Earning Release

ELBIT SYSTEMS REPORTS RECORD SECOND QUARTER 2008 RESULTS

Continued Strong Growth with Record Backlog of Orders and Revenues;

Revenues Increased by 39.5% over Second Quarter Last Year to $653.2 Million;

Backlog of Orders over $5 Billion;

Haifa, Israel, August 12, 2008 – Elbit Systems Ltd. (the "Company") (NASDAQ: ESLT, TASE: ESLT), the international defense company, today reported its consolidated results for the second quarter ended June 30, 2008.

The Company's backlog of orders as of June 30, 2008 totaled $5,050 million, as compared with $4,922 million as of March 31, 2008. Approximately 71% of the backlog relates to orders outside of Israel. Approximately 63% of the Company's backlog as of June 30, 2008, is scheduled to be performed during the second half of 2008 and during 2009.

As previously announced, during the second quarter the Company reported two events that in the aggregate had minimal total net effect on net profit. These were a one-time net after tax expense provision of $10 million, related to a court ruling against a U.S. subsidiary of the Company. The other was a significant contribution to net income, due to a high level of revenues generated from the short-term delivery contract revenues in the quarter.

In comparing financial results of the second quarter 2008 to the second quarter in 2007, the following should be noted. During the second quarter of 2007, the Company completed the acquisition of Tadiran Communications Ltd. Following the acquisition, the Company recorded in the second quarter of 2007 expenses of $27.1 million, comprised of $16.6 million in In-Process Research & Development write-off expenses recorded under operating expenses, and $10.5 million in restructuring expenses recorded under cost of goods sold.

Consolidated revenues for the second quarter of 2008 increased by 39.5% to $653.2 million, from $468.2 million in the second quarter of 2007.

Gross profit for the second quarter of 2008 increased by 55.4% to $197.4 million (30.2% of revenues), as compared with gross profit, excluding expenses related to the Tadiran acquisition, of $127.0 million (27.1% of revenues) in the second quarter of 2007.

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Consolidated net income for the second quarter of 2008 increased by 31.3% to $31.2 million (4.8% of revenues), as compared with net income, excluding net expenses related to the Tadiran acquisition, of $23.7 million (5.1% of revenues) in the second quarter of 2007. Diluted earnings per share for the second quarter of 2008 were $0.73, as compared with $0.56, excluding expenses related to the Tadiran acquisition, for the second quarter of 2007.

Operating Cash flow during the first six months of 2008 was $129.8 million.

The President and CEO of Elbit Systems, Joseph Ackerman, commented: "I am pleased to report another quarter of strong growth with record financial results, and very significantly, our backlog grew and crossed the $5 billion milestone. While all parts of the business are performing in accordance with plans, our subsidiaries in particular performed well and were an important factor in our improved margins this quarter."

Mr. Ackerman continued, "Company-wide, we continue to improve with sustained growth on both the top and bottom line, driven both by strong organic growth as well as the contribution through our acquisitions. Our goal of building our business into a world-class and globally diversified defense company is ever more becoming an actuality, and we remain confident of our continued success into the long-term future."

The Board of Directors declared a dividend of $0.20 per share for the second quarter of 2008. The dividend's record date is August 26, 2008, and the dividend will be paid on September 8, 2008, net of taxes and levies, at the rate of 16.88%.

Conference Call

The Company will also be hosting a conference call on the same day, Tuesday, August 12, at 9am ET. On the call, management will review and discuss the results and will be available to answer questions.

To participate, please call one of the teleconferencing numbers that follow. 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: 1-866-345-5855
UK Dial-in Number: 0-800-404-8418
ISRAEL Dial-in Number: 03-918-0688
INTERNATIONAL Dial-in Number: +972-3-918-0688
at:
9am Eastern Time; 6am Pacific Time; 2pm UK time and 4pm Israel time

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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 numbers are: **1-877-332-1104 (US)** or **+972-3-925-5948** (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 Company, which includes Elbit Systems 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 Company 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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This press release contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended) regarding Elbit Systems Ltd. and/or its subsidiaries (collectively the Company), to the extent such statements do not relate to historical or current fact. Forward Looking Statements are based on management's expectations, estimates, projections and assumptions. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation: scope and length of customer contracts; governmental regulations and approvals; changes in governmental budgeting priorities; general market, political and economic conditions in the countries in which the Company operates or sells, including Israel and the United States among others; differences in anticipated and actual program performance, including the ability to perform under long-term fixed-price contracts; and the outcome of legal and/or regulatory proceedings. The factors listed above are not all-inclusive, and further information is contained in Elbit Systems Ltd.'s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission. All forward-looking statements speak only as of the date of this release. The Company does not undertake to update its forward-looking statements.

(FINANCIAL TABLES TO FOLLOW)

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

	June 30 2008	December 31 2007
	Unaudited	Audited
Assets		
Current Assets:		
Cash and short term deposits	427,278	375,700
Trade receivable and others	579,887	555,265
Inventories, net of customer advances	583,544	480,603
Total current assets	1,590,709	1,411,568
Investments in affiliated companies & other companies	68,454	66,161
Long-term receivables & others	337,286	314,568
Fixed Assets, net	370,211	350,514
Other assets, net	615,448	632,799
	2,982,108	2,775,610
Liabilities and Shareholder's Equity		
Current liabilities	1,316,025	1,237,049
Long-term liabilities	1,034,951	982,214
Minority Interest	46,769	20,085
Shareholder's equity	584,363	536,262
	2,982,108	2,775,610

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ELBIT SYSTEMS LTD.

CONSOLIDATED STATEMENTS OF INCOME

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

	Six Months Ended June 30		Three Months Ended June 30		Year Ended December 31
	2008	2007	2008	2007	2007
	Unaudited		Unaudited		(Audited)
Revenues	1,269,230	871,758	653,167	468,158	1,981,761
Cost of revenues	903,474	641,266	455,764	341,204	1,454,913
Restructurirng expenses	-	10,482	-	10,482	10,482
Gross Profit	365,756	220,010	197,403	116,472	516,366
Research and development expenses, net	76,124	53,074	38,089	28,981	126,995
Marketing and selling expenses	103,303	71,577	53,639	39,206	157,411
General and administrative expenses	77,841	44,418	45,692	24,100	107,447
Acquired IPR&D	-	16,560	-	16,560	16,560
Total operating expenses	257,268	185,629	137,420	108,847	408,413
Operating income	108,488	34,381	59,983	7,625	107,953
Financial expenses, net	(16,973)	(7,962)	(12,373)	(5,034)	(19,329)
Other income (expenses), net	4,213	95	117	(18)	368
Income before taxes on income	95,728	26,514	47,727	2,573	88,992
Taxes on income	11,684	12,122	3,762	5,389	13,810
	84,044	14,392	43,965	(2,816)	75,182
Equity in net earnings of affiliated companies and partnership	5,946	5,773	3,381	2,373	14,565
Minority interest in earnings of subsidiaries	(26,682)	(1,757)	(16,191)	(248)	(13,038)
Net income (loss)	63,308	18,408	31,155	(691)	76,709
Earnings per share					
Basic net earnings (loss) per share	$ 1.50	$ 0.44	$ 0.74	$ (0.02)	$ 1.82
Diluted net earnings (loss) per share	$ 1.48	$ 0.43	$ 0.73	$ (0.02)	$ 1.81