

ELBIT SYSTEMS LTD  
Form 6-K  
May 17, 2012  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 6-K  
Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934  
For the Month of May 2012

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Commission File Number 000-28998

ELBIT SYSTEMS LTD.  
(Translation of Registrant's Name into English)

Advanced Technology Center, P.O.B. 539, Haifa 31053, Israel  
(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note : Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note : Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

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Yes

No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):  
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Attached hereto as Exhibit 1 and incorporated herein by reference is the Registrant's press release dated May 15, 2012.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELBIT SYSTEMS LTD.  
(Registrant)

By: /s/ Ronit Zmiri  
Name: Ronit Zmiri  
Title: Corporate Secretary

Dated: May 17, 2012

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EXHIBIT INDEX

| Exhibit No. | Description                      |
|-------------|----------------------------------|
| 1.          | Press Release dated May 15, 2012 |

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Exhibit 1

ELBIT SYSTEMS REPORTS  
FIRST QUARTER 2012 RESULTS

Revenues at \$691 million; Net income at \$32.9 million;  
Diluted net earnings per share of \$0.77

Haifa, Israel, May 15, 2012 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT, TASE: ESLT), the international defense company, reported today its consolidated financial results for the first quarter ended March 31, 2012.

In this release, the Company is providing its usual US-GAAP results as well as additional non-GAAP financial data, which are intended to provide investors with a more comprehensive understanding of the Company's business results and trends. Unless otherwise stated, all financial data presented is GAAP financial data.

Management Comment:

Joseph Ackerman, President and CEO of Elbit Systems, commented: “In the first quarter, we recorded revenue growth as compared to the corresponding quarter last year. Much of this growth came from markets such as Latin America and Asia-Pacific, geographic regions with many emerging economies and diverse defense markets, supported by growing defense budgets. I foresee that in 2012 we will begin to see the impact of our ongoing efforts, enabling the company to address the industry’s competitive challenges, both for the benefit of our employees and for the Company’s long-term success.”

First quarter 2012 results:

Revenues in the first quarter of 2012 were \$690.8 million, as compared to \$620.3 million in the first quarter of 2011. The leading contributor to the Company's revenues was the airborne systems area of operations.

Gross profit amounted to \$195.8 million (28.3% of revenues) for the first quarter of 2012, as compared with gross profit of \$185.6 million (29.9% of revenues) in the first quarter of 2011. The non-GAAP gross profit in the first quarter of 2012 was \$200.9 million (29.1% of revenues), compared to \$193.2 million (31.1% of revenues) in the first quarter of 2011.

Research and development expenses, net were \$58.8 million (8.5% of revenues) in the first quarter of 2012, as compared to \$54.2 million (8.7% of revenues) in the first quarter of 2011.

Marketing and selling expenses were \$61.4 million (8.9% of revenues) in the first quarter of 2012, as compared to \$55.0 million (8.9% of revenues) in the first quarter of 2011.

General and administrative expenses were \$33.9 million (4.9% of revenues) in the first quarter of 2012, as compared to \$35.5 million (5.7% of revenues) in the first quarter of 2011.

Operating income was \$41.7 million (6.0% of revenues) in the first quarter of 2012, as compared to \$40.9 million (6.6% of revenues) in the first quarter of 2011. The non-GAAP operating income in the first quarter of 2012 was \$53.9 million (7.8% of revenues), as compared to \$54.9 million (8.9% of revenues) in the first quarter of 2011.

Financial expenses, net were \$7.8 million in the first quarter of 2012, as compared to \$10.7 million in the first quarter of 2011. Financial expenses in the first quarter of 2011 were comparatively high due to expenses related to currency hedging activities.

Taxes on income showed a tax expense of \$6.6 million (effective tax rate of 18.9%) in the first quarter of 2012, as compared to a tax expense of \$5.3 million (effective tax rate of 17.4%) in the first quarter of 2011.

Equity in net earnings of affiliated companies and partnership was \$4.0 million (0.6% of revenues) in the first quarter of 2012, as compared to \$3.8 million (0.6% of revenues) in the first quarter of 2011. The equity in net earnings of affiliated companies and partnership in the first quarter of 2012 included approximately \$1.6 million in capital gain related to the sale of the Company's interest in an affiliated entity.

Net loss attributable to non-controlling interests was \$0.8 million in the first quarter of 2012, as compared to net income of \$1.0 million in the first quarter of 2011.

Net income attributable to the Company's ordinary shareholders was \$32.9 million (4.8% of revenues) in the first quarter of 2012, as compared to \$27.9 million (4.5% of revenues) in the first quarter of 2011. The non-GAAP net income in the first quarter of 2012 was \$40.8 million (5.9% of revenues), as compared to \$38.6 million (6.2% of revenues) in the first quarter of 2011.

Diluted net earnings per share attributable to the Company's ordinary shareholders were \$0.77 for the first quarter of 2012, as compared with \$0.65 for the first quarter of 2011. The non-GAAP earnings per share in the first quarter of 2012 were \$0.96, as compared to \$0.90 in the first quarter of 2011.

The Company's backlog of orders was \$5,450 million as of March 31, 2012, as compared with \$5,528 million as of December 31, 2011. Approximately 76% of the backlog relates to orders outside of Israel. Approximately 71% of the Company's backlog as of March 31, 2012, is scheduled to be performed during the upcoming three quarters of 2012 and during 2013.

Operating cash flow was \$51.8 million during the first quarter of 2012, as compared to \$40.1 million in the first quarter of 2011.

#### Non-GAAP financial data:

The following non-GAAP financial data is presented to enable investors to have additional information on the Company's business performance as well as a further basis for periodical comparisons and trends relating to the Company's financial results. The Company believes such data provides useful information to investors by facilitating more meaningful comparisons of the Company's financial results over time. Such non-GAAP information is used by the Company's management to make strategic decisions, forecast future results and evaluate the Company's current performance. However, investors are cautioned that, unlike financial measures prepared in accordance with GAAP, non-GAAP measures may not be comparable with the calculation of similar measures for other companies.

The non-GAAP financial data includes reconciliation adjustments regarding non-GAAP gross profit, operating income, net income and diluted EPS. In arriving at non-GAAP presentations, companies generally factor out items such as those that have a non-recurring impact on the income statements, various non-cash items, significant effects of retroactive tax legislation and changes in accounting guidance and other items which, in management's judgment, are items that are considered to be outside of the review of core operating results.

In the Company's non-GAAP presentation, the Company made the following adjustments, in each or some of the applicable periods: (1) added back amortization of purchased intangible assets, (2) added back significant reorganization, restructuring and other related expenses, (3) added back impairment of investments, including impairment of auction rate securities, (4) subtracted gain from changes in holdings, including revaluation of the

previously held shares at the acquisition date when a business combination is achieved in stages (step-up), (5) added back impairment loss from discontinued operations, (6) excluded the impact of the cessation of a program with a foreign customer and (7) excluded the income tax effects of the foregoing.

These non-GAAP measures are not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations, as determined in accordance with GAAP, and that these measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures. Investors should consider non-GAAP financial measures in addition to, and not as replacements for or superior to, measures of financial performance prepared in accordance with GAAP.



Reconciliation of GAAP to Non-GAAP (Unaudited) Supplemental Financial Data:  
(US Dollars in millions)

|   | Three Months Ended<br>March 31 |       | Year Ended<br>December 31 |
|---|--------------------------------|-------|---------------------------|
|   | 2012                           | 2011  | 2011                      |
| GAAP gross profit   | 195.8                          | 185.6 | 732.0                     |
| Adjustments:  |                                |       |                           |
| Amortization of intangible assets                               | 5.1                            | 7.6   | 30.9                      |
| Cessation of program (*)  | -                              | -     | 72.8                      |
| Non-GAAP gross profit   | 200.9                          | 193.2 | 835.7                     |
| Percent of revenues   | 29.1%                          | 31.1% | 29.7%                     |
| GAAP operating income   | 41.7                           | 40.9  | 115.7                     |
| Adjustments:  |                                |       |                           |
| Amortization of intangible assets                               | 12.2                           | 14.0  | 57.3                      |
| Cessation of program  | -                              | -     | 72.8                      |
| Non-GAAP operating income                                       | 53.9                           | 54.9  | 245.8                     |
| Percent of revenues   | 7.8%                           | 8.9%  | 8.7%                      |
| GAAP net income attributable to Elbit Systems' shareholders     | 32.9                           | 27.9  | 90.3                      |
| Adjustments:  |                                |       |                           |
| Amortization of intangible assets                               | 12.2                           | 14.0  | 57.3                      |
| Cessation of program  | -                              | -     | 72.8                      |
| Impairment of investment  | -                              | -     | 0.5                       |
| Gain from change in holdings                                    | (2.3)                          | -     | -                         |
| Loss from discontinued operations                               | 0.1                            | -     | 9.4                       |
| Related tax benefits  | (2.1)                          | (3.3) | (23.7)                    |
| Non-GAAP net income attributable to Elbit Systems' shareholders | 40.8                           | 38.6  | 206.6                     |
| Percent of revenues   | 5.9%                           | 6.2%  | 7.3%                      |
| Non-GAAP diluted net EPS  | 0.96                           | 0.90  | 4.79                      |

(\*) Adjustment of expenses related to cessation of program, which resulted in write-off of inventories and other related costs.

Recent Events:

On March 19, 2012, the Company announced that Midroog Ltd., an Israeli rating agency ("Midroog"), announced that it had reaffirmed the "Aa1" rating (on a local scale) to the Series "A" Notes issued by the Company in 2010 and to any new Series "A" Notes up to NIS 900 million par value which may be issued by the Company.

On March 29, 2012, the Company announced that following the filing of the Shelf Offering Report dated March 27, 2012 (the "Offering Report"), pursuant to the Shelf Prospectus dated May 18, 2010, the public tender was concluded in connection with the public offering in Israel of the Company's new Series A Notes (the "New Series A Notes") through an expansion of the Company's Series A Notes which were currently outstanding and registered for trading on the Tel Aviv Stock Exchange Ltd. ("TASE"). Following the results of the concluded public offering, the Company issued 807,717 units of New Series A Notes, bearing a fixed interest rate of 4.84% per annum, with a price per unit of 1,029 NIS (approximately \$276), (each unit in the principal amount of NIS 1,000 par value). The immediate gross proceeds received by the Company for the issuance of the New Series A Notes was approximately NIS 831 million (approximately \$223 million). The terms of the New Series A notes issued are similar to the terms of the Company's outstanding unsecured and non-convertible Series A Notes which were initially issued by the Company pursuant to the shelf offering report dated June 6, 2010. The New Series A Notes form a single series together with the currently outstanding Series A Notes and are not linked (principal and interest) to any currency or index. The Series A Notes, including the New Series A Notes contain standard terms and conditions and do not restrict the Company's ability to issue additional notes of any class or distribute dividends in the future.

On May 8, 2012, the Company announced that it concluded the private placement to Israeli institutional investors (the "Private Placement") of NIS 92,283,000 par value (approximately \$24.3 million) additional Series A Notes (the "Additional Series A Notes") in consideration for an aggregate sum of approximately NIS 94.7 million (approximately \$24.9 million). The terms of the issued Additional Series A Notes are similar to the terms of the Series A Notes and the Additional Series A Notes from a single series together with the currently outstanding Series A Notes. The New Series A Notes and Additional Series A Notes have been approved for listing on the TASE. The sale and/or transfer of Additional Series A Notes are subject to the limitations on re-sale of securities set forth in the Israeli Securities Law of 1968 and the regulations promulgated there under applicable to private placements. The New Series A Notes and Additional Series A Notes are not and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation "S" promulgated under the Securities Act) without registration under the Securities Act or an exemption from the registration requirements of the Securities Act.

On May 10, 2012, the Company announced that its joint venture with Rockwell Collins, Vision Systems International, LLC (VSI), a leader in advanced Helmet Mounted Display (HMD) technology, has received a new contract with a total value of more than \$32 million for the delivery of the Joint Helmet Mounted Cueing System (JHMCS) to The Boeing Company, for the U.S. Navy and Air Force and Foreign Military Sales (FMS) to include: Finland, Australia, Belgium, Canada, and Switzerland. Deliveries will commence this year and continue through 2013.

**Dividend:**

The Board of Directors declared a dividend of \$0.30 per share for the first quarter of 2012. The dividend's record date is May 29, 2012, and the dividend will be paid on June 11, 2012, net of taxes and levies, at the rate of 25%.

**Conference Call:**

The Company will be hosting a conference call today, Tuesday, May 15, 2012 at 9:00am Eastern Time. On the call, management will review and discuss the results and will be available to answer questions.

To participate, please call one of the teleconferencing numbers that follow. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Numbers: 1 888 668 9141  
UK Dial-in Number: 0 800 917 5108  
ISRAEL Dial-in Number: 03 918 0609  
INTERNATIONAL Dial-in Number: +972 3 918 0609

at 9:00am Eastern Time; 6:00am Pacific Time; 2:00pm UK Time; 4:00pm Israel Time

This call will also be broadcast live on Elbit Systems' web-site at <http://www.elbitsystems.com>. An online replay will be available from the same link a few hours after the call ends.

Alternatively, for two days following the call, investors will be able to dial a replay number to listen to the call. The dial-in numbers are:

1 888 326 9310 (US) or +972 3 925 5900 (Israel and International).

-4-

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## About Elbit Systems

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance ("C4ISR"), unmanned aircraft systems ("UAS"), advanced electro-optics, electro-optic space systems, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and radios. The Company also focuses on the upgrading of existing military platforms, developing new technologies for defense, homeland security and commercial aviation applications and providing a range of support services.

For additional information, visit: [www.elbitsystems.com](http://www.elbitsystems.com).

## Attachments:

Consolidated balance sheet

Consolidated statements of income

Condense consolidated statements of cash flow

Consolidated revenue distribution by areas of operation and by geographical regions

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Elbit Systems Ltd.

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This press release contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended) regarding Elbit Systems Ltd. and/or its subsidiaries (collectively the Company), to the extent such statements do not relate to historical or current fact. Forward Looking Statements are based on management's expectations, estimates, projections and assumptions. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation: scope and length of customer contracts; governmental regulations and approvals; changes in governmental budgeting priorities; general market, political and economic conditions in the countries in which the Company operates or sells, including Israel and the United States among others; differences in anticipated and actual program performance, including the ability to perform under long-term fixed-price contracts; and the outcome of legal and/or regulatory proceedings. The factors listed above are not all-inclusive, and further information is contained in Elbit Systems Ltd.'s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission. All forward-looking statements speak only as of the date of this release. The Company does not undertake to update its forward-looking statements.

(FINANCIAL TABLES TO FOLLOW)

-5-

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

|  | March 31,<br>2012<br>Unaudited | December 31,<br>2011<br>Audited |
|--|--------------------------------|---------------------------------|
| <b>Assets</b>  |                                |                                 |
| <b>Current assets:</b>   |                                |                                 |
| Cash and cash equivalents  | \$ 173,873                     | \$ 202,577                      |
| Short-term bank deposits   | 284,103                        | 21,693                          |
| Trade and unbilled receivables, net                                    | 652,877                        | 669,524                         |
| Other receivables and prepaid expenses                                 | 143,591                        | 180,024                         |
| Inventories, net of customers advances                                 | 819,679                        | 761,269                         |
| <b>Total current assets</b>  | <b>2,074,123</b>               | <b>1,835,087</b>                |
| Investments in affiliated companies, partnership and other companies   | 113,078                        | 110,159                         |
| Long-term trade and unbilled receivables                               | 197,376                        | 162,762                         |
| Long-term bank deposits and other receivables                          | 13,908                         | 12,215                          |
| Deferred income taxes, net   | 34,478                         | 36,130                          |
| Severance pay fund   | 293,969                        | 283,477                         |
|  | 652,809                        | 604,743                         |
| Property, plant and equipment, net                                     | 513,037                        | 517,608                         |
| Goodwill and other intangible assets, net                              | 752,420                        | 763,072                         |
| <b>Total assets</b>  | <b>\$ 3,992,389</b>            | <b>\$ 3,720,510</b>             |
| <b>Liabilities and Equity</b>  |                                |                                 |
| Short-term bank credit and loans                                       | \$ 2,851                       | \$ 2,998                        |
| Current maturities of long-term loans and Series A Notes               | 138,270                        | 127,627                         |
| Trade payables   | 272,110                        | 316,264                         |
| Other payables and accrued expenses                                    | 772,961                        | 743,866                         |
| Customer advances in excess of costs incurred on contracts in progress | 436,419                        | 407,222                         |
|  | 1,622,611                      | 1,597,977                       |
| Long-term loans, net of current maturities                             | 306,303                        | 302,255                         |
| Series A Notes, net of current maturities                              | 431,037                        | 235,319                         |
| Employee benefit liabilities   | 403,535                        | 394,115                         |
| Deferred income taxes and tax liabilities, net                         | 50,150                         | 48,467                          |
| Customer advances in excess of costs incurred on contracts in progress | 161,605                        | 154,696                         |
| Other long-term liabilities  | 64,852                         | 59,961                          |

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|                              |              |              |
|------------------------------|--------------|--------------|
|                              | 1,417,482    | 1,194,813    |
| Elbit Systems Ltd.'s equity  | 922,444      | 898,337      |
| Non-controlling interests    | 29,852       | 29,383       |
| Total equity                 | 952,296      | 927,720      |
| Total liabilities and equity | \$ 3,992,389 | \$ 3,720,510 |

-6-

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ELBIT SYSTEMS LTD.  
CONSOLIDATED STATEMENTS OF INCOME  
(In thousands of US Dollars, except for share and per share amounts)

|   | Three Months Ended<br>March 31, |           | Year Ended<br>December 31, |
|---|---------------------------------|-----------|----------------------------|
|   | 2012                            | 2011      | 2011                       |
|   | Unaudited                       |           | Audited                    |
| Revenues  | 690,788                         | 620,258   | 2,817,465                  |
| Cost of revenues  | 495,037                         | 434,613   | 2,085,451                  |
| Gross profit  | 195,751                         | 185,645   | 732,014                    |
| Operating expenses:   |                                 |           |                            |
| Research and development, net   | 58,766                          | 54,214    | 241,092                    |
| Marketing and selling   | 61,361                          | 54,987    | 235,909                    |
| General and administrative  | 33,941                          | 35,510    | 139,349                    |
|   | 154,068                         | 144,711   | 616,350                    |
| Operating income  | 41,683                          | 40,934    | 115,664                    |
| Financial expenses, net   | (7,815 )                        | (10,662 ) | (13,569 )                  |
| Other income, net   | 930                             | 194       | 1,909                      |
| Income before income taxes  | 34,798                          | 30,466    | 104,004                    |
| Taxes on income   | (6,560 )                        | (5,300 )  | (13,624 )                  |
|   | 28,238                          | 25,166    | 90,380                     |
| Equity in net earnings of affiliated companies and partnership        | 4,038                           | 3,751     | 15,377                     |
| Income from continuing operations                                     | 32,276                          | 28,917    | 105,757                    |
| Loss from discontinued operations, net                                | (156 )                          | -         | (15,977 )                  |
| Net income  | 32,120                          | 28,917    | 89,780                     |
| Less: net loss (income) attributable to non-controlling interests     | 761                             | (988 )    | 508                        |
| Net income attributable to Elbit Systems Ltd.'s shareholders          | 32,881                          | 27,929    | 90,288                     |
| Earnings per share attributable to Elbit Systems Ltd.'s shareholders: |                                 |           |                            |
| Basic net earnings (losses) per share                                 |                                 |           |                            |
| Continuing operations   | 0.77                            | 0.65      | 2.33                       |
| Discontinued operations   | -                               | -         | (0.22 )                    |
| Total   | 0.77                            | 0.65      | 2.11                       |
| Diluted net earnings (losses) per share                               |                                 |           |                            |
| Continuing operations   | 0.77                            | 0.65      | 2.31                       |
| Discontinued operations   | -                               | -         | (0.22 )                    |
| Total   | 0.77                            | 0.65      | 2.09                       |
|   | 42,489                          | 42,732    | 42,764                     |

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|  |        |        |          |
|--|--------|--------|----------|
| Weighted average number of shares used in computation of basic earnings per share (in thousands)   |        |        |          |
| Weighted average number of shares used in computation of diluted earnings per share (in thousands) | 42,663 | 43,223 | 43,131   |
| Amounts attributable to Elbit Systems Ltd.'s common shareholders                                   |        |        |          |
| Income from continuing operations, net of income tax   | 32,974 | 27,929 | 99,778   |
| Discontinued operations, net of income tax   | (93 )  | -      | (9,490 ) |
| Net income attributable to Elbit Systems Ltd.'s shareholders                                       | 32,881 | 27,929 | 90,288   |

-7-

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ELBIT SYSTEMS LTD.  
CONSOLIDATED STATEMENTS OF CASH FLOW  
(In thousands of US Dollars)

|  | Three Months Ended<br>March 31, |           | Year Ended<br>December 31, |
|--|---------------------------------|-----------|----------------------------|
|  | 2012                            | 2011      | 2011                       |
|  | Unaudited                       |           | Audited                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                 |           |                            |
| Net income   | \$ 32,120                       | \$ 28,917 | \$ 89,780                  |
| Adjustments to reconcile net income to net cash provided by operating activities:                  |                                 |           |                            |
| Depreciation and amortization  | 35,485                          | 37,155    | 150,618                    |
| Write-off impairment and discontinued operations, net  | 156                             | -         | 15,977                     |
| Stock based compensation   | 216                             | 356       | 1,996                      |
| Amortization of Series A Notes discount and related issuance costs                                 | 87                              | (152 )    | 422                        |
| Deferred income taxes and reserve, net   | (738 )                          | 622       | (8,777 )                   |
| Loss (gain) on sale of property, plant and equipment   | 115                             | (502 )    | (1,645 )                   |
| Loss (gain) on sale of investment  | (791 )                          | 67        | 2,189                      |
| Equity in net loss (earnings) of affiliated companies and partnership, net of dividend received(*) | (1,468 )                        | 7,812     | (270 )                     |
| Changes in operating assets and liabilities, net of amounts acquired:                              |                                 |           |                            |
| Increase (decrease) in short and long-term trade receivables, and prepaid expenses                 | 14,726                          | 29,328    | (65,062 )                  |
| Increase in inventories, net   | (58,410 )                       | (58,248 ) | (95,363 )                  |
| Decrease (increase) in trade payables, other payables and accrued expenses                         | (3,492 )                        | (27,386 ) | 17,225                     |
| Severance, pension and termination indemnities, net  | (2,280 )                        | 3,145     | 1,879                      |
| Increase in advances received from customers   | 36,107                          | 18,949    | 81,946                     |
| Net cash provided by operating activities  | \$ 51,834                       | \$ 40,063 | \$ 190,915                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                 |           |                            |
| Purchase of property, plant and equipment  | (19,768 )                       | (37,830 ) | (121,977 )                 |
| Acquisition of subsidiaries and business operations  | -                               | -         | (12,173 )                  |
| Investments in affiliated companies and other companies  | (507 )                          | (6,786 )  | (13,555 )                  |
| Proceeds from sale of property, plant and equipment  | 1,557                           | 2,417     | 15,059                     |
| Proceeds from sale of investments  | 705                             | -         | 329                        |
| Investment in long-term deposits   | (192 )                          | 1,616     | (609 )                     |
| Proceeds from sale of long-term deposits   | 283                             | -         | 40,396                     |
| Investment in short-term deposits and available for sale securities                                | (275,181)                       | -         | (88,842 )                  |
| Proceeds from sale of short-term deposits and available for sale securities                        | 14,237                          | (37,104 ) | 126,306                    |

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|   |              |              |              |
|---|--------------|--------------|--------------|
| Net cash used in investing activities                         | \$ (278,866) | \$ (77,687 ) | \$ (55,066 ) |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |              |              |              |
| Proceeds from exercise of options                             | 554          | 1,496        | 3,833        |
| Purchase of non-controlling interests                         | -            | (73,455 )    | (71,000 )    |
| Repayment of long-term bank loans                             | (136,638)    | (2,680 )     | (73,666 )    |
| Proceeds from long-term bank loans                            | 125,254      | 24,252       | 172,303      |
| Proceeds from issuance of Series A Notes                      | 217,420      | -            | -            |
| Series A Notes issuance costs                                 | 1,889        | -            | -            |
| Purchase of treasury shares                                   | (10,004 )    | -            | (10,101 )    |
| Repayment of Series A Notes and convertible debentures        | -            | (2,121 )     | (29,998 )    |
| Purchase of convertible debentures of a subsidiary            | -            | -            | (2,121 )     |
| Dividends paid  | -            | -            | (61,633 )    |
| Tax benefit in respect of options exercised                   | -            | -            | 169          |
| Change in short-term bank credit and loans, net               | (147 )       | 77,714       | (12,117 )    |
| Net cash provided by (used in) financing activities           | \$ 198,328   | \$ 25,206    | \$ (84,331 ) |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   |              |              |              |
|   | (28,704 )    | (12,418 )    | 51,518       |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> |              |              |              |
|   | 202,577      | 151,059      | 151,059      |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       |              |              |              |
|   | 173,873      | 138,641      | 202,577      |
| * Dividend received from affiliated companies and partnership | \$ 2,570     | \$ 11,563    | \$ 15,107    |

ELBIT SYSTEMS LTD.  
DISTRIBUTION OF REVENUES

CONSOLIDATED REVENUE BY AREAS OF OPERATION:

|  | Three Months Ended<br>March 31 |              |              |              | Year Ended<br>December 31 |              |
|--|--------------------------------|--------------|--------------|--------------|---------------------------|--------------|
|  | 2012                           |              | 2011         |              | 2011                      |              |
|  | \$ millions                    | %            | \$ millions  | %            | \$ millions               | %            |
| Airborne systems   | 281.5                          | 40.8         | 251.1        | 40.5         | 969.4                     | 34.4         |
| Land systems   | 91.6                           | 13.3         | 83.4         | 13.4         | 405.3                     | 14.3         |
| C4ISR systems  | 218.8                          | 31.7         | 193.7        | 31.2         | 996.4                     | 35.4         |
| Electro-optics   | 68.5                           | 9.8          | 64.8         | 10.5         | 300.2                     | 10.7         |
| Other (mainly non-defense<br>engineering and production<br>services) | 30.4                           | 4.4          | 27.3         | 4.4          | 146.2                     | 5.2          |
| <b>Total</b>   | <b>690.8</b>                   | <b>100.0</b> | <b>620.3</b> | <b>100.0</b> | <b>2,817.5</b>            | <b>100.0</b> |

CONSOLIDATED REVENUES BY GEOGRAPHICAL REGIONS:

|                 | Three Months Ended<br>March 31 |              |              |              | Year Ended<br>December 31 |              |
|-----------------|--------------------------------|--------------|--------------|--------------|---------------------------|--------------|
|                 | 2012                           |              | 2011         |              | 2011                      |              |
|                 | \$ millions                    | %            | \$ millions  | %            | \$ millions               | %            |
| Israel          | 139.8                          | 20.2         | 170.1        | 27.4         | 697.8                     | 24.8         |
| United States   | 213.3                          | 30.9         | 209.1        | 33.7         | 890.4                     | 31.6         |
| Europe          | 114.1                          | 16.5         | 111.2        | 17.9         | 545.5                     | 19.3         |
| Other countries | 223.6                          | 32.4         | 129.9        | 21.0         | 683.8                     | 24.3         |
| <b>Total</b>    | <b>690.8</b>                   | <b>100.0</b> | <b>620.3</b> | <b>100.0</b> | <b>2,817.5</b>            | <b>100.0</b> |

