



15 במרס 2005

לכבוד  
הבורסה לניירות ערך  
[www.tase.co.il](http://www.tase.co.il)

לכבוד  
רשות ניירות ערך  
[www.isa.gov.il](http://www.isa.gov.il)

א.ג.נ.,

**הנדון: אלביט מערכות בע"מ ("החברה") – הודעה לעתונות**

מצ"ב הודעה לעתונות (Press Release) בדבר תוצאות פעילות החברה ברבעון הרביעי ובשנה שהסתיימו ב- 31 בדצמבר 2004, שבכוונתנו לפרסם היום בארה"ב ולהגישה כדו"ח 6K לרשות ניירות ערך האמריקאית.

בכבוד רב,

אילן פכולדר  
מזכיר החברה



## **Earnings Release**

### **ELBIT SYSTEMS REPORTS FOURTH QUARTER AND YEAR-END RESULTS FOR 2004**

#### **Record Revenues, Net Earnings and Order Backlog**

- **22.9% increase in Backlog of Orders to \$2.15 billion**
- **4.7% Increase in Annual Consolidated Revenues to \$940 million**
- **15.3% Increase in Annual Consolidated Net Earnings to \$53 million**

**EPS \$1.36 excluding non-cash effect of option plan**

**Haifa, Israel, March 15, 2005 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT),** the international defense electronics company, today reported its consolidated results for the fourth quarter and year-ended December 31, 2004.

**The Company’s backlog of orders as of December 31, 2004** reached \$2.15 billion, as compared with \$1.75 billion at the end of 2003. 66% of the backlog relates to orders outside of Israel. Approximately 74% of the Company’s backlog as of December 31, 2004 is scheduled to be performed during 2005 and 2006.

**Consolidated revenues for the year ended December 31, 2004** increased by 4.7% to \$940 million from \$898 million in 2003.

**Consolidated revenues for the fourth quarter of 2004** increased by 3.1% to \$270.8 million from \$262.8 million in the corresponding quarter in 2003.

**Consolidated net earnings for the year ended December 31, 2004** increased by 15.3% to \$53 million, as compared to \$45.9 million in 2003. Diluted earnings per share in (“EPS”) 2004 were \$1.29, as compared with \$1.14 in 2003. Excluding the non-cash effect of the Company’s option plan, EPS in 2004 was \$1.36, as compared to \$1.24 in 2003.

**Consolidated net earnings for the fourth quarter of 2004** were \$14.1 million, compared to \$12.5 million in the same period in 2003. Diluted EPS for the fourth quarter of 2004 were \$0.34, as compared with \$0.31 for the fourth quarter of 2003. Excluding the non-cash effect of the Company’s option plan, EPS in the fourth quarter of 2004 was \$0.35 as compared to \$0.34 in the fourth quarter of 2003.

During the fourth quarter of 2004, the Company adopted the fair value recognition provision of SFAS No. 123, effective January 1, 2004. The Company uses the Black-Scholes-Merton formula to estimate the fair value of stock options granted to employees. Compensation cost is recorded over the vesting period on a straight-line basis. Following the adoption of SFAS 123 the financial result will no longer be effected by the impact of changes in the Company's share price on employees stock based compensation.

**Gross profit for the fourth quarter of 2004** was \$72.6 million, as compared with gross profit of \$54.1 million in the fourth quarter of 2003, and the gross profit margin in the fourth quarter of 2004 was 26.8%, as compared with 20.6% in the fourth quarter of 2003.

The Company produced an operating cash flow of \$81.5 million in 2004.

The President and CEO of Elbit Systems, Joseph Ackerman, commented: "We are pleased to report our ninth consecutive year of increased revenues, net profit and backlog of orders. 2004 was a very important year for Elbit Systems in terms of key programs, with the win of the Digital Army Program in Israel and the selection for the Watchkeeper Program in the UK together with Thales. On the acquisitions side, we signed an agreement to acquire the controlling shareholdings of Tadiran Communications and Elisra. We believe that the investments made in the development of new technologies, and the strategic steps taken in 2004, lay a solid foundation for the continued development of Elbit Systems in accordance with our long-term business plan."

The Board of Directors has declared a dividend of \$0.13 per share for the fourth quarter of 2004. The dividend will be paid on April 18, 2005, net of taxes and levies, at the rate of 20.58%. The record date of the dividend is April 5, 2005. The total dividend to be paid for 2004 is \$2.17 per share.

## **Conference Call**

*INSERT DATA*

## **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 (C4ISR) 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)

**Company Contact:**

Ilan Pacholder  
V.P. Finance & Capital Markets  
Corporate Secretary  
Elbit Systems Ltd  
Tel: +972-4 831-6632  
Fax: +972-4 831-6659  
E-mail: [pacholder@elbit.co.il](mailto:pacholder@elbit.co.il)

**IR Contact:**

Ehud Helft / Kenny Green  
  
Gelbart Kahana  
Tel: 1-866-704-6710  
Fax: + 972 - 3 - 607 – 4711  
E-mail: [Kenny@gk-biz.com](mailto:Kenny@gk-biz.com)  
E-mail: [Ehud@gk-biz.com](mailto:Ehud@gk-biz.com)

*STATEMENTS IN THIS PRESS RELEASE WHICH ARE NOT HISTORICAL DATA ARE FORWARD-LOOKING STATEMENTS WHICH INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES OR OTHER FACTORS NOT UNDER THE COMPANY'S CONTROL, WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM THE RESULTS, PERFORMANCE OR OTHER EXPECTATIONS IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DETAILED IN THE COMPANY'S PERIODIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION.*

*(FINANCIAL TABLES TO FOLLOW)*

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

	December 31 2004 <u>Audited</u>	December 31 2003 <u>Audited</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and short term deposits	34,847	76,846
Trade receivable and others	267,151	251,644
Inventories, net of advances	249,041	249,225
Total current assets	<u>551,039</u>	<u>577,715</u>
 Affiliated Companies & other Investments	 62,886	 38,223
Long-term receivables & others	85,100	78,565
Fixed Assets, net	244,288	229,221
Other assets, net	95,987	100,012
	<u>1,039,300</u>	<u>1,023,736</u>
 <b><u>Liabilities and Shareholder's Equity</u></b>		
Current liabilities	378,450	378,731
Long-term liabilities	221,810	188,811
Minority Interest	4,340	4,115
Shareholder's equity	434,700	452,079
	<u>1,039,300</u>	<u>1,023,736</u>

**ELBIT SYSTEMS LTD.**  
**CONSOLIDATED STATEMENTS OF INCOME**

(In thousand of US Dollars, except for per share amounts)

	For the Year Ended December 31		Three Months Ended December 31	
	2004	2003	2004	2003
	Audited		Unaudited	
Revenues	939,925	897,980	270,775	262,757
Cost of revenues	689,626	672,711	198,198	208,649
Gross Profit	250,299	225,269	72,577	54,108
Research and development, net	66,846	54,919	23,277	11,913
Marketing and selling	69,912	69,943	19,190	19,247
General and administrative	47,832	46,077	12,876	12,153
Total operating expenses	184,590	170,939	55,343	43,313
Operating income	65,709	54,330	17,234	10,795
Financial expenses, net	(5,852)	(4,870)	(2,974)	(1,403)
Other income (expenses), net	770	53	831	542
Income before income taxes	60,627	49,513	15,091	9,934
Provisions for income taxes	15,219	11,334	3,507	832
	45,408	38,179	11,584	9,102
Company's share of partnerships and affiliated Companies income, net	7,765	7,209	3,180	3,271
Minority rights	(180)	557	(639)	101
Net income	52,993	45,945	14,125	12,474
Earnings per share				
Basic net earnings per share	1.33	1.18	0.35	0.32
Diluted net earnings per share	1.29	1.14	0.34	0.31