



16 במאי 2006

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א.ג.נ.,

הנדון: אלביט מערכות בע"מ ("החברה") – הודעה לעתונות

מצ"ב הודעה לעתונות (Press Release) בדבר תוצאות פעילות החברה ברבעון הראשון של שנת 2006, שבכוונתנו לפרסם היום בארה"ב ולהגישה כדו"ח 6K לרשות ניירות ערך האמריקאית.

בכבוד רב,

אילן פכולדר
מזכיר 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.

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KARMIEL	P.O.B 650	ISRAEL 20101	TEL. 972-4-9901111	FAX. 972-4-9986522



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.

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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

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STATEMENTS IN THIS PRESS RELEASE WHICH ARE NOT HISTORICAL DATA ARE FORWARD-LOOKING STATEMENTS WHICH INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES OR OTHER FACTORS NOT UNDER THE COMPANY'S CONTROL, WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM THE RESULTS, PERFORMANCE OR OTHER EXPECTATIONS IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DETAILED IN THE COMPANY'S PERIODIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION.

(FINANCIAL TABLES TO FOLLOW)

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

	March 31 2006 <hr/> Unaudited	December 31 2005 <hr/> Audited
<u>Assets</u>		
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	<hr/> 860,076	<hr/> 839,124
 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	140,658	142,728
	<hr/> <hr/> 1,647,381	<hr/> <hr/> 1,619,745
 <u>Liabilities and Shareholder's Equity</u>		
Current liabilities	678,851	612,168
Long-term liabilities	496,897	543,893
Minority Interest	13,570	12,907
Shareholder's equity	458,063	450,777
	<hr/> <hr/> 1,647,381	<hr/> <hr/> 1,619,745

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	2005
	Unaudited		Audited
Revenues	334,370	230,688	1,069,876
Cost of revenues	246,830	169,126	786,616
Restructuring expenses	-	-	3,488
Gross Profit	87,540	61,562	279,772
Research and development, net	21,438	15,166	71,903
Marketing and selling	26,248	16,646	78,648
General and administrative	19,007	12,772	54,417
IPR&D write-off	-	-	7,490
Total operating expenses	66,693	44,584	212,458
Operating income	20,847	16,978	67,314
Financial expenses, net	(4,241)	(1,732)	(11,472)
Other income (expenses), net	908	169	(5,326)
Income before income taxes	17,514	15,415	50,516
Provisions for income taxes	4,604	3,987	16,335
	12,910	11,428	34,181
Equity in net earnings (losses) of affiliated companies and partnership *	2,267	1,042	(1,636)
Minority rights	(709)	220	(58)
Net income	14,468	12,690	32,487
Earnings per share			
Basic net earnings per share	0.35	0.31	0.80
Diluted net earnings per share	0.35	0.30	0.78

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