

ELBIT SYSTEMS LTD  
Form 6-K  
November 15, 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 November 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 November 13, 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

Date: November 14, 2012

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EXHIBIT INDEX

| Exhibit No. | Description                           |
|-------------|---------------------------------------|
| 1.          | Press Release dated November 13, 2012 |

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Exhibit 1

Earning Release

ELBIT SYSTEMS REPORTS  
THIRD QUARTER 2012 RESULTS

Backlog of orders increased to \$5.53 billion;  
Revenues at \$677 million; Net income at \$39.5 million;  
Diluted net earnings per share at \$0.95

Haifa, Israel, November 13, 2012 – Elbit Systems Ltd. (the “Company”) (NASDAQ: ESLT, TASE: ESLT), the international defense electronics company, reported today its consolidated financial results for the third quarter ended September 30, 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 US- GAAP financial data.

Management Comment:

Joseph Ackerman, President and CEO of Elbit Systems, commented: “I am encouraged by the third quarter results, which reflect improvements in some parameters, resulting in part from our ongoing cost-reduction and cost-effectiveness efforts. Concurrently, the increase in backlog reflects Elbit Systems' long-term strategy achievements in increasing our customer base”.

Ackerman added: "We have recently been awarded a number of important projects in Asia- Pacific and Latin America, some in new fields and others in new countries. We will continue to increase our activity in these markets as well as in additional potential growing markets in order to balance the situation in other markets that currently are experiencing decreasing budgets. The third quarter results continue our trend of stability and I believe that Elbit Systems is well positioned and prepared for the challenges ahead”.

Third quarter 2012 results:

Revenues were \$677.5 million in the third quarter of 2012, as compared to \$663.7 million in the third quarter of 2011. The main contributors to the Company's revenues were the Airborne and C4ISR systems areas of operations.

Gross profit was \$191.5 million (28.3% of revenues) in the third quarter of 2012, as compared to \$204.1 million (30.8% of revenues) in the third quarter of 2011. The non-GAAP gross profit in the third quarter of 2012 was \$196.6 million (29.0% of revenues), compared to \$211.6 million (31.9% of revenues) in the third quarter of 2011.

Research and development expenses, net were \$50.7 million (7.5% of revenues) in the third quarter of 2012, as compared to \$55.5 million (8.4% of revenues) in the third quarter of 2011.

Marketing and selling expenses were \$59.0 million (8.7% of revenues) in the third quarter of 2012, as compared to \$58.4 million (8.8% of revenues) in the third quarter of 2011.

General and administrative expenses were \$32.7 million (4.8% of revenues) in the third quarter of 2012, as compared to \$34.0 million (5.1% of revenues) in the third quarter of 2011. This continues the trend of reduction in general and administrative expenses we have experienced over several quarters, partially due to cost cutting and efficiency measures.

Operating Income was \$49.0 million (7.2% of revenues), compared to \$56.2 million (8.5% of revenues) in the third quarter of 2011. The non-GAAP operating income in the third quarter of 2012 was \$61.0 million (9.0% of revenues), as compared to \$70.3 million (10.6% of revenues) in the third quarter of 2011.

Financial expenses, net were \$5.5 million in the third quarter of 2012, as compared to \$3.1 million in the third quarter of 2011.

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## Earning Release

Taxes on income were \$4.9 million (effective tax rate of 11.2%) in the third quarter of 2012, as compared to taxes on income of \$9.8 million (effective tax rate of 18.2%) in the third quarter of 2011. The lower effective tax rate in the quarter was attributable mainly to adjustments related to tax positions taken during prior periods and to the mix of the tax rates in the various jurisdictions in which the Company's entities generate taxable income.

Equity in net earnings of affiliated companies and partnerships was \$1.0 million (0.2% of revenues) in the third quarter of 2012, as compared to \$4.0 million (0.6% of revenues) in the third quarter of 2011.

Net income attributable to non-controlling interests was \$0.4 million in the third quarter of 2012, as compared to a net expense of \$3.4 million in the third quarter of 2011.

Net income, attributable to the Company's ordinary shareholders, was \$39.5 million (5.8% of revenues) in the third quarter of 2012, as compared to \$36.5 million (5.5% of revenues) in the third quarter of 2011. The non-GAAP net income in the third quarter of 2012 was \$49.4 million (7.3% of revenues), as compared to \$56.4 million (8.5% of revenues) in the third quarter of 2011.

Diluted net earnings per share attributable to the Company's ordinary shareholders were \$0.95 for the third quarter of 2012, as compared with \$0.85 for the third quarter of 2011. The non-GAAP diluted net earnings per share in the third quarter of 2012 were \$1.18, as compared to \$1.31 in the third quarter of 2011.

The Company's backlog of orders as of September 30, 2012 was \$5,529 million, as compared with \$5,465 million as of June 30, 2012 and \$5,528 million as of December 31, 2011. Approximately 74% of the backlog relates to orders outside of Israel. Approximately 54% of the Company's backlog as of September 30, 2012 is scheduled to be performed during the fourth quarter of 2012 and in 2013.

Operating cash flow was \$61.0 million during the first nine months of 2012, as compared to \$11.2 million in the first nine months 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.



## Earning Release

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

|  | Nine Months Ended<br>September 30 |        | Three Months Ended<br>September 30 |        | Year<br>Ended<br>December<br>31 |
|--|-----------------------------------|--------|------------------------------------|--------|---------------------------------|
|  | 2012                              | 2011   | 2012                               | 2011   | 2011                            |
| GAAP gross profit  | 576.8                             | 590.3  | 191.4                              | 204.1  | 732.0                           |
| Adjustments:   |                                   |        |                                    |        |                                 |
| Amortization of purchased intangible assets                        | 15.6                              | 23.0   | 5.2                                | 7.5    | 30.9                            |
| Cessation of program (*)   | -                                 | -      | -                                  | -      | 72.8                            |
| Non-GAAP gross profit  | 592.4                             | 613.3  | 196.6                              | 211.6  | 835.7                           |
| Percent of revenues  | 29.0                              | % 31.0 | % 29.0                             | % 31.9 | % 29.7                          |
| GAAP operating income  | 132.8                             | 149.8  | 49.0                               | 56.2   | 115.7                           |
| Adjustments:   |                                   |        |                                    |        |                                 |
| Amortization of intangible assets                                  | 36.2                              | 42.7   | 12.0                               | 14.1   | 57.3                            |
| Cessation of program (*)   | -                                 | -      | -                                  | -      | 72.8                            |
| Non-GAAP operating income  | 169.0                             | 192.5  | 61.0                               | 70.3   | 245.8                           |
| Percent of revenues  | 8.3                               | % 9.7  | % 9.0                              | % 10.6 | % 8.7                           |
| GAAP net income attributable to Elbit<br>Systems' shareholders     | 110.7                             | 103.3  | 39.5                               | 36.5   | 90.3                            |
| Adjustments:   |                                   |        |                                    |        |                                 |
| Amortization of intangible assets                                  | 36.2                              | 42.7   | 12.0                               | 14.1   | 57.3                            |
| Cessation of program (*)   | -                                 | -      | -                                  | -      | 72.8                            |
| Impairment of investments  | -                                 | 0.5    | -                                  | -      | 0.5                             |
| Gain from changes in holdings                                      | (2.3 )                            | -      | -                                  | -      | -                               |
| Loss from discontinued operations, net                             | 0.3                               | 9.3    | 0.1                                | 9.0    | 9.4                             |
| Related tax benefits   | (6.5 )                            | (9.8 ) | (2.2 )                             | (3.2 ) | (23.7 )                         |
| Non-GAAP net income attributable to<br>Elbit Systems' shareholders | 138.4                             | 146.0  | 49.4                               | 56.4   | 206.6                           |
| Percent of revenues  | 6.8                               | % 7.4  | % 7.3                              | % 8.5  | % 7.3                           |
| Non-GAAP diluted net EPS   | 3.26                              | 3.38   | 1.18                               | 1.31   | 4.80                            |

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

## Recent Events:

On August 13, 2012, the Company announced that the Company's Board of Directors accepted the request of Joseph Ackerman, the Company's President and CEO, to retire from his position on March 31, 2013, and the Board confirmed the appointment of Bezahel (Butzi) Machlis as his successor.

On September 10, 2012, the Company announced that TOR - Advanced Flight Training, its partnership with Israel Aerospace Industries Ltd. established in order to perform the Israeli Air Force's future trainer program, reached an agreement with the Israel Ministry of Defense regarding a contract in a total amount of approximately \$603 million. The Company's share in this contract is valued at \$420 million of which approximately \$110 million will be preformed over three years, and approximately \$310 million will be preformed over approximately twenty years.

On September 13, 2012, the Company announced that its Brazilian subsidiary AEL Sistemas S.A. was awarded an initial production order valued at \$15 million as part of the Guarani Project.

On September 23, 2012, the Company announced that it was awarded a contract valued at \$18.5 million for the establishment of a Mission Training Center (MTC) for fighter aircraft of a Latin American Air Force.

On October 2, 2012, the Company announced that it was awarded a contract from the Australian Defense Force for the supply of Battle Management Systems (BMS) for the Royal Australian Navy's landing craft.

## Earning Release

On October 14, 2012, the Company announced that it was awarded two contracts from a Far Eastern country to supply defense systems at a total value of approximately \$50 million.

On October 21, 2012, the Company announced that Elbit Systems of America, LLC, a wholly-owned subsidiary of Elbit Systems, was awarded a \$17.5 million contract by The Boeing Company to redesign and upgrade the Apache Block III AH-64D Mission Processor over a five-year period.

On October 24, 2012, the Company announced that Ares Aeroespacial e Defesa S.A., its Brazilian subsidiary, was awarded an initial production order valued at approximately \$25 million to supply 12.7/7.62mm Remote Controlled Weapon Stations (RCWS) to the Brazilian Army.

On November 8, 2012, the Company announced that its subsidiary, Elbit Systems Electro-Optics - Elop Ltd., was compelled to file a lawsuit, in the amount of approximately \$74 million, against the Government of Israel, for damages and expenses caused in connection with the cancellation of export licenses for a project of a foreign customer.

## Dividend:

The Board of Directors declared a dividend of \$0.30 per share for the third quarter of 2012. The dividend's record date is November 20, 2012, and the dividend will be paid on December 3, 2012, net of taxes and levies, at the rate of 25%.

## Conference Call:

The Company will also be hosting a conference call later today, November 13, 2012 at 10:00am 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: 1 888 407 2553

UK Dial-in Number: 0 800 917 9141

ISRAEL Dial-in Number: 03 918 0644

INTERNATIONAL Dial-in Number: +972 3 918 0644

At 10:00am Eastern Time; 7:00am Pacific Time; 3:00pm UK Time; 5:00pm 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 24 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:

1 888 782 4291 (US) or +972 3 925 5904 (Israel and International).

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Earning Release

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

Condensed consolidated statements of cash flow

Consolidated revenue distribution by areas of operation and by geographical regions

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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)

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## Earning Release

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

|  | September<br>30,<br>2012 | December<br>31,<br>2011 |
|--|--------------------------|-------------------------|
|  | Unaudited                | Audited                 |
| <b>Assets</b>  |                          |                         |
| <b>Current assets:</b>   |                          |                         |
| Cash and cash equivalents  | 144,929                  | 202,577                 |
| Short-term bank deposits and available for sale securities             | 74,369                   | 21,693                  |
| Trade and unbilled receivables, net                                    | 695,420                  | 669,524                 |
| Other receivables and prepaid expenses                                 | 158,181                  | 180,024                 |
| Inventories, net of customers advances                                 | 782,985                  | 761,269                 |
| <b>Total current assets</b>  | <b>1,855,884</b>         | <b>1,835,087</b>        |
| Investments in affiliated companies, partnership and other companies   | 117,622                  | 110,159                 |
| Long-term trade and unbilled receivables                               | 173,187                  | 162,762                 |
| Long-term bank deposits and other receivables                          | 7,382                    | 12,215                  |
| Deferred income taxes, net   | 33,483                   | 36,130                  |
| Severance pay fund   | 287,062                  | 283,477                 |
|  | 618,736                  | 604,743                 |
| Property, plant and equipment, net                                     | 504,802                  | 517,608                 |
| Goodwill and other intangible assets, net                              | 728,228                  | 763,072                 |
| <b>Total assets</b>  | <b>3,707,650</b>         | <b>3,720,510</b>        |
| <b>Liabilities and Equity</b>  |                          |                         |
| Short-term bank credits and loans                                      | -                        | 2,998                   |
| Current maturities of long-term loans and Series A Notes               | 139,811                  | 127,627                 |
| Trade payables   | 240,445                  | 316,264                 |
| Other payables and accrued expenses                                    | 717,066                  | 743,866                 |
| Customer advances in excess of costs incurred on contracts in progress | 408,464                  | 407,222                 |
|  | 1,505,786                | 1,597,977               |
| Long-term loans, net of current maturities                             | 174,722                  | 302,255                 |
| Series A Notes, net of current maturities                              | 387,468                  | 235,319                 |
| Employee benefit liabilities   | 384,699                  | 394,115                 |
| Deferred income taxes and tax liabilities, net                         | 50,358                   | 48,467                  |
| Customer advances in excess of costs incurred on contracts in progress | 153,158                  | 154,696                 |
| Other long-term liabilities  | 66,682                   | 59,961                  |

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|                              |           |           |
|------------------------------|-----------|-----------|
|                              | 1,217,087 | 1,194,813 |
| Elbit Systems Ltd.'s equity  | 952,880   | 898,337   |
| Non-controlling interests    | 31,897    | 29,383    |
| Total equity                 | 984,777   | 927,720   |
| Total liabilities and equity | 3,707,650 | 3,720,510 |

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## Earning Release

## ELBIT SYSTEMS LTD.

## CONSOLIDATED STATEMENTS OF INCOME

(In thousands of U.S. Dollars, except for share and per share amounts)

|  | Nine Months Ended |           | Three Months Ended |           | Year Ended |
|--|-------------------|-----------|--------------------|-----------|------------|
|  | September 30      |           | September 30       |           | December   |
|  | 2012              | 2011      | 2012               | 2011      | 2011       |
|  |                   |           |                    |           | Audited    |
| Revenues   | 2,044,690         | 1,975,602 | 677,470            | 663,712   | 2,817,465  |
| Cost of revenues   | 1,467,863         | 1,385,287 | 486,023            | 459,577   | 2,085,451  |
| Gross profit   | 576,827           | 590,315   | 191,447            | 204,135   | 732,014    |
| Operating expenses:  |                   |           |                    |           |            |
| Research and development, net  | 165,114           | 165,136   | 50,703             | 55,533    | 241,092    |
| Marketing and selling  | 180,325           | 170,829   | 59,044             | 58,401    | 235,909    |
| General and administrative   | 98,580            | 104,587   | 32,677             | 33,992    | 139,349    |
|  | 444,019           | 440,552   | 142,424            | 147,926   | 616,350    |
| Operating income   | 132,808           | 149,763   | 49,023             | 56,209    | 115,664    |
| Financial expenses, net  | (15,524 )         | (23,120 ) | (5,456 )           | (3,108 )  | (13,569 )  |
| Other income, net  | 76                | 1,355     | 260                | 981       | 1,909      |
| Income before income taxes   | 117,360           | 127,998   | 43,827             | 54,082    | 104,004    |
| Taxes on income  | 14,203            | 20,565    | 4,890              | 9,846     | 13,624     |
|  | 103,157           | 107,433   | 38,937             | 44,236    | 90,380     |
| Equity in net earnings of affiliated companies and partnership                 | 8,866             | 10,626    | 1,049              | 4,025     | 15,377     |
| Income from continuing operations  | 112,023           | 118,059   | 39,986             | 48,261    | 105,757    |
| Loss from discontinued operations, net   | (519 )            | (15,630 ) | (93 )              | (15,180 ) | (15,977 )  |
| Net income   | 111,504           | 102,429   | 39,893             | 33,081    | 89,780     |
| Less: net loss (income) attributable to non-controlling interests              | (835 )            | 901       | (369 )             | 3,425     | 508        |
| Net income attributable to Elbit Systems Ltd.'s shareholders                   | 110,669           | 103,330   | 39,524             | 36,506    | 90,288     |
| Earnings per share attributable to Elbit Systems Ltd.'s ordinary shareholders: |                   |           |                    |           |            |
| Basic net earnings per share   |                   |           |                    |           |            |
| Continuing operations  | 2.63              | 2.63      | 0.95               | 1.06      | 2.33       |
| Discontinued operations  | (0.01 )           | (0.22 )   | (0.00 )            | (0.21 )   | (0.22 )    |
| Total  | 2.62              | 2.41      | 0.95               | 0.85      | 2.11       |

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|  |         |          |         |          |          |
|--|---------|----------|---------|----------|----------|
| Diluted net earnings per share                                   |         |          |         |          |          |
| Continuing operations  | 2.62    | 2.61     | 0.95    | 1.06     | 2.31     |
| Discontinued operations  | (0.01 ) | (0.22 )  | (0.00 ) | (0.21 )  | (0.22 )  |
| Total  | 2.61    | 2.39     | 0.95    | 0.85     | 2.09     |
| Weighted average number of shares used in                        |         |          |         |          |          |
| Computation of basic earnings per share                          | 42,296  | 42,774   | 41,693  | 42,809   | 42,764   |
| Weighted average number of shares used in                        |         |          |         |          |          |
| Computation of diluted earnings per share                        | 42,374  | 43,179   | 41,693  | 43,074   | 43,131   |
| Amounts attributable to Elbit Systems Ltd.'s common shareholders |         |          |         |          |          |
| Income from continuing operations, net of income tax             | 110,977 | 112,614  | 39,579  | 45,523   | 99,778   |
| Discontinued operations, net of income tax                       | (308 )  | (9,284 ) | (55 )   | (9,017 ) | (9,490 ) |
| Net income attributable to Elbit Systems Ltd.'s shareholders     | 110,669 | 103,330  | 39,524  | 36,506   | 90,288   |

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Earning Release

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

|  | Nine Months Ended |            | Year Ended |
|--|-------------------|------------|------------|
|  | September 30,     |            | December   |
|  | 2012              | 2011       | 2011       |
|  | Unaudited         |            | Audited    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                   |            |            |
| Net income   | 111,504           | 102,429    | 89,780     |
| Adjustments to reconcile net income to net cash provided by operating activities:                  |                   |            |            |
| Depreciation and amortization  | 103,300           | 112,007    | 150,618    |
| Write-off impairment and discontinued operations, net  | 519               | 15,630     | 15,977     |
| Stock based compensation   | 494               | 831        | 1,996      |
| Amortization of Series A Notes discount and related issuance costs                                 | 1,215             | 330        | 422        |
| Deferred income taxes and reserve, net   | 5,485             | (12,183 )  | (8,777 )   |
| Gain on sale of property, plant and equipment  | (556 )            | (1,088 )   | (1,645 )   |
| Loss (gain) on sale of investment  | (994 )            | 520        | 2,189      |
| Equity in net loss (earnings) of affiliated companies and partnership, net of dividend received(*) | (2,454 )          | 3,679      | (270 )     |
| Changes in operating assets and liabilities, net of amounts acquired:                              |                   |            |            |
| Increase in short and long-term trade receivables and prepaid expenses                             | (17,442 )         | (76,827 )  | (65,062 )  |
| Increase in inventories, net   | (21,716 )         | (123,555 ) | (95,363 )  |
| Increase (decrease) in trade payables, other payables and accrued expenses                         | (105,834 )        | (68,129 )  | 17,225     |
| Severance, pension and termination indemnities, net  | (12,176 )         | (5,056 )   | 1,879      |
| Increase (decrease) in advances received from customers  | (296 )            | 62,594     | 81,946     |
| Net cash provided by operating activities  | 61,049            | 11,182     | 190,915    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                   |            |            |
| Purchase of property, plant and equipment  | (59,753 )         | (92,484 )  | (121,977 ) |
| Acquisition of subsidiaries and business operations  | -                 | (12,173 )  | (12,173 )  |
| Investments in affiliated companies and other companies  | (507 )            | (13,401 )  | (13,555 )  |
| Proceeds from sale of property, plant and equipment  | 6,106             | 11,232     | 15,059     |
| Proceeds from sale of investments  | 705               | -          | 329        |
| Investment in long-term deposits, net  | 184               | 23,102     | 39,787     |
| Investment in short-term deposits and available for sale securities                                | (49,008 )         | 36,347     | 37,464     |
| Net cash used in investing activities  | (102,273 )        | (47,377 )  | (55,066 )  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                   |            |            |
| Proceeds from exercise of options  | 739               | 2,974      | 3,833      |
| Purchase of non-controlling interests  | -                 | (71,000 )  | (71,000 )  |
| Repayment of long-term loans   | (195,624 )        | (66,930 )  | (73,666 )  |

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|   |                  |                  |                |
|---|------------------|------------------|----------------|
| Proceeds from long-term loans                                   | 53,038           | 139,893          | 172,303        |
| Proceeds from issuance of Series A Notes                        | 246,000          | -                | -              |
| Purchase of treasury shares                                     | (26,006 )        | -                | (10,101 )      |
| Repayment of Series A Notes and convertible debentures          | (53,530 )        | (29,998 )        | (29,998 )      |
| Purchase of convertible debentures of a subsidiary              | -                | (2,121 )         | (2,121 )       |
| Dividends paid  | (38,043 )        | (46,235 )        | (61,633 )      |
| Tax benefit in respect of options exercised                     | -                | -                | 169            |
| Change in short- term bank credit and loan, net                 | (2,998 )         | 49,782           | (12,117 )      |
| Net cash used in financing activities                           | (16,424 )        | (23,635 )        | (84,331 )      |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | <b>(57,648 )</b> | <b>(59,830 )</b> | <b>51,518</b>  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b> | <b>202,577</b>   | <b>151,059</b>   | <b>151,059</b> |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>       | <b>144,929</b>   | <b>91,229</b>    | <b>202,577</b> |
| * Dividend received from affiliated companies and partnership   | 6,412            | 14,107           | 15,107         |

Earning Release

ELBIT SYSTEMS LTD.  
DISTRIBUTION OF REVENUES

## CONSOLIDATED REVENUES BY AREAS OF OPERATION:

|   | Nine Months Ended<br>September 30 |            |                |            | Three Months Ended<br>September 30 |            |                |            |
|---|-----------------------------------|------------|----------------|------------|------------------------------------|------------|----------------|------------|
|   | 2012                              |            | 2011           |            | 2012                               |            | 2011           |            |
|   | \$<br>millions                    | %          | \$<br>millions | %          | \$<br>millions                     | %          | \$<br>millions | %          |
| Airborne systems  | 793.5                             | 38.8       | 695.2          | 35.2       | 267.9                              | 39.5       | 235.6          | 35.4       |
| Land systems  | 264.3                             | 12.9       | 284.1          | 14.4       | 105.5                              | 15.6       | 100.9          | 15.2       |
| C4ISR systems   | 676.7                             | 33.1       | 704.7          | 35.7       | 197.8                              | 29.2       | 235.4          | 35.5       |
| Electro-optics  | 211.5                             | 10.4       | 197.9          | 10.0       | 66.8                               | 9.9        | 60.8           | 9.2        |
| Other (mainly<br>non-defense<br>engineering and<br>production services) | 98.7                              | 4.8        | 93.7           | 4.7        | 39.5                               | 5.8        | 31.0           | 4.7        |
| <b>Total</b>  | <b>2,044.7</b>                    | <b>100</b> | <b>1,975.6</b> | <b>100</b> | <b>677.5</b>                       | <b>100</b> | <b>663.7</b>   | <b>100</b> |

## CONSOLIDATED REVENUES BY GEOGRAPHICAL REGIONS:

|                 | Nine Months Ended<br>September 30 |            |                |            | Three Months Ended<br>September 30 |            |                |            |
|-----------------|-----------------------------------|------------|----------------|------------|------------------------------------|------------|----------------|------------|
|                 | 2012                              |            | 2011           |            | 2012                               |            | 2011           |            |
|                 | \$<br>millions                    | %          | \$<br>millions | %          | \$<br>millions                     | %          | \$<br>millions | %          |
| Israel          | 355.4                             | 17.4       | 511.4          | 25.9       | 104.8                              | 15.5       | 155.5          | 23.4       |
| United States   | 642.1                             | 31.4       | 652.1          | 33.0       | 229.0                              | 33.8       | 225.0          | 33.9       |
| Europe          | 367.0                             | 18.0       | 352.9          | 17.9       | 125.6                              | 18.5       | 111.9          | 16.9       |
| Other countries | 680.2                             | 33.2       | 459.2          | 23.2       | 218.1                              | 32.2       | 171.3          | 25.8       |
| <b>Total</b>    | <b>2,044.7</b>                    | <b>100</b> | <b>1,975.6</b> | <b>100</b> | <b>677.5</b>                       | <b>100</b> | <b>663.7</b>   | <b>100</b> |