



16 במאי 2006

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א.ג.ג.,

**הندון : אלביט מערכות בע"מ ("החברה") – הودעה לעיתונות**

מצ"ב הودעה לעיתונות (Press Release) בדבר תוצאות פעילות החברה בربعון הראשון של שנת 2006, שבכוננו לפרסם היום באלה"ב ולהגישה כדוח K לרשות ניירות ערך האמריקאית.

בכבוד רב,

אלון פולדר  
מציר החברה



## Earnings Release

### **ELBIT SYSTEMS REPORTS FIRST QUARTER 2006 RESULTS**

**Revenues Increased by 45% Year Over Year to \$334.4 Million**

**Backlog of Orders Increased by \$176 Million to a New Record of \$ 3.5 Billion**

**Diluted EPS Increased to \$0.35 as Compared to \$0.30 Last Year**

**Haifa, Israel, May 16, 2006 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT)**, the international defense company, today reported its consolidated results for the first quarter ended March 31, 2006. This is the first full quarter in which the Company consolidates the financial results of Elisra Electronic Systems, a leading company in the areas of EW Suites, airborne warning systems, ELINT systems and data links, in which the Company acquired a 70% interest on November 30, 2005.

**The Company’s backlog of orders as of March 31, 2006** reached \$3,523 million, as compared with \$3,347 million at the end of 2005. 73% of the backlog relates to orders outside of Israel. Approximately 62% of the Company’s backlog as of March 31, 2006 is scheduled to be performed over the next three quarters of 2006 and during 2007.

**Consolidated revenues for the first quarter of 2006** increased by 45% to \$334.4 million from \$230.7 million in the corresponding quarter in 2005.

**Consolidated net income for the first quarter of 2006** was \$14.5 million (4.3% of revenues), as compared with \$12.7 million (5.5% of revenues) in the same period in 2005. Diluted earnings per share for the first quarter of 2006 were \$0.35, as compared with \$0.30 for the first quarter of 2005.

**Gross profit for the first quarter of 2006** was \$87.5 million (26.2% of revenues), as compared with gross profit of \$61.6 million (26.7% of revenues) in the first quarter of 2005.

During the first quarter of 2006 the Company produced operating cash flow of \$75.4 million.



The President and CEO of Elbit Systems, Joseph Ackerman, commented: "We are pleased to report our first quarterly results for 2006, in which we continue to demonstrate growth in revenues, profits, backlog and cash flow. During the first quarter we won several important projects in new markets and based on new technologies. We intend to continue our efforts in expanding our portfolio of products and markets while improving profitability. In the first quarter we achieved double digit organic growth that was complemented by consolidating Elisra's full quarter revenues for the first time and we are successfully proceeding with the integration of the newly acquired businesses into the Elbit Systems Group."

The Board of Directors declared a dividend of \$0.15 per share for the first quarter of 2006. The dividend's record date is June 6, 2006, and the dividend will be paid on June 19, 2006, net of taxes and levies, at the rate of 18.5%.

## **Conference Call**

*The Company will be hosting a webcast and conference call today, Tuesday, May 16th at 10.30am EST. On the call, management will review and discuss the results, and will be available to answer investor questions.*

*To participate, please access Elbit Systems' investor relations web-site at <http://www.elbitsystems.com>. An online replay will be available 2 hours after the call end, and will be available for 30 days.*

*Alternatively, please call one of the teleconferencing numbers that follow. Please begin placing your calls at least 5 minutes before the conference call commences. If you are unable to connect using one of the toll-free numbers, please try the international dial-in number.*

*US Dial-in Numbers: 1 866 744 5399*

*UK Dial-in Number: 0 800 917 9141*

*ISRAEL Dial-in Number: 03 918 0610*

*INTERNATIONAL Dial-in Number: +972 3 918 0610*

*At: 10:30am Eastern Standard Time, 7:30am Pacific Standard Time, 3:30pm UK Time or 5:30pm Israel Time.*



*In addition, a replay of the call will be available by telephone starting two hours after the call ends until Thursday, May 19, 10:00 am EST. To access the replay please dial:*

*1-877-332-1104 (US) or +972-3-925-5945 (international and Israel)*

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of defense-related programs throughout the world. The Elbit Systems Group, which includes the company and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence, surveillance and reconnaissance ("C4ISR"), advanced electro-optic and space technologies, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and equipment. The Group also focuses on the upgrading of existing military platforms and developing new technologies for defense and homeland security applications. For further information, please visit the Company web site at [www.elbitsystems.com](http://www.elbitsystems.com)

**Company Contact:**

Ilan Pacholder  
V.P. Finance & Capital Markets  
and Corporate Secretary  
Elbit Systems Ltd  
Tel: +972-4 831-6632  
Fax: +972-4 831-6659  
E-mail: [pacholder@elbit.co.il](mailto:pacholder@elbit.co.il)

**IR Contact:**

Ehud Helft / Kenny Green  
GK International  
Tel: 1-866-704-6710  
Fax: + 972-3-607- 4711  
E-mail: [Kenny@gk-biz.com](mailto:Kenny@gk-biz.com)  
E-mail: [Ehud@gk-biz.com](mailto:Ehud@gk-biz.com)

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***(FINANCIAL TABLES TO FOLLOW)***

**ELBIT SYSTEMS LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousand of US Dollars)

	March 31 2006	December 31 2005
	Unaudited	Audited
<b><u>Assets</u></b>		
Current Assets:		
Cash and short term deposits	88,023	94,629
Trade receivable and others	421,560	416,067
Inventories, net of advances	350,493	328,428
Total current assets	<u>860,076</u>	<u>839,124</u>
Affiliated Companies & other Investments	203,841	201,339
Long-term receivables & others	156,827	151,557
Fixed Assets, net	285,979	284,997
Other assets, net	<u>140,658</u>	<u>142,728</u>
	<u><u>1,647,381</u></u>	<u><u>1,619,745</u></u>
<b><u>Liabilities and Shareholder's Equity</u></b>		
Current liabilities	678,851	612,168
Long-term liabilities	496,897	543,893
Minority Interest	13,570	12,907
Shareholder's equity	<u>458,063</u>	<u>450,777</u>
	<u><u>1,647,381</u></u>	<u><u>1,619,745</u></u>

**ELBIT SYSTEMS LTD.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(In thousand of US Dollars, except for per share amounts)

	Three Months Ended March 31	Year Ended December 31
	2006	2005
	Unaudited	Audited
Revenues	334,370	230,688
Cost of revenues	246,830	169,126
Restructuring expenses	-	3,488
<b>Gross Profit</b>	<b>87,540</b>	<b>61,562</b>
Research and development, net	21,438	15,166
Marketing and selling	26,248	16,646
General and administrative	19,007	12,772
IPR&D write-off	-	7,490
<b>Total operating expenses</b>	<b>66,693</b>	<b>44,584</b>
<b>Operating income</b>	<b>20,847</b>	<b>16,978</b>
Financial expenses, net	(4,241)	(1,732)
Other income (expenses), net	908	169
<b>Income before income taxes</b>	<b>17,514</b>	<b>15,415</b>
Provisions for income taxes	4,604	3,987
<b>Net income</b>	<b>12,910</b>	<b>11,428</b>
Equity in net earnings (losses) of affiliated companies and partnership *	2,267	1,042
Minority rights	(709)	220
<b>Net income</b>	<b>14,468</b>	<b>12,690</b>
<b>Earnings per share</b>		
Basic net earnings per share	0.35	0.31
Diluted net earnings per share	0.35	0.30
		0.78

\* Includes IPR&D write-off of \$8,500 in 2005