

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

KLM ROYAL DUTCH AIRLINES

Form 425

September 30, 2003

Filed by Air France

This communication is filed pursuant to Rule 425 under The Securities Act of 1933, as amended,
and deemed filed pursuant to Rule 14d-2 of the Securities Exchange Act of 1934, as amended.

Subject Company: KLM Royal Dutch Airlines

Commission File Number: 001-04059

Date: September 30, 2003

Legal Information

The combination of KLM and Air France will be implemented through an exchange offer made by Air France to all shareholders of KLM. This document is neither an offer to purchase nor a solicitation of an offer to sell shares of KLM. Any offer in the United States will only be made through a prospectus which is part of a registration statement on Form F-4 filed with the U.S. Securities and Exchange Commission (the SEC). KLM shareholders who are U.S. persons or are located in the United States are urged to carefully review the registration statement on Form F-4 and the prospectus included therein, the prospectus, the Schedule TO and other documents relating to the offer that will be filed by Air France with the SEC because these documents contain important information relating to the offer. You are also urged to read the related solicitation/recommendation statement on Schedule 14D-9 that will be filed with the SEC by KLM regarding the offer. You may obtain a free copy of these documents after they are filed with the SEC and other documents filed by Air France and KLM with the SEC at the SEC's web site at www.sec.gov. Once such documents are filed with the SEC, you will also be able to inspect and copy the registration statement on Form F-4, as well as any documents incorporated by reference therein, the Schedule TO and the Schedule 14D-9 at the public reference room maintained by the SEC at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. These documents may also be obtained free of charge by contacting Air France, Investor Relations, 45, rue de Paris, 95747 Roissy CDG Cedex, France. (tel: +33 1 41 56 88 60), or KLM, Amsterdamweg 55, 1182 GP Amstelveen, The Netherlands. Attention: Investor Relations (tel: +31 20 64 93099). **YOU SHOULD READ THE PROSPECTUS AND THE SCHEDULE 14D-9 CAREFULLY BEFORE MAKING A DECISION CONCERNING THE OFFER.**

Forward-Looking Statements

The information herein contains, and the Air France, KLM and their representatives may make, forward-looking statements either orally or in writing, about Air France, KLM and their businesses. These forward-looking statements, which include, but are not limited to, statements concerning the financial condition, results of operations and businesses of Air France and KLM and the benefits expected to result from the contemplated transaction, are based on management's current expectations and estimates.

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

These forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are outside of Air France or KLM's control and are difficult to predict, that may cause actual results to differ materially from any future results expressed or implied from the forward-looking statements. These statements are not guarantees of future performance and involve risks and uncertainties including, among others: the risk that the conditions relating to the required minimum tender of shares might not be satisfied; failure by Air France and KLM shareholders to approve the planned corporate reorganizations; inability to obtain, or meet the conditions imposed for, regulatory approvals in a timely manner or at all; the risk that the businesses of Air France and KLM will not be integrated successfully and the the expected synergies and cost savings will not be achieved; unanticipated expenditures; changing relationships with customers, suppliers and strategic partners; and other economic, business, competitive and/or regulatory factors affecting the businesses of Air France and KLM generally. Air France and KLM caution that the foregoing list of important factors is not exhaustive. Additional information regarding the factors and events that could cause differences between forward-looking statements and actual results in the future is contained in KLM's Securities and Exchange Commission filings, including KLM's Annual Report on Form 20-F. Air France and KLM undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

**THE FOLLOWING ARE MATERIALS DISSEMINATED BY AIR FRANCE AND
KLM ROYAL DUTCH AIRLINES ON SEPTEMBER 30, 2003.**

SkyTeam Fact Sheet

Updated Summer 2003

	SkyTeam	Aeromexico	Air France	Alitalia	CSA Czech Airlines	Delta	Korean
Members	500	49	191	87	66	237	
2003							
Summer	110	7	80	45	40	28	
Passengers Summer	7 698	150	1 800	786	78	4 501	
Revenue June	212.0 million	8.6 million	42.9 million	21.9 million	3.16 million	113.8 million	2
			IATA 02-03	(year 2002)			
Passengers June	182 783	6 669	71 525	22 626	4 619	59 666	
Employees	1 208	67	245	193	35	551	
	Plus 509 from related carriers		Plus 111 from related carriers			Plus 398 from related carriers	
Market Value		1.02 billion USD	12.69 billion EUR	4.25 billion EUR	517.5 million USD	13.3 billion USD	5.2 b
			IATA 02-03				
Operating Profit June	53.9 million	1.6 million	6.1 million	1.8 million	0.94 million	33.8 million	
Employees June	336	12	109	58	25	54	
June (including 37 shared)							
Managers		Arturo Barahona	Jean-Cyril Spinetta	Francesco Mengozzi	Jaroslav Tvrdik	Leo F. Mullin	
Headquarters		Mexico City, Mexico	Paris France	Rome, Italy	Prague, Czech Republic	Atlanta, GA USA	Seoul, Republic
Year Founded	2000	1934	1933	1946	1923	1924	
Website	www.skyteam.com	www.aeromexico.com	www.airfrance.com	www.alitalia.com	www.czechairlines.com	www.delta.com	www.koreanair.com

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

5)	Aerolitoral	Regional, Alitalia Express S.p.A.	none	Comair,
		CityJet, Britair	Eurofly S.p.A.* (*sold in Sept 03)	Atlantic Southeast, SkyWest, Atlantic Coast, Song
s	<u>Mexico City MEX</u> Monterrey MTY Guadalajara GDL	<u>Paris CDG</u> Paris ORY Lyon LYS	<u>Roma FCO</u> <u>Milano MXP</u>	<u>Prague PRG</u> Atlanta ATL Cincinnati CVG Dallas- Ft. Worth DFW Salt Lake City SLC
	Hermosillo HMO			New York-Kennedy JFK
p June	Gruppo Cintra (Holding Company)	Employees 13% State 54.4%	Treasury Ministry: 62.3% Public + Employees 37.7%	National Property Fund: 56% Consolidation Bank: 35% Other Public: 9%
		Air France 1.4% Public 31.2%		Institutional: 84.6% Retail: 1.2% Employee: 14.2% (as of Mar03)

Notes:

- 1 Airports (no cities). Including wet-lease and franchise; excluding code share only-marketing stations; including Cargo
- 2 Including wet-lease and franchise; excluding code share; including Cargo
- 3 Including wet-lease and franchise and code share
- 4 Mainline fleet; related carriers should be noted separately
- 5 Related means Controlled (i.e. 51% or more)

Fact Sheet
A European leader in the air transport industry

The three core businesses of the Air France Group are passenger and cargo transport, and aircraft maintenance services.

Turnover per activity (in m)	A pure air transport player			
	2000-01*	2001-02*	2002-03*	%
Passenger	10,022	10,378	10,527	83.0%
Cargo	1,491	1,448	1,479	11.6%
Maintenance	566	548	540	4.3%
Others	201	154	141	1.1%
Total turnover	12,280	12,528	12,687	100.0%

* fiscal year ended at 31 March

Passenger operations

- n 3rd worldwide in terms of international passenger transportation (*source IATA*) and 1st in Europe (*source AEA*)
- n 42.9 million passengers carried in 2002-03
- n 83% of total turnover
- n 1,800 daily flights to 198 destinations in 83 countries
- n A fleet of 360 aircraft in operation as at 31 March 2003

With 42.9 million passengers carried to 198 destinations in 83 countries, Air France ranks third worldwide in terms of international passenger transportation and first in Europe in terms of traffic. The Air France Group has also developed its regional capacity with the acquisition of three regional subsidiaries: Regional, Brit Air and City Jet.

Passenger transportation is Air France Group's core activity with revenues amounting to 10.5 billion euros, or 83% of total turnover.

In millions	2000-01*	2001-02**	2002-03**
--------------------	-----------------	------------------	------------------

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

Capacity in ASKs	119,562	127,819	131,247
Traffic in RPKs	93,355	97,167	99,960
Load factor	78.1%	76.0%	76.2%

* Air France

** Air France Group

In m	2000-01	2001-02	2002-03
Total passenger turnover	10,022	10,378	10,527
Passenger operating income	355	128	101

Cargo operations

- n 4th largest airfreight operator worldwide (source IATA)¹
- n 11.6% of total turnover
- n 1,700 daily flights to 202 destinations in 91 countries
- n A fleet of more than 240 passenger aircraft and 13 freighters
- n A global and integrated offer thanks to SkyTeam Cargo

Operating under the brand name Air France Cargo, the Air France Group has successfully developed its airfreight business, ranking fourth worldwide for international cargo transportation and second in

¹ excluding integrators such as FedEx and UPS.

Europe. Cargo is the second core business of the Air France Group

with revenues amounting to 1.5 billion euros in 2002-03.

In millions	2000-01	2001-02	2002-03
Capacity in ATKs	7,918	7,919	8,339
Traffic in RTKs	5,117	5,119	5,445
Load factor	64.6%	64.6%	65.3%

In m	2000-01	2001-02	2002-03
Total cargo turnover	1,491	1,448	1,479
Passenger operating income	34	5	48

Maintenance operations

- n 2nd largest operator worldwide in multi-product aircraft maintenance (*source Air France*)
- n 4.3% of total turnover
- n over 100 clients around the world
- n leader in component support services for A320, A330 and A340 aircraft
- n leader in CFM56-5 engine maintenance

The Air France Group is the second largest operator worldwide in multi-product aircraft maintenance. In addition to maintaining its own fleet, Air France provides maintenance services to more than 100 clients around the world.

In m	2000-01	2001-02	2002-03
Maintenance turnover	566	548	540
Maintenance operating income	19	26	67

A well-balanced network

- n 93% of non-stop long-haul flights

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

- n Minimum of 1 daily flight on 60% of long-haul destinations
- n Minimum of 3 daily flights on 80% of domestic and European destinations from Paris

With 198 destinations in 83 countries, the Air France Group operates an extensive route system, both domestically and internationally.

The network of Air France is structured around three principal bases:

Paris-Charles de Gaulle, Air France's hub for long and medium-haul traffic,
Paris-Orly, used for Air France's shuttle service and coverage of the domestic market
Lyon-Saint Exupéry, Air France's hub for inter-regional services between cities in France and Europe.

Thanks to its well-balanced network, Air France is not solely dependent on any one market, and each market reacts differently to the economic or geopolitical environment.

2002-03 scheduled passenger turnover breakdown per destination (in m)

France	Europe	Americas	Asia	Africa-Middle East	Caribbean Indian Ocean	Total
1,914	2,567	1,966	1,174	1,098	994	9,713
19.7%	26.5%	20.2%	12.1%	11.3%	10.2%	100.0%

FACT SHEET

2/4

Fleet

As of March 2003, Air France fleet comprised 257 aircraft including 249 in operation. The subsonic fleet has an average age of 8.5 years which breaks down into 7.4 years for the long-haul fleet and 8.6 years for the medium-haul fleet. The regional fleet amounted to 124 aircraft including 111 in operation.

Air France's fleet development is based on a twofold policy combining flexibility and rationalization.

Air France fleet as at 31 March 2003

Concorde	5
A340-300	22
A330-200	10
B777-200	25
B474-400	14
B747-200/300	12
B767-300	4
Long-haul fleet	92
B747-200/400 freighter	13
Cargo fleet	13
A319-100	39
A320-100/200	66
A321-100/200	14
B737-300/500	33
Medium-haul fleet	152
Total Air France fleet	257
Owned	50%
Finance lease	12%
Operating lease	38%

Regional fleet as at 31 March 2003

ATR42-300	3
CRJ 100	21
CRJ 700	8
Fokker 100	13
Bae 146	12
Embraer RJ 145	25
Embraer RJ 135	9
Embraer 120	16
Beech 1900	9
Saab 2000	8

Total regional fleet	124
Owned	11%
Finance lease	32%
Operating lease	57%

A strong global alliance

Together with Aeromexico, Delta Air Lines and Korean Air, Air France launched the SkyTeam alliance in June 2000. The European arm of the alliance was further strengthened with the integration of Czech airline CSA and Alitalia in 2001.

The six SkyTeam members operate around 7,700 daily flights to 500 destinations in 110 countries. Through the SkyTeam alliance, Air France is able to offer a worldwide network structured around 6 hubs located in Paris, Atlanta, Cincinnati, Rome, Prague and Seoul.

In the two years since its founding, SkyTeam has become one of the industry's three major alliances with 12% market share (*source IATA 2002*).

Besides this alliance, Air France has also signed special agreements with more than 40 or so partners over the world. Code-share agreements include Adria Airways, Air Austral, Air Mauritius, China Eastern, Finnair, Japan Air Lines, Luxair, Maersk Air, Malev, Portugalia, Royal Air Maroc, South African, TAM, Tunisair

An efficient hub

An efficient hub

With over 16,000 weekly connections between medium and long-haul flights in under two hours, the Air France hub at Paris-CDG is the most efficient in Europe and attracts passengers from all over the world. Leveraging traffic growth in economic upturns, Air France's hub has also proved to be very effective during crisis periods.

benefiting from expanding airport infrastructures

Whilst most major European airports face capacity constraints, Paris-Charles De Gaulle benefits from further development potential. As from 2004, the four runways are expected to become simultaneously operational, thereby increasing the number of take-offs and landings. In addition, Paris-Charles De Gaulle will benefit from further capacity expansion with the gradual opening of Terminal 2E and its satellites.

A profitable growth strategy based on strong fundamentals

Profitability safeguarded despite the 2-year crisis

In m	2000-01	2001-02	2002-03	2002-03*
Turnover	12,280	12,528	12,687	12,687
EBITDAR	1,610	1,650	1,992	1,738
Operating income before aircraft disposals	355	157	162	137
Operating income	443	235	192	172
Group net income	421	153	120	107

* pro forma: before application of the new accounting standards regarding major repairs (IAS 16/SIC23)

A flexible investment policy adapted to the economic environment

In bn	2000-01	2001-02	2002-03	2002-03*
-------	---------	---------	---------	----------

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

Capital expenditure	1.88	1.45	1.41	1.16
Operating cash flow	1.18	1.02	1.12	0.86

* pro forma: before application of the new accounting standards regarding major repairs (IAS 16/SIC23)

FACT SHEET

4/4

Fact Sheet

The Group

In min	2000/01	2001/02	2002/03
Turnover	6,960	6,532	6,485
EBITDAR	990	648	606
EBIT	277	-94	-133
Net income	77	-156	-416

The Businesses

KLM Group has four core activities: passenger transport, cargo transport, engineering and maintenance and the operation of charters and low cost/low fare scheduled flights. These activities are performed by the Passenger, Cargo, Engineering & Maintenance businesses and Transavia respectively.

Revenues per segment (million)	2000-01	2001-02	2002-03	2002-03%
Passenger	4,545	4,485	4,425	68%
Cargo	1,178	1,067	1,068	16%
Engineering and Maintenance	273	288	329	5%
Transavia	432	445	472	7%
Other revenue	532	247	191	3%
Total turnover	6,960	6,532	6,485	100%

Passenger business

- n 4th worldwide in terms of international passengers carried
- n 7th worldwide in terms of international passenger kilometres flown
- n 19.4 million passengers carried in 2002-03

Edgar Filing: KLM ROYAL DUTCH AIRLINES - Form 425

- n 68% of total turnover
- n More than 600 daily flights to 142 destinations in more than 70 countries
- n A fleet of 168 aircraft (of which 22 combi aircraft) as per 31-3-2003

Traffic & capacity (million)	2000-01	2001-02	2002-03
Traffic (RPKs)	60,047	58,447	59,417
Capacity (ASKs)	75,222	74,051	74,825
Load factor (%)	79,8%	78,9%	79,4%

With 19.4 million passengers carried to 142 destinations in more than 70 countries, KLM ranks fourth worldwide in terms of international passengers carried and seventh worldwide in terms of international passenger kilometers flown. KLM cityhopper, a member of KLM Group, is a special network partner engaged chiefly in providing capacity on KLM's European connections. KLM cityhopper uk, a KLM cityhopper subsidiary, like KLM cityhopper, supplies capacity to KLM, chiefly on connections between the United Kingdom and continental Europe.

In m	2000-01	2001-02	2002-03
Total passenger turnover	4,545	4,485	4,425
Passenger operating income	-32	-141	-25

FACT SHEET

1/5

Cargo business

n 11th largest airfreight operator worldwide and 5th in Europe in 2002*
n