For further details and information about the improved program, please visit our website, www.elai.co.il.
We've got news for you!

Dear members

El Al's Frequent Flyer Club "Matmid" has always been the preferred choice of every Israeli and Jewish passenger traveling to and from Israel. The club offers a wide variety of attractive benefits, almost unlimited possibilities to earn points (from El Al flights and from various partners), and allows great flexibility in redeeming points for bonus tickets and upgrades.

Over the last few years, El Al has continuously improved as much as possible the products and services offered to you: a reliable and attractive schedule, a luxurious business class (El Al Platinum), a wide variety of destinations, a superb service on the ground and in the air. During the last couple of years we put our utmost in order to improve our Frequent Flyer program, since we believe our loyal travelers deserve more. Today we are proud to introduce our new and improved loyalty program.

Our improved program lets you benefit from the best of all worlds. We kept the best from the present various programs, and created an improved and unified club for everybody. For instance, in the new program the points you accumulate are valid for 3 years and will be counted together (and not according to 12 months periods). You will enjoy cheaper upgrade vouchers, more points for Business and First class tickets and much much more. Your member statement will be much more comprehensible and will include details regarding your points that are about to expire. Easy, clear and simple!

This brochure details the numerous improvements and benefits of the "Matmid" Club. The new program will be implemented as of July 2004.

Sincerely yours,

Gill Sagiv
Frequent Flyer Programs Manager
As of July 1st 2004, the various EL AL loyalty clubs will be united into one new and improved club – the "Matmid". This club will combine all advantages of the current programs (long accumulation period, low bonus prices, prestige tiers etc.). Everybody will be able to enjoy the best of all worlds!

The new club will have 4 tiers:
"Matmid", "Matmid" Silver, "Matmid" Gold and "Matmid" Platinum

If you are a member of the 'Loyal' Club / 'Buy & Fly' Club / Young Club (‘Head in the clouds’) – you will be automatically upgraded to the "Matmid" club. That way all of you will have a chance to reach one of the prestige tiers. In addition to that, you will enjoy lower bonus fares*. Needless to say, all points accumulated in your accounts, including points transferred from credit cards, will be valid in your new account in the "Matmid" Club**.

If you're a member of the Young Club, 'Head in the clouds', you deserve a special treat: No matter the age of the points in your account, they will be transferred to the "Matmid" Club and will be valid for 3 years.

* In order to issue a bonus voucher or an upgrade voucher in the 'Matmid' club, you need only half of the points needed in the 'Loyal' / 'Buy & Fly' clubs.
** Since the membership in the 'Matmid' club is a personal membership, those of you accumulating points together will not be able to continue to do so. The points in your present joint account will split, according to each member’s flight activity, and credit card transfers.

A big and improved program for everybody!

As of July 1st 2004, the point accumulation mechanism will be improved. In the new program, all the points you accumulate will be counted TOGETHER, regardless of any accumulation periods, such as in the present program. You will be able to use points accumulated within the last 3 years according to your own wishes and desires - bonus vouchers or upgrades.

3 years! That’s 3 times more than in the present program!!!
Points accumulated from partners will be valid indefinitely.

Your member statement will be upgraded, too. The statement will detail, in a simple and readable manner, the points accumulated in your account, the up to date activities in your account and the points about to expire.

The new and improved member statement gives you a clear picture of your status, and you will be able to wisely plan ahead, without losing a single point!

All points from El Al flights, accumulated in your account between July 1st 2001 and June 30th 2004 will be accumulated together. That way you will be able to use them however you like. Up to now, points older than 2 years were good only for upgrades – the new program lets you use them for bonus vouchers, too!

You will be able to redeem points older than 3 years according to the present regulations until June 30th 2004. Vouchers issued with these points will be valid for a year, as always.

A wide accumulation period!
The Club That Suits You

The "Silver" Tier!

El Al is proud to introduce a new prestige tier in the Frequent Flyer Club - the "Silver" tier. The "Silver" tier will be awarded to members that have accumulated more than 1000 points within 12 consecutive months from El Al flights. "Silver" members will enjoy an additional accumulation bonus of 10% on all flight activity (on El Al flights only)* as well as many other benefits.

"Gold" members will be eligible for a confirmed seating in Economy class, up to 72 hours from departure, for tickets booked in Y Class.

"Platinum" members will be eligible for a reduced fare last minute upgrade (48 hours from departure).

The prestige tiers will be awarded as follows:

* "Silver" membership will be awarded to members that accumulated more than 1000 points within 12 consecutive months from El Al flights. In order to renew the "Silver" membership for an additional year, you will need only 800 points within 12 consecutive months!

* "Gold" membership will be awarded to members that accumulated more than 2500 points within 12 consecutive months from El Al flights. In order to renew the "Silver" membership for an additional year, you will need only 1800 points within 12 consecutive months!

* "Platinum" membership will be awarded to members that accumulated more than 5000 points within 12 consecutive months from El Al flights. In order to renew the "Silver" membership for an additional year, you will need only 4500 points within 12 consecutive months!

Children – welcome aboard!

As of July 1st 2004 – children older than 2 years old can become a member. The kids will be able to accumulate and redeem points just like a grown up **.

* these additional points, called 'Extra Points', are good for bonus vouchers and upgrades, but will not be counted for tier renewal or Gold / Platinum tier qualification.

** Children will not be qualified for last minute upgrades, even if they are qualified for Platinum / Gold / Silver tier, or holding an eligible ticket.
Our Way To Appreciate Our Prestige Members

El Al values the loyalty of its prestige tiers members. They deserve more. That's why the prestige tiers members will be awarded Extra Points*, on all flight activity with El Al.

*Extra points on all flights, in all class, to all destinations:
- ‘Platinum’ members will be awarded with 50% additional accumulation.
- ‘Gold’ members will be awarded with 25% additional accumulation.
- ‘Silver’ members will be awarded with 10% additional accumulation.

Extra Points are good for bonus vouchers and upgrades, but will not be counted for tier renewal, Gold / Platinum tier qualification or for priority in the last minute upgrades list of candidates.

In addition, all "Matmid" members traveling in First or Business Class will enjoy an increased accumulation of points, even if they do not hold prestige membership. This increased accumulation is on top of the additional accumulation for the prestige tiers members.

The following table details the accrual levels in Business class and First class (one way):

<table>
<thead>
<tr>
<th>Region</th>
<th>Classes D, Z and I</th>
<th>Classes C and A</th>
<th>Class F</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>75</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>120</td>
<td>150</td>
<td>-</td>
</tr>
<tr>
<td>C</td>
<td>150</td>
<td>200</td>
<td>225</td>
</tr>
<tr>
<td>D</td>
<td>200</td>
<td>275</td>
<td>350</td>
</tr>
<tr>
<td>E</td>
<td>350</td>
<td>400</td>
<td>500</td>
</tr>
<tr>
<td>F</td>
<td>400</td>
<td>450</td>
<td>550</td>
</tr>
</tbody>
</table>

El Al Regions:
A = Mediterranean; B = East Europe; C = West Europe; D = South Africa and India; E = Canada, USA (exc. Los Angeles); F = Los Angeles.

The Upgrades Are Cheaper

More advantages for your upgrade vouchers

As of July 1st 2004, upgrading your ticket in advance will be much cheaper! Get yourself an upgrade in advance and save all the hassle!

The following table details the attractive price of the upgrade vouchers (one way):

<table>
<thead>
<tr>
<th>Region</th>
<th>Price</th>
<th>Region**</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>100</td>
<td>D</td>
<td>500</td>
</tr>
<tr>
<td>B</td>
<td>130</td>
<td>E</td>
<td>700</td>
</tr>
<tr>
<td>C</td>
<td>200</td>
<td>F</td>
<td>750</td>
</tr>
</tbody>
</table>

* An upgrade voucher from Economy to Business class is applicable on Y, S and M class tickets. An upgrade from Business class to First class is applicable on C class tickets. In Spain, UK and Switzerland, the upgrade voucher is applicable on Y class tickets.

** Your ticket can be upgraded with a voucher at all times, through your travel agent or El Al representatives. As of July 1st 2004, an upgrade voucher will not be accepted at the airport before your flight (this is applicable even if the upgrade voucher was issued before July 1st 2004).

Reduced Fare Last Minute Upgrades

El Al is the only airline (operating in Israel) that offers a policy of attractive reduced fare last minute upgrades. The fares of the last minute upgrades remain as attractive as always, but from now on – the last minute upgrade will be applicable on Y, S, M, I and C class tickets.

‘Platinum’, ‘Gold’ and ‘Silver’ members that accumulated more than 1000 points within 12 consecutive months from El Al flights will be eligible for last minute upgrades to Business Class (‘Silver’ members – only 48 hours from departure).

‘Platinum’ and ‘Gold’ members that accumulated more than 1600 points within 12 consecutive months from El Al flights will be eligible for last minute upgrades to First Class.

A ‘double upgrade’ of any sort or kind is strictly prohibited.

The list of candidates for last minute upgrades will be sorted as follows:
1. Ticket booking class (Y, S, M, I, C).
2. Tier (Platinum, Gold, Silver).
3. Basic accumulation of points within 12 consecutive months from El Al flights (without the ‘Extra’ points given according to tier membership).
As of July 1st 2004, you will earn points on all fares, in all classes! The new program has 3 levels of accrual in Economy class:

* Y, S, M, Q and B class tickets – 100% accumulation (similar to the present program (full fare accumulation)).
* K, V, H, E, U and N class tickets – 50% of the full fare accumulation level.
* T, L, G, O class tickets, as well as accumulation on Sun D’or flights – 25% of the full fare accumulation level. **Up to now, no points were awarded to G and O class tickets.** The new program makes it easier to reach a bonus ticket or an upgrade.

The following table details the accrual levels in Economy class (one way):

<table>
<thead>
<tr>
<th>Region</th>
<th>Classes T, L, G, O and Sun D’or flights</th>
<th>Classes K, V, E, U, H, N</th>
<th>Classes Y, S, M, Q, B and W*</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>15</td>
<td>25</td>
<td>50</td>
</tr>
<tr>
<td>B</td>
<td>20</td>
<td>40</td>
<td>75</td>
</tr>
<tr>
<td>C</td>
<td>25</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>D</td>
<td>40</td>
<td>75</td>
<td>150</td>
</tr>
<tr>
<td>E</td>
<td>50</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>F</td>
<td>65</td>
<td>125</td>
<td>250</td>
</tr>
</tbody>
</table>

* when W is purchased with money.

**El Al Regions:**
A – Mediterranean; B – East Europe; C – West Europe; D – South Africa and India; E – Canada, USA (exc. Los Angeles), East Asia; F – Los Angeles.
Bonus Tickets updated

Special Classes For Bonus Tickets

As of July 1st 2004, all bonus tickets will be booked in special classes. The classes for bonus tickets will be as follows:

J class for bonus tickets in Economy class.
W class for bonus tickets in Business class.
P class for bonus tickets in First class.

We recommend that you plan ahead and book your bonus tickets as early as possible, in order to confirm your seat on board the desired flight.

All bonus vouchers issued before July 1st 2004 will be ticketed in the present booking classes (S, D and A class), even after July 1st 2004. Please note that as of July 1st 2004, bonus tickets will not be upgradeable.

The special bonus classes will be available throughout the year, even in peak seasons and holidays !!!

Bonus vouchers issued before July 1st 2004 will be subject to regulations effective on the day it was issued, even after July 1st 2004.

Bonus Tickets In Business Class and First Class

The price of bonus tickets in Business and First class tickets will be updated*, and as of July 1st 2004 the price will be as follows:

<table>
<thead>
<tr>
<th>Region</th>
<th>Economy Class*</th>
<th>Business Class</th>
<th>First Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>500</td>
<td>1200</td>
<td>-</td>
</tr>
<tr>
<td>B</td>
<td>700</td>
<td>1650</td>
<td>-</td>
</tr>
<tr>
<td>C</td>
<td>900</td>
<td>1800</td>
<td>3200</td>
</tr>
<tr>
<td>D</td>
<td>1200</td>
<td>2500</td>
<td>3600</td>
</tr>
<tr>
<td>E</td>
<td>1400</td>
<td>3000</td>
<td>5000</td>
</tr>
<tr>
<td>F</td>
<td>1800</td>
<td>4000</td>
<td>5400</td>
</tr>
</tbody>
</table>

* The price of bonus tickets in Economy Class was not changed

Fixed Price Throughout The Year

As of July 1st 2004, the bonus tickets will have a fixed price all year long, including peak seasons and holidays. No more high season expensive fares !

El Al Regions:
A – Mediterranean; B – East Europe; C – West Europe; D – South Africa and India; E – Canada, USA (exc. Los Angeles), East Asia; F – Los Angeles.
Personalized Bonus Tickets

A bonus voucher issued by our customer service center, is a highly valued and demanded privilege. If you wish, you may give the voucher to anyone, at your sole discretion.

In order to make sure that your bonus voucher will not be used improperly by someone unauthorized by you, we will request, as of July 1st 2004, that you state the passenger’s name when you issue the voucher. The passenger’s name will be noted on the voucher. Please note that if the passenger’s name on the voucher does not match the passenger’s name in our reservations system – the voucher will not be ticketed.

Needless to say, you will be able to change the passenger’s name on the voucher anytime. All you need to do is to contact one of El Al’s Frequent Flyer club representatives, state your membership number and your PIN (Personal Identification Number) code, and we will guide you through the procedure of changing your voucher. Any voucher change is subject to handling fee.

Must board this flight? NO PROBLEMS!

'Platinum', 'Gold' and 'Silver' members, holding a Y class ticket, will get an automatic confirmation on their reservation in Economy class (excluding code share flights, flights reserved for groups and in circumstances beyond El Al’s control). An automatic confirmation, even if the flight is overbooked !!!

* 'Platinum' members - up to 24 hours prior to departure.
* 'Gold' members - up to 48 hours prior to departure.
* 'Silver' members - up to 72 hours prior to departure.

Note:
This brochure details the improvements and benefits in the Frequent flyer program of El Al as of July 1st 2004. In case of a contradiction between the written in this brochure and the club’s regulations as detailed in El Al’s website, regarding the improvements as of July 1st 2004, the regulations in the website will be in force. Members that wish to redeem their points according to the present regulation may do so no later than June 30th 2004.