

**David Maimon, EL AL's CEO – the Company announces the largest Aircraft Acquisition Program in its history:**

**EL AL will conduct exclusive negotiations with Boeing Corporation for purchase and lease of 15 new wide-body 787-8 and 787-9 Dreamliner aircraft and additional 13 purchase option.**

**Commencement of in mid-2017.**

**The Company presents the results of the second quarter- a profit of USD 17.3 million.**

**In accordance with the resolution of the Board of Directors, for the first time in years, the Company declared to distribute dividend totaling approximately USD 24.7 million.**

**Profit before tax in the quarter amounted to approximately USD 23.6 million; net profit in the quarter amounted to USD 17.3 million; revenues in the quarter totaled approximately USD 510.6 million compared to USD 571.5 million last year; the Company's cash balance and deposit amounted to USD 186.2 million; market share increased in the quarter to 32.7% compared to 31.9% in the second quarter of last year.**

**EL AL's CEO, David Maimon: "I am proud to announce today the largest Air craft acquisition program in the history of EL AL. The**

**Board of Directors of EL AL approved today for the Company to conduct negotiations with Boeing Corporation for procurement of wide-body Dreamliner aircraft, which is expected to include the purchase and lease of 15 aircraft in the next five years. This move is expected to constitute a significant step forward in the optimization of the network of routes, passenger service and flight experience.**

**During the next five years, these aircraft shall replace the 747-400 and 767 fleets and are designated to fly to medium and long haul destinations (New York, Boston, Toronto, Bangkok, Beijing, Mumbai, South Africa and more). These aircraft are the latest and most advanced in the world, with many operational advantages, and they are considered to be efficient and economical in terms of fuel consumption, utilization and maintenance costs.**

**We shall continue to preserve our position as first choice in flying to and from Israel, and as a leading company offering its customers maximum comfort, technological innovation and quality service. I am convinced that this move is a great opportunity to meet the high standard expected of us and continue the momentum of EL AL's innovation ".**

**David Maimon further added: "I congratulate the signing of the labor agreement with the Employee Representation, which will enable El Al to become more efficient and focus on the business challenges facing us, further to its growth within the international aviation industry.**

**In addition, I am proud of the Board resolution to approve a dividend distribution for the first time in many years; we are happy to share the Company' success with the public of shareholders".**

**Maimon noted that: "the number of holders of FLYCARD and FLYCARD Premium credit cards has continued to grow, reaching over 90 thousand customers.**

**As part of the Company's innovation, route network expansion and the strengthening of the Company, EL AL has launched in June a direct route to Boston, thus expanding the variety of destinations in the U.S, to the benefit of our customers, at high availability and easy interconnectivity".**

## **Dganit Palti, EL AL's CFO:**

**"We conclude the first half of 2015 and the second quarter of the year with improvement in a line of operational and financial parameters and growth in the net profit of the Company.**

**The Company recorded a decrease in revenues resulting from a reduction in the number of passengers due to a drop in incoming tourism and price erosion, which resulted from the decline in the oil prices and the number of tourists and from currencies erosion in relation to the dollar. Alongside this, the Company recorded in the second quarter a decrease of over USD 57 million in the operation costs, despite a 2% increase in the Company's operations.**

**In this quarter, the Company recorded a profit higher by nearly 6% than the profit recorded in the second quarter of the last year, despite an expenditure of approximately USD 11 million in respect of the new wage agreement, out of which about USD 5 million are in respect of early retirement of employees.**

**The Company's cashflow deriving from operating activities in the second quarter amounted to approximately USD 79 million, and it ended the quarter with cash and deposit balance totaling approximately USD 186 million.**

**The financial strength and business condition of the Company allow us to distribute dividend and implement the Company's long-term aircraft Acquisition program for replacing wide-body aircraft, which shall highly improve the competitive ability of the Company in the coming decade".**

