



**Strategic Agreement Implemented between
Elbit Systems and Embraer:
Elbit Systems' Brazilian Subsidiary AEL and
Embraer Defesa e Segurança Announce the
Establishment of a Joint Company;
Embraer Defesa e Segurança Also Invests in
AEL**

Haifa, Israel, September 8, 2011 – Elbit Systems Ltd. (NASDAQ and TASE: ESLT) ("Elbit Systems") announced today, further to the announcement dated April 13, 2011, that its Brazilian subsidiary AEL Sistemas S.A. ("AEL") signed several related agreements with Embraer Defesa e Segurança S.A. ("Embraer Defesa"), a subsidiary of Embraer S.A. (NYSE: ERJ; BM&FBOVESPA: BR3) ("Embraer").

Under the agreements, the parties established a joint company, Harpia Sistemas S.A ("Harpia"), in which Embraer Defesa owns 51% and AEL owns the remaining 49%. The new company, based in Brasília, will be engaged in the areas of unmanned aircraft systems, avionics systems and simulators, as well as contractor logistics support in these areas, for the Brazilian market as well as other markets to be determined in the future. Mr. Rodrigo Fantom will be appointed as the CEO of Harpia.

In addition, pursuant to the agreements, Embraer Defesa acquired a 25% interest in AEL.

Luiz Carlos Aguiar, President of Embraer Defesa said: "The creation of Harpia is in perfect alignment with Brazil's national defense strategy and it will be an important instrument for meeting the needs of the armed and the security forces. Furthermore, the potential for dual application of unmanned aerial systems and the technology generated through it must also be highlighted."

Joseph Ackerman, President and CEO of Elbit Systems, stated: "The establishment of this jointly-owned company is a significant step for Elbit Systems and AEL, marking another milestone in our long-term operations in Brazil, a market which we consider of the utmost importance. These transactions take the collaboration between Embraer Defesa and AEL to new heights, which



we are confident, will be of mutual benefit to both of our companies as well as to the Brazilian customers."

Shlomo Erez, President of AEL, commented: "We are very excited with Embraer Defesa's decision to invest in AEL and our establishment of the jointly owned company, which attests to the high level of satisfaction and mutual trust that our companies have nurtured throughout many years of collaboration."

Elbit Systems and Embraer, with the support of AEL, have a successful track record of cooperative relationships. AEL was one of the first suppliers of systems for the turboprop Tucano basic trainer and the subsonic fighter AMX, aircraft manufactured by Embraer in the 1980s and 1990s. Currently, AEL provides the avionics for the turboprop light attack and advanced training Super Tucano, as well as the avionics of the F-5M fighter, modernized by Embraer for the Brazilian Air Force (FAB).

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.