



Elbit Systems' Subsidiary, Tadiran Communications, Announces Impact of Certain Developments on its Fourth Quarter 2005 Financial Results

Haifa, Israel, January 4, 2006 – Elbit Systems Ltd. ("Elbit Systems") (NASDAQ:ESLT) reported that its 40%-owned subsidiary, Tadiran Communications Ltd. ("Tadiran") (TASE:TDCM), announced today that it expects to post a \$10 million to \$15 million net loss for the fourth quarter of 2005.

Tadiran announced that the projected loss results mainly from the loss of approximately \$20 million in revenues that were originally planned for the fourth quarter 2005 due to a seven-week strike that ended on December 28, 2005, and to a one-time write-off that is expected to be recognized in the fourth quarter of 2005 in connection with the anticipated early retirement of approximately 50 employees, as part of Tadiran's recently signed collective bargaining agreement.

Tadiran's financial results are reported in accordance with Israeli GAAP, while Elbit Systems' financial statements, including the corresponding impact of Tadiran's results, are prepared in accordance with US GAAP. Therefore, Elbit Systems is in the process of reviewing the impact of the announced Tadiran loss on Elbit Systems' financial results, including the timing of Elbit Systems' recording of such impact. Subject to the results of said review Elbit Systems will advise regarding the impact of the above-mentioned Tadiran loss.

In addition, as previously announced, Elbit Systems estimates that its financial results for the fourth quarter of 2005 will be effected by a one-time IPR&D charge in the amount of approximately \$3.5 million resulting from the acquisition of additional Tadiran shares in the fourth quarter, and by material write-offs related to the acquisition in the fourth quarter of 2005 of 70% of the shares of Elisra Electronic Industries Ltd. The amount of such write-offs relating to Elisra will be



advised when they are determined following the completion of various activities currently in process.

About Elbit Systems

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of defense-related programs throughout the world, in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence, surveillance and reconnaissance ("C4ISR"), advanced electro-optic and space technologies. The company focuses on the upgrading of existing military platforms and developing new technologies for defense and homeland security applications.

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