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א.ג.נ.,

הנדון: אלביט מערכות בע"מ ("החברה") – דיווח מיידי

מצ"ב הודעה לעתונות (Immediate Report) שבכוונתנו לפרסם היום בארה"ב ולהגישה כדו"ח 6K לרשות ניירות ערך האמריקאית.

בכבוד רב,

אילן פכולדר
מזכיר החברה



UK MINISTRY OF DEFENCE SELECTS THALES UK TEAM AS PREFERRED BIDDER FOR WATCHKEEPER PROGRAMME, WITH ELBIT SYSTEMS AS SIGNIFICANT PART OF THALES TEAM

Haifa, Israel, July 20, 2004 – Elbit Systems Ltd. (NASDAQ: ESLT) reported today that the UK Ministry of Defence (MoD) announced the selection of Thales UK as preferred bidder for the next phase of the acquisition cycle of the WATCHKEEPER programme. Elbit Systems is a significant part of the Thales UK team selected for the programme.

WATCHKEEPER will provide the UK armed forces with an essential Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) capability based on a tactical unmanned air vehicle (UAV) system and will be a key component of the UK's drive for Network Enabled Capability (NEC).

WATCHKEEPER is a programme of major importance for the British Armed Forces, and as such, this decision consists a strong vote of confidence in the Thales UK team.

The Thales / Elbit Systems Joint Venture (JV) will play a significant part as the provider of core UAV subsystems to the UK's WATCHKEEPER Prime Contract Management Organization of Thales UK.

The Thales / Elbit Systems JV and its supply chain, will create a significant number of new jobs in the UK. The Thales UK WATCHKEEPER solution will create or sustain 2500 jobs across the UK. These high technology jobs in systems integration, prime contracting, engineering and manufacturing will be within Thales UK, the Thales WATCHKEEPER team companies and throughout their UK supply chain.

As the market for UAV systems is growing strongly, the selection for the WATCHKEEPER programme is a significant milestone in positioning Elbit Systems and the Thales / Elbit Systems JV as major suppliers of UAV's, both for the UK and for export.

The Thales UK team intends to supply WATCHKEEPER and address the rapidly growing worldwide UAV systems market, estimated to be worth around £3bn over the next 10 years. The operational benefits of the Thales UK team solution include: a fully integrated ground environment; higher endurance, lower attrition air vehicles; a minimal logistic footprint and the ability to deploy a full system to theatre in a single C-130 Hercules aircraft.



The Thales UK led team includes the Thales/Elbit Systems JV company, Elbit Systems, Marshall SV, LogicaCMG, Vega, Boeing, Cobham, Cubic, Supacat, QinetiQ and Praxis.

Notes to editors

WATCHKEEPER is due to enter service with the armed forces in 2006 for 30 years.

The full WATCHKEEPER solution is on display at Farnborough International 19-25 July 2004

For more information on WATCHKEEPER: www.thalesgroup.co.uk/watchkeeper

Thales UK team members and WATCHKEEPER specific locations are:

Thales UK: Crawley, Wells, Leicester, Glasgow
Bury St. Edmunds, St Asaph, Taunton, Staines
Prime contractor; sensor payloads; mission
planning management, exploitation and
communications; through life support

JV Co: (Thales/Elbit SystemsJV)Leicester, Cardigan Bay
Tactical UAV sub-systems supplier

Elbit Systems:Lichfield (UAV Engines Ltd)
UAV design, UAV engines

Logica CMG : Leatherhead
Command and battle space management systems
and applications

Marshall SV: Cambridge
Ground station shelters and support

Cobham:Wimborne, Dorset
Major sub-assemblies and components

Cubic Corporation: : Greenford
Data links

Boeing: London
US/UK future interoperability support and
scheduled technology/capability upgrades

Vega:Welwyn Garden City, Bristol, Fareham
Training partner

QinetiQ: Boscombe Down, Malvern, Farnborough
Airworthiness consultancy and image data
management

Praxis: Bath
Programme safety consultancy

Supacat: Honiton
Ground vehicle



About Elbit Systems

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, land and naval systems, command, control, communications, computers, intelligence, surveillance and reconnaissance ("C4ISR"), advanced electro-optic and space technologies. The company focuses on the upgrading of existing military platforms and developing new technologies for defense and homeland security applications.

About Thales UK

Thales UK's defense activities encompass optronics, air defense, sensors, communications and naval systems. The company is the UK's second largest defense contractor and has been a supplier to the MoD since the First World War. Thales employs 11,000 staff in the UK and 62,000 people in 50 countries. In 2003, Thales UK's revenues were £1.2bn.

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