



**Elbit Systems' part of the Watchkeeper Program is underway:**  
**£317 million (over \$500 million) order**  
**to Elbit Systems and Thales UK's**  
**Joint Company, U-TacS, as part of**  
**the WATCHKEEPER Program**

**Elbit Systems and Thales to market additional joint tactical UAV projects to other countries worldwide**

Elbit Systems, Haifa, 28 October 2005 - Elbit Systems Ltd. (NASDAQ:ESLT) reported today that its joint venture company with Thales UK, UAV Tactical Systems Limited (U-TacS) was awarded by Thales UK a £317 million order (over \$500 million), to be performed over an eight-year period. U-TacS' financial statements will be consolidated within Elbit Systems' financial reports. This order is part of the WATCHKEEPER program for which the UK Ministry of Defence and Thales UK signed a £700 million contract in August.

U-TacS will execute significant portions of the WATCHKEEPER Program for Thales UK, the WATCHKEEPER prime contractor.

The majority of U-TacS' activity will be executed in the UK with a significant amount of its work sub-contracted to small and medium sized enterprises across the UK. Elbit Systems is U-TacS' largest subcontractor with approximately one third this contract's value.



U-TacS is expected to employ, during the initial stages, dozens of workers, most of whom will be recruited locally. U-TacS is currently in the process of establishing its facilities in the UK city of Leicester.

In addition to executing the WATCHKEEPER Program, Elbit Systems and Thales have agreed to jointly market tactical UAV projects in other countries worldwide.

The President and CEO of Elbit Systems, **Joseph Ackerman**, said: "We are proud to be part of the WATCHKEEPER team, led by Thales UK, for one of the most prestigious and advanced UAV program in the world. We are looking forward to additional exciting and challenging opportunities resulting from our agreement to jointly market other tactical UAV projects."

WATCHKEEPER will provide the UK Armed Forces with an essential Intelligence, Surveillance, Target Acquisition and Reconnaissance (ISTAR) capability based on the Hermes 450 unmanned air vehicle (UAV) system and will be a key component of the UK's Network Enabled Capability (NEC).

This Program will deliver equipment, training and facilities, with the capability of coming into service starting in 2010.

WATCHKEEPER will provide the UK Armed Forces with all weather day and night surveillance in times of war, tension or during peace-keeping operations without the need to deploy troops into sensitive areas or harmful situations. The WATCHKEEPER system can provide continuous 24/7 surveillance when needed, using unmanned air vehicles able to stay airborne for more than 16 hours each.



The WATCHKEEPER system consists of the WK450 unmanned air vehicle carrying day/night sensors and laser target designator connected by a data link to a network of containerised Ground Control Stations where operators will control the entire mission and interface within a network enabled environment. High resolution optical and radar imagery will be exploited and disseminated to provide valuable intelligence for operational commanders. The system is capable of rapid deployment and operations anywhere in the world.

### **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.

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