



11.5.2004

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א.ג.ג.,

**הנדון : אלביט מרכות ("החברה") – דוחות כספיים**

מצ"ב הودעה לעיתונות (Press Release) בדבר תוצאות פעילות החברה בربعון הראשון של שנת 2004, שבכוננותנו לפרסם בארה"ב ולהגישה כדו"ח K לרשות ניירות ערך האמריקאית.

בכבוד רב,

אלון פולדר  
מצ'יר החברה



## **Earnings Release**

### **ELBIT SYSTEMS REPORTS FIRST QUARTER 2004 RESULTS**

***Backlog of Orders \$1,821 million***  
***Revenues increase 5.7%***  
***Earnings per Share \$0.31***

**Haifa, Israel, May 11, 2004 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT), the international defense company, today reported its consolidated results for the first quarter ended March 31, 2004.**

**Consolidated revenues for the first quarter of 2004** increased 5.7% to \$213.7 million from \$202.2 million in the corresponding quarter in 2003.

**Consolidated net income for the first quarter of 2004** was \$12.7 million (6.0% of revenues) as compared with \$12.3 million (6.1% of revenues) in the same period in 2003. Diluted earnings per share for the first quarter of 2004 were \$0.31, same as that for the first quarter of 2003.

**Gross profit for the first quarter of 2004** was \$56.9 million (26.6% of revenues), as compared with gross profit of \$56.9 million (28.1% of revenues) in the first quarter of 2003.

**Backlog of orders** as of March 31, 2004 reached \$1,821 million, as compared with \$1,752 million at the end of 2003. 64% of the backlog relates to orders outside of Israel. Approximately 73% of the Company’s backlog as of March 31, 2004, is scheduled to be performed in the next three quarters of 2004 and during 2005.

The President and CEO of Elbit Systems, Joseph Ackerman, commented: “We are pleased to report our first quarter 2004 results, in which we achieved increased revenues and cash flow, improved our gross profit margin and reached a record backlog of orders. We are benefiting from the successful implementation of R&D programs and from marketing successes that are expected to bring follow-on orders in coming years. These results evidence our commitment to the continued improvement of our profitability while continuing our R&D activities and developing our business in the various markets and wide range of technologies in which we operate”.

The Board of Directors declared a dividend of \$0.11 per share for the first quarter of 2004. The dividend will be paid on June 21, 2004, net of taxes and levies, at the rate of 19%. The record date of the dividend is June 8, 2004.

The Company will host a conference call on at 10:30am EST on Tuesday, May 11. On the call, Mr. Joseph Ackerman, President and CEO and Mr. Ilan Pacholder, Vice President Finance, will review and discuss the first quarter 2004 results and will be available to answer questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls 5 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: 1-866 500 4953 or 1866 276 1004**

**UK Dial-in Number: 0 800 917 4256**

**ISRAEL Dial-in Number: 03 925 5910**

**INTERNATIONAL Dial-in Number: +972 3 925 5910**

**This call will be broadcasted live on Elbit Systems' web-site at <http://www.elbitsystems.com>. An online replay will be available for 30 days.**

In addition, a replay of the call will be available by telephone starting two hours after the call ends until Thursday, May 13, 10:30 am EST. To access the replay please dial: 1-866-276-1002 (US), 972-3-925-5948 (Israel) and 0-800-169-8104 (UK).

**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, in the areas of aerospace, ground and naval systems, command, control, communications, computers, intelligence, surveillance and reconnaissance (C4I ISR) and advanced electro-optic technologies. The Company focuses on the upgrading of existing military platforms and developing new technologies for defense applications. For further information, please visit the Company web site at [www.elbitsystems.com](http://www.elbitsystems.com)

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**(FINANCIAL TABLES TO FOLLOW)**

**ELBIT SYSTEMS LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousand of US Dollars)

	March 31 2004	December 31 2003
	Unaudited	Audited
<b><u>Assets</u></b>		
Current Assets:		
Cash and short term deposits	90,853	76,846
Trade receivable and others	222,704	251,644
Inventories, net of advances	247,584	249,225
Total current assets	<u>561,141</u>	<u>577,715</u>
Affiliated Companies & other Investments	38,238	38,223
Long-term receivables & others	76,105	78,565
Fixed Assets, net	231,026	229,221
Other assets, net	98,190	100,012
	<u>1,004,700</u>	<u>1,023,736</u>
<b><u>Liabilities and Shareholder's Equity</u></b>		
Current liabilities	358,766	378,731
Long-term liabilities	176,864	188,811
Minority Interest	4,165	4,115
Shareholder's equity	464,905	452,079
	<u>1,004,700</u>	<u>1,023,736</u>

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

	Three Months Ended March 31		Year Ended December 31
	2004	2003	2003
	Unaudited		Audited
Revenues	213,672	202,190	897,980
Cost of revenues	156,752	145,291	673,561
Gross Profit	56,920	56,899	224,419
Research and development, net	13,264	14,852	54,919
Marketing and selling	16,409	16,153	69,943
General and administrative	11,413	10,984	46,077
Total operating expenses	41,086	41,989	170,939
Operating income	15,834	14,910	53,480
Financial expenses, net	(480)	(1,276)	(4,870)
Other income, net	215	109	903
Income before income taxes	15,569	13,743	49,513
Provisions for income taxes	4,195	3,646	11,334
	11,374	10,097	38,179
Company's share of partnerships and affiliated Companies income, net	1,358	1,901	7,209
Minority rights	(5)	257	557
Net income	<u>12,727</u>	<u>12,255</u>	<u>45,945</u>
Earnings per share			
Basic net earnings per share	<u>0.32</u>	<u>0.32</u>	<u>1.18</u>
Diluted net earnings per share	<u>0.31</u>	<u>0.31</u>	<u>1.14</u>