



For immediate release:

Digital Army Program launched: Israel Defense Ministry and Elbit Systems sign contract valued at approximately US\$ 200 Million

Program to be performed over a ten-year period, will be augmented by a material amount of U.S. FMF funding

The Digital Army Program (DAP) implements advanced combat concepts geared to increase operational effectiveness and connectivity throughout all land force echelons, in all combat situations, under a unified operational concept.

Elbit Systems will serve as prime contractor, with Rafael, Tadiran Systems and other companies participating in the Program.

Joseph Ackerman, Elbit Systems, President and CEO: "We are proud that the Israel Defense Forces (IDF) has chosen Elbit Systems as prime contractor to lead this very significant and prestigious program, which highlights our innovativeness, technological leadership, integration expertise and performance capabilities."

Haifa, Israel, December 13, 2004, Elbit Systems Ltd. (NASDAQ: ESLT) announced that today it signed an agreement with the Israel Ministry of Defense (IMOD) for the Digital Army Program (DAP), in an amount of approximately IS 875 Million (US \$200 million). The DAP, which will also include an additional material amount of U.S. Foreign Military Funding (FMF) funding, will be performed over a ten-year period.

Elbit Systems was selected approximately two years ago by the Israel Ministry of Defense (IMOD) to be the prime contractor for the DAP. Rafael Armament Development Authority Ltd. and Tadiran Systems Ltd. will serve as Elbit Systems' major subcontractors. Within the framework of the Program, all land forces operations will be computerized (command, control, communications), integrated and interfaced with new and advanced applications.

Under the DAP, Elbit Systems will supply the IDF with computerized systems down to the single soldier level. The systems will facilitate transmission of integrated, real time situation pictures to and from all battlefield and command echelons.

The Program calls for supply and support of all hardware and software, including command and control stations, data processing and distribution systems. It will enable force coordination at all levels, access to updated situational pictures, improved overall operational capabilities, including survivability and accuracy, and more efficient utilization of personnel and other resources.

According to Joseph Ackerman, Elbit Systems' President and CEO, "The Digital Army Program, which will be performed over a number of years, is significant to Elbit Systems both because of its scope and its contribution to our technology base. We are proud that the IDF has selected us to lead the Program." He added, "The DAP is based on a variety of advanced technologies such as communications, hardware and software, which have been developed in-house. These technologies, combined with our accumulated experience in programs based on computerized communications and multidisciplinary integration, have positioned Elbit Systems as a world leader in the field."

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.

For more about Elbit Systems, please visit our website at www.elbitsystems.com

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