EGYPTAIR
Airlines

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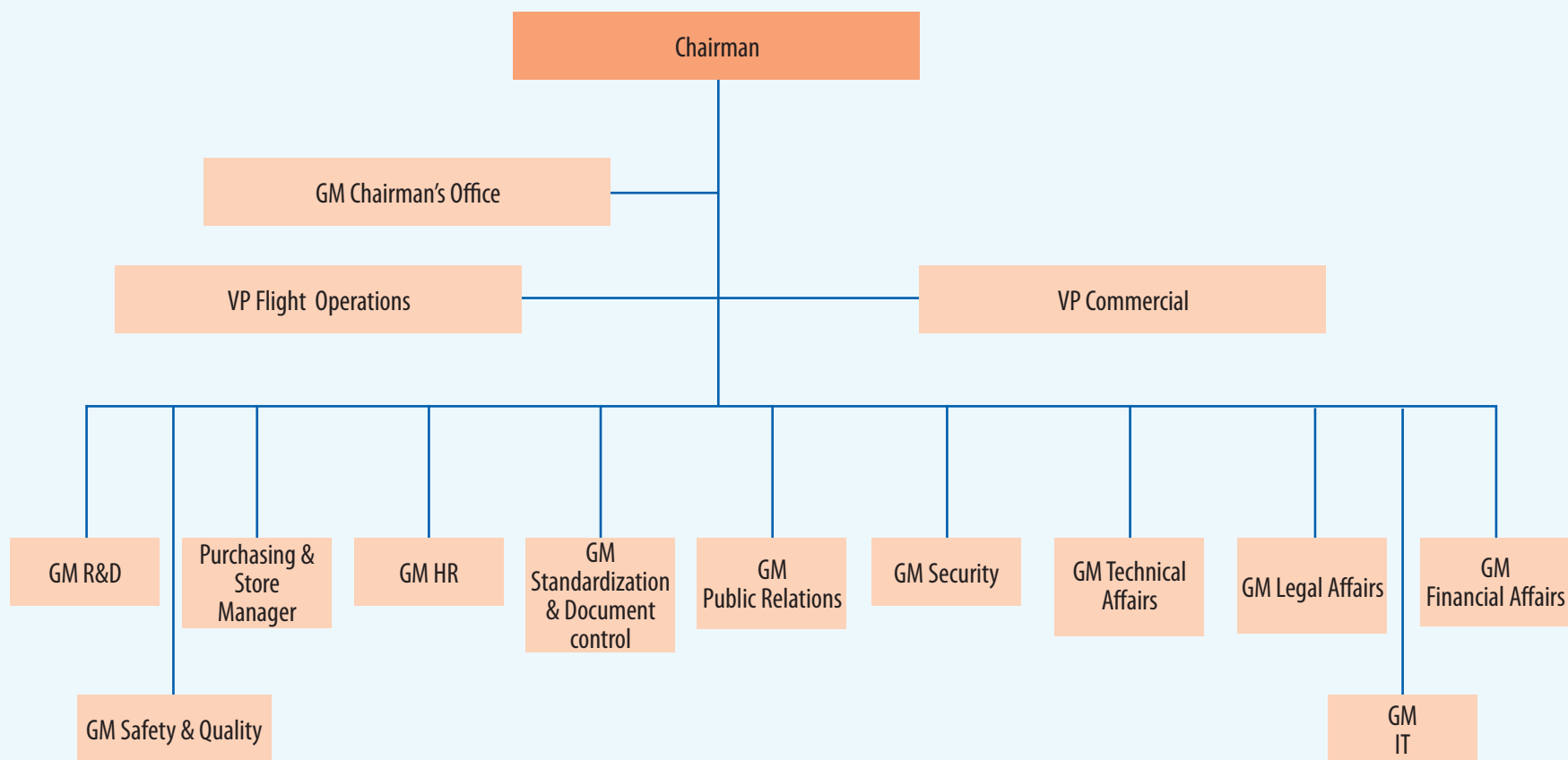VP Operations
EgyptAir Airlines

Mr. Emad Eldin Mohamed Ahmed Olwy
GM Cabin Crew
EgyptAir Airlines

Capt. Mohamed Manar Kamal Abd Elhameed
President of Syndicate Committee

ORGANIZATIONAL CHART OF EGYPTAIR AIRLINES COMPANY

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                          Chairman

GM Chairman's Office

VP Flight Operations              VP Commercial

GM R&D | Purchasing & Store Manager | GM HR | GM Standardization & Document control | GM Public Relations | GM Security | GM Technical Affairs | GM Legal Affairs | GM Financial Affairs

GM Safety & Quality                                    GM IT
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COMPANY PROFILE

EgyptAir Airlines is the main subsidiary of EgyptAir Holding. Throughout 75 years of service, we have successfully extended our network to reach major destinations across the world. We operate more than 366 weekly flights to more than 69 worldwide destinations and also cover 17 additional destinations through code-share agreements. We are in the process of executing a major project for route network restructuring, focusing on direct flights, and using Cairo International Airport as our main hub.

NEW PROJECTS

EgyptAir Airlines plans to take part in Cairo Airport Terminal 3 projects, expected to begin mid-2008. It is worth mentioning that TB3 is equipped with state-of-the-art technology and constitutes an important asset for EgyptAir and its partners in the industry. The company is also increasing its operation by 19% for the summer schedule starting April 2007.

EGYPTAIR DEVELOPMENT STAGES

In compliance with the international challenges facing the aviation industry, which prompted a company restructure, our vision statement focuses on offering valued customers the best possible competitive services; mixed with our unique Egyptian spirit.

EgyptAir's mission statement is to create value for our customers, employees, owners, and stakeholders.

EgyptAir's main goals
- Enhance EgyptAir's image, making it the customer's first and only choice.
- Improve EgyptAir's competitive stance regionally and internationally.
- Activate Cairo International Airport as a major hub.
- Increase EgyptAir's share in different markets.
- Cohere to the country's national concept; and achieve the best results in the national economy during crisis.
- Update to the latest technology to comply with the global trends and open new markets.
- Generate revenue and achieve profitability.
- Reduce costs not neglecting quality.
- Change EgyptAir's staff culture to reflect the Egyptian spirit in performance.

Major developments
- Plan and develop EgyptAir's network and schedules of operation.
- Establish and activate EgyptAir's call center.
- Establish and activate the Integrated Operation Control Center (I.O.C.C) equipped with the latest international systems for providing information, support decision-making and follow-up on network operation.
- Activate yield management on all international and domestic flights.
- Establish the group desk to organize reservations and pricing for groups, which generates revenue.
- Customer relations management to fulfill the customer's major requirements.
- Increase code-share agreements.
- Partnership in the ARABESK project with seven Arab Airlines under the auspices of the AACO.
- Develop the current FFP program.
- Transfer to "Amadeus" – the new global reservation system.

- Use the MIDT program to form sales strategies and set marketing plans.
- Sign a contract with Lufthansa on "SIRAX System" in the beginning of 2007, to be activated in 28/8/2007.
- Implement of the e-commerce.
- Firming ties with the partners; Increasing our staff awareness and efficiency.
- Sign a memo of understanding with Egypt Post to increase EgyptAir's sales outlets with no further costs.
- Develop means of media advertising.
- In October 2007 we were invited to join Star Alliance.

Development of EgyptAir's network and operation schedules

Through its continuous endeavors to improve and develop its performance, EgyptAir Airlines has used the latest technological programs and tools required to better utilize its fleet, study the best suitable Aircraft types, and exploit Egypt's unique geographical position to turn Cairo International Airport into a hub. This will provide the best possible connectivity in our network, boosting our level of service and achieve profitability - "Fly to Win".

The fleet growth plan has focused on:
- Network restructure that reaches 69 international points during summer 2007, in which EgyptAir succeeded to achieve 366 weekly international flights and 189 weekly domestic flights
- Increase fleet efficiency to reach 112 hours/day/type, which means optimum utilization and productivity of the fleet units
- Expand the fleet through an ambitious plan to double and renew the fleet by year 2010; Plans to reach 60 aircrafts, by using new financing methods without any financial burdens on EgyptAir
- Increase load factors to conform with the fleet expansion and consequently increase the number of seats available

The call center

The call center was launched at the beginning of 2005 to provide our valued customers with the best possible level of service, equipped with the latest technological systems and has 82 terminals, and run by the best skillful well-trained staff.

Its major services are:

- Reservations.
- Modify reservations.
- Follow-up waiting list reservations.
- Provide customers with best fares and offers.
- Offer information about schedules and flight timings.
- Provide new and unique service for First and Business class customers.

Establishment and activation of the Integrated Operation Control Center (I.O.C.C)

Established and equipped with the best international systems to provide information, support decision making and follow flights.

Yield management

Yield management has been activated by making full use of the PROS system to set sales policies and increase sales on all domestic and international flights by providing several travel classes with different fares to fulfill all market requirements.

After activating the new Amadeus reservation system in 5/11/2006, revenue increased due to direct contact with customers, and better means of communication with the GDS's.

The group desk

Its main function is to organize reservations and pricing for groups, earning the highest possible revenue. Compared to last year, the group desk has achieved an increase in revenue for domestic groups.

Customer relations management

Aiming to provide our customers with the best possible service, a new department has been specially established for customer relations; ready to respond to inquires, receive comments and opinions on current service levels and future needs, and analyze such requirements by using scientific methods, in accordance with the international standards (ISO 2001).

A fixed agenda has been set in collaboration with the industry partners for the welfare of all EgyptAir's customers.

Code-share agreements

With regard to the continuous development of our network to reach new markets unserved by EgyptAir, several code-share agreements have been signed to increase EgyptAir's market share through cooperation with the partners.

We currently have 17 code-share agreements signed with major international airlines that provide several options for our valued customers:

Austrian Airlines	Royal Air Maroc
Swiss International Airlines	Gulf Air
South African Airlines	Saudi Arabian Airlines
Thai Airways INT	TAP (since first of June 2007)
Korean Air	Turkish Airlines
Olympic Airways	Aerosvit
Singapore Airlines	Yemen Airways
Lufthansa (since October 2007)	TUNISAIR

BMI British Midland (starting from summer timetable 2008)

ARABESK

EgyptAir has partnered in the ARABESK project that comprises the following seven Arab airlines under the auspices of the AACO:

- EgyptAir
- Saudi Arabian Airlines
- Gulf Air
- Yemen Airways
- Royal Jordanian
- Middle East
- TUNISAIR

The project was activated in January 2006, with several commercial aspects and means of co-operation among members. These include schedule and network co-ordination, commercial agreements such as code-shares and special prorate agreements (SPAs) that establish full commercial co-operation among members.

EgyptAir's partnership in the ARABESK project does not oppose the concept of joining a global alliance.

FFP

Customer satisfaction is our first priority, and EgyptAir is always keen to improve the level of service provided to our valued customers, especially the FFP members who joined the program since its launch in January 2001. EgyptAir has activated its new program "CRANE" which represents a strong move whether quantitatively or qualitatively.

Quantitatively:

The new program aims to increase the number of members to reach half a million by the year 2010.

Qualitatively:

The program offers huge potential to its members such as:

- Facility of subscription and registration through the internet by filling the membership application located on our website, and promptly receiving a membership number.
- Ability to check all the accrued mileage points through the member's pin code.
- The member can modify his personal data previously registered in the program.
- The member can check the required points to receive:
    - **i.** A reward ticket.
    - **ii.** Upgrade class.
- The SIRAX program, activated by the financial division when connected to the PROS program of revenue generation, in addition to the CRANE program of the FFP members, will offer the following:
    - **i.** The actual number of the members' flights.
    - **ii.** Request a list of the members' flights after their travel.

We are currently in the preparation stage to implement and activate Phase 2 of the CRANE program (subscription – new schedules for mileages – upgrade conditions – ticket issuance in return for miles).

Amadeus

The new reservation system "Amadeus" was activated in 5/11/2006, the international system grants EgyptAir a global presence through better communication among the GDS's.

Moreover, the new product "Revenue Integrity" offers several benefits for EgyptAir as follows:

- Generate revenue by re-selling seats which became available during review.
- Reduce the costs of the GDS's claims.
- Provide an ultimate level of service.
- Reduce no shows.

The MIDT program

Aiming to increase travel agents' sales of EgyptAir flights, a contract was signed with Sabre Solutions through the AACO to purchase the Marketing Intelligence Data Transfer (MIDT) program, which shows all data regarding passenger reservations on the four major GDS's: Amadeus, Galileo, Sabre and World Span. This program helps form long and short-term sales strategies, settle marketing plans, make decisions and identify EgyptAir's true market share.

Information sources will be increased to receive more accurate data such as:

- Full Sabre MIDT.
- OAG.
- Sabre ATCN.
- Airport data government statistics.
- Other airlines in-house data (ARABESK).
- Monthly network analysis (starting from September 2007).

Signing with Lufthansa - the SIRAX system

The SIRAX system is scheduled to activate on 28/8/2007, it will be implemented in the financial division. The commercial division has executed its master data entrance represented in the following:

- SPAs.
- Code-share agreements.
- FBTD (Fare Basic Ticket Designator).
- Contract and Corporate Special Sales Policy.
- Automation Contract and Corporate Special Sales Policy

The commercial division will benefit from this system due to the several financial and commercial reports produced, which will help with management decision making and the "Management Information System" (MIS).

Such reports are:

- Actual revenue of certain flights.
- Actual revenue due to certain promotional fares.
- Revenues of internal / external sales offices and external regions.

E-commerce

Conforming with the aviation industry's variables and updates is a real challenge for all airlines. IATA has adopted an airline strategy to face such challenges — turning to the e-commerce through four major e-projects:

- E-ticketing.
- Self-service check-in kiosks.
- Bar-coding technology.
- Radio frequency baggage tags.

E-commerce has been implemented in all aspects; There is also complete renewal of IT infrastructure.

In this regard, the following has been accomplished:

- Renewal of EgyptAir's website and phase one of the internet booking engine (IBE), for bookings from Cairo to all EgyptAir external points, was activated in 19/2/2007.
- Completion of the e-mail process among all of EgyptAir's departments and the internal and external offices.
- The IBE is currently under establishment at all EgyptAir's external offices, to allow passengers to book via the internet.

The IBE has been activated in the following regions:

- England in 4/6/2007
- USA in 2/7/2007

The internet booking engine for our travel agents within Egypt is currently being established.

Firming ties with our partners and increasing our staff awareness and efficiency

The commercial division has adopted a strategy to increase staff awareness; it's a continuous process that has a positive impact on employee performance. The strategy is clarified by the following:

- The opening of the commercial library in May 2005, comprising the latest editions of books, magazines and research related to the aviation field.
- Training courses given to employees in collaboration with major training centers inside Egypt and worldwide.
- Setting an annual plan for staff training.
- Issuance of "the most important translations in the aviation Industry" for years 2004, 2005, in addition to the "National and International Aviation Regulations and Specifications" edition for the year 2006.
- Monthly bulletins for all the events and news occurring in the company to increase the staff awareness.
- Working on culture change.
- Regular meetings between management and staff to retain communication channels.

Memo of understanding between EgyptAir and Egypt Post

EgyptAir Airlines and Egypt Post have signed a memo of understanding aiming to expand EgyptAir's sale outlets, reaching customers in all districts within Egypt.

Egypt Post offices will be used to book EgyptAir tickets, a unique agreement for the region and Africa.

Developing means of media advertising

Media advertising was developed, and several protocols and co-operation agreements signed, such as EgyptAir's sponsorship of major events. A protocol was signed with the Al-Ahly club for its 100th anniversary, EgyptAir became the team's main sponsor, and official carrier for the Al-Ahly club and its fans for both domestic and international football matches.
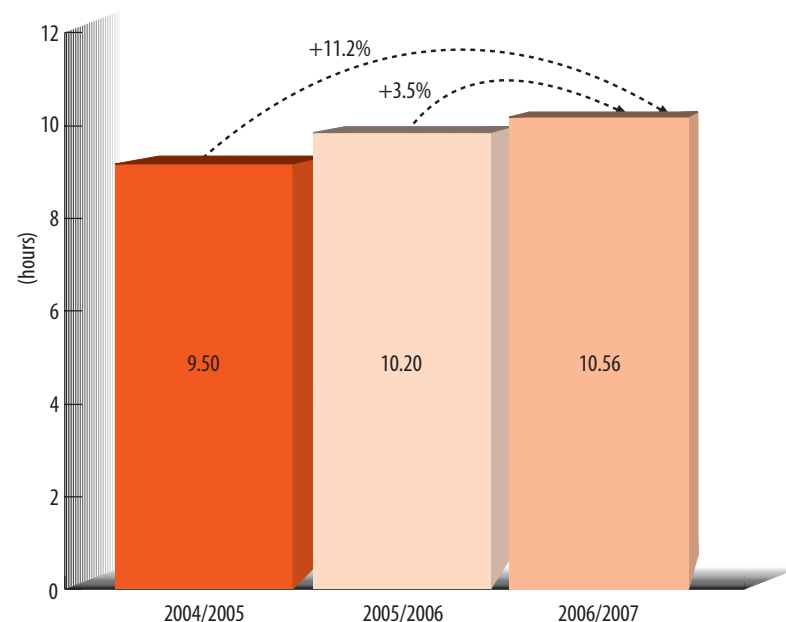
Courtesy EgyptAir

STATISTICS

Average Daily Utilization

Distribution of Passengers by Region (Scheduled)

Region	2004/2005	2005/2006	2006/2007
Domestic	1,477,439	1,443,606	1,575,438
Middle East	1,596,948	1,749,627	2,039,687
Europe	1,048,272	1,009,631	1,140,281
Africa	375,240	435,600	515,078
Far East	160,515	190,126	276,145
North America	122,798	146,218	169,899
Total Scheduled	4,781,212	4,974,808	5,716,528
% Change (Scheduled)	5.1	4	14

- This year the number of passengers increased by 14% in total .
- Most notably the Far East passengers increased by 45% due to increasing the direct flights to Bangkok , as well as re-opening Beijing route .
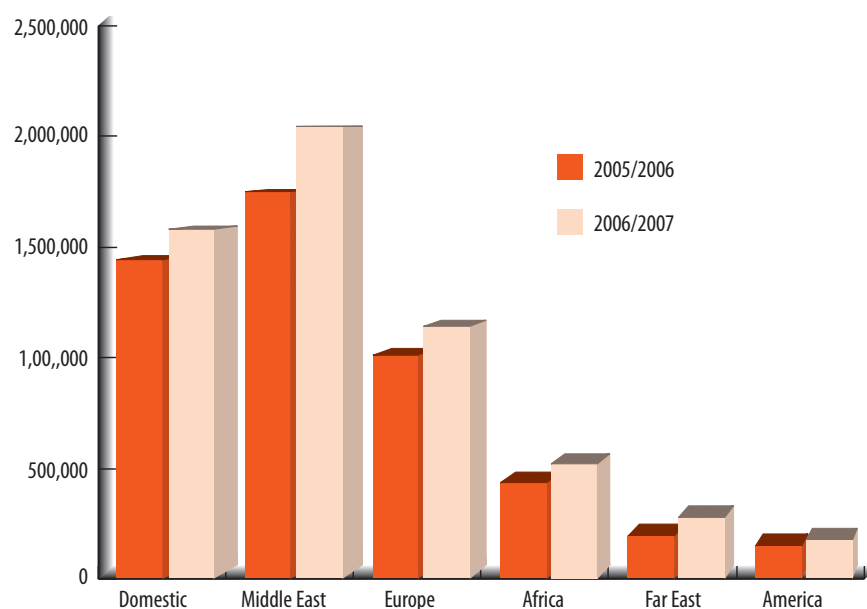- Domestic Passengers increased by 9% while the increase in the other regions ranged from 13-18% .
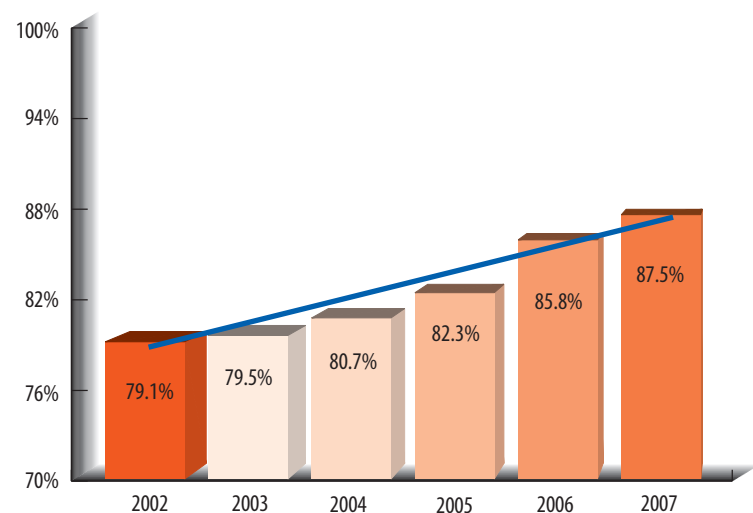
Passengers Carried by Region 2006-2007
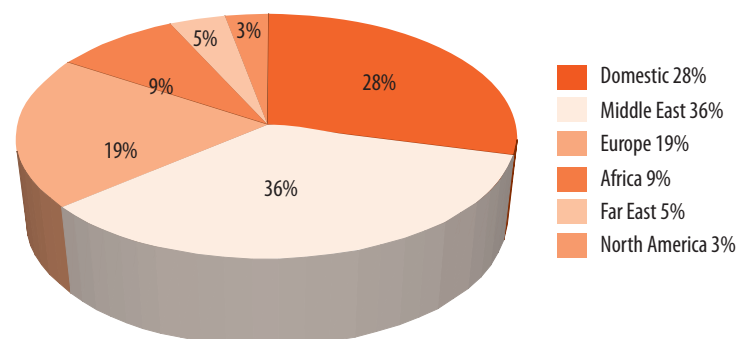
Passengers Carried by Region 05/06 - 06/07

Flights Punctuality

Flight punctuality has consistently improved since 2002, reaching 87.5%.

Passenger Load Factor by Region (Scheduled) (000)

Domestic	2004/2005	2005/2006	2006/2007
Available Seat Kms	993,820	1,002,607	1,046,289
Revenue Pax Kms	674,221	659,093	717,490
Load Factor %	68%	66%	69%
Middle East			
Available Seat Kms	3,698,078	4,268,597	5,063,900
Revenue Pax kms	2,368,298	2,613,400	3,096,696
Load Factor %	64%	61%	61%
Far East			
Available Seat Kms	2,088,104	2,691,003	3,083,326
Revenue Pax Kms	1,188,090	1,481,365	2,142,281
Load Factor %	57%	55%	69%
Africa			
Available Seat Kms	1,876,588	2,184,624	2,664,057
Revenue Pax Kms	1,050,532	1,189,235	1,429,228
Load Factor %	56%	54%	54%
Europe			
Available Seat Kms	4,323,562	4,414,948	4,693,580
Revenue Pax Kms	2,708,447	2,603,386	2,923,710
Load Factor %	63%	59%	62%
North America			
Available Seat Kms	1,507,917	1,799,829	2,280,773
Revenue Pax Kms	1,103,718	1,314,415	1,528,669
Load Factor %	73%	73%	67%

Weight Load Factor by Region (Scheduled) (000)

Domestic	2004/2005	2005/2006	2006/2007
Available Ton Kms	131,354	128,208	128,579
Revenue Ton Kms	68,100	66,601	71,450
Load Factor %	52%	51%	55%
Middle East			
Available Ton Kms	534,240	613,547	739,550
Revenue Ton Kms	277,135	309,896	366,723
Load Factor %	52%	50%	49%
Europe			
Available Ton Kms	617,689	620,811	649,262
Revenue Ton Kms	348,254	329,489	354,832
Load Factor %	56%	53%	45%
Africa			
Available Ton Kms	260,953	312,784	385,310
Revenue Ton Kms	131,157	151,192	180,100
Load Factor %	50%	48%	46%
Far East			
Available Ton Kms	327,389	431,620	500,335
Revenue Ton Kms	144,323	182,847	253,996
Load Factor %	44%	42%	50%
North America			
Available Ton Kms	255,259	304,673	385,527
Revenue Ton Kms	125,974	149,599	176,075
Load Factor %	49%	49%	45%

Passenger and Weight Load Factor (Scheduled)

Item	2004/2005	2005/2006	2006/2007
RPK (000)	9,093,307	9,860,894	11,838,077
ASK (000)	14,488,068	16,361,606	18,831,928
Pax Load Factor %	63	60	63
RTK (000)	1,094,944	1,189,624	1,403,177
ATK (000)	2,126,883	2,411,642	2,788,565
Weight Load Factor %	51	49	50

Passenger Seat kms
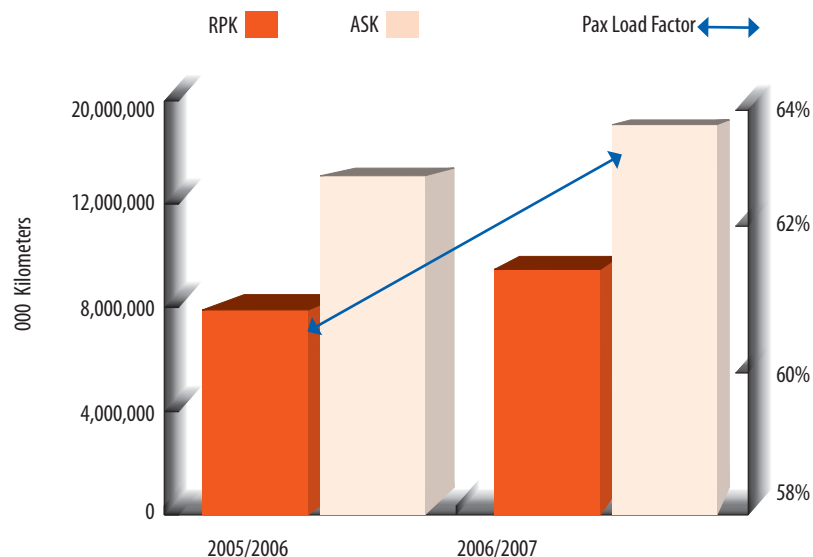
Number of Flights

Region	2004/2005	2005/2006	2006/2007
Middle East	5,948	6,812	7,809
Europe	4,003	4,288	4,744
Africa	1,886	2,127	2,422
Far East	488	554	595
North America	263	314	399
Total International	12,588	14,095	15,969
Domestic	5,186	5,546	6,025
Total Scheduled	**17,774**	**19,641**	**21,994**
Non-Scheduled	**2,273**	**1,658**	**2,069**
Total No. of Flights	**20,047**	**21,299**	**24,063**

Total Number of Flights
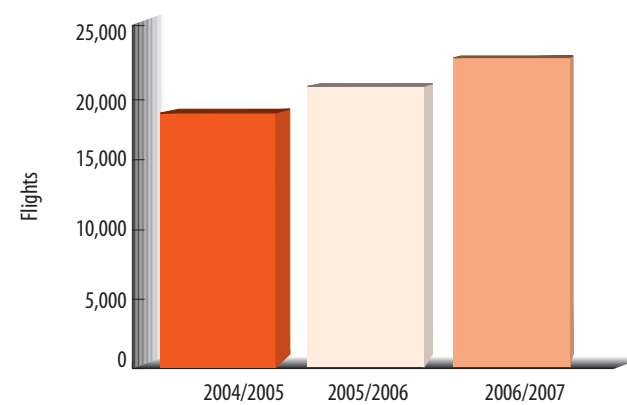
Total Scheduled Black Hours

Region	2003-2004	2004-2005	2005-2006	2006-2007
M.East	28,330	31,305	34,090	39,974
Europe	35,847	32,897	33,766	37,129
Africa	12,042	14,646	16,213	19,356
America	5,941	5,932	7,055	8,993
Far East	9,410	10,552	12,932	14,387
Total int.	91,570	95,332	104,056	119,839
Dom	12,395	14,275	14,670	15,483
Total Scheduled	103,965	109,607	118,726	135,321
NON SCH	14,158	11,629	8,136	8,974
TOTAL Block Hours	118,123	121,236	126,862	144,295
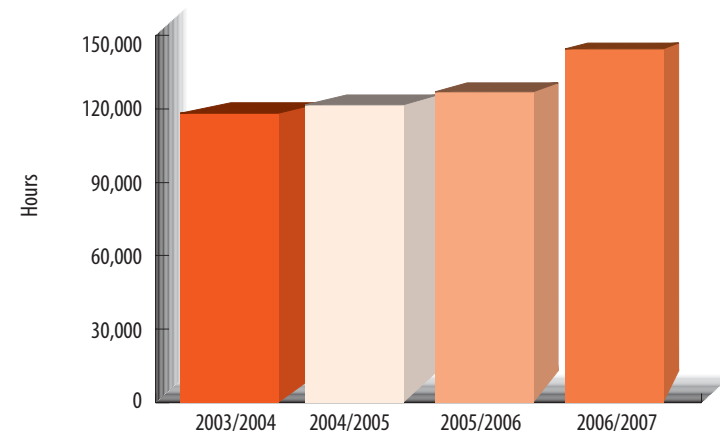
The total number of flights and total number of block hours increased by 13% and 14% respectively after the network restructure.

Total Number of Block Hours

Revenue Ton Kms By Category (000)

Item	2004/2005	2005/2006	2006/2007
PAX Ton Kms	909,331	986,089	1,182,781
Ex. Bag. Ton Kms	3,567	4,417	5,568
Freight Ton Kms	175,085	192,721	209,661
Mail Ton Kms	6,961	6,397	5,167
Revenue Ton kms	**1,094,944**	**1,189,624**	**1,403,177**

The Revenue Ton Kms for the year 2006/2007 has increased by 18% .

RTK by Category 2006-2007
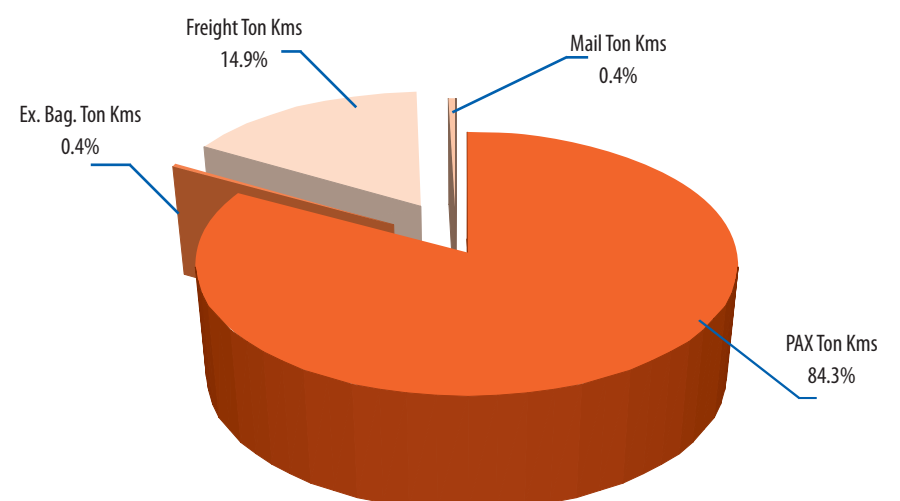
EGYPTAIR AIRLINES NETWORK

Africa, North America and the Far East

CANADA

U.S.A.

New York

Algiers   Tunis
Casablanca   TUNISIA
ALGERIA
MOROCCO   Tripoli   Banghazi   *Mediterran*

LIBYA

Kano

NIGERIA

GHANA   Lagos
Accra

South Atlantic Ocean

Johan

SOUTH
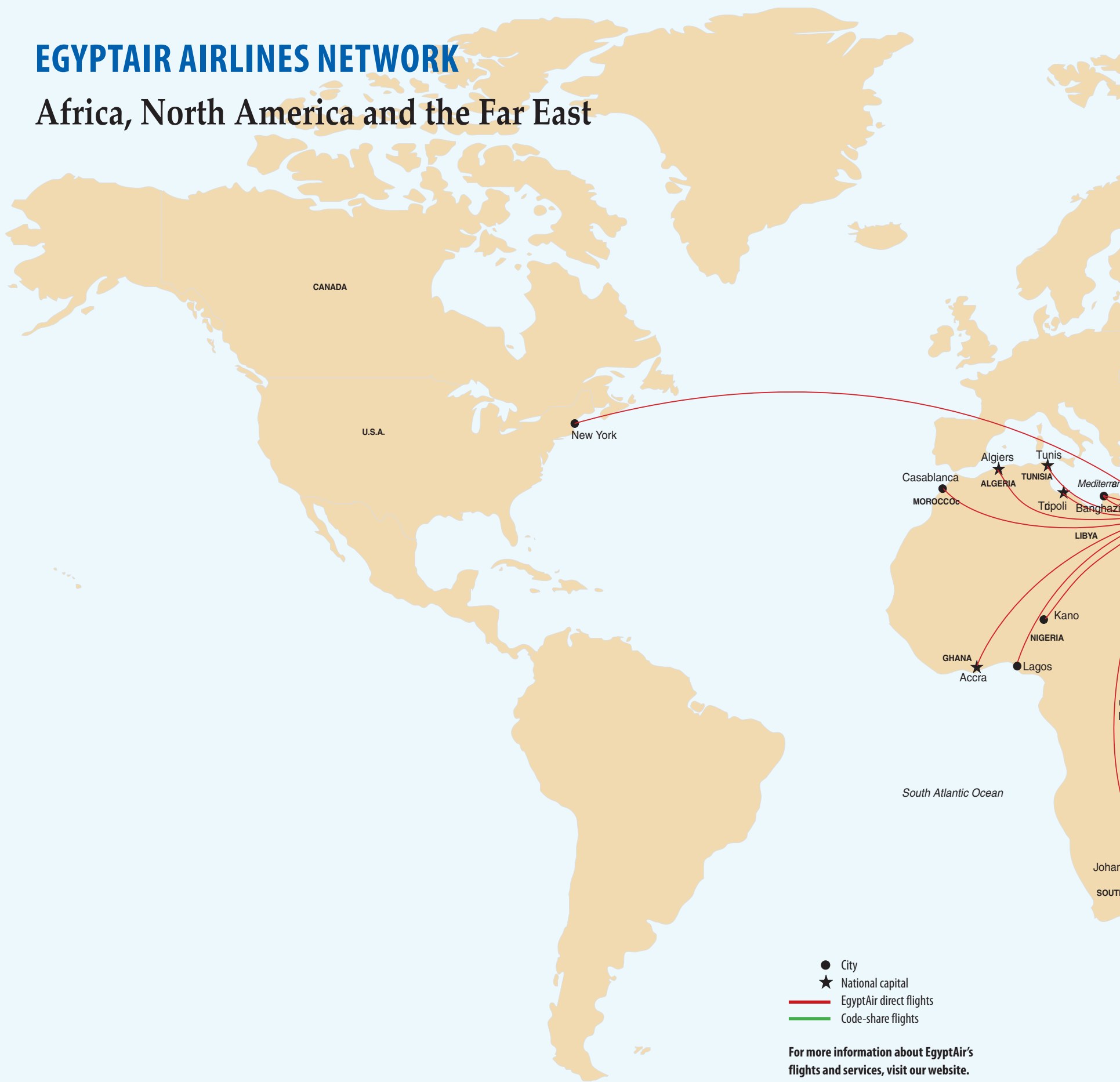
● City
★ National capital
—— EgyptAir direct flights
—— Code-share flights

**For more information about EgyptAir's
flights and services, visit our website.
www.egyptair.com.eg**

**CODE SHARE
PARTNERS**

Austrian

Lufthansa
(as of 28 October 2007)

bmi
(as of November 2007)

SOUTH AFRICAN
AIRWAYS

SINGAPORE
AIRLINES

swiss | Swiss International Air Lines

TAP PORTUGAL

THAI

TURKISH AIRLINES

KOREAN AIR

OLYMPIC

AeroSvit

SAUDI ARABIAN AIRLINES

royal air maroc

TUNISAIR

Yemenia
Yemen Airways

GULF AIR

Map labels:
Beijing, Seoul, SOUTH KOREA, Osaka, Tokyo, JAPAN, CHINA, Guangzhou, Mediterranean Sea, Alexandria, ghazi, Cairo, BAHRAIN, UAE, EGYPT, Al-Manama, Sharjah, Luxor, INDIA, Mumbai, THAILAND, Bangkok, Asmara, ERITREA, Kuala Lumpur, MALAYSIA, Khartoum, SUDAN, Addis Ababa, ETHIOPIA, Singapore, UGANDA, Entebbe, KENYA, Nairobi, Johannesburg, SOUTH AFRICA, AUSTRALIA, Indian Ocean, Sydney
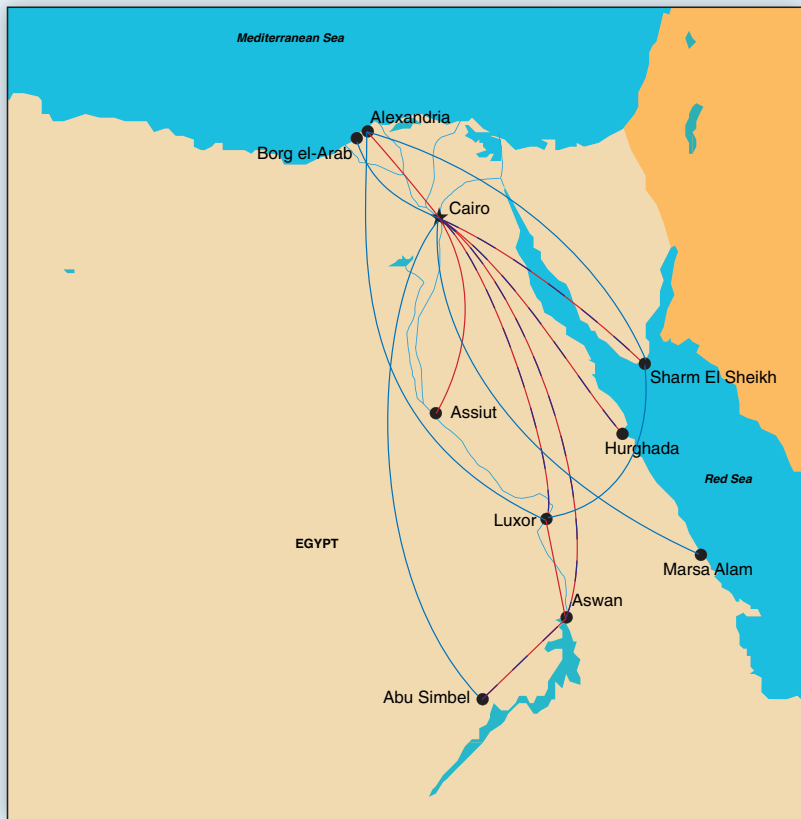
EGYPTAIR AIRLINES NETWORK

Domestic

Middle East

Legend

- ● City
- ★ National capital
- — EgyptAir direct flights
- — Code-share flights
- — EgyptAir flights
- — Express flights
- — Flights by EgyptAir and Express

For more information about EgyptAir's flights and services, visit our website: www.egyptair.com.eg

Europe

Map legend:
- ● City
- ★ National capital
- ▬ EgyptAir direct flights
- ▬ Code-share flights

Map labels: North Atlantic Ocean, SWEDEN, NORWAY, Oslo, Stockholm, RUSSIA, Moscow, DENMARK, Copenhagen, Kiev, UK, NETHERLANDS, Amsterdam, London, GERMANY, Berlin, BELGIUM, Dusseldorf, UKRAINE, Brussels, Frankfurt, Paris, Munich, Vienna, Budapest, FRANCE, Zurich, AUSTRIA, HUNGARY, SWITZERLAND, Geneva, Milan, ITALY, Madrid, Barcelona, Rome, Istanbul, Lisbon, SPAIN, TURKEY, GREECE, Athens, Larnaca, CYPRUS, Alexandria, Cairo, Sharm El-Sheikh, Hurghada, EGYPT, Luxor

FINANCIAL STATEMENT

EgyptAir Airlines Statement of Financial Position at 30/6/2007 (EGP)

PARTICULARS	Partial	TOTAL
LONG-TERM ASSETS		
Fixed assets (net)	63,406,121	
Projects in progress	2,388,793	
Long-term investments	3,080,000	
Long-term loans and debit balances	8,319,392	
Total of Long-term assets (1)		**77,194,306**
Current assets		
Stock	7,202,144	
Customers, notes receivables and debit accounts	2,522,510,366	
Cash in banks and in hand	529,770,875	
Total current assets		**3,059,483,385**
Current liabilities		
Provisions	53,405,736	
Creditor banks		
Suppliers, notes payable and credit accounts	2,704,380,177	
Total current liabilities		**2,757,785,913**
Working capital (2)		301,697,472
Total investment (1+2)		**378,891,778**
Financed as follows:		
Issued capital	200,000,000	
Paid up capital — reserves	172,276,091	
Total Equity (3)		**372,276,091**
Long-term liabilities (4)		6,615,687
Total financing of investment (3+4)		**378,891,778**

EgyptAir Airlines
Profit and Loss Account at 30/6/2007

COSTS & EXPENDITURES

PARTICULARS	2006/2007
Raw material, requisites, fuel and spare parts	2,182,301,722
Wages	501,346,076
Expenditures	4,076,786,386
Purchases of goods for sale	0.00
Burdens & losses	25,199,226
Total Cost and Expenditures	**6,785,633,410**

REVENUES

PARTICULARS	2006/2007
Activity revenues	6,601,724,641
Grants & donations	0.00
Investments revenues and interests	5,276,682
Other revenues and profits	339,805,972
Total Revenues	**6,946,807,295**
SURPLUS or DEFICIT	**161,173,885**