



Settlement Reached between U.S. Subsidiary of Elbit Systems and IS&S

Haifa, Israel, September 3, 2008 – Elbit Systems Ltd. (NASDAQ:ESLT) (the "Company") announced that on September 2, 2008, a settlement between Innovative Solutions and Support, Inc. ("IS&S") and the Company's U.S. subsidiary Kollsman, Inc. ("Kollsman") became effective with respect to all claims by IS&S and Kollsman against each other in the United States District Court for the Western District of Tennessee, and a corresponding Consent Order has been entered. This announcement is further to previous announcements by the Company regarding this litigation on November 7, 2007 and July 2, 2008. Under the settlement agreement, all claims between IS&S and Kollsman have been dismissed with prejudice, a final agreed injunction has been entered and the matter has been fully and finally mutually settled without any admission of guilt by either party. In addition, an agreed settlement payment of \$17 million has been made by Kollsman to IS&S. Kollsman and IS&S may explore opportunities for future business collaboration.

As indicated in its announcement dated July 2, 2008, the Company's second quarter 2008 results reflected an approximately \$10 million net after tax write-off due to the impact of previous court rulings relating to the litigation. As a result of the settlement, the Company's third quarter 2008 results will reflect a positive net after tax impact of between \$2M - \$4M US dollars.

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 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.