (proforma)**

The “other” line included the impact of the closure of a pension plan in the United States, amounting to €(26) million.

9 OTHER FINANCIAL INCOME AND EXPENSES

In € millions	**01.01.2012 09.30.2012 (9 months)**	**01.01.2011 09.30.2011 (9 months) Proforma**
Foreign exchange gains (losses), net	(29)	(88)
Change in fair value of financial assets and liabilities	58	(142)
Net (charge) release to provisions	9	-
Other	-	-
Other financial income and expenses	**38**	**(230)**

The change in fair value of financial assets and liabilities recorded as of September 30, 2012 and September 30, 2011 proforma arose mainly from the variation in the ineffective portion of fuel derivatives.

10. INCOME TAXES

The tax charge is mainly due to the fact that the Group has stopped to recognize, since October 1st, 2011, the deferred tax assets on tax losses of the Air France-KLM French tax Group.

The limitation of deferred tax assets has an impact of €(294) million on the tax charge as of September 30, 2012.

11. PROVISIONS AND RETIREMENT BENEFITS

Retirement benefits

In the nine months ended September 30, 2012 the discount rate used by companies for defined benefit obligations decreased significantly. In note 30.1 of the annual report 2011 the sensitivity of the defined benefit obligation to variations in the discount rate is mentioned.
In the same period the fair value of the plan assets increased markedly. The net basis could have a significant impact on the funded status of the Group pension funds as of December 31, 2012.

12. NON-CASH TRANSACTIONS

During the period from January 1st 2012 to September 30th 2012, the Group entered into financial lease for the acquisition of an A380 aircraft for €149 million and for the acquisition of a building dedicated to handling of delayed luggage for €25 million.
Neither the acquisition nor the debt attached to these two items has any impact in the cash flow statement.