



Agreement Between Elbit Systems and IAI Regarding Claims Relating to ImageSat International

Haifa, Israel, December 30, 2008 - Elbit Systems Ltd. ("Elbit Systems") (NASDAQ: ESLT) announced, further to announcements dated July 4, 2007, July 24, 2008 and December 17, 2008, that on December 29, 2008, it signed an agreement with Israel Aerospace Industries Ltd. ("IAI") with respect to all claims relating to ImageSat International N.V. ("ImageSat") asserted against Elbit Systems, its subsidiary Elbit Systems Electro-Optics Elop Ltd. ("Elop") and certain Elbit Systems officers, employees and directors, including three existing legal proceedings commenced by various shareholders and debtholders of ImageSat.

The three existing legal proceedings were filed against IAI, Elbit Systems, Elop and certain current and former officers and directors of ImageSat, and ImageSat was also named as a defendant in two of those proceedings. According to this agreement, IAI will indemnify Elbit Systems, Elop and the directors nominated by Elop to ImageSat's board, for any losses arising out of any of the foregoing claims or legal proceedings, net of insurance proceeds received from ImageSat's insurance policies and any indemnification proceeds received from ImageSat. ImageSat's largest shareholder is IAI, holding approximately 46% of ImageSat's issued share capital. Elop holds approximately 14% (7% on a fully diluted basis) of ImageSat's issued share capital. ImageSat is engaged in the operation of satellites and in providing satellite imagery. Elbit Systems believes that there is no merit or basis to the allegations made in the three existing legal proceedings against it, Elop or the current or former ImageSat directors who were nominated by Elop and Elbit Systems.

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.