



Arbitration Proceeding between Elop and Rafael

Haifa, Israel – September 25, 2007 – Elbit Systems Ltd. (Nasdaq ESLT) announced that as a result of an arbitration proceeding initiated by its subsidiary Elbit Systems Electro-Optics Elop Ltd. (Elop), that filed a claim against Rafael Armaments Development Authorities Ltd. (Rafael) in an amount of approximately \$55 million, Rafael has filed a counterclaim in the arbitration proceeding in the amount of approximately \$14 million. Elop filed the arbitration claim against Rafael for damages and breach of contract relating to a subcontract under which Rafael was a subcontractor to Elop.

Based upon a preliminary review of the counterclaim, Elbit Systems management does not believe this matter will have a material adverse impact on its results of operations.

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"), unmanned air vehicle (UAV) systems, advanced electro-optics, electro-optic space systems, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and radios. The Group also focuses on the upgrading of existing military platforms and developing new technologies for defense, homeland security and commercial aviation applications.



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