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Roissy, 21 April 2021

Air France-KLM has successfully issued undated deeply subordinated notes in three tranches of €1 billion, for a total amount of €3 billion

As part of its recapitalization plan announced at the launch of the capital increase announced on April 12, 2021, and completed on April 19, 2021 for an amount of €1.036 billion, the Company has issued on April 20, 2021 undated deeply subordinated notes (recorded as IFRS equity in the Company's consolidated financial statements) for a total amount of €3 billion, subscribed in full by the French State by way of set-off on claims it holds on the Company pursuant to the shareholders' loan (the "ACC") granted in May 2020 and fully drawn for the amount of €3 billion (the "Deeply Subordinated Notes").

This issue will be composed of three tranches with a perpetual maturity and a nominal amount of €1 billion each, with respective first redemption options (Call) at 4, 5 and 6 years and then redeemable on each interest payment date, and bearing interest at 7.00%, 7.25% and 7.50% respectively until these dates.

These initial interest rates for each tranche will increase to 8.50%, 8.00% and 8.00%, respectively, on the first respective early redemption date at the option of the Company, of the relevant tranche. These interest rates will then be reset every year from April 20, 2028, on the basis of the 12-month Euribor rate plus a margin of 10.40%, it being specified that the applicable 12-month Euribor rate will not be lower than -0.45%. The Company will have the option to defer the payment of interest at its discretion, in whole or in part. Deferred interest on the Deeply Subordinated Notes will be accrued and capitalized.

Payment of interest will nevertheless be mandatory notably in the event of payment of dividends or repurchase of equity securities, subject to certain customary exceptions.

These Deeply Subordinated Notes may be converted by way of set-off (*compensation de créances*) in the context of future issuances of quasi-capital securities or capital increases. In the event of (i) a third party, acting alone or in concert, holding more than 30% of the share capital or the voting rights of Company, (ii) non-approval by the shareholders' general meeting of a project of issuance of shares or any other securities giving right to shares of the Company, submitted by the board of directors, enabling the French State to convert in ordinary shares of the Company or any other securities giving right to shares of the Company all or part of the Deeply Subordinated Notes or (iii) implementation of an issuance of shares or other securities giving right to shares of the Company (with the exception of transactions implemented with preferential subscription rights or with priority subscription period and which may be subscribed by way of set-off (*compensation de créances*), transactions reserved for the French State or transactions without preferential subscription rights by way of "private placement" previously authorized by the French State), without the prior consent of the French State, the Company may redeem (a) in the event referred in (i) and (ii) above, in whole, and (b) in the event referred to in (iii) above, in whole or in part, the Deeply Subordinated Notes outstanding. Failing which the applicable interest rate shall be increased by an additional margin of 5.50% *per annum* from the date of occurrence of any of the events referred to in (i), (ii) or (iii). Such interest rate adjustments shall be cumulative, without exceeding 11.00% *per annum*.

This transaction will strengthen Air France's equity by €3 billion in accordance with IFRS accounting standards, without impact on cash flow, while increasing the flexibility in its profile of debt repayment.

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