



EL AL

Israel Airlines Ltd.

2007

Statement of Operations for period Jan-Dec 2007 - Consolidated

(in millions USD)

	2007		2006		2007 VS 2006	
	\$	% of operating revenues	\$	% of operating revenues	difference	index (%)
Operating revenues	1,932.5	100%	1,665.4	100%	267.0	116%
Operating expenses	1,539.7	79.7%	1,394.2	83.7%	145.5	110%
Gross profit	392.8	20.3%	271.3	16.3%	121.5	145%
Selling expenses	230.6	11.9%	187.8	11.3%	42.8	123%
General and administr. expenses	90.8	4.7%	92.0	5.5%	(1.2)	99%
Operating Income (Loss)	71.4	3.7%	(8.5)	-0.5%	79.8	
Net financing expenses	33.4	1.7%	29.5	1.8%	3.9	113%
Other expenses (income)	(2.4)	-0.1%	2.8	0.2%	(5.2)	
Income (Loss) before income tax	40.4	2.1%	(40.7)	-2.4%	81.1	
Income tax savings (expenses)	8.7	0.4%	(6.8)	-0.4%	15.5	
Net Income (Loss)	31.7	1.6%	(33.9)	-2.0%	65.6	

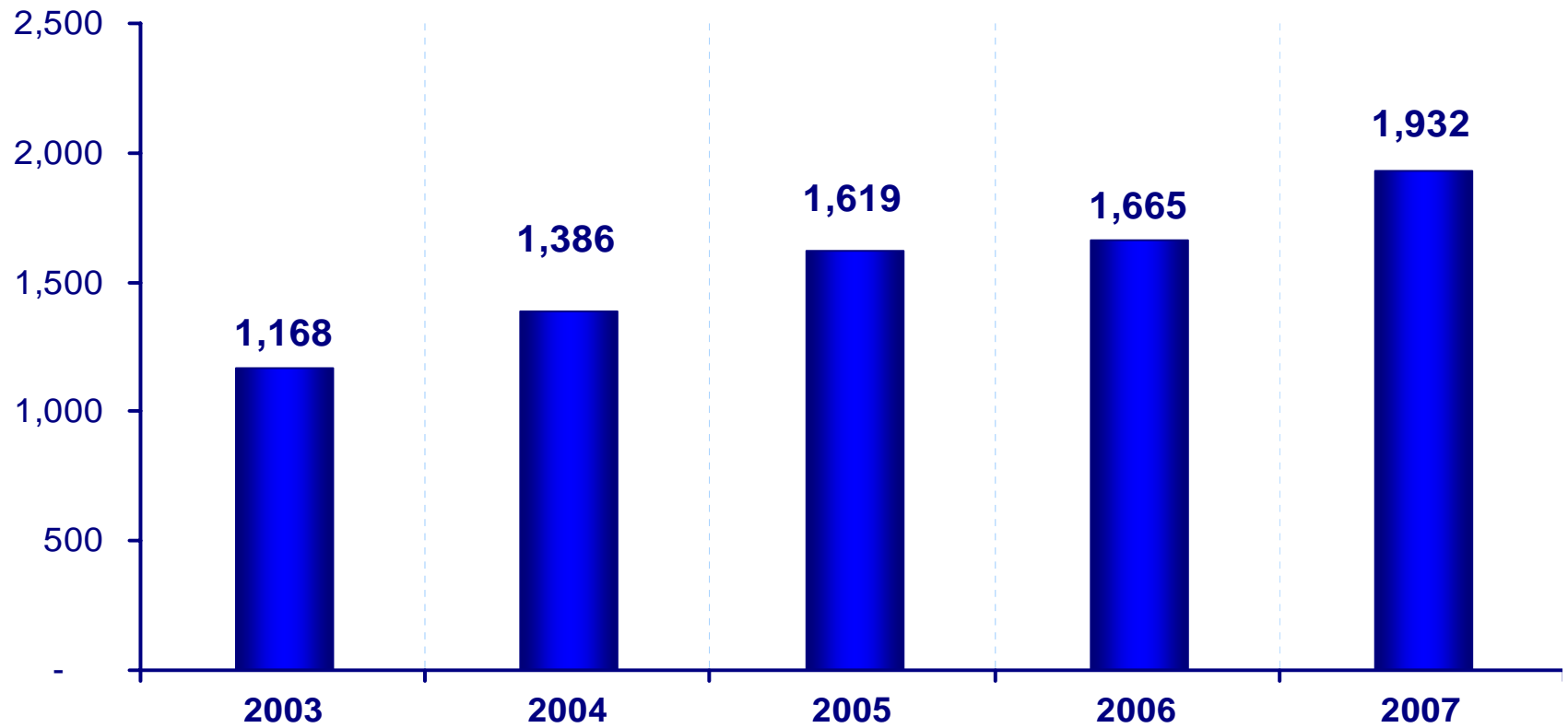
Operating revenues in 2007 vs. 2006 and analysis of changes

(in millions USD)

	ACT 2007	ACT 2006	ACT 2007 Vs. 2006	
			Increase / Decrease	%
Passenger Revenues	1,490.9	1,235.5	255.4	121%
Cargo	306.1	317.6	(11.5)	96%
Other revenues	135.4	112.3	23.1	121%
Total operating revenues	1,932.5	1,665.4	267.0	116%

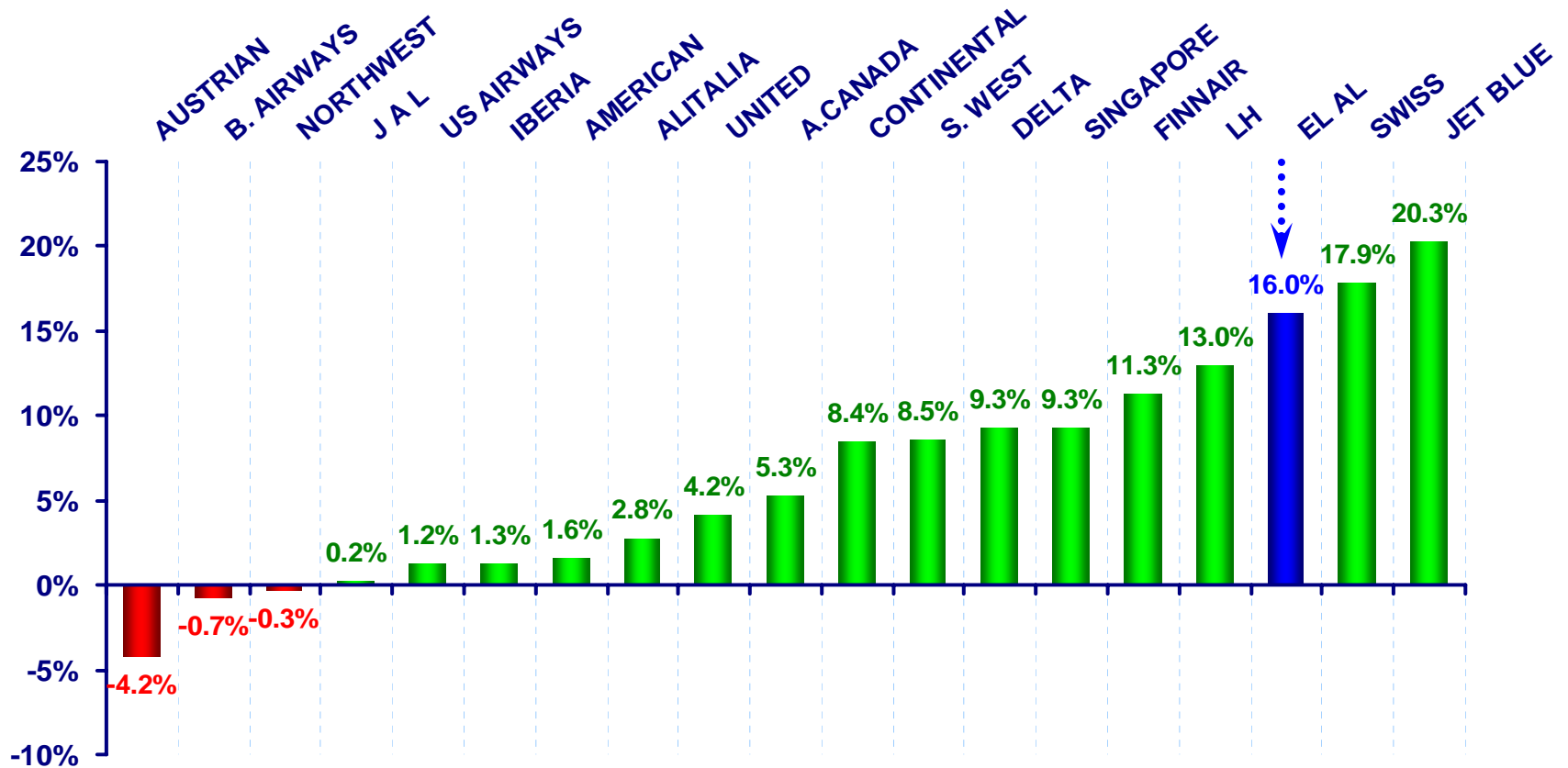
Total income of Jan-Dec for the years 2003-2007

M \$



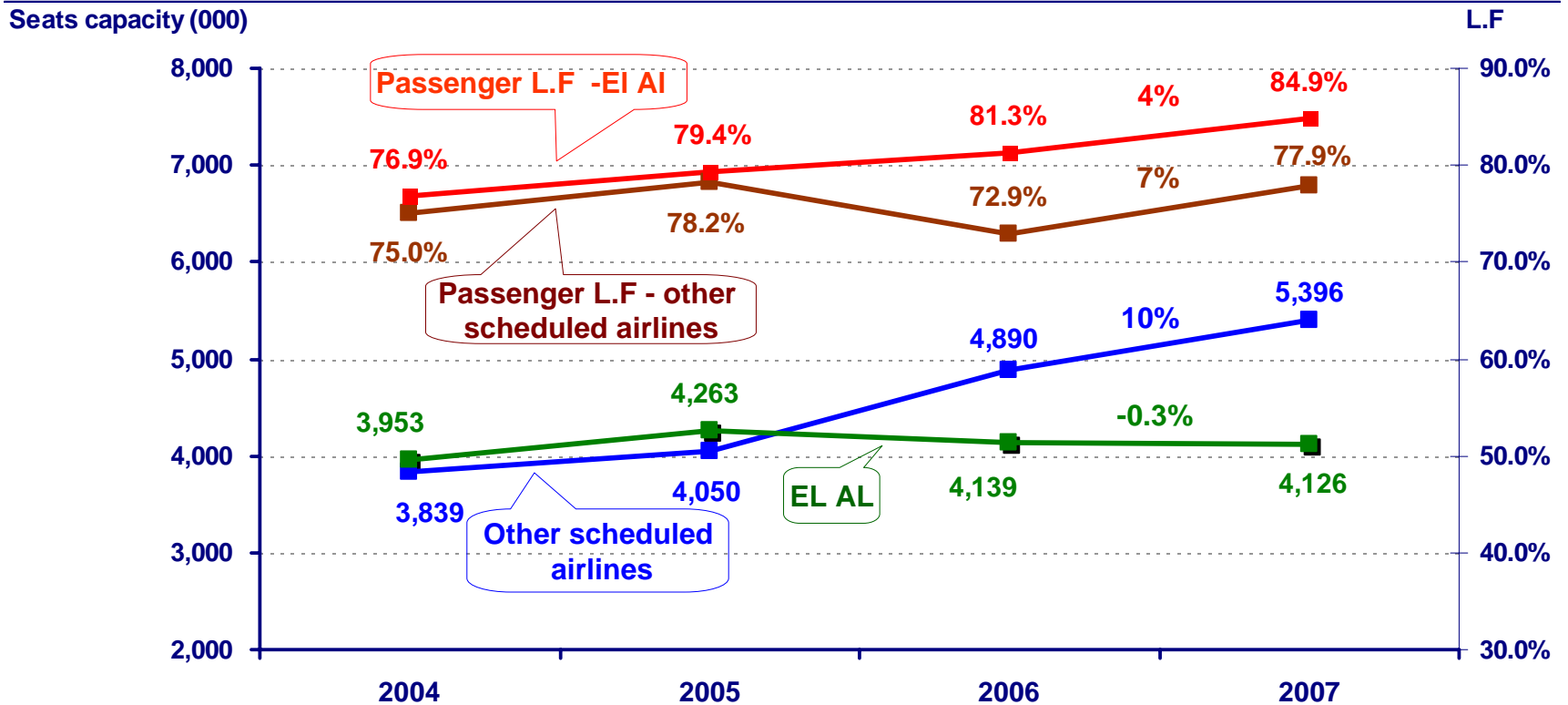
Income growth rate of El Al compared to other airlines

2007 VS 2006



Seats capacity and passenger load factor of scheduled airlines at Ben Gurion

2004-2007



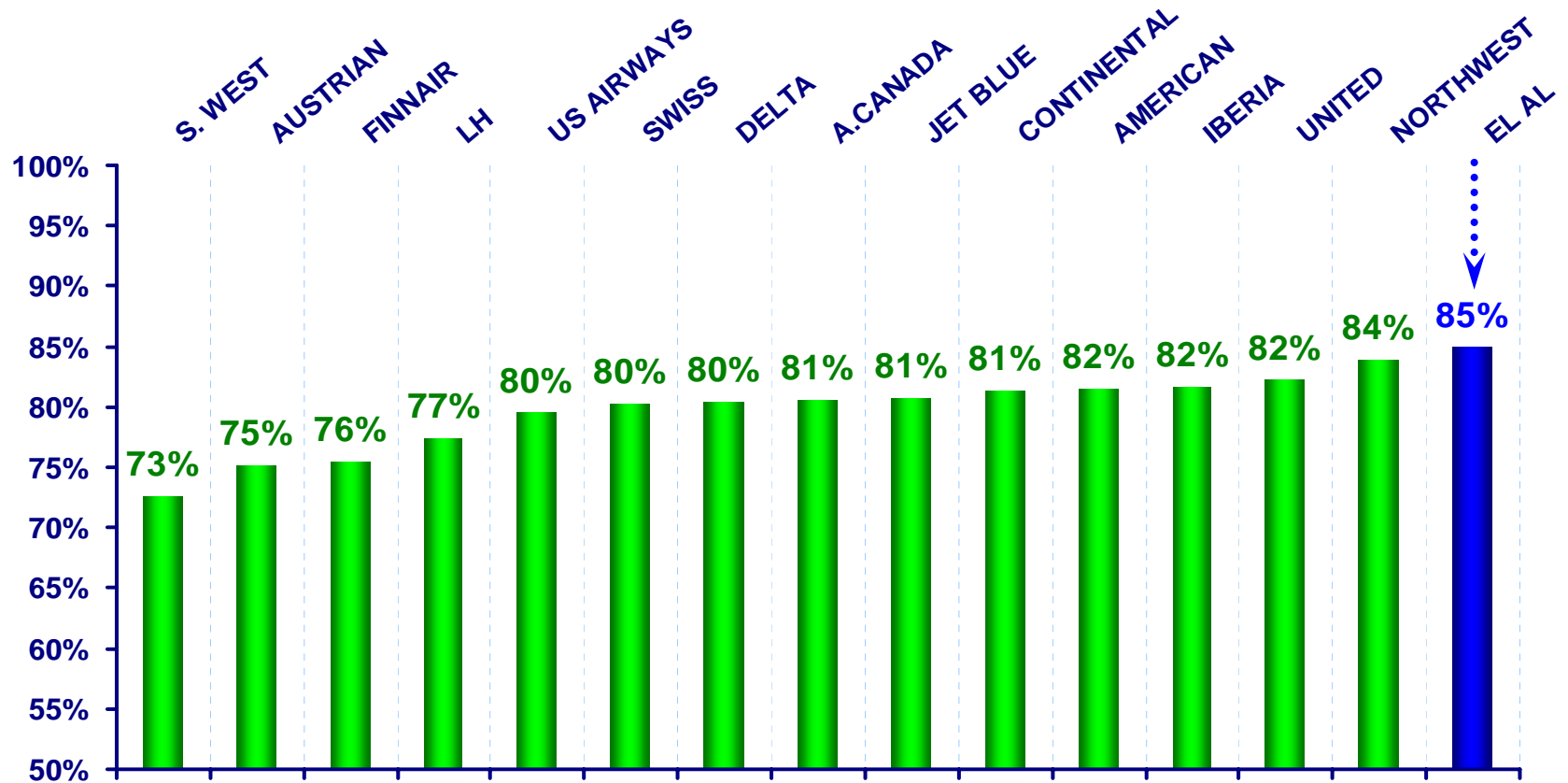
seats capacity at BGA- Sched	7,793	8,313	9,029	9,523
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Source of data: Commercial Planning & Market Research

LF - Percentage of total passenger occupancy of available seats

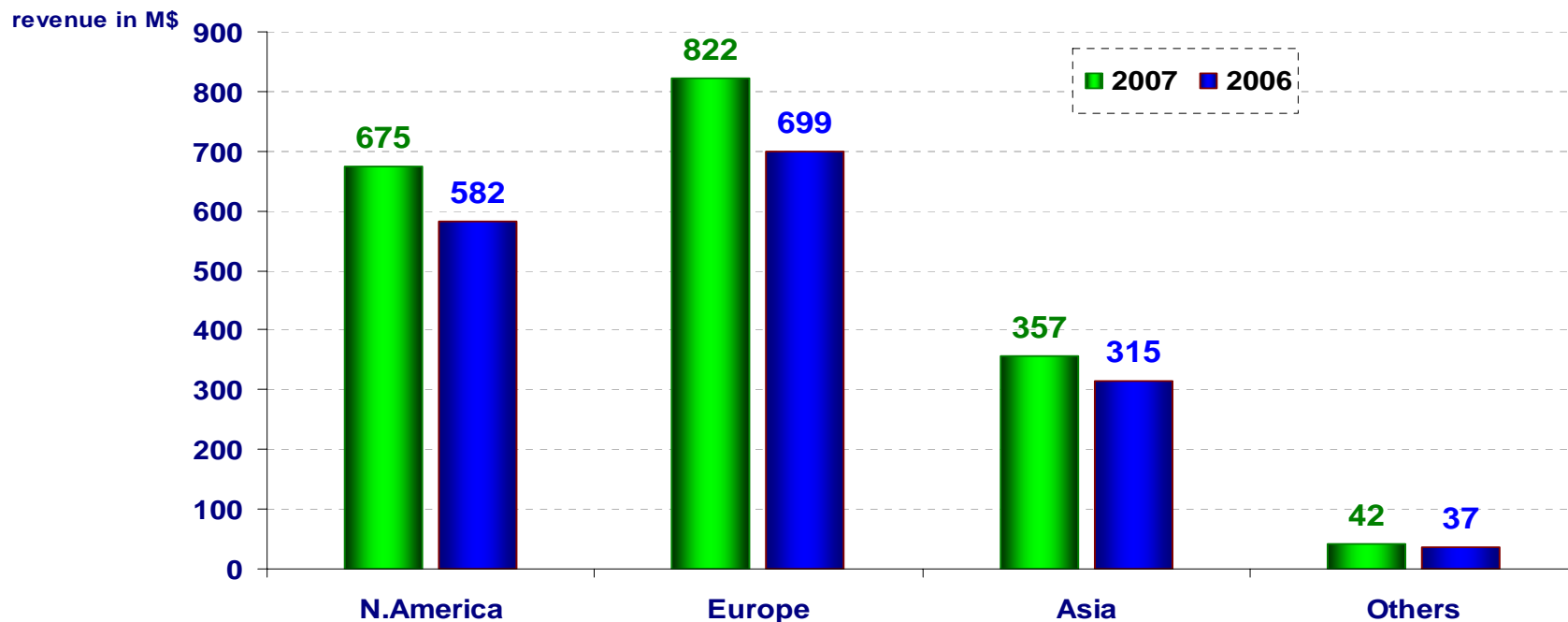
Load Factor - compared to other airlines

2007



Division of revenues by sectors and operating income as a percentage of the revenue (Consolidated)

2007 VS 2006



Operating income as a-% of the revenue				
2007	7.2%	16.5%	8.2%	25.7%
2006	2.6%	12.0%	12.5%	21.7%
Difference	4.7	4.4	-4.3	4.0

Business segments

2007 (M' \$)

	Passenger aircraft	Cargo aircraft	Other and consolidated adjustments	Total
Revenues from passengers	1,548			1,548
Revenues from cargo and mail	106	216		323
Other income	39	1	23	62
Total revenues	1,692	217	23	1,932
Gross profit	398	(17)	11	393
Gross profit as-% of the revenue	23.5%	-7.8%	50.5%	20.3%
2006	17.0%	7.6%	64.7%	16.3%
Operating income	107	(41)	5	71
Operating income as-% of the revenue	6.3%	-18.8%	22.0%	3.7%
2006	6.9%	-5.2%	12.5%	5.3%
Net book value of fixed assets	1,196.7	42.5	47.2	1,286.4

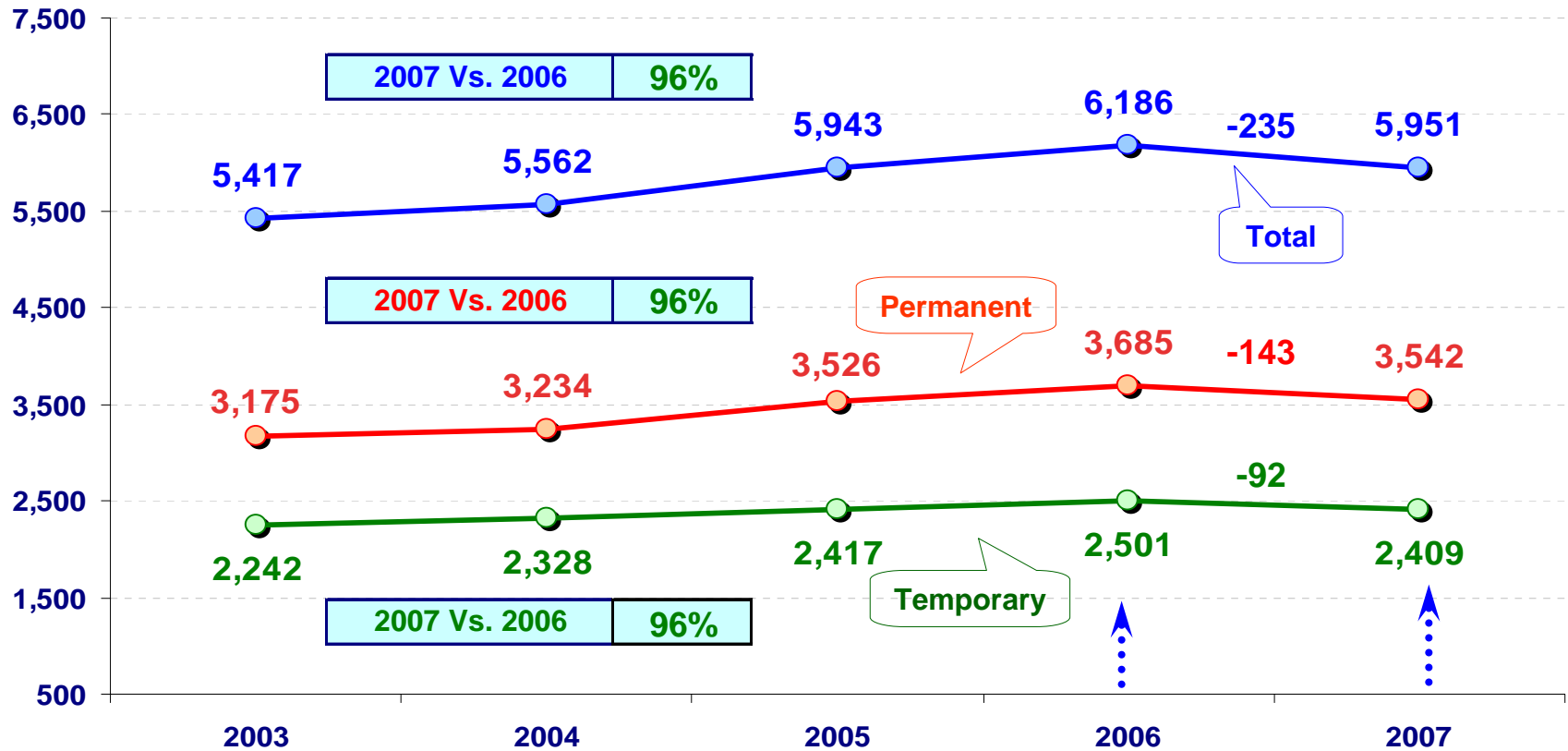
Operating expenses for 2007 and analysis of changes in comparison to 2006

(in millions USD)

	ACT 2007	ACT 2006	2007 vs 2006	of operating revenues %	
			increase / decrease	ACT 2007	ACT 2006
Salaries and social benefits (after neutralize the exch. rate)	266.5	246.0	20.5		
Exchange Rates effects	4.3	6.4	(2.1)		
Total salaries and social benefits	270.7	252.4	18.4	14.0%	15.2%
Jet-fuel	556.3	465.9	90.4	28.8%	28.0%
Airport fees and services	175.5	169.7	5.8	9.1%	10.2%
Depreciation and amortization	109.7	110.8	(1.1)	5.7%	6.7%
Air navigation and communication	98.9	89.9	9.0	5.1%	5.4%
Catering	56.6	54.3	2.3	2.9%	3.3%
Engine maintenance and spare parts	90.8	83.0	7.8	4.7%	5.0%
Aircrafts leasing expenses	41.4	38.5	2.8	2.1%	2.3%
Other operating expenses	42.6	38.7	3.9	2.2%	2.3%
Security	39.4	40.0	(0.6)	2.0%	2.4%
Investees	9.7	5.2	4.5	0.5%	0.3%
Variable expenses for air crew	48.2	45.8	2.4	2.5%	2.8%
Total operating expenses	1,539.7	1,394.2	145.5		
of operating revenues %	79.7%	83.7%			

Total employees, permanent and temporary (positions, average man years)

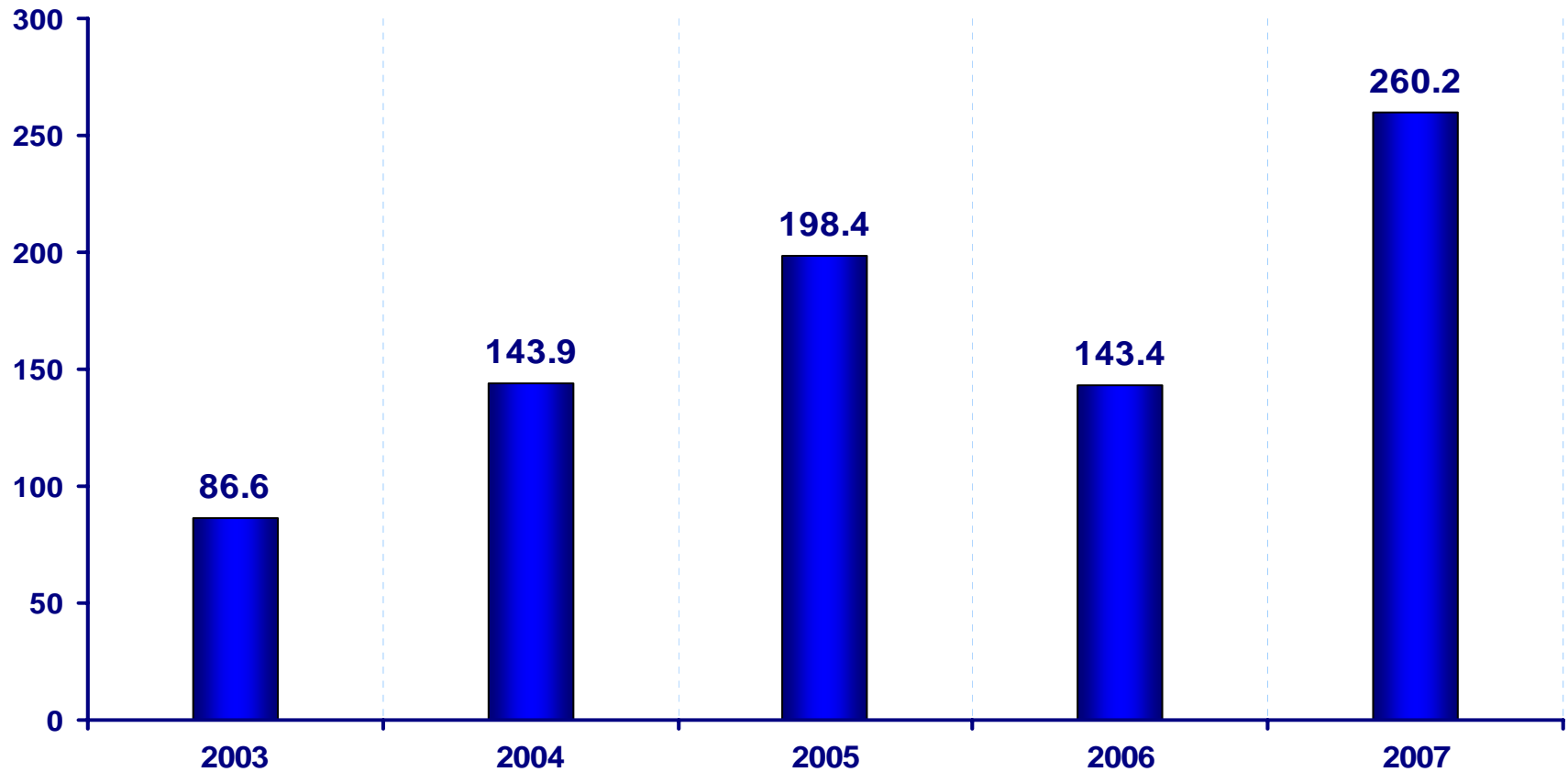
2003-2007



Source data: Human Resources

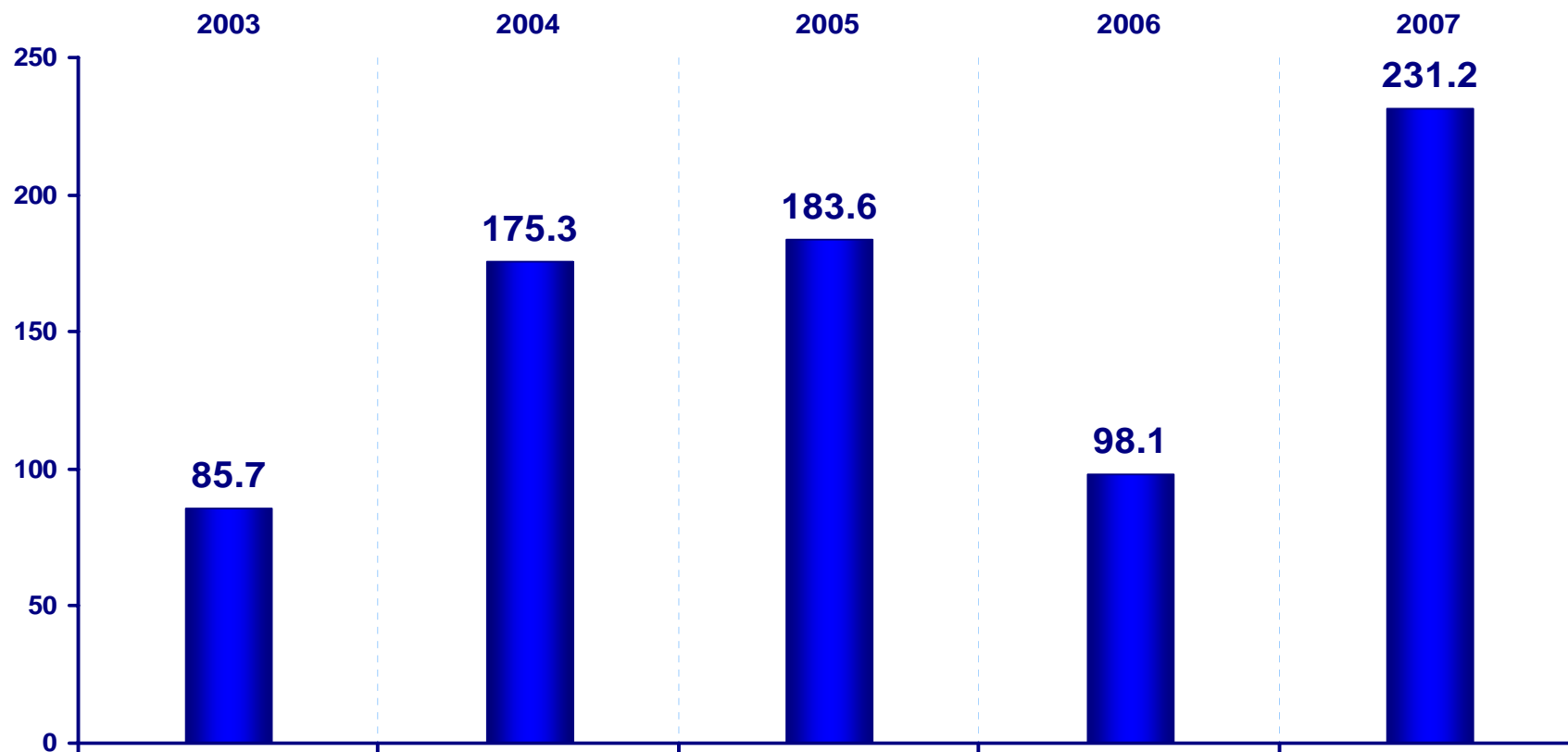
Cash balances, including deposits at Dec 31 for the years 2003-2007 (El Al solo)

M \$



Cash flows from operating activities for Jan-Dec in the years 2003-2007 (Consolidated)

M \$



Years 2003-2005: Excluding adjustments for accounting standard no. 27(fixed assets)

Balance sheet 31/12/07

(in millions USD)

Assets			Liabilities		
	31/12/2007	31/12/2006		31/12/2007	31/12/2006
Current assets	498	379	Current liabilities	645	583
Investments	6	6	Long-term liabilities	858	768
Fixed assets	1,286	1,177	Share holders' equity	293	214
Other assets	4	3			
Total	1,795	1,564	Total	1,795	1,564

Current Assets

(in millions USD)

	31/12/2007	31/12/2006	31/12/2007 vs. 31/12/2006
Cash and cash equivalents	87	146	(59)
Short-term investments	181	5	176
Trade accounts receivable	144	133	11
Receivables and other current assets	52	47	5
Deferred income taxes	20	31	(11)
Inventory	16	17	(1)
Total	498	379	120

Investments

(in millions USD)

	31/12/2007	31/12/2006	31/12/2007 vs. 31/12/2006
Long-term bank deposits	2	2	0
Investment in another company	2	2	0
Investees	2	2	(0)
Total	6	6	(0)

Current liabilities

(in millions USD)

	31/12/2007	31/12/2006	31/12/2007 vs. 31/12/2006
Short-term borrowings and current maturities	66	105	(39)
Trade accounts payable	167	145	22
Payables and other current liabilities	411	333	78
Total	645	583	62

Long-term liabilities

(in millions USD)

	31/12/2007	31/12/2006	31/12/2007 vs. 31/12/2006
Long-term loans from financial institutions	714	566	148
Accrued severance pay, net	71	126	(55)
Deferred income taxes	73	75	(2)
Other long-term liabilities	0	1	(0)
Total	858	768	90

Shareholders' equity

(in millions USD)

	31/12/2007	31/12/2006	31/12/2007 vs. 31/12/2006
Share capital	155	132	23
Premium on shares	9	1	8
Capital reserve from transactions with a former controlling party	244	218	25
Capital reserve from employees' option program	4	3	2
Accumulated deficit	(108)	(139)	32
Dividend declared	(12)	0	(12)
Total	293	214	78

Statement of Operations for quarter Q4 - Consolidated

(in millions USD)

	Q4/07		Q4/06		Q4/07 vs. Q4/06	
	\$	% of operating revenues	\$	% of operating revenues	difference	index (%)
Operating revenues	524.3	100%	416.7	100%	107.6	126%
Operating expenses	429.3	81.9%	349.3	83.8%	80.0	123%
Gross profit	95.0	18.1%	67.4	16.2%	27.6	141%
Selling expenses	71.3	13.6%	52.1	12.5%	19.2	137%
General and administr. expenses	24.8	4.7%	24.3	5.8%	0.5	102%
Operating Loss	(1.1)	-0.2%	(9.0)	-2.2%	7.9	12%
Net financing expenses	6.4	1.2%	7.6	1.8%	(1.3)	83%
Other expenses	1.8	0.3%	1.2	0.3%	0.5	141%
Loss before income tax	(9.2)	-1.8%	(17.9)	-4.3%	8.7	51%
Income Tax	(0.8)	-0.1%	(2.0)	-0.5%	1.2	39%
Net Loss	(8.4)	-1.6%	(15.9)	-3.8%	7.5	53%

A woman in a white dress is seen from behind, standing in a vast field of golden wheat. She is holding a string that goes up to a white kite flying in a clear blue sky with scattered white clouds. The kite is a simple diamond shape with a long tail. The woman's right arm is raised, and she appears to be in the middle of flying the kite. The overall scene is bright and open, suggesting a sense of freedom and accomplishment.

Thank you.