

## EL AL Israel Airlines Shows Record 2007 Revenues of More Than \$1.93 Billion and a Net Profit of \$31.7 Million

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EL AL, the national airline of Israel, continues its profit trend, as revenue rose by 16% in 2007 when compared with 2006, totaling approximately \$1.93 billion.

This is the highest revenue in the 60 years that EL AL has been in service. The net profit for 2007 is \$31.7 million, compared to a loss of \$33.9 million in 2006. Operational profit reached \$71.4 million as compared to a loss of \$8.5 million in 2006. Revenue for the fourth quarter totaled \$524.3 million, an increase of 26%, compared to the same quarter in 2006. The 2007 cash flow totaled \$231.2 million, an increase of 136% compared to 2006.

This increase in record revenue was achieved despite a steep upsurge in competition in the skies, the dramatic increase in fuel costs, the sharp drop of the dollar to a low of 3.4 shekels and geopolitical conditions worldwide.

EL AL also succeeded in absorbing a rise in passenger traffic and increased the load factor on its planes to better than 85%. During 2007, the airline increased the number of passengers and increased seat availability by 2%, while at the same time efficiently using the aircraft fleet.

"The ability of EL AL to show profits is the result of the determined effort to reduce expenses while increasing revenue, particularly through the growth engines the airline defined for itself, such as business passengers and increased tourism to Israel," stated Haim Romano, President, EL AL Israel Airlines. "All this, together with optimizing the fleet and reorganizing routes brought about this increase and resulted in record growth in revenues and higher load factors."

The year 2007 can be characterized as a year of growth for EL AL, both worldwide and in North America. In the summer of 2007, EL AL added to its ever-growing fleet two new state-of-the-art Boeing 777 aircraft that are utilized on the USA/Israel route. A fourth weekly nonstop flight from Los Angeles to Israel, the only nonstop service offered, was also added to the regular flight schedule last summer. In the early fall of 2007, EL AL opened new First and Platinum Business Class luxury King David Lounges at JFK airport, equipped with a high-tech business center and a shower. In Los Angeles, a new modern lounge for Premium Class passengers equipped with a business center also opened last fall.

"EL AL is the leading player in the Israeli civil aviation market and remains the number one airline to and from Israel. The shareholders and management of EL AL continue to successfully implement the business strategy of the five-year plan, "EL AL 2010." Past, present, and future investments total an unprecedented \$1.1 billion which covers new state-of-the-art aircraft, upgrading the existing fleet, as well as improvements in the technological infrastructure," noted Chairman of the Board of EL AL, Professor Israel (Izzy) Borovich. "The Management of EL AL continues implementing its investment and efficiency programs and I believe that the airline's financial strength allow us to invest in and achieve our targets."

EL AL is continuously working to improve every passenger's flight experience. The carrier has introduced significant improvements in the standard of in-flight kosher meals and in upgrading in-flight entertainment.

EL AL is also expanding activities targeted toward the business traveler. During the past year, the airline introduced significant improvements in the flight standards of its First and Platinum Business Classes. Also, in 2007, there were more opportunities than ever for loyal frequent flyer Matmid Club members to take advantage of special offers and use their points. EL AL is the only airline to Israel that has a frequent flyer club with no blackout dates.

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