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ELBIT SYSTEMS REPORTS STRONG

THIRD QUARTER 2008 RESULTS

Continued growth with record revenue and net profit;

Revenues increased 29.3% YoY to \$671.2 million;

Net income increased 35% YoY to \$35.6 million;

Backlog of orders at \$4.9 billion

Haifa, Israel, November 25, 2008 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT, TASE: ESLT), the international defense company, today reported its consolidated results for the third quarter ended September 30, 2008.

Consolidated revenues for the third quarter of 2008 increased by 29.3% to \$671.2 million, from \$518.9 million in the third quarter of 2007.

Gross profit for the third quarter of 2008 increased by 41.5% to \$198.3 million (29.5% of revenues), as compared with gross profit of \$140.2 million (27% of revenues) in the third quarter of 2007.

Consolidated net income for the third quarter of 2008 increased by 35% to \$35.6 million (5.3% of revenues), as compared with net income of \$26.4 million (5.1% of revenues) in the third quarter of 2007.

Operating cash flow during the first nine months of 2008 was \$112.9 million.

Diluted earnings per share for the third quarter of 2008 were \$0.83, as compared with \$0.62 for the third quarter of 2007.

The Company’s backlog of orders as of September 30, 2008 totaled \$4,872 million, as compared with \$5,050 million as of June 30 2008 and \$ 4,624 million as of December 31 2007. Approximately 71% of the backlog relates to orders outside of Israel. Approximately 57% of the Company’s backlog as of September 30, 2008 is scheduled to be performed during the remainder of 2008 and during 2009.

During the third quarter, two events occurred that in the aggregate had minimal total net effect on net profit. There was one-time income of \$6 million related to a legal settlement involving a U.S. subsidiary of the Company, which benefited the general and administrative costs. There was also a financial expense related to the write-off of Auction Rate Securities totaling \$5.7 million.



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The President and CEO of Elbit Systems, Joseph Ackerman, commented, "I am pleased to report another quarter of solid progress at Elbit Systems, with growth across all areas of operation and in all geographies. In addition, in the first three quarters of 2008, we have already surpassed the whole of last year's net income, achieving just shy of \$100 million in net profit. While our backlog was slightly below that of last quarter, it remains a strong backlog, and together with numerous new business opportunities, supports the continuous growth of the Company".

Mr. Ackerman continued: " We are taking every measure to keep a cap on and rationalize expenses. This is to ensure we are prepared for all eventualities and that we are able to maintain our profitability, momentum and technological leadership, in the coming months ahead."

The Board of Directors declared a dividend of \$0.22 per share for the third quarter of 2008. The dividend's record date is December 9, 2008, and the dividend will be paid on December 22, 2008, net of taxes and levies, at the rate of 16.82%.

Conference Call

The Company will also be hosting a conference call today, Tuesday, November 25, at 8:30am 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: 0-800-917-5108

ISRAEL Dial-in Number: 03-918-0650

INTERNATIONAL Dial-in Number: +972-3-918-0650

at: 8:30am Eastern Time; 5:30am Pacific Time; 1:30pm UK time and 3:30pm Israel time

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:

1-888-269-0005 (US) or +972-3-925-5951 (Israel and International).



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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)

	September 30 2008	December 31 2007
	<u>Unaudited</u>	<u>Audited</u>
<u>Assets</u>		
Current Assets:		
Cash and short term deposits	290,376	375,700
Trade receivable and others	545,694	555,265
Inventories, net of customer advances	632,072	480,603
Total current assets	<u>1,468,142</u>	<u>1,411,568</u>
Investments in affiliated companies & other companies	69,085	66,161
Long-term receivables & others	326,521	314,568
Fixed Assets, net	385,532	352,702
Other assets, net	608,720	636,255
	<u>2,858,000</u>	<u>2,781,254</u>
<u>Liabilities and Shareholder's Equity</u>		
Current liabilities	1,207,673	1,237,049
Long-term liabilities	960,496	987,858
Minority Interest	57,091	20,085
Shareholder's equity	632,740	536,262
	<u>2,858,000</u>	<u>2,781,254</u>



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ELBIT SYSTEMS LTD. **CONSOLIDATED STATEMENTS OF INCOME** (In thousand of US Dollars, except for per share amounts)

	Nine Months Ended September 30		Three Months Ended September 30		Year Ended December 31
	2008	2007	2008	2007	2007
	Unaudited		Unaudited		(Audited)
Revenues	1,940,417	1,390,705	671,187	518,947	1,981,761
Cost of revenues	1,376,334	1,020,022	472,860	378,755	1,454,913
Restructuring expenses	-	10,482	-	-	10,482
Gross Profit	<u>564,083</u>	<u>360,201</u>	<u>198,327</u>	<u>140,192</u>	<u>516,366</u>
Research and development expenses, net	121,109	87,594	44,985	34,520	126,995
Marketing and selling expenses	152,754	113,134	49,451	41,558	157,411
General and administrative expenses	103,399	73,182	25,558	28,764	107,447
Acquired IPR&D	-	16,560	-	-	16,560
Total operating expenses	<u>377,262</u>	<u>290,470</u>	<u>119,994</u>	<u>104,842</u>	<u>408,413</u>
Operating income	186,821	69,731	78,333	35,350	107,953
Financial expenses, net	(33,056)	(8,698)	(16,083)	(736)	(19,329)
Other income (expenses), net	4,230	82	17	(13)	368
Income before taxes on income	<u>157,995</u>	<u>61,115</u>	<u>62,267</u>	<u>34,601</u>	<u>88,992</u>
Taxes on income	<u>28,089</u>	<u>21,311</u>	<u>16,405</u>	<u>9,189</u>	<u>13,810</u>
Equity in net earnings of affiliated companies and partnership	129,906	39,804	45,862	25,412	75,182
Minority interest in earnings of subsidiaries	8,071	10,021	2,125	4,248	14,565
Net income	<u>(39,073)</u>	<u>(5,042)</u>	<u>(12,391)</u>	<u>(3,285)</u>	<u>(13,038)</u>
	<u>98,904</u>	<u>44,783</u>	<u>35,596</u>	<u>26,375</u>	<u>76,709</u>
Earnings per share					
Basic net earnings per share	<u>\$ 2.35</u>	<u>\$ 1.07</u>	<u>\$ 0.85</u>	<u>\$ 0.63</u>	<u>\$ 1.82</u>
Diluted net earnings per share	<u>\$ 2.31</u>	<u>\$ 1.06</u>	<u>\$ 0.83</u>	<u>\$ 0.62</u>	<u>\$ 1.81</u>