



## **ELBIT SYSTEMS AND BULGARIAN MINISTRY OF DEFENSE ARE IN THE PROCESS OF CANCELLATION OF HELICOPTER MODERNIZATION CONTRACT**

Haifa, Israel, January 30, 2007– Elbit Systems Ltd. (the "Company") (NASDAQ:ESLT) announced that on January 29, 2007 the Company received notice from the Bulgarian Ministry of Defense of termination of the contract in the amount of €57 million for the modernization of Mi-24 and Mi-17 helicopters for the Bulgarian Air Force. The Company had previously announced the award of this contract on December 4, 2005. In the cancellation notice the Bulgarian Ministry of Defense requested a return of a portion of the amounts paid to date to the Company under the contract.

Over the past several weeks, Elbit Systems has been in discussions with the Bulgarian Ministry of Defense regarding a mutually acceptable cancellation of the contract. Moreover, the contract cancellation discussions with the Bulgarian Ministry of Defense have been based on appropriate compensation to the Company, and Elbit Systems does not anticipate that this matter will have a material adverse effect on the Company's results of operations.

### **About Elbit Systems**

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.

### **Contacts**

#### **Company contact**

Ilan Pacholder, Corporate  
Secretary and VP Finance &  
Capital Markets

#### **Elbit Systems Ltd.**

Tel: 972-4 831-6632  
Fax: 972-4 831- 6659  
[pacholder@elbit.co.il](mailto:pacholder@elbit.co.il)

#### **IR Contacts**

Ehud Helft /Kenny Green

#### **GK International**

Tel: 1-866-704-6710  
Fax: 972-3-607-4711  
[ehud@gk-biz.com](mailto:ehud@gk-biz.com)  
[kenny@gk-biz.com](mailto:kenny@gk-biz.com)

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