



ELBIT SYSTEMS REPORTS THIRD QUARTER 2006 RESULTS

Record Revenues, Net Profit and Backlog of Orders

Revenues Increased by 37.7% YoY to a Record \$376.7 Million

Backlog of Orders Continues to Increase and Reached a Record \$3.78 Billion

Net Profit Increased by 28.7% YoY to \$18.7 Million and EPS Increased to \$0.45

Haifa, Israel, November 14, 2006 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT), the international defense company, today reported its consolidated results for the third quarter ended September 30, 2006.

The Company’s backlog of orders as of September 30, 2006 increased to \$3,775 million, as compared to \$ 3,347 million at the end of 2005. Approximately 73% of the backlog relates to orders outside of Israel. Approximately 46% of the Company’s backlog as of September 30, 2006 is scheduled to be performed over the last quarter of 2006 and during 2007.

Consolidated revenues for the third quarter of 2006 increased by 37.7% to \$376.7 million from \$273.6 million in the third quarter of 2005.

Gross profit for the third quarter of 2006 increased by 30.5% to \$96.1 million (25.5% of revenues), as compared with gross profit of \$73.7 million (26.9% of revenues) in the third quarter of 2005. The gross profit margin in the third quarter of 2006 was affected mainly by the lower gross profit margin generated by Elisra, which has been consolidated in the Company’s financial reports commencing December 2005.

Consolidated net income for the third quarter of 2006 increased by 28.7% to \$18.7 million (5% of revenues), as compared with \$14.6 million (5.3% of revenues) in the third quarter of 2005. Diluted earnings per share for the third quarter of 2006 were \$0.45, as compared with \$0.35 for the third quarter of 2005. The Company’s net income in the third quarter of 2005 included \$1.2 million in one-time In-Process R&D expense related to acquisitions made during that quarter.

Cash flow - During the first nine months of 2006 the Company generated an operating cash flow of \$150.9 million.



The President and CEO of Elbit Systems, Joseph Ackerman, commented: "Our financial results continue to set new records in revenues, net profit and backlog. We are pleased with the results reported today, which demonstrate the success of our long-term focus on developing cutting edge technologies and close working relationships with global defense industry leaders. This strategy enabled us recently to win significant projects in the important areas of Homeland Security and civil aviation, while our subsidiaries, including Elbit Systems of America, Elop, Elisra and Cyclone have also generated important new contracts. We remain committed to improving our profitability and increasing efficiency where needed within the Group."

The Board of Directors declared a dividend of \$0.15 per share for the third quarter of 2006. The dividend's record date is November 28, 2006, and the dividend will be paid on December 11, 2006, net of taxes and levies, at the rate of 18.85%.

Conference Call

The Company will also be hosting a conference today, Tuesday, November 14, 2006 at 10.30am EST. On the call, management will review and discuss its third quarter 2006 results and will be available to answer questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Numbers: 1 888 281 1167
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 Time
7:30am Pacific Time
3:30pm London Time
5:30pm Israel Time

This call will be broadcast live on Elbit Systems' web-site at <http://www.elbitsystems.com>. An online replay will be available from 24 hours after the call ends.

Alternatively, for two days following the end of the call, investors will be able to dial a replay number to listen to the call. The dial-in number is either: 1 877 332 1104 (US); 0 800 169 8104 (UK) or +972 3 925 5925 (Israel and International).



About Elbit Systems Ltd.

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.

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(FINANCIAL TABLES TO FOLLOW)

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

	September 30 2006 <u>Unaudited</u>	December 31 2005 <u>Audited</u>
<u>Assets</u>		
Current Assets:		
Cash and short term deposits	69,172	94,629
Trade receivable and others	418,287	416,067
Inventories, net of advances	359,787	328,428
Total current assets	<u>847,246</u>	<u>839,124</u>
 Affiliated Companies & other Investments	 236,418	 201,339
Long-term receivables & others	172,607	154,650
Fixed Assets, net	288,832	284,997
Other assets, net	131,160	137,364
	<u><u>1,676,263</u></u>	<u><u>1,617,474</u></u>
 <u>Liabilities and Shareholder's Equity</u>		
Current liabilities	720,120	612,168
Long-term liabilities	466,239	541,622
Minority Interest	11,495	12,907
Shareholder's equity	478,409	450,777
	<u><u>1,676,263</u></u>	<u><u>1,617,474</u></u>

ELBIT SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF INCOME

(In thousand of US Dollars, except for per share amounts)

	Nine Months Ended September 30		Three Months Ended September 30		Year Ended December 31
	2006	2005	2006	2005	2005
	Unaudited		Unaudited		(Audited)
Revenues	1,055,855	748,116	379,670	273,646	1,069,876
Cost of revenues	782,605	546,790	280,538	199,969	786,616
Restructuring expenses	-	-	-	-	3,488
Gross Profit	<u>273,250</u>	<u>201,326</u>	<u>96,132</u>	<u>73,677</u>	<u>279,772</u>
Research and development, net	64,363	53,443	24,574	20,482	71,903
Marketing and selling	81,027	54,695	27,397	20,309	78,648
General and administrative	57,454	38,262	19,272	12,838	54,417
IPR&D write-off	-	-	-	-	7,490
Total operating expenses	<u>202,844</u>	<u>146,400</u>	<u>71,698</u>	<u>53,629</u>	<u>212,458</u>
Operating income	70,406	54,926	24,434	20,048	67,314
Financial expenses, net	(15,363)	(6,273)	(4,445)	(3,076)	(11,472)
Other income, net	<u>391</u>	<u>(192)</u>	<u>231</u>	<u>(6)</u>	<u>(5,326)</u>
Income before income taxes	55,434	48,461	20,220	16,966	50,516
Taxes on income	<u>16,645</u>	<u>12,289</u>	<u>7,279</u>	<u>4,246</u>	<u>16,335</u>
	38,789	36,172	12,941	12,720	34,181
Equity in net earnings (losses) of affiliated companies and partnership	8,189	1,339	4,575	1,465	(1,636)
Minority rights	<u>1,304</u>	<u>652</u>	<u>1,227</u>	<u>379</u>	<u>(58)</u>
Net income	<u>48,282</u>	<u>38,163</u>	<u>18,743</u>	<u>14,564</u>	<u>32,487</u>
Earnings per share					
Basic net earnings per share	<u>\$ 1.17</u>	<u>\$ 0.94</u>	<u>\$ 0.45</u>	<u>\$ 0.36</u>	<u>\$ 0.80</u>
Diluted net earnings per share	<u>\$ 1.15</u>	<u>\$ 0.92</u>	<u>\$ 0.45</u>	<u>\$ 0.35</u>	<u>\$ 0.78</u>