



Elbit Systems and Israel Aerospace Industries Establish Joint Company to Perform Advanced Training Aircraft Project for the Israeli Air Force

Haifa, Israel, March 16, 2011 – Elbit Systems Ltd. (NASDAQ and TASE: ESLT) ("Elbit Systems") announced today the signing of a founder's agreement (the "Agreement") with Israel Aerospace Industries Ltd. ("IAI") to establish a joint company and a limited partnership (collectively the "Joint Entity") to perform a potential project of purchasing and maintenance of advanced training aircraft, as well as additional services (the "Project"), for the Israeli Ministry of Defense (the "MoD").

The Joint Entity established under the Agreement, will be equally owned (subject to required regulatory approvals), and will supply the MoD with the products and services required for the Project's execution. Certain portions of the Project's work scope will be acquired from IAI and Elbit Systems, respectively, in accordance with a work sharing plan determined by the two sides.

To the best of Elbit Systems' knowledge, the MoD is currently reviewing contractual possibilities with regards to the Project, and in this context has provided to Elbit Systems and IAI a request for information (RFI). It is the intention of the two companies to submit a response to the RFI in the coming days through the Joint Entity.

To the extent that there will be a contract between the Joint Entity and the MoD with regards to the Project, it is expected that its scope will be significant and that it will be performed over a long-term period. In the framework of a contract for the Project, it is also expected that the Joint Entity will seek sources of financing for the establishment of infrastructure and for the operation of the Project, as well as to purchase from aircraft manufacturers and other suppliers the aircraft and additional equipment required for the Project.

It is noted that at the time of this announcement, the Joint Entity and MoD have not yet signed an agreement for the Project and that there is no certainty that an agreement will be signed.



According to the Agreement, the scope of the Project will be divided to the extent possible equally between Elbit Systems and IAI, and if required, balancing arrangements will be established between the two companies.

About Elbit Systems

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of 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 aircraft systems ("UAS"), 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, developing new technologies for defense, homeland security and commercial aviation applications and providing a range of support services.

For additional information, visit: www.elbitsystems.com.

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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.