



## **Claim by Minority Shareholders of ImageSat International**

Haifa, Israel, July 4, 2007 – Elbit Systems Ltd. ("Elbit Systems") (NASDAQ: ESLT) announced it was advised that a claim was filed by certain minority shareholders of ImageSat International N.V. ("ImageSat"). The claim was filed in the United States District Court for the Southern District of New York against ImageSat, Israel Aerospace Industries Ltd. ("IAI"), Elbit Systems and certain current and former officers and directors of ImageSat. ImageSat's largest shareholder is IAI, holding approximately 46% of ImageSat's issued share capital. A subsidiary of Elbit Systems holds approximately 14% (7% on a fully diluted basis) of ImageSat's issued share capital and is entitled to nominate one director to ImageSat's board. The former and current directors of ImageSat named as defendants include, among others, Michael Federmann, Joseph Ackerman and Joseph Gaspar, Elbit Systems Chairman, Chief Executive Officer and Chief Financial Officer, respectively.

ImageSat is engaged in the operation of satellites and in providing satellite imagery. The claim contains various allegations that the defendants allegedly breached their fiduciary and/or contractual obligations to the detriment of the plaintiffs, who are certain of ImageSat's minority shareholders. The claim alleges various causes of action and damages aggregating hundreds of millions of dollars, not all of which are alleged against Elbit Systems and/or each of the former or current ImageSat directors.

Based upon a preliminary review of the claim, Elbit Systems believes that there is no merit to the allegations made against it or the current or former ImageSat directors who were nominated by Elbit Systems' subsidiary. Elbit Systems views the claims against it as baseless and will vigorously defend against them. Moreover, Elbit Systems believes that the nature of the alleged claims provides a basis for counterclaims by Elbit Systems against the plaintiffs.

### **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.

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