

17.5.05

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א.ג.נ.,

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

מצ"ב הודעה לעתונות (Press Release) בדבר תוצאות פעילות החברה ברבעון הראשון של שנת 2005, שבכוונתנו לפרסם היום בארה"ב ולהגישה כדו"ח 6K לרשות ניירות ערך האמריקאית.

בכבוד רב,

אילן פכולדר
מזכיר החברה



Earnings Release

ELBIT SYSTEMS REPORTS FIRST QUARTER 2005 RESULTS

Revenues Increased by 8% to \$230.7 Million

Backlog of Orders Reached a New Record of \$ 2.37 Billion

Diluted EPS was \$0.32 compared to \$0.30 for the corresponding quarter last year

Haifa, Israel, May 17, 2005 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT), the international defense company, today reported its consolidated results for the first quarter ended March 31, 2005.

The Company’s backlog of orders as of March 31, 2005 reached \$2,373 million, as compared with \$2,154 million at the end of 2004. 65% of the backlog relates to orders outside of Israel. Approximately 63% of the Company’s backlog as of March 31, 2005 is scheduled to be performed over the next three quarters of 2005 and during 2006.

Consolidated revenues for the first quarter of 2005 increased by 8.0% to \$230.7 million from \$213.7 million in the corresponding quarter in 2004.

Consolidated net income for the first quarter of 2005 was \$13.1 million (5.7% of revenues), as compared with \$12.3 million (5.7% of revenues) in the same period in 2004. Diluted earnings per share for the first quarter of 2005 were \$0.32, as compared with \$0.30 for the first quarter of 2004.

Gross profit for the first quarter of 2005 was \$61.6 million (26.7% of revenues), as compared with gross profit of \$56.6 million (26.5% of revenues) in the first quarter of 2004.

During the first quarter of 2005 the Company produced operating cash flow of \$49.6 million.

During the fourth quarter of 2004, the Company adopted the fair value recognition provision of SFAS No. 123, effective as of January 1, 2004, using the Black-Scholes-Merton formula to estimate the fair value of stock options granted to employees. Accordingly, compensation cost is recorded over the vesting period on a straight-line basis. Following the adoption of SFAS 123, the financial results are no longer materially affected by the impact of changes in the Company’s share price on employee stock-based compensation. Therefore, in accordance with

SFAS 123, the Company's 2004 financial comparative results have been adjusted retroactively to reflect the adoption of the fair value recognition provision effective as of January 1, 2004.

The President and CEO of Elbit Systems, Joseph Ackerman, commented: "We are pleased to report our first results for 2005, which continue the long established positive path we have followed of increased revenues and profits year after year. We continue to concentrate on the long-term development of the Company, and during the quarter we completed the first stage of the transaction to acquire equity in Tadiran Communications. We also completed the acquisition of the now privatized IMI aviation business and won several important contracts. Our backlog reached another new record level, and the new business received, combined with our continued investment in research and development, will ensure the continued future success of Elbit Systems."

The Board of Directors declared a dividend of \$0.13 per share for the first quarter of 2005. The dividend's record date is June 7th, 2005, and the dividend will be paid on June 20, 2005, net of taxes and levies, at the rate of 20.58%.

Conference Call

The Company will be hosting a webcast and conference call today, Tuesday, May 17th at 10.00am EST. On the call, management will review and discuss the results, and will be available to answer investor questions.

To participate, please access Elbit Systems' investor relations web-site at <http://www.elbitsystems.com>. An online replay will be available from 2 hours after the call end, and will be available for 30 days.

Alternatively, please call one of the teleconferencing numbers that follow. Please begin placing your calls at least 5 minutes before the conference call commences. If you are unable to connect using one of the toll-free numbers, please try the international dial-in number.

US Dial-in Numbers: 1 866 860 9642

UK Dial-in Number: 0 800 917 5108

ISRAEL Dial-in Number: 03 918 0610

INTERNATIONAL Dial-in Number: +972 3 918 0610

At: 10:00am Eastern Standard Time, 7:00am Pacific Standard Time, 3:00pm UK Time or 5:00pm Israel Time.

In addition, a replay of the call will be available by telephone starting two hours after the call ends until Thursday, May 19, 10:00 am EST. To access the replay please dial: 1-877-332-1104 (US) or +972-3-925-5945 (international and Israel)

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

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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)

	March 31 2005 <u>Unaudited</u>	December 31 2004 <u>Audited</u>
<u>Assets</u>		
Current Assets:		
Cash and short term deposits	50,872	34,847
Trade receivable and others	261,826	267,151
Inventories, net of advances	267,781	249,041
Total current assets	<u>580,479</u>	<u>551,039</u>
 Affiliated Companies & other Investments	 70,241	 62,886
Long-term receivables & others	85,508	85,100
Fixed Assets, net	249,902	244,288
Other assets, net	95,749	95,987
	<u><u>1,081,879</u></u>	<u><u>1,039,300</u></u>
 <u>Liabilities and Shareholder's Equity</u>		
Current liabilities	395,717	378,450
Long-term liabilities	238,522	221,810
Minority Interest	4,121	4,340
Shareholder's equity	443,519	434,700
	<u><u>1,081,879</u></u>	<u><u>1,039,300</u></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
	2005	2004	2004
	Unaudited		Audited
Revenues	230,688	213,672	939,925
Cost of revenues	169,126	157,080	689,626
Gross Profit	61,562	56,592	250,299
Research and development, net	15,166	13,294	66,846
Marketing and selling	16,646	16,498	69,912
General and administrative	12,772	11,562	47,832
Total operating expenses	44,584	41,354	184,590
Operating income	16,978	15,238	65,709
Financial expenses, net	(1,732)	(479)	(5,852)
Other income, net	169	215	770
Income before income taxes	15,415	14,974	60,627
Provisions for income taxes	3,987	4,075	15,219
	11,428	10,899	45,408
Company's share of partnerships and affiliated Companies income, net	1,493	1,358	7,765
Minority rights	220	(5)	(180)
Net income	13,141	12,252	52,993
Earnings per share			
Basic net earnings per share	0.32	0.31	1.33
Diluted net earnings per share	0.32	0.30	1.29