ELBIT SYSTEMS LTD
Form 20-F
March 15, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2010
Commission File No. 0-28998

ELBIT SYSTEMS LTD.
(Exact name of registrant as specified in its charter and translation of registrant's name into English)

Israel
(Jurisdiction of incorporation or organization)

Advanced Technology Center, Haifa 31053, Israel
(Address of principal executive offices)

Joseph Gaspar
c/o Elbit Systems Ltd.
P.O. Box 539
Advanced Technology Center
Haifa 31053
Israel
Tel: 972-4-831-6404
Fax: 972-4-831-6944
E-mail: j.gaspar@elbitsystems.com
(Name, telephone, e-mail and/or facsimile number and address of Company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:
Ordinary Shares, nominal value 1.0 New Israeli Shekels per share
(Title of Class)
The NASDAQ Global Select Market
(Name of each Exchange on which registered)
Securities registered or to be registered pursuant to Section 12(g) of the Act:
Not Applicable
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
Not Applicable

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 42,693,340 Ordinary Shares

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes x No o

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act (Check One).

Large accelerated filer x	Accelerated filer o	Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing.

U.S. GAAP x	International Financial Reporting Standards as issued by the International Accounting Standards Board o	Other o

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 o Item 18 No o

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No x

Table of Contents

PART I

General Disclosure Standards

The consolidated financial statements of Elbit Systems Ltd. (Elbit Systems) included in this annual report on Form 20-F are prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). Unless otherwise indicated, all financial information contained in this annual report is presented in U.S. dollars. References in this annual report to the "Company", "we", "our", "us" and terms of similar meaning refer to Elbit Systems and our subsidiaries unless the context requires otherwise.

Cautionary Statement with Respect to Forward-Looking Statements

This annual report on Form 20-F 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. These statements relate to our current plans, estimates, strategies, goals and beliefs and as such do not relate to historical or current fact. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended.

Forward-looking statements contained herein generally are identified by the words "believe," "project", "expect", "will likely result", and "strategy", "plan", "may", "should", "will", "would", "will be", "will continue", "will likely result" and similar exp
Forward-looking statements are based on management's current expectations, estimates, projections and assumptions and are not guarantees of future performance and involve certain risks and uncertainties, the outcomes of which cannot be predicted. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation:

- the 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 we operate or sell, 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 about risks and other factors that will affect our future performance is contained in this annual report on Form 20-F. All forward-looking statements speak only as of the date of this annual report. We expressly disclaim any obligation to update or review any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

Item 1. Identity of Directors, Senior Management and Advisers.

Information not required in annual report on Form 20-F.

Item 2. Offer Statistics and Expected Timetable.

Information not required in annual report on Form 20-F.

Item 3. Key Information.

Selected Financial Data

The following selected consolidated financial data of the Company as of and for the years ended December 31, 2006, 2007, 2008, 2009 and 2010 are derived from our audited consolidated financial statements, including our audited consolidated financial statements as of December 31, 2009 and 2010, and for each of the years ended December 31, 2008, 2009 and 2010, which appear in Item 18 in this annual report on Form 20-F. You should read the audited consolidated financial statements appearing in Item 18 together with the selected financial data set forth below. (For non-GAAP financial data see Item 5. Operating and Financial Review and Prospects – Non-GAAP Financial Data.)

	Years Ended December 31,				
	2006	2007	2008	2009	2010
	(U.S. dollars in millions except for share and per share amounts)				
Income Statement Data:					
Revenues	$ 1,523.2	$ 1,981.8	$ 2,638.3	$ 2,832.4	$ 2,670.1
Cost of revenues	1,149.7	1,454.9	1,870.9	1,982.9	1,872.2
Restructuring expenses	—	10.5	—	—	—
Gross profit	373.5	516.4	767.4	849.5	797.9
Research and development expenses, net	92.2	127.0	185.0	216.8	234.1
Marketing and selling expenses	111.9	157.4	198.2	250.9	230.0
General and administrative expenses	77.5	107.4	134.2	119.3	131.2
Acquired in-process research and development (IPR&D) and other expenses	—	16.6	1.0	—	(4.7)
Total operating expenses	281.6	408.4	518.4	587.0	590.6
Operating income	91.9	108.0	249.0	262.5	207.3
Finance expense, net	21.5	19.4	36.8	15.6	21.3
Other income/(expense), net	1.8	0.4	94.3	0.4	13.3
Income before taxes on income	72.2	89.0	306.5	247.3	199.3
Taxes on income	20.7	13.8	54.3	38.1	24.0
Equity in net losses/earnings of affiliated companies	14.7	14.5	14.4	19.3	19.3
Consolidated net income	66.2	89.7	266.6	228.5	194.6
Less: net income (losses) attributed to non-controlling interests	(6.0)	13.0	62.4	13.6	11.1
Net income attributed to Elbit Systems' shareholders	72.2	76.7	204.2 *	214.9	183.5
Earnings per share:					
Basic net earnings per share	1.75	1.82	4.85 *	5.08	4.30
Diluted net earnings per share	$ 1.72	$ 1.81	$ 4.78 *	$ 5.00	$ 4.25

*Including $74 million in net income ($1.73 diluted net earnings per share) from the sale of Mediguide Inc. (Mediguide) shares in 2008.

	December 31,				
	2006	2007	2008	2009	2010
	(U.S. dollars in millions except for share and per share amounts)				
Balance Sheet Data:					
Cash, cash equivalents and short-term investments	$88	$376	$278	$280	$215
Working capital	112	177	290	392	382
Long-term deposits and marketable securities	6	42	41	44	52
Long-term trade receivables	--	--	--	17	90
Property, plant and equipment, net	295	353	384	405	504
Total assets	1,773	2,789	2,940	3,054	3,611
Long-term debt	125	431	270	389	292
Series A Notes, net of current maturities	--	--	--	--	273
Capital stock	301	307	300	284	294
Elbit Systems shareholders' equity	493	536	724	833	967
Non-controlling interests	7	20	76	24	39
Total equity	500	556	800	857	1,005
Number of outstanding ordinary shares of NIS 1 par value (in thousands)	42,017	42,060	42,079	42,531	42,693
Dividends paid per ordinary share with respect to the applicable year	$0.61	$0.67	$1.42	$1.82	$1.44

Risk Factors

General Risks Related to Our Business and Market

Our revenues depend on a continued level of government business. We derive most of our revenues directly or indirectly from government agencies, mainly the Israeli Ministry of Defense (IMOD), the U.S. Department of Defense (DOD) and defense ministries of certain other countries, pursuant to contracts awarded to us under defense-related programs. The funding of these programs is subject to government budgeting decisions affected by numerous factors, including geo-political events and macro-economic conditions that are beyond our control. Government spending under such contracts may cease or may be reduced, which would cause a negative effect on our revenues, results of operations, cash flow and financial condition.

The current worldwide economic and financial situation as well as possible reductions in U.S. defense expenditures may have a material adverse effect on our results. Over the past few years many of the world's economies and financial institutions have experienced a reduction in economic activity, a decline in asset prices, liquidity problems and limited availability of credit. Also, statements by U.S. government officials indicate that overall U.S. defense spending may decrease. Such factors may result in a reduction in demand and downward pressure on pricing in some or all of our markets, which could adversely affect our business, results of operations and financial condition. The economic and financial situation may: (i) cause the value of our investments in our pension plans to decrease, requiring us to increase our funding of those pension plans; (ii) result in a lower return and value on our assets; (iii) increase the cost or hinder our ability to finance future projects; and (iv) negatively impact our customers, which in turn could negatively impact our ability to collect accounts receivable.

Our contracts may be terminated for convenience of the customer. Our contracts with governments often contain provisions permitting termination for convenience of the customer. Our subcontracts with non-governmental prime contractors sometimes contain similar provisions. In a minority of these contracts, an early termination for convenience would not entitle us to reimbursement for all of our incurred contract costs or for a proportionate share of our fee or profit for work performed.

We depend on governmental approval of our exports. Our international sales as well as our international procurement of skilled human resources, technology and components depend largely on export license approvals from the governments of Israel, the U.S. and other countries. If we fail to obtain material approvals in the future, if material approvals previously obtained are revoked or if government export policies change, our ability to sell our products and services to overseas customers and our ability to obtain goods and services essential to our business could be interrupted, resulting in a material adverse effect on our business, revenues, assets and results of operations. (See Item 4. Information on the Company – Governmental Regulation.)

As a government contractor, we are subject to a number of procurement rules and regulations. We are required to comply with specific procurement rules and regulations, including those relating to cost accounting, anti-bribery, procurement integrity and others, which increase our performance and compliance costs. (See Item 4. Information on the Company – Governmental Regulation.) If these rules and regulations change, our costs of complying with them could increase and reduce our margins. In addition, failure to comply with these rules and regulations could result in reductions of the value of contracts, contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition. Failure to comply with these rules and regulations could also lead to suspension or debarment from government contracting or subcontracting for a period of time, which could have a negative impact on our results of operations, financial condition and reputation.

We depend on international operations. We expect that international sales will continue to account for a significant portion of our revenues for the foreseeable future. As a result, changes in international, political, economic or

geographic events could result in significant shortfalls in orders or revenues. These shortfalls could cause our business, financial condition and results of operations to be harmed. In addition to the other risks from international operations set forth in these Risk Factors, some of the risks of doing business internationally include:

- unexpected changes in regulatory requirements;
- changes in governmental defense budgets and national priorities;
- imposition of tariffs and other barriers and restrictions;
- burdens of complying with a variety of foreign laws;
- political and economic instability; and
- changes in diplomatic and trade relationships.

Some of these factors, such as the ability to obtain foreign government approvals and changes in diplomatic relationships, may be affected by Israel's overall political situation. (See "Risks Related to Our Israeli Operations" below.) In addition, the economic and political stability of the countries of our major customers and suppliers may impact our business.

We have risks related to our pension plans, which could impact our liquidity. Funding obligations for certain of our pension plans are impacted by the performance of the financial markets and interest rates. When interest rates are low, or if the financial markets do not provide long-term returns as expected, there is an increased likelihood we may be required to make additional contributions to these pension plans. Because of the volatility in the equity markets, our estimate of future contribution requirements can change dramatically in relatively short periods of time. (See Item 18. Financial Statements – Notes 2(T) and 17.)

We face currency exchange risks. As more of our revenues are generated in currencies other than the U.S. dollar (which is the functional currency we use for financial reporting purposes), mainly in New Israeli Shekels (NIS), Great Britain Pounds (GBP) and Euros, we are subject to increasingly significant foreign currency risks. For example, we could be negatively affected by exchange rate changes during the period from the date we submit a price proposal until the date of contract award or until the date(s) of payment. Moreover, since a significant portion of our expenses is denominated in NIS, if we do not adequately hedge against exchange rate risks, our financial results could be adversely affected. Accordingly, our level of revenues and profits may be adversely affected by exchange rate fluctuations. (See below "Risks Related to Our Israeli Operations – Changes in the U.S. Dollar – NIS Exchange Rate" and Item 5. Operating and Financial Review and Prospects – Impact of Inflation and Exchange Rates.)

We operate in a competitive industry. The markets in which we participate are highly competitive and characterized by technological change. If we are unable to improve existing systems and products and develop new systems and technologies in order to meet evolving customer demands, our business could be adversely affected. In addition, our competitors could introduce new products with innovative capabilities, which could adversely affect our business. We compete with many large and mid-tier defense contractors on the basis of system performance, cost, overall value, delivery and reputation. Many of these competitors are larger and have greater resources than us, and therefore may be better positioned to take advantage of economies of scale and develop new technologies. Some of these competitors are also our suppliers in some programs.

Due to significant consolidation in our industry, we are more likely to compete with certain potential customers. As the number of companies in the defense industry has decreased in recent years, the market share of some prime contractors has increased. Some of these companies are vertically integrated with in-house capabilities similar to ours in certain areas. Thus, at times we could be seeking business from certain of these prime contractors, while at other times we could be in competition with some of them. Failure to maintain good business relations with these major contractors could negatively impact our future business.

We face risks of changes in costs under fixed-price contracts. Most of our contracts are fixed-price contracts, as opposed to cost-plus or cost-share type contracts. Generally, a fixed-price contract price is not adjusted as long as the work performed falls within the original contract scope. Therefore, under these contracts, we generally assume the risk that increased or unexpected costs may reduce profits or generate a loss. The risk can be particularly significant under a fixed-price contract involving research and development for new technology, where estimated gross profit or loss from long-term projects may change and such changes in estimated gross profit/loss are recorded on a cumulative catch-up basis. (See Item 5. Operating and Financial Review and Prospects – General – Critical Accounting Policies and Estimates – Revenue Recognition.) To the extent we underestimate the costs to be incurred in any fixed-price contract, we could experience a loss on the contract, which would have a negative effect on our results of operations, financial position and cash flow.

We face fluctuations in revenues and profit margins. The level of our revenues may fluctuate over different periods due to changes in pricing or sales volume or our mix of projects during any given period. Moreover, since certain of our project revenues are recognized in connection with achievement of specific performance milestones, we may experience significant fluctuations in year-to-year and quarter-to-quarter financial results. Similarly, our profit margins may vary significantly from project to project as a result of changes in estimated project gross profits that are recorded in results of operations on a cumulative catch-up basis pursuant to the percentage-of-completion accounting method. (See Item 5. Operating and Financial Review and Prospects – General – Critical Accounting Policies and Estimates – Revenue Recognition.) As a result, comparisons of our financial results for prior periods may not provide a reliable indicator of our future results. Moreover, our share price may be subject to significant fluctuation in response to period-to-period variations in our financial results.

We may experience production delays or liability if suppliers fail to make compliant or timely deliveries. The manufacturing process for some of our products largely consists of the assembly, integration and testing of purchased components. Some components are available from a small number of suppliers, and in a few cases we work with suppliers that are effectively our sole source. If a supplier stops delivery of such components, finding another source could result in added cost and manufacturing delays. Moreover, if our subcontractors fail to meet their design, delivery schedule or other obligations we could be held liable by our customers, and we may be unable to obtain full or partial recovery from our subcontractors for those liabilities. The foregoing risks could have a material adverse effect on our operating results. In addition, the current global economic situation could impair the ability of our suppliers to meet their obligations to us.

We may be affected by failures of our prime contractors. We often act as a subcontractor, and a failure of our prime contractor to meet its obligations may affect our ability to receive payments under our subcontract.

Undetected problems in our products could impair our financial results and give rise to potential product liability claims. If there are defects in the design, production or testing of our or our subcontractors' products and systems, including our products sold for public safety purposes in the homeland security area, we could face substantial repair, replacement or service costs and potential liability and damage to our reputation. Our efforts to implement appropriate design, testing and manufacturing processes for our products or systems may not be sufficient to prevent such occurrences, which could have a material adverse effect on our business, results of operations and financial condition.

Our future success depends on our ability to develop new offerings and technologies for our current and future markets. To achieve our business strategies and continue to grow our revenues and operating profits, we must successfully develop new, or adapt or modify our existing, offerings and technologies for our current core defense markets and our future markets, including adjacent and emerging markets. Accordingly, our future performance depends on a number of factors, including our ability to:

- identify emerging technological trends in our current and future markets;
- identify additional uses for our existing technology to address customer needs in our current or future markets;
- develop and maintain competitive products and services for our current and future markets;
- enhance our offerings by adding innovative features that differentiate our offerings from those of our competitors;
- develop, manufacture and bring solutions to the market quickly at cost-effective prices;
- develop working prototypes as a condition to receiving contract awards; or
- effectively structure our business, through the use of joint ventures, teaming agreements and other forms of alliances, to reflect the competitive environment.

To remain competitive in the future, we believe we will need to invest significant financial resources to develop new, and adapt or modify our existing, offerings and technologies, including through internal research and development, acquisitions and joint ventures or other teaming arrangements. In addition, our customers more frequently require demonstration of working prototypes prior to awarding contracts for new programs. Expenditures for new, adapted or modified offerings and technologies and for production of prototypes could divert our attention and resources from other projects and may not ultimately lead to the timely development of new offerings and technologies or new contracts. Due to the design complexity of our products, we may experience delays in completing the development and introduction of new products. Any delays could result in increased costs and development, deflect resources from

other projects or increase the risk that our competitors may develop competing technologies, which gain market acceptance in advance of our products. If we fail in our new product development efforts, or our products or services fail to achieve market acceptance more rapidly than our competitors, our ability to procure new contracts could be negatively impacted, which would negatively impact our results of operations and financial condition.

Our business depends on proprietary technology that may be infringed. Many of our systems and products depend on our proprietary technology for their success. Like other technology oriented companies, we rely on a combination of patents, trade secrets, copyrights and trademarks, together with non-disclosure agreements, contractual confidentiality clauses, including those in employment agreements, and technical measures to establish and protect proprietary rights in our products. Our ability to successfully protect our technology may be limited because:

- some foreign countries may not protect proprietary rights as comprehensively as the laws of the United States and Israel;
- detecting infringements and enforcing proprietary rights may be time consuming and costly, diverting management's attention and company resources;
- measures such as non-disclosure agreements afford only limited protection;
- unauthorized parties may copy aspects of our products or technologies to develop similar products or technologies or obtain and use information that we regard as proprietary;
- our patents may expire, thus providing competitors access to the applicable technology;
- competitors may independently develop products that are substantially equivalent or superior to our products or circumvent our intellectual property rights; and
- competitors may register patents in technologies relevant to our business areas.

In addition, others may allege infringement claims against us. The cost of defending infringement claims could be significant, regardless of whether the claims are valid. To the extent we are not successful in defending such claims, we may be prevented from the use or sale of certain of our products, subject to liabilities for damages and required to obtain licenses, which may not be available on reasonable terms, any of which may have a material adverse impact on our business, results of operation or financial condition.

We sometimes have risks relating to financing for our programs. A number of our major projects require us to arrange, or to provide, guarantees in connection with the customer's financing of the project. These include commitments by us as well as guarantees provided by financial institutions relating to advance payments received from customers. Customers typically have the right to drawdown against advance payment guarantees if we were to default under the applicable contract. In addition, some customers require that the payment period under the contract be extended for a number of years, sometimes beyond the period of contract performance. We may face difficulties in issuing guarantees or providing financing to our customers. (See Item 4. Information on the Company – Financing Terms.)

We are subject to buy-back obligations. A number of our international programs require us to meet "buy-back" obligations. (See Item 5. Operating and Financial Review and Prospects – Off Balance Sheet Transactions.) Should we be unable to meet such obligations we may be subject to contractual penalties, and our chances of receiving further business from the applicable customers could be reduced or, in certain cases, eliminated.

We sometimes participate in risk-sharing contracts. We sometimes participate in "risk-sharing" type contracts, in which our non-recurring costs are only recoverable if there is a sufficient level of sales for the applicable product, which level of sales typically is not guaranteed. If sales do not occur at the level anticipated, we may not be able to recover our non-recurring costs under the contract.

We would be adversely affected if we are unable to retain key employees. Our success depends in part on key management, scientific and technical personnel and our continuing ability to attract and retain highly qualified personnel. There is competition for the services of such personnel. The loss of the services of key personnel, and the failure to attract highly qualified personnel in the future, may have a negative impact on our business. Moreover, our competitors may hire and gain access to the expertise of our former employees.

We may face labor relations disputes or not be able to amend collective bargaining agreements in a timely manner. A number of our subsidiaries in Israel and certain other countries are parties to collective bargaining agreements that cover a substantial number of our employees. These agreements contain a range of conditions that vary depending on the applicable company and are for various periods of time. Disputes with trade unions or other labor relations difficulties as well as failure to timely amend or extend collective bargaining agreements could lead to worker disputes, slow-downs, strikes and other measures, which could negatively impact our results of operations.

We face acquisition and integration risks. We have made in the past and plan to continue to make acquisitions and investments in companies and technology ventures that we believe complement our business. (See Item 4. Information on the Company – Recent Acquisitions.) Acquisitions typically involve a certain amount of risks and uncertainties such as:

- the difficulty in integrating newly-acquired businesses and operations in an efficient and cost-effective manner and the risk that we encounter significant unanticipated costs or other problems associated with integration;
- failure to meet the challenges of achieving strategic objectives, cost savings and other benefits expected from acquisitions could lead to impairment of intangible assets related to the acquired companies;
- the risk that our markets do not evolve as anticipated and that the technologies acquired do not prove to be those needed to be successful in those markets;
- the risk that we assume significant liabilities that exceed the enforceability or other limitations of applicable indemnification provisions, if any, or the financial resources of any indemnifying parties, including indemnity for regulatory compliance issues that may result in our incurring successor liability;
- the potential loss of key employees of the acquired businesses;
- the risk of diverting the attention of senior management from our existing operations; and
- the risk that certain of our newly acquired operating subsidiaries in various countries could be subject to more restrictive regulations by the local authorities after our acquisition.

Our acquisitions are subject to governmental approvals. Most countries require local governmental approval of acquisitions of domestic defense businesses, which approval may be denied, or unfavorable conditions imposed, if the local government determines the acquisition is not in its national interest. We may also be unable to obtain antitrust approvals for certain acquisitions as our operations expand. Failure to obtain such governmental approvals could negatively impact our future business and prospects.

Our due diligence in acquisitions may not adequately cover all risks. There may be liabilities or risks that we fail to discover in performing due diligence investigations relating to businesses we have acquired or may acquire in the future. Examples of these liabilities include employee benefit contribution obligations, estimated costs to complete contracts, environmental liabilities, regulatory compliance liabilities or liabilities for infringement of third party intellectual property rights for which we, as a successor owner, may be responsible. Such risks may include changes in estimated costs to complete programs and estimated future revenues. In addition, there may be additional costs relating to acquisitions including, but not limited to, possible purchase price adjustments provided in the applicable acquisition agreement or impairment write downs, if the value of the acquired company were to decrease after the acquisition, or after follow-on investments in that company. Such liabilities could have a material adverse effect on our business, financial condition, results of operations or prospects. In addition, there may be situations in which our management determines, based on market conditions or other applicable considerations, to pursue an acquisition with limited due diligence or without performing any due diligence at all.

Our share price may be volatile and may decline. Numerous factors, some of which are beyond our control and unrelated to our operating performance or prospects, may cause the market price of our ordinary shares to fluctuate significantly. Factors affecting market price include, but are not limited to: (i) variations in our operating results and whether we have achieved our key business targets; (ii) sales or purchases of large blocks of stock; (iii) changes in securities analysts' earnings estimates or recommendations; (iv) differences between reported results and those

expected by investors and securities analysts; and (v) changes in our business including announcements of new contracts by us or by our competitors. In the past, securities class action litigation has been instituted against companies following periods of volatility in the market price of their securities.

Other general factors and market conditions that could affect our stock price include changes in: (i) the market's perception of our business; (ii) the businesses, earnings estimates or market perceptions of our competitors or customers; (iii) the outlook for the defense industry; (iv) the general market or economic conditions unrelated to our performance; (v) the legislative or regulatory environment; (vi) government defense spending or appropriations; (vii) military or defense activities worldwide; (viii) the level of national or international hostilities; and (ix) the general geo-political environment.

We have risks related to our issuance of Series A Notes under an Israeli debt offering. We face various risks relating to our issuance of Series A Notes (the Notes). (See Items 5. Operating and Financial Review and Prospects – Liquidity and Capital Resources – Israeli Debt Offering.) The risks we face include our ability to generate sufficient cash flow to make payments on the Notes. In addition, the "Aa1" (on a local scale) rating assigned with respect to the Notes may not be maintained.

We have risks related to the inherent limitations of internal control systems. Despite our internal control measures, we may still be subject to financial reporting errors or even fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints and the benefit of controls must be relative to their costs. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Further, controls can be circumvented by individual acts of some persons by collusion of two or more persons or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and any design may fail to achieve its stated goals, under some or all future conditions. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with the policies or procedures may deteriorate. Because of inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. (See Item 15. Controls and Procedures.)

Risks Related to Our Israeli Operations

Conditions in Israel may affect our operations. Political, economic and military conditions in Israel directly affect our operations. Since the establishment of the State of Israel, a number of armed conflicts have taken place between Israel and its Arab neighbors. A state of hostility, varying in degree and intensity has led to security and economic problems for Israel. For a number of years there have been ongoing hostilities between Israel and the Palestinians, which have adversely affected the peace process and at times have negatively influenced Israel's economy as well as its relationship with several other countries. Hamas, an Islamist movement responsible for many attacks, including missile strikes, against Israelis has been in control of the Gaza Strip for the past several years. These developments have further strained relations between Israel and the Palestinians. Israel also faces threats from Hezbollah militants in Lebanon and other potential threats from neighboring countries, some of whom have recently undergone significant political changes. These political, economic and military conditions in Israel could have a material adverse effect on our business, financial condition, results of operations and future growth.

Political relations could limit our ability to sell or buy internationally. We could be adversely affected by the interruption or reduction of trade between Israel and its trading partners. Some countries, companies and organizations continue to participate in a boycott of Israeli firms and others doing business with Israel or with Israeli companies. Foreign government defense export policies towards Israel could also make it more difficult for us to obtain the export authorizations necessary for our activities. Also, over the past several years there have been calls in Europe and elsewhere to reduce trade with Israel. There can be no assurance that restrictive laws, policies or practices directed towards Israel or Israeli businesses will not have an adverse impact on our business.

Reduction in Israeli government spending or changes in priorities for defense products may adversely affect our earnings. The Israeli government may reduce its expenditures for defense items or change its defense priorities in the coming years. There is no assurance that our programs will not be affected in the future if there is a reduction in Israeli government defense spending for our programs or a change in priorities to products other than ours.

Israel's economy may become unstable. Over the years, Israel's economy has been subject to periods of inflation, low foreign exchange reserves, fluctuations in world commodity prices, military conflicts and civil unrest. For these and other reasons, the government of Israel has intervened in the economy employing fiscal and monetary policies, import duties, foreign currency restrictions, controls of wages, prices and foreign currency exchange rates and regulations regarding the lending limits of Israeli banks to companies considered to be in an affiliated group. The Israeli government has periodically changed its policies in these areas. Reoccurrence of previous destabilizing factors could make it more difficult for us to operate our business as we have in the past and could adversely affect our business.

Changes in the U.S. dollar – NIS exchange rate. The exchange rate between the NIS and the U.S. dollar has fluctuated in recent years. For example, at the end of 2008, 2009 and 2010, the NIS/U.S. dollar exchange rate was 3.802, 3.775 and 3.549 respectively. This represented a strengthening of the NIS against the U.S. dollar of approximately 1% in 2009 and approximately 6% in 2010. During 2010, the NIS/U.S. dollar exchange rate fluctuated significantly. For example, at the end of each of the fiscal quarters of 2010, the exchange rate of the NIS against the U.S. dollar was 3.713, 3.875, 3.665 and 3.549, respectively. During the first two months of 2011, the U.S. dollar strengthened against the NIS by approximately 2% and the NIS/U.S. dollar exchange rate as of February 28, 2011 was 3.622. While most of our sales and expenses are denominated in U.S. dollars, a significant portion of our expenses is paid in NIS, and most of our sales to customers in Israel are in NIS. Our primary expenses paid in NIS that are not linked to the dollar are employee expenses in Israel and lease payments on some of our Israeli facilities. As a result, if we do not hedge our position in NIS, a change in the value of the NIS compared to the dollar, which over the past year has undergone numerous fluctuations, could affect our research and development expenses, manufacturing labor costs and general and administrative expenses. (See Item 5. Operating and Financial Review and Prospects – Impact of Inflation and Exchange Rates – Inflation and Currency Exchange Rates.)

Israeli government programs and tax benefits may be terminated or reduced in the future. Elbit Systems and some of our Israeli subsidiaries participate in programs of the Israeli Office of the Chief Scientist (OCS) and the Israel Investment Center, for which we receive tax and other benefits as well as funding for the development of technologies and products. The benefits available under these programs depend on meeting specified conditions. (See Item 4. Information on the Company – Conditions in Israel – Chief Scientist (OCS) and Investment Center Funding.) If we fail to comply with these conditions, we may be required to pay additional taxes and penalties, make refunds and may be denied future benefits. From time to time, the government of Israel has discussed reducing or eliminating the benefits available under these programs, and therefore these benefits may not be available in the future at their current levels or at all.

Israeli law regulates acquisition of a controlling interest in Israeli defense industries. Israeli legislation regarding the domestic defense industry requires Israeli government approval of an acquisition of a 25% or more equity interest (or a smaller percentage that constitutes a "controlling interest") in companies such as Elbit Systems. This could limit the ability of a potential purchaser to acquire a significant interest in our shares. (See Item 4. Information on the Company – Governmental Regulation – Approval of Israeli Defense Acquisitions.)

Israel has enhanced its export control regulations. In recent years the Israeli government adopted laws and regulations regarding enhanced defense export controls and the export of "dual use" items (items that are typically sold in the commercial market but that may also be used in the defense market). If government approvals required under these laws and regulations are not obtained, our ability to export our products from Israel could be negatively impacted, including revocation of authorizations previously granted, thus causing a reduction in our revenues. (See Item 4. Information on the Company – Governmental Regulation – Israeli Export Regulations.)

Many of our employees and some of our officers are obligated to perform military reserve duty in Israel. Generally, Israeli adult male citizens and permanent residents are obligated to perform annual military reserve duty up to a specified age. They also may be called to active duty at any time under emergency circumstances, which could have a

disruptive impact on our workforce.

It may be difficult to enforce a non-Israeli judgment against us, our officers and directors. We are incorporated in Israel. Most of our executive officers and directors are not residents of the United States, and a substantial portion of our assets and the assets of these persons are located outside the United States. Therefore, it may be difficult for an investor, or any other person or entity, to enforce against us or any of those persons in an Israeli court a U.S. court judgment based on the civil liability provisions of the U.S. federal securities laws. It may also be difficult to effect service of process on these persons in the United States. Additionally, it may be difficult for an investor, or any other person or entity, to enforce civil liabilities under U.S. federal securities laws in original actions filed in Israel. (See below – Item 4. Information on the Company – Conditions in Israel – Enforcement of Judgments.)

Item 4. Information on the Company.

Business Overview

Principal Activities

We are an international defense electronics company engaged in a wide range of programs throughout the world. The Company, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR), unmanned aircraft systems, advanced electro-optics, electro-optic space systems, electronic warfare (EW) suites, airborne warning systems, electronic intelligence systems, data links, military communications systems and radios. We also focus on the upgrading of existing military platforms and developing new technologies for defense, homeland security and commercial aviation applications. In addition, we provide a range of support services.

Our major activities include:

- military aircraft and helicopter systems;
- helmet mounted systems;
- commercial aviation systems and aerostructures;
- unmanned aircraft systems;
- naval systems;
- land vehicle systems;
- command, control, communications, computer and intelligence (C4I) systems;
- electro-optic and countermeasures systems;
- homeland security systems;
- EW and signal intelligence systems; and
- various commercial activities.

Many of these major activities have a number of common and related elements. Therefore, we often jointly conduct marketing, research and development, manufacturing, performance of programs, sales and after sales support among these areas of activities.

Principal Market Environment

We operate primarily in the defense and homeland security arenas. The nature of military actions in recent years, including low intensity conflicts and ongoing terrorist activities, has caused a shift in the defense priorities for many of our major customers. As a result we believe there is a greater demand in the areas of C4I, as well as intelligence, surveillance and reconnaissance (ISR), including network centric information systems, intelligence gathering systems, border and perimeter security systems, unmanned aircraft systems (UAS), unmanned ground vehicles (UGVs),

unmanned surface vessels (USVs), remote controlled systems, space and satellite based defense capabilities and homeland security applications. There is also a growing demand for cost effective logistic support and training and simulation services. We believe our systems, products and capabilities position us to meet evolving customer requirements in several of these areas.

We tailor and adapt our technologies, integration skills, market knowledge and battle-proven systems to each customer's individual requirements in both existing and new platforms. By upgrading existing platforms with advanced electronic and electro-optic technologies, we provide customers with cost-effective solutions, and our customers are able to improve their technological and operational capabilities within limited defense budgets. We have a growing expertise in providing "systems of systems", which enables us to increasingly provide overall solutions to our customers' comprehensive defense and security needs.

The worldwide defense market has been characterized in recent years by significant consolidation and merger and acquisition activities. Part of our growth strategy includes our continued activity in mergers and acquisitions both in Israel and internationally. We operate as a multi-domestic organization in order to meet the needs of our customers around the world. The Company's structure enables us to benefit from the synergy of our overall capabilities while at the same time focus on local requirements.

Company History

We have many decades of operational experience. Our predecessor Elbit Ltd. was incorporated in Israel in 1966 as Elbit Computers Ltd. We were formed in 1996, as part of the Elbit Ltd. corporate demerger, under which Elbit Ltd.'s defense related assets and business were spun-off to us. From its founding in 1966 until the demerger, Elbit Ltd. was involved in a wide range of defense-related airborne, land, naval and C4I programs throughout the world. We continue these activities today as the largest non-government-owned defense company in Israel. Several of our subsidiaries in Israel and around the world have decades of experience in their respective markets. Our companies have collectively been awarded the Israel Defense Prize ten times, recognizing extraordinary contributions to defense technological innovations.

Elbit Systems Ltd. is a corporation domiciled and incorporated in Israel where we operate in accordance with the provisions of the Israeli Companies Law – 1999 (the Companies Law).

Trading Symbols and Address

Our shares are traded on the Nasdaq National Market (Nasdaq), as part of the Nasdaq Global Select Market, under the symbol "ESLT" and on the Tel-Aviv Stock Exchange (TASE).

Our main offices are in the Advanced Technology Center, Haifa 31053, Israel, and our main telephone number at that address is (972-4) 8315315. Our website home page is www.elbitsystems.com. We make our website content available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference in this annual report on Form 20-F.

Our principal offices in the United States are the headquarters of Elbit Systems of America, LLC at 4700 Marine Creek Parkway, Fort Worth, Texas 76179-6969, and the main telephone number at that address is 817-234-6799.

Revenues

The table below shows our consolidated revenues by major areas of operations for the years ended December 31, 2008, 2009 and 2010:

	2008	2009	2010
	(U.S. dollars in millions)		
Airborne systems:	$ 635	$ 693	$ 791
Land systems:	699	450	363
C4ISR systems:	844	1,169	1,019
Electro-optic systems:	337	406	369
Other (mainly non-defense engineering and production services):	123	114	128

Total:	$ 2,638	$ 2,832	$ 2,670

The following table provides our consolidated revenues by geographic region, expressed as a percentage of total revenues for the years ended December 31, 2008, 2009 and 2010:

	2008		2009		2010	
Israel	18	%	22	%	24	%
United States	34	%	29	%	32	%
Europe	25	%	26	%	20	%
Others	23	%	23	%	24	%

Subsidiary Organizational Structure

Our beneficial ownership interest in our primary subsidiaries and investees is set forth below. Our equity and voting interests in these entities are the same as our beneficial ownership interests.

Elbit Systems Ltd.

100%
Elbit Systems
Electro-Optics Elop
EUROPE
100%
Elbit Systems of America
100%
Elbit Security
Systems
USA
ISRAEL
ASIA/OCEANA
100%
McLean Operations
(ICI)
100%
Elbit Systems Land and
C4I
100%
Elbit Systems
Cyclone
100%*
Elisra
100%
Kinetics
50%
SCD
50%
Opgal
100%
Ferranti
(United Kingdom)
100%
UEL
(United Kingdom)
100%
European
Subsidiary
(Belgium)

100%
Elbit Sisteme
(Romania)

100%
Telefunken
(Germany)
51%
U-TacS
(United Kingdom)
100%
Elbit Systems of Korea
(Korea)
26%
HALBIT
(India)
SOUTH AMERICA
100%
AEL
(Brazil)
100%
Fort Worth Operations
(EFW)
100%
Merrimack Operations
(Kollsman)
100%
Talladega Operations
(IEI)
100%
Tallahassee Operations
(Talla-Com)
50%
UAS Dynamics
100%
European Subsidiary
(Austria)
100%
Soltam
100%
Azimuth
100%
ITL Optronics
100%
ARES/Periscopio
(Brazil)
100%
Elbit Systems of
Australia
(Australia)
100%
Boca Raton
Operations (RTL)
100%

San Antonio
Operations (M7)
50%
Vision Systems
International

* Agreement reached in February 2011 to increase holdings in Elisra from 70% to 100%.

The following is a general description of our principal subsidiaries.

U.S. Subsidiaries

Elbit Systems of America

We conduct most of our U.S. business through Elbit Systems of America, LLC (Elbit Systems of America), a Delaware limited liability company, and its wholly-owned subsidiaries including: EFW Inc. (EFW), Kollsman, Inc. (Kollsman), International Enterprises, Inc. (IEI), Innovative Concepts, Inc. (ICI), M7 Aerospace LP (M7), Talla-Com, Tallahassee Communications Industries, Inc. (Talla-Com) and Real-Time Laboratories, LLC (RTL). These are in addition to Elbit Systems of America's 50% ownership in Vision Systems International, LLC and in UAS Dynamics, LLC as described below. We hold our 100% interest in Elbit Systems of America through an intermediate Delaware holding companies. Elbit Systems of America provides products and system solutions focusing on U.S. military, commercial aviation, homeland security and medical instrumentation customers. Elbit Systems of America is organized along a number of main business lines operating out of several primary operational facilities. The business lines include Airborne Solutions, Land and C4I Solutions, Sensor and Electro-Optics Solutions, Services and Support Solutions, Commercial Aviation – Kollsman and Medical Instruments – KMC Systems. Elbit Systems of America's main operation centers include its facilities in Fort Worth, Texas; San Antonio, Texas; Merrimack, New Hampshire; Tallahassee, Florida; Boca Raton, Florida; Talladega, Alabama and McLean, Virginia.

In December 2010, ESA acquired M7, a company based in San Antonio, Texas, engaged in the areas of aerostructures, manufacturing, logistic support services, maintenance, repair and overhaul and supply chain management. (See below "Recent Acquisitions – M7.") M7 operates as part of Elbit Systems of America's Services and Support Solutions business unit. In January 2011, we transferred ownership of RTL to Elbit Systems of America. RTL, based in Boca Raton, Florida, and with an additional manufacturing facility in Choctaw, Mississippi, had previously been a subsidiary of Kinetics. RTL is engaged in the areas of life support systems, auxiliary power units and hydraulic systems for ground vehicles and is operating as part of Elbit Systems of America's Land and C4I Solutions business unit. During 2010, the Tallahassee, Florida operations began consolidation into Elbit Systems of America's operations in McLean, Virginia and Fort Worth, Texas, which process is expected to be completed during 2011.

Elbit Systems of America acts as a contractor for U.S. Foreign Military Financing (FMF) and Foreign Military Sales (FMS) programs. (See below "Governmental Regulations – Foreign Military Financing.") Each of Elbit Systems of America's major operational facilities has engineering and manufacturing capabilities. Elbit Systems of America's facilities in Alabama and Texas have significant maintenance and repair capabilities. (See below "Manufacturing" and "Customer Satisfaction and Quality Assurance.")

Elbit Systems of America, Elbit Systems and intermediate Delaware holding company subsidiaries are parties to a Special Security Agreement (SSA) with the DoD. The SSA provides the framework for controls and procedures to protect classified information and export controlled data. The SSA allows the Elbit Systems of America companies to participate in classified U.S. government programs even though, due to their ownership by Elbit Systems, the Elbit Systems of America companies are considered under the control of a non-U.S. interest. Under the SSA, a Government Security Committee of Elbit Systems of America's board of directors was permanently established to supervise and monitor compliance with Elbit Systems of America's export control and national security requirements. The SSA also requires Elbit Systems of America's board of directors to include outside directors who have no other affiliation with the Company. Elbit Systems of America's board of directors also contains officers of Elbit Systems of America and up to two inside directors, who have other affiliations with the Company. The SSA requires outside directors and officers of the Elbit Systems of America companies who are directors, and certain other senior officers, to be U.S. resident citizens and eligible for DOD personal security clearances.

VSI. Vision Systems International LLC (VSI) is a California limited liability company based in San Jose, California. Elbit Systems of America and Rockwell Collins Inc. (Rockwell Collins) each own 50% of VSI. VSI acts on a world-wide basis on behalf of Rockwell Collins and Elbit Systems/ Elbit Systems of America in the area of helmet mounted display systems for fixed-wing military and paramilitary aircraft. VSI performs marketing, project management, contract administration and systems engineering. Elbit Systems, Elbit Systems of America and Rockwell Collins each have provided VSI with licenses to use their helmet mounted display technologies. In general, VSI subcontracts product development and production to its owners on an approximately equal basis. Each owner has equal representation in VSI's management.

UAS Dynamics. UAS Dynamics, LLC (UAS Dynamics) is a Delaware limited liability company based in Charlotte, North Carolina, with operations in Fort Worth, Texas. Elbit Systems of America and GDATP Holdings, Inc. each own 50% of UAS Dynamics, which was established to market, design, manufacture and supply UAS solutions to customers in the U.S. market. Elbit Systems and General Dynamics Armament and Technical Products, Inc. (the corporate parent of GDATP Holdings, Inc.) each have licensed to UAS Dynamics certain technology in support of the unmanned aircraft vehicle business. Each owner has equal representation on the board of directors and in UAS Dynamics' management.

Israeli Subsidiaries

Elop. Based in Rehovot, Israel, our wholly-owned subsidiary Elbit Systems Electro-Optics Elop Ltd. (Elop) (formerly Elop Electro-Optics Industries Ltd.) designs, engineers, manufactures and supports a wide range of electro-optic systems and products mainly for defense, space and homeland security applications. With more than 70 years of operational experience, Elop has a broad customer base, both in Israel and internationally.

ESLC. Elbit Systems Land and C4I Ltd. (ESLC) (formerly Elbit Systems Land and C4I – Tadiran Ltd.) is a wholly-owned Israeli subsidiary, with headquarters in Netanya, Israel. ESLC is engaged in the worldwide market for land-based systems and products for military vehicles, C4I systems and communications systems and equipment.

Elisra. Elisra Electronic Systems Ltd. (Elisra) is an Israeli company located in Bnei Brak and Holon, Israel, that was owned 70% by Elbit Systems as of December 31, 2010. In February 2011, an agreement was reached under which Elbit Systems will acquire the remaining 30% of Elisra's shares from Elta Systems Ltd., a subsidiary of Israel Aerospace Industries Ltd. (IAI). (See below "Recent Acquisitions – Elisra.") Elisra has two principal wholly-owned Israeli subsidiaries – Tadiran Electronic Systems Ltd. (Tadiran Systems) and Tadiran Spectralink Ltd. (Tadiran Spectralink), each located in Holon, Israel. Elisra and its subsidiaries provide a wide range of EW, signal intelligence (SIGINT), infrared (IR) passive warning systems and C4ISR technological solutions.

Cyclone. Elbit Systems – Cyclone Ltd. (Cyclone) is a wholly-owned Israeli subsidiary of Elbit Systems. Located near Karmiel, Israel, Cyclone designs and produces composite and metal aerostructure parts for civil and military aircraft and performs maintenance, integration and installation engineering for aircraft and helicopters. Cyclone also manufactures weapons pylons and external fuel tanks for fighter aircraft. Both directly and through our wholly-owned subsidiary Snunit Aviation Services Ltd., Cyclone supplies maintenance and operation services for fixed-wing aircraft and helicopter fleets.

ELSEC. Elbit Security Systems Ltd. (ELSEC) is a wholly-owned Israeli subsidiary of Elbit Systems. Located in Sderot, Israel, ELSEC operates mainly in the fields of homeland security, electro-optic surveillance systems, E-fences, border and coastal integrated security systems, aviation security systems, airport security systems, other transportation security systems and strategic perimeter sites security.

Azimuth. Azimuth Technologies Ltd. (Azimuth) is a wholly-owned Israeli subsidiary acquired in full in May 2010. (See below "Recent Acquisitions - Azimuth.") Located in Rehovot, Israel, Azimuth is engaged in the area of navigation and target acquisition, fire coordination, north finding systems as well as electro-optics for defense and government solutions.

Kinetics. Kinetics Ltd. (Kinetics), based in Airport City, Israel, is a wholly-owned Israeli subsidiary. Kinetics develops technologies, systems and products in the field of advanced life support and environmental controls, such as climate control systems and nuclear, biological and chemical protection systems for combat vehicles. Also, Kinetics develops and manufactures other products for land vehicles, such as hydraulic, fuel, braking and suspension systems, an auxiliary power unit for land vehicle power pack systems and hydraulic systems for aircraft.

Soltam. Soltam Systems Ltd. (Soltam) is a wholly-owned Israeli subsidiary, acquired in full in October 2010. (See below "Recent Acquisitions – Mikal Subsidiaries.") Soltam, located in Yokneam, Israel, is engaged in the area of artillery and mortar systems.

ITL Optronics. ITL Optronics Ltd. (ITL Optronics) is a wholly-owned Israeli subsidiary, in which an 88% interest was acquired in October 2010 and the remaining 12% interest in February 2011. See below "Recent Acquisitions – Mikal Subsidiaries.") ITL is engaged in the area of optronic systems. Through a U.S. subsidiary, ITL holds a 55%

interest in Fraser-Volpe LLC, a company based in Warminster, Pennsylvania, engaged, in the area of stabilized fire control and optical viewing systems.

SCD. Semi-Conductor Devices (SCD) is an Israeli registered partnership equally owned by Elbit Systems and Rafael Advanced Defense Systems Ltd. (Rafael). Located in Leshem, Israel, SCD develops and manufactures cooled and uncooled IR detectors for thermal imaging equipment and laser diodes used in defense and commercial applications.

Opgal. Opgal – Optronics Industries Ltd. (Opgal) is an Israeli company owned 50.1% by Elbit Systems and 49.9% by Rafael. Located in Karmiel, Israel, Opgal provides commercial applications of thermal imaging and electro-optic technologies, including an enhanced vision sensor designed to assist in landing aircraft under limited visibility and harsh weather conditions and thermal imaging cameras and systems for surveillance, industrial, medical and fire fighting applications. Opgal also produces IR subassemblies for forward-looking infrared (FLIR) sensors for defense applications.

Subsidiaries in Other Countries

Ferranti. Ferranti Technologies (Group) Limited (Ferranti), is a wholly-owned U.K. subsidiary. Located in Oldham, U.K, Ferranti's principal activities include engineering, manufacturing and logistic support to aerospace and defense industries in the U.K. and internationally.

U-TacS. UAV Tactical Systems Ltd. (U-TacS) is a U.K. subsidiary located in Leicester, U.K., held 51% by Elbit Systems (through a wholly-owned U.K. holding company – Elbit Systems UK Limited), with the remaining 49% owned by Thales UK Limited, a subsidiary of Thales S.A. U-TacS' main business is to perform a major part of the Watchkeeper Program and other related programs. See below "Current Business Operations – UAS –Programs."

European Subsidiary (Belgium). The European Subsidiary (Belgium) is a wholly-owned Belgium subsidiary located near Ghent, Belgium. It develops, manufactures and supports electro-optical products, mainly for the defense and space markets.

European Subsidiary (Austria). The European Subsidiary (Austria) is a wholly-owned Austrian subsidiary located near Vienna, Austria. It is engaged in programs relating to airborne, land and C4I systems.

Elbit Systeme. Elbit Systems S.A. (Elbit Systeme) is a wholly-owned Romanian subsidiary located in Bucharest, Romania. Elbit Systeme serves as the base for our various defense and commercial operations and holdings in Romania.

Telefunken RACOMS. Telefunken Radio Communications Systems GmbH (Telefunken RACOMS) is a wholly-owned German subsidiary located in Ulm, Germany. Telefunken RACOMS is active in both military and civilian communications projects in Germany and internationally.

AEL Sistemas S.A. (formerly Aeroeletronica Ltda.) (AEL) is a wholly-owned Brazilian subsidiary. AEL, located in Porto Alegre, Brazil, performs engineering, manufacturing and logistic support activities for defense and commercial applications.

Ares. Ares Aerospacial e Defesa S.A. (Ares) is a wholly-owned Brazilian subsidiary acquired in December 2010. (See below "Recent Acquisitions – Ares/Periscopio.") Ares is located near Rio de Janeiro and is engaged in the area of defense electronic systems for the Brazilian military and other customers.

Elbit Systems of Australia. Elbit Systems of Australia Pty Ltd. (Elbit Systems of Australia) is a wholly-owned subsidiary established in May 2010. Located in Melbourne, Australia, it is engaged in defense electronic systems for the Australian armed forces and other customers.

Elbit Systems of Korea. Elbit Systems of Korea Ltd. is a wholly-owned Korean subsidiary. Based in Seoul, Korea, it performs defense related projects for end use by the Korean Government.

HALBIT. HALBIT Avionics Private Limited (HALBIT) is an Indian company owned 26% by Elbit Systems, with the largest shareholder being Hindustan Aerospace Limited. Located in Bangalore, India, HALBIT is engaged in avionics programs for the Indian defense market.

Others. We have several other small subsidiaries and investee companies in Israel and other countries that conduct marketing, manufacturing, logistic support and other activities principally in the subsidiary's local market.

Recent Acquisitions

During 2010 and the beginning of 2011, we continued to expand our capabilities through acquisitions.

Elisra. In February 2011, Elbit Systems reached an agreement with Elta Systems Ltd. (Elta) to acquire the 30% of Elisra's shares that are not held by Elbit Systems. The amount to be paid by Elbit Systems for the 30% of Elisra's shares is $67.5 million, and the transaction will be completed following the parties' receipt of any necessary third party approvals. Following the acquisition, Elisra will be a wholly-owned subsidiary of Elbit Systems.

Pearls of Wisdom. In January 2011, Elbit Systems entered into an agreement to invest an amount of approximately $18 million in the Israeli company Pearls of Wisdom Advanced Technologies Ltd. (Pearls of Wisdom). The investment will be made in several stages over several years, according to a schedule and plan agreed by Elbit Systems and the other investors. As of December 31, 2010, Elbit Systems held less than 50% of Pearls of Wisdom's shares, and Elbit Systems' holdings in Pearls of Wisdom will increase gradually to 90%. Pearls of Wisdom develops micro-systems for intelligence gathering, enabling terrain dominance. (See Item 18. Financial Statements – Note 2(K).)

Ares/Periscopio. In December 2010, Elbit Systems acquired the Brazilian companies Ares and Periscopio Equipamentos Optronicos S.A. (Periscopio). The acquisition was accomplished in a series of transactions totaling approximately $35 million. Located near Rio de Janeiro, Ares and Periscopio are involved in the area of defense electronic systems and supply a range of products to the Brazilian military as well to additional markets in South America. (See Item 18. Financial Statements – Note 1(D)(3).)

M7. In December 2010, Elbit Systems of America acquired M7 for $85 million. Located in San Antonio, Texas, M7 is an integrated service company, offering aviation services in the areas of aerostructures manufacturing, government logistics support services, maintenance, repair and overhaul, engineering services, aircraft parts and support, supply chain management and purchasing. M7 is engaged in avionics upgrades, special mission modifications, reset programs and airframe modification and repair for numerous aircraft platforms operated by both commercial and military customers. (See Item 18. Financial Statements – Note 1(D)(4).)

Mikal Subsidiaries. In October 2010, Elbit Systems acquired all the shares of the Israeli companies Soltam, Saymar Ltd. (Saymar) and ITL Optronics that were held by Mikal Ltd. (Mikal) and Mikal's subsidiaries. As a result of the acquisition, Elbit Systems obtained a 100% interest in Soltam and Saymar and an 87.85% interest in ITL Optronics. The balance of ITL Optronics' shares were traded on the TASE and held by the public. Simultaneously with the completion of the acquisition, Elbit Systems sold its holdings in Mikal (approximately 19%) to the other Mikal shareholders. The consideration paid by Elbit Systems for the acquisition of the three companies from Mikal was approximately $87 million. The consideration paid to Elbit Systems for its 19% holding in of Mikal's shares was $18 million. In addition, the acquisition agreement contains a provision for possible future payments to Mikal subject to the acquired subsidairies achieving certain business goals. Approximately $26 million of the purchase price payable by Elbit Systems for the acquisition was placed in escrow with respect to various matters pursuant to the purchase agreement. Soltam is engaged in the area of artillery and mortar systems, Saymar is engaged in the area of armored fighting vehicles and ITL Optronics is engaged in the area of optronics. In February 2011, in a cash tender offer in Israel, Elsec acquired the balance of ITL Optronics' shares that were held by the public for a total consideration of approximately $5.9 million. (See Item 18. Financial Statements – Note 1(D)(2).)

Azimuth. In May 2010, Elbit System completed the acquisition of the balance of shares in Azimuth pursuant to the merger agreement signed by Azimuth and Elsec in January 2010. This was further to Elbit Systems' purchase in 2008 of 19% of Azimuth's shares. The purchase price for the balance of Azimuth's shares acquired in May 2010, following certain adjustments made in accordance with the merger agreement, was approximately $41.5 million. Azimuth is an Israeli company engaged mainly in the areas of satellite navigation systems (GPS), electro-optics and data communications, for defense and para-government applications. Its systems are designed for target acquisition, fire coordination, navigation and orientation solutions, command and control as well as optical measurement systems for high accuracy. Azimuth's U.K. subsidiary is engaged in similar activities. (See Item 18. Financial Statements – Note 1(D)(1).)

Current Business Operations

We generally operate and manage the major activities described below in an interrelated manner and on a project-oriented basis. This means that contracts are frequently performed by more than one operating subsidiary or

division within the Company, on the basis of the multiple skills and available resources that may be needed or appropriate for the contract. Thus, the involvement of an operating subsidiary or division in the performance of a contract is not a function of management's review for purposes of allocation of resources within the Company.

Military Aircraft and Helicopter Systems

Overview

We supply a comprehensive portfolio of advanced airborne electronic and electro-optic systems and products to leading military aircraft manufacturers and end users. Our systems and products are designed to enhance operational capabilities and extend aircraft life cycles. Our military airborne systems are compatible with emerging net-centric concepts supporting enhanced situational awareness, faster decision making and optimal response. Our airborne C4ISR solutions provide pilots with data, communications and real-time situation pictures, as well as the ability to share mission-critical data with ground and naval platforms, thus enhancing joint, effective operations between air to air, air to ground, manned and unmanned platforms via common avionics and C4I solutions. Our multidisciplinary approach extends to designing training and simulation systems that accommodate evolving missions and combine air and ground systems in a single architecture.

Our airborne systems provide a range of solutions from a single sensor to an entire cockpit avionics suite. We integrate our systems on fixed and rotary-wing, eastern and western, new and mature aircraft. As a world leader in aircraft and helicopter upgrade programs, we integrate advanced weapon, communication, navigation, electro-optic and EW systems, providing advanced net-centric capabilities for fast, precise missions. Our upgrade programs support greater fleet availability, allowing fewer aircraft to perform more missions. We support life cycle extension of our customers' fleets. We supply logistic support services for airborne platforms, including repair and maintenance centers, training and spare parts. In 2010, we enhanced our capabilities in the logistic support and aircraft modification areas through Elbit Systems of America's acquisition of M7. (See above "Recent Acquisitions – M7.") Elbit Systems, Elbit Systems of America, Elop, Elisra, Cyclone, Ferranti, AEL and certain other of our subsidiaries are engaged in our military aircraft and helicopter systems activities.

Systems Portfolio

Our systems and products for military fixed-wing aircraft and helicopters include a range of advanced avionics systems, electro-optic and aerial reconnaissance systems, precision guidance systems, fighter aircraft structural components, data links, training systems and simulators. This is in addition to our helmet mounted systems and EW airborne systems described below.

Avionics Systems. Our avionics systems include integrated flight deck systems (glass cockpits), mission and aircraft management computers, weapon delivery and navigation systems, large display systems, airborne C4I systems, digital map systems, enhanced vision systems, stores management systems and digital recording devices.

Electro-Optic Systems. Our airborne electro-optic systems include direct infrared countermeasures (DIRCM) systems, head-up displays, laser range-finders and laser designators, FLIR systems, laser obstacle ranging & display systems such as SWORD, payloads such as the CoMPASS™ family, countermeasures systems and aerial reconnaissance systems such as the CONDOR® long-range oblique photography system and the CONDOR® TAC system for vertical photographs.

Precision Guidance Systems. We supply a range of precision guidance systems for airborne applications including the Whizzard family (LIZARD and GAL) of laser-based precision guidance kits, semi-active laser (SAL) seekers, the STAR (smart tactical advance rocket) and the GATR (guided advanced tactical rocket).

Fighter Aircraft and Helicopter Structural Components. We supply external fuel tanks, pylons, horizontal stabilizers, fin access doors, leading edge flaps, ventral fins and rudders for F-15 and F-16 aircraft. We also supply landing gear doors, leading edge extensions and 330 gallon fuel tanks for F-18 aircraft. In addition, we supply structural parts for

UH-60 and CH-53 helicopters.

Trainers and Simulators. Our products and training solutions are delivered to all military branches, including air force, army, navy and homeland security forces worldwide. Our products and training solutions include a variety of simulators, complete training centers for tactical, virtual, appended and embedded training, full mission trainers, partial task trainers and computer-based trainers. We also supply air defense simulators, naval embedded and tactical trainers and ACMI pods.

Cpnet™. We provide Cpnet™, an end-to-end situation awareness solution providing a shared view and common operational pictures of military and non-military applications scenarios requiring mobilization of air, naval and ground units. Cpnet™ provides mission plans, location information and live video.

Programs

Our programs for military fixed-wing aircraft and helicopters encompass full scale aircraft upgrades, system upgrades, system and product supply, training, simulators and logistic support.

The customers and end users for our military fixed-wing aircraft and helicopters programs include the Israeli Air Force (IAF), the U.S. Air Force (USAF), the U.S. Navy (USN), the U.S. Army, the U.S. Marine Corps (USMC), the U.S. Coast Guard, air forces and other branches of the armed forces of the North American Treaty Organization (NATO) member governments and/or European Union (EU) member governments as well as of other governments around the world. Our customers also include major fixed-wing aircraft and helicopter manufacturers such as Lockheed Martin Inc. (Lockheed Martin), the Boeing Company (Boeing), Raytheon Company (Raytheon), Embraer S.A. (Embraer), European Aerospace Defense and Space Company (EADS), EADS – CASA, Alenia Aermacchi S.p.A. (Aermacchi), Dassault Aviation S.A., Eurocopter S.A. (Eurocopter), BAE Systems Ltd., Grob Aircraft AG, Hindustan Aeronautics Limited (HAL), Bell Helicopters Textron Inc. (Bell Helicopters), Sikorsky Aircraft Company (Sikorsky) and Agusta S.p.A. (Agusta), among others.

Our upgrade programs for fixed-wing fighter, trainer and transport aircraft include those for aircraft such as the F-4, F-5, T-38, AL-X Super Tucano, AMX, AT-63 Pampa, MiG-21, SU-25, L-39, IAR 99, Grob 120-TP, C-95 and C-130.

Our helicopter upgrade programs include those for helicopters such as the Puma 330, CH-53, UH-60, AH-1, AS-365, Mi-8, Mi-17 and Mi-24.

We also supply on a stand-alone basis advanced avionics systems such as mission computers, displays, moving maps, digital video recorders, tactical data links and operational flight protocol software for fixed-wing aircraft such as the F-15 Eagle, F-16, F-18 Hornet/Super Hornet, T-38, C-130 Hercules and T-45. In addition, we supply advanced avionics systems such as mission computers, displays, moving maps, digital video recorders, tactical data links and operational flight protocol software for helicopters such as the UH-60 Black Hawk, AH-1 Cobra, AH-64 Apache, CH-47 Chinook, CH-48, CH-53 Stallion, OH-58 Kiowa, Mi-17, Mi-24 and KMH, as well as the V-22 Osprey tilt rotocraft.

For more than two decades we have supplied numerous systems, products and support services for Lockheed Martin's F-16 aircraft. This includes mission computers, display systems, stores management systems, commercial data entity electronic units, digital video recorders, data link hardware and software, head-up displays, helmet mounted systems, structural assemblies and simulators.

In the area of airborne electro-optic systems, we supply head-up displays for fixed-wing fighter and trainer aircraft such as the F-4, F-5, F-16, T-38, C-17, MiG-21, MiG-27, SU-30, A-4, AL-X, AMX, AT-63 Pampa, IAR-99, Jaguar KO-I, L-39, M-346 and Mirage. We also supply laser designators, laser range-finders and electro-optic pods for helicopters such as the Apache, Super Cobra, AH-Z, Sea King, Cheetah, Mi-17, Mi-24 and Tiger, as well as the USN Nite Hawk pod.

We supply airborne reconnaissance systems for F-16 aircraft of the IAF, the Republic of Korea Air Force and others. We supply a combined airborne imagery intelligence (IMINT) system to the Turkish Air Force, containing our CONDOR® 2 and CONDOR® TAC long-range oblique and vertical photography systems.

In the precision guidance systems area we supply our LIZARD systems to several air forces including the IAF. We supply SAL seekers for Boeing's JDAM munitions, for Northrop Grumman Corporation's (NGC) Viper Strike munitions and for other U.S. missile manufacturers. In cooperation with Alliant Techsystems Inc. (ATK), we have developed the GATR, which is currently under evaluation by several customers.

Our airborne, training and simulators programs include aircraft flight training solutions and operation of training aircraft for both fixed-wing trainers and helicopters under private financing initiative (PFI) and "power by the hour" (PBH) arrangements for the IAF Flight School and maintenance for Israel Police helicopters. In 2010, our PFI contract with the IMOD for the operation of the IAF's Snunit Trainer Aircraft program was extended for an additional 10-year period. Also in 2010, we received a contract from an Asian air force to supply EHUD Air Combat Maneuvering Instrumentation (ACMI) systems for real-time autonomous air-to-air and air-to-ground combat training and debriefing.

In coordination with Lockheed Martin, we supply the avionics simulation system, cockpit and visual system for the IAF's F-16I aircrew flight and system trainer. We were selected by the IMOD to supply a mission training center for IAF F-16 pilots. We are also supplying the IAF with a simulator for the B-200. We are supplying Boeing with the Virtual Mission Training system for the USN's T-45 Goshhawk aircraft. We also supply simulators for fixed-wing aircraft such as the F-16A, F-16C/D, AL-X, F-4E, F-5, Mig-21, IAR 99 and Mirage 2000, as well as helicopters such as the Puma, Mi-8, Mi-24 and Sea King. We also supply Israel Defense Forces (IDF) ground forces with a tactical battle group trainer as well as tank appended trainers. In addition, we are supplying the IDF's Home Front Command with a crises management simulator.

Our logistic support services programs for fixed-wing aircraft and helicopters include repair and maintenance services and supply of spare parts for a range of air forces. Part of these services are performed as contractor logistic support (CLS) projects and performance based logistics (PBL). We operate and maintain the IAF's Effroni trainer aircraft. We also perform maintenance support activities for numerous products such as jammers, radar, 20 mm cannon and others. In February 2011, the IMOD announced that Elbit Systems' proposal was selected in response to the IMOD's solicitation to provide airborne fire fighting services to the Israeli government, including procurement of aircraft, pilots services, maintenance and on-call fire fighting support.

Helmet Mounted Systems

Overview

We design and supply a range of advanced helmet mounted systems (HMS), including helmet mounted displays (HMDs) for fixed-wing aircraft and rotary aircraft pilots. These include tracking and display systems, both for day and night flying. Our systems measure the pilot's line of sight, slave weapons and sensors to the target, identify target location and bring displays to the pilot's eye level. We supply our HMS as part of our upgrade programs as well as on a stand-alone basis.

We are engaged in a wide range of HMS activities. We are a leading supplier of HMDs for helicopters. Also, through our jointly-owned company VSI (see above "Principal Subsidiaries – VSI") we are a leader in HMS for fighter aircraft.

Systems Portfolio

Our HMS are designed for fixed-wing aircraft as well as helicopters.

Fixed-Wing HMS. Examples of our fixed-wing HMS currently in operational use include the Display and Sight Helmet (DASH) family, the Joint Helmet Mounted Cueing System (JHMCS), the Night Vision Cueing Display (NVCD) system and the HMS for the F-35 Joint Strike Fighter (JSF). These systems enable slaving of various aircraft systems to the pilot's line of sight, target location and identification and display of information. We have also developed TARGO™, a HMA (helmet mounted avionics) solution for fixed-wing trainer aircraft that minimizes the need for aircraft integration activities. In addition, we supply the FACT® (fast action cockpit mapping tool) for rapid electro-magnetic mapping of cockpits.

Helicopter HMS. For helicopters, our operational HMS include the Aviator Night Vision Imaging System Head-Up Display (ANVIS/HUD®) family, the Integrated Helmet and Display Sight System (IHADSS), Jedeye™ and the Panoramic Night Vision Goggle (PNVG) based on our QuadEye® system. We also supply low visibility landing (LVL) solutions. These systems facilitate safety for night flights, weapon slaving, increased operational capabilities and performance of "head-out" missions.

Programs

We are engaged in a range of programs for HMS for fighter aircraft and helicopters. Customers and end users for our HMS include the IAF, USAF, U.S. Army, USN, USMC, U.S. Coast Guard, air forces of EU and NATO member governments and other governments' air forces. Our customers also include aircraft and helicopter manufacturers such as Boeing, Lockheed Martin, Bell Helicopters, Sikorsky, Agusta and Aermacchi.

In the fighter aircraft area we supply various versions of our DASH systems for the IAF's F-15I and F-16(C, D and I) aircraft as well as for other air forces around the world.

We supply the JHMCS through VSI for Boeing's F-15 and F/A-18 aircraft and for Lockheed Martin's F-16 aircraft. More than 3,500 JHMCS production systems have been delivered and are in operational use by the USAF, the USN, the U.S. Air National Guard (ANG) and the air forces of more than 25 other countries.

Through VSI we are developing and supplying the HMS to Lockheed Martin for the U.S. F-35 Joint Strike Fighter (JSF) Program. The JSF HMD system is expected to contain the most advanced HMS ever designed and will be used as the aircraft's primary flight and weapon delivery system. We are currently performing the low rate initial production (LRIP 1, 2 and 3) phases of the program.

VSI is also supplying the NVCD to the USN. The NVCD includes the PNVG, based on our QuadEye® system.

In the trainer aircraft area we are supplying TARGO™ for the M-346 Advanced Trainer.

In the helicopter area we have supplied more than 5,000 operational ANVIS/HUD® systems for the U.S. Army, other U.S. Armed Forces programs, the IAF and customers in Korea, Australia, Canada and the U.K., among others. We also supply IHADSS to the U.S. Army for Apache helicopters, and in March 2011 Elbit Systems of America was awarded a follow-on spares order from the U.S. Army for IHADSS. We also supply IHADSS to other users of Apache helicopters as well as Agusta 129 helicopters. Elbit Systems of America supplies a Helmet Display and Tracking System for the weapon system of the USMC AH-1W helicopters. In 2010, our Jedeye™ advanced high resolution wide field-of-view HMD conducted its first flight test and was evaluated in the Boeing Mesa Apache Block III simulator.

Commercial Aviation Systems and Aerostructures

Overview

Leveraging our core competencies in airborne defense systems, as well as our legacy strengths in commercial aviation, we provide a range of systems and products for the commercial and business aviation market. These activities mainly include vision-based cockpit concept systems, other avionics systems, electrical systems, pressurization systems and aero structure products.

Our commercial aviation experience extends over 80 years, with Elbit Systems of America's Commercial Aviation Solutions – Kollsman business unit's continuation of Paul Kollsman's legacy altimeter products. Our activities in commercial avionics has evolved in recent years and covers a wide range of cockpit displays, head-up displays and other avionics systems including complete glass-cockpit integrated avionics suites. We are a world leader in the area of advanced enhanced vision systems (EVS), achieving the world's first U.S. Federal Aviation Administration (FAA)-certified EVS. In January 2011, we sold our 20% interest in Sandel Avionics Inc., which is engaged in activities in the general aviation market.

Our commercial avionics systems are employed on fixed-wing aircraft such as the Gulfstream 150, 200, 300, 350, 400, 450, 500 and 550, the MD-10 and MD-11, the Airbus A300 and A310, the Cessna CJ 1, 2, 3 and 4 Bravo, XLS, Citation Mustang, ENCORE, Hawker Beechcraft 400XP and 800XP and King Air series, as well as on helicopters such as the EC-225 and EC-725. Our aerostructure products are installed on a number of commercial aircraft. Elbit Systems, Elbit Systems of America, Elop, Opgal, Kinetics and other of our subsidiaries are involved in our commercial avionics systems and products activities, and Cyclone produces our aerostructure products.

Systems Portfolio

Vision-based Cockpit Systems. Our commercial aviation product line includes the Vision Based Cockpit™ concept, incorporating our Enhanced Vision System (EVS II) and our General Aviation – Vision System (GAViSTM). EVS II improves an aircraft's capability to execute precision approaches and safely land in bad weather and reduced visibility conditions. GAViS™ is an IR-based vision system that mounts like an antenna for general aviation aircraft to provide greater situation awareness at night and in other low visibility conditions. We also have developed Clear Vision multi-spectral visions systems that provide a spectral solution that enhances visibility in adverse weather conditions. Our commercial aviation products provide critical information to pilots including a family of advanced head-up displays such as the Advanced Technology Head-Up Display (AT-HUD) and the Micro-ViS head-up display system.

Avionics, Electronic and Legacy Systems. We supply cabin pressurization control systems, air data test equipment, air data processor/sensor systems and flight instruments for the general aviation market. Our legacy products for commercial aircraft include altimeters, pressure meters, cockpit indicators and avionics test equipment.

Commercial Helicopter Systems. We produce full avionic suites, including displays, moving maps, electronic flight instrumentation systems and flight management systems for commercial helicopters.

Aerostructure Products. Our aerostructure parts include pressurized and non-pressurized doors, composite beams and composite landing gear doors, thrust reverse blocker doors, fan cowl doors and winglets for commercial aircraft such as the Boeing 737, Boeing 787, SSJ-100 and HBC King Air 350, as well as aerostructures for UAS.

Hydraulic Components. Through Kinetics we supply hydraulic and pneumatic components for aerial refueling, jet engines and missiles and rockets.

Programs

We supply our commercial aviation systems and products to a number of fixed-wing aircraft and helicopter manufacturers and aviation companies. Customers for our commercial and business aviation systems and products include General Dynamics – Gulfstream Aerospace Corporation (Gulfstream), Boeing, Airbus S.A.S. (Airbus), Hawker Beechcraft Corporation, Eurocopter, FedEx Express Inc. (FedEx Express), Embraer, Honeywell, Sikorsky, Piaggio America Inc. and Jetcraft Aviation Ltd. (Jetcraft). Customers for our aero structure products for commercial aircraft include Spirit Aerosystems Inc. (Spirit Aero Systems), Airbus, Boeing, IAI and others.

Our programs in the area of commercial avionics and enhanced vision systems include a number of FAA certifications for installation of our EVS on a range of Gulfstream business jets. EVS II is fully certified on FedEx Express MD11 aircraft – the first certification world-wide of an enhanced flight vision system on an FAA Part-121 air transport platform. EVS II also has received European Aviation Safety Agency (EASA) approval, is installed on Jetcraft aircraft and has been selected by Gulfstream for the G250 and G650 business jets and by Embraer for the Lineage 1000 jet. Our GAViS™ system has been FAA certified for Avanti, Grob and Citation aircraft and was selected by Sikorsky helicopters for certification for the United Technologies Flight Department. We are also supplying a head-up display to Honeywell for the FedEx Express fleet and to Jetcraft for the retrofit business jet market.

We supply our autoschedule cabin pressurization control system (KAPS™ II) to Diamant Aircraft's D-Jet program and to Cessna for its CJ4 and Mustang aircraft programs. We also supply civil avionics systems, including digital maps, displays and other avionics products for commercial helicopters such as the EC-225.

Elbit Systems of America maintains an FAA certified repair facility for commercial avionics repairs, and Cyclone performs maintenance for commercial helicopters.

We manufacture aerostructure parts based on metal and composite technologies for several types of commercial aircraft, including the Airbus 340 and the Boeing 737, 747, 767 and "Dreamliner" 787 passenger jets. This includes a multi-year contract with Spirit Aero Systems to supply entrance and cargo doors for commercial aircraft.

UAS (Unmanned Aircraft Systems)

Overview

We design and supply integrated UAS for a range of applications. We design and manufacture a variety of UAS platforms, including the Hermes® and Skylark® families of UAS. We also design and supply command and control

ground station elements that can be adapted for various types of UAS. We supply UAS training systems with capabilities to simulate payload performance, malfunctions and ground control station operation. We design and supply engines, data links, stabilized electro-optic payloads and electronic intelligence (ELINT) and communications intelligence (COMINT) payloads for UAS. Our UAS technology has also been applied to our unmanned ground vehicle and unmanned surface vessel activities described below in this annual report.

Our UAS activities are carried out by Elbit Systems, U-TacS, Elbit Systems of America, UAS Dynamics, UAV Engines Ltd., AEL, Tadiran Spectralink, Elop, Cyclone and certain other of our subsidiaries.

Systems Portfolio

Our UAS encompass comprehensive systems, including the air frames, air vehicle payloads, data link, ground control system, ground support equipment and training systems.

Hermes® UAS Family. As part of our intelligence, surveillance, target acquisition and reconnaissance (ISTAR) solutions, we developed our Hermes® family of tactical UAS. Hermes® 450 (in various configurations) is a leader in the field of tactical long endurance UAS supporting ISTAR missions. It is the basis for the WK 450 UAS being supplied under the Watchkeeper Program (see below "Programs"). Hermes® 450 has accumulated more than 170,000 flight hours. Hermes® 900 is a tactical medium altitude long endurance (MALE) UAS designed to extend the Hermes® 450 capabilities with full compatibility in mission and support infrastructures. Hermes® 900 and Hermes® 450 use the same ground segment and have a high level of commonality in their systems Hermes® 90 is a tactical short-range UAS designed for long-endurance point-launch ISR missions.

Skylark® UAS Family. Our Skylark® family of mini-UAS includes electrically propelled and covert short-range UAS with ISR capabilities for company-brigade-level tactical echelons. The family is based on Skylark® I, a man-packed UAS for close-range surveillance and observation, Skylark® I LE, which provides longer endurance of the Skylark® I capabilities and Skylark® II, which is a close-range tactical UAS providing expanded ISR capabilities.

Ground Stations. Our UAS ground stations include mission command and control, payload operation and exploitation capabilities.

Engines. Our UAS engines include a family of Wankel rotary technology based engines providing UAS with the capability to carry multiple payloads with extended endurance.

Training Systems. Our UAS training systems include full air vehicle and payload high end operators and mission commanders training.

Data Links and Payloads. We develop and manufacture data links and payloads for our UAS as well as tactical data links and networking solutions for UAS.

Programs

We perform a broad range of development, supply, lease, support services and training activities relating to UAS. The principal customers for our UAS include the IDF, the U.K. Armed Forces through Thales U.K. and other customers (mainly governmental organizations) around the world.

Our largest UAS program is the U.K. Ministry of Defence's (UK MOD) Watchkeeper program. In 2005, U-TacS was awarded a contract by Thales U.K. Ltd., the prime contractor to the UK MOD for the program. U-TacS' Watchkeeper backlog as of December 31, 2010 was approximately $277 million, to be performed mainly through 2013. The Watchkeeper program is providing the U.K. Armed Forces with ISTAR capability and is a key component of the U.K.'s Network Enabled Capability. U-TacS is supplying the Watchkeeper Subsystem comprised of the dual payload WK 450 UAS (based on the Hermes® 450) carrying our DCoMPASS™ stabilized payload incorporating day/night sensors and laser target designator, a SAR payload supplied by Thales, ground control station, ground support equipment and a data link connecting to a computerized network. The system is capable of rapid deployment and operations anywhere in the world. In 2010, U-TacS was awarded a contract amendment by Thales U.K. to provide

contractor logistics support services for the Watchkeeper program over a three-year period.

U-TacS is also under contract for the UK MOD Lydian Program to supply service-based support to an ISR capability in an overseas theatre, including Hermes® 450 UAS, training and contractor logistics support. In 2010, Thales U.K. awarded U-TacS an urgent operating capability (UOR) follow-on contract to provide the U.K. Armed Forces ISTAR support capability.

Our first large UAS program was providing Hermes® 450 to the IDF, which has been fully operational for more than a decade, providing the backbone of the IDF's tactical UAS. Under this program the Hermes® 450 has accumulated over 140,000 flight hours. Throughout the program, the Hermes® 450 has continued to develop through additional applications and enhancements. In 2010, we were awarded a contract by the IMOD to provide Hermes® 900 systems as well as additional Hermes® 450 systems.

In January 2011, AEL was awarded a contract to supply Hermes® 450 systems to the Brazilian Air Force.

The Skylark® I LE UAS was selected by the IMOD for IDF Ground Forces Battalions. This followed orders in previous years for Skylark® I from France's Special Forces and the Australian Army as well as orders from other customers for Hermes® 450 and Skylark® I systems. We also supplied the Skylark® II to the Korean Ministry of Defense. Under a partnership jointly owned with IAI, we supplied UAS for the Turkish TUAV program.

Naval Systems

Overview. Our naval systems include naval combat and C4I management systems, shipboard combat system integration, naval electro-optic observation systems, naval tactical trainers, submarine and surface electronic support measurement systems, shipboard SIGINT including COMINT and ELINT systems, shipboard decoy countermeasure launching systems and unmanned surface vessels. Elbit Systems, Elop, Elisra, ESLC, Elbit Systems of America and certain other of our subsidiaries engage in naval systems related activities.

Systems Portfolio

Combat Management Systems. Our naval systems and products include C4I based combat management systems for surface ships and submarines, including command and control, data links, sensors and effectors control systems that integrate tactical information and facilitate operation of weapon systems.

Tactical Trainers. We supply computerized naval simulators for tactical training of naval officers at shore-based locations. Our naval training and simulator systems include naval tactics and commander trainers, naval operational trainers, EW trainers and anti-submarine trainers.

Electro-Optic Payloads. We provide stabilized electro-optical payloads for naval as well as airborne applications. Our payloads provide a wide portfolio of solutions from the small micro-compass 8" payload up to the large high end AMPS system that is used for very long-range stand-off observation.

EW Systems and Countermeasures. Our EW systems for surface ships and submarines provide electronic support measurements for threat identification and electro-magnetic analysis. We also supply a range of shipboard SIGINT, COMINT and ELINT systems for sea-based electronic intelligence applications for surface vessels and submarines. Our shipboard decoy countermeasure launching systems deploy chaff and flare against missile threats.

Unmanned Surface Vessels. We are developing unmanned surface vessels such as the Silver Marlin and Stingray for various maritime applications that adopt the capabilities of our UAS to sea-based applications.

Programs

We supply our naval systems and products for both surface ships and submarines to naval and maritime authorities around the world. Customers and end users for our naval systems include the Israeli Navy, navies and coast guard authorities of numerous other countries and major ship manufacturers.

Our naval systems programs include the supply of the C4I system for the Israeli Navy's SAAR 5 corvette class missile boat as well as the anti-missile decoy countermeasure launching systems for the SAAR 5 program. Our naval training simulators are used by the Israeli Navy and several other navies world-wide. We also develop naval ELINT and COMINT systems. We supply ELINT systems for the Israeli Navy's Dolphin class submarines and ELINT and COMINT systems for submarines and surface vessels of several other navies.

Our electro-optic shipboard payloads are in use by several navy and maritime forces for both observation and fire control applications.

Our EW suites equip all Israeli Navy ships and are designed to perform threat detection and intelligence applications. Our SIGINT naval systems are in operational use by several navies worldwide for anti-missile countermeasures as well as active anti-missile protection. We supply several navies various communications systems and data links for sea-based applications, as well as the EW systems for the Canadian Navy's Halifax Frigate Modernization Program.

Land Vehicle Systems

Overview

We upgrade and modernize tanks, other combat vehicles and artillery platforms both as a prime contractor and as a systems supplier to leading platform manufacturers. Our land vehicle and platform solutions cover the entire combat vehicle spectrum, from complete modernization, to system supply to maintenance depots and life cycle support services. We provide a full suite of net-centric solutions enhancing combat effectiveness, lethality and survivability. Our systems are operational on a full range of tracked and wheeled combat vehicles including main battle tanks, medium and light tanks, light armored vehicles, armored personnel carriers, wheeled vehicles and artillery platforms. We also develop and supply unmanned ground vehicles and robotic devices for a variety of land based missions. In addition, we supply training systems for tanks and fighting vehicles.

Our land vehicle systems include fire control systems, electric gun and turret drive and stabilization systems, unmanned turrets, overhead remote control weapon stations, battle management systems, FLIRs, gunner's and commander's sights, laser range-finders, laser warning systems, threat detection systems, surveillance, reconnaissance and targeting systems, See-Through-Armor (STA), driver thermal vision systems, auxiliary power units, life support systems, individual crew and equipment cooling systems, hydraulic systems, unmanned ground vehicles, robotics, sensors and displays for tanks, personnel carriers and other combat vehicles.

Following our acquisition in 2010 of a 100% interest in Soltam (see above "Recent Acquisitions – Mikal Subsidiaries"), we offer a comprehensive range of fully integrated, modular artillery and mortar solutions, incorporating C4I and fire control systems and platform upgrades, as well as a complete range of artillery and mortar ammunition.

Utilizing our experience from advanced avionics systems, electro-optic thermal imaging and C4I systems, we adapt and develop "tankionics" for land vehicles that shorten the "sensor to shooter" loop. Land vehicles containing our systems and products include the Merkava, M1 Abrams, Centurion, M-60, T-55, T-72, Bradley A-3, Leopard, Fennek, PzH 2000, CV-90, MLRS, HIMARS, MTVR, MRAP, AMX-30, SK-105, MK-109, ULAN, Pandur, LAV, Patria AMV, Iveco LMV, Iveco APC and Piranha III. During 2010, we enhanced our position in the land vehicle area by acquiring Soltam, Saymar and Ares, including in Soltam's areas of artillery systems, autonomous mortar systems and mortar ammunition.. (See above "Recent Acquisitions".) Our land vehicle systems activities are performed mainly by ESLC, Elbit Systems, Elbit Systems of America, Elop, Kinetics, Soltam, Saymar, AEL, Ares, European Subsidiary (Belgium), Tadiran Systems, ELSEC and certain other of our subsidiaries.

Systems Portfolio

Our systems and products for land vehicles encompass a range of products and applications including tankionics capabilities.

Fire Control Systems. We supply fire control systems using day and night vision systems and displays for target identification, acquisition and engagement, incorporating thermal imaging, laser range-finders, day TV, digital

ballistic computers and sensors.

Electric Gun and Turret Drive Systems. We supply electric gun and turret drive and stabilization systems for controlling electrically driven turrets and guns using advanced brushless technology and digital/software based servo systems.

Laser Warning and Threat Detection Systems. We provide a wide range of combat proven computer and display hardware products and situation awareness peripheral vision systems. These include cutting edge laser warning systems for identifying and pinpointing the angular direction of laser sources generated by laser range-finders and laser guided and laser beamrider missiles.

Unmanned Turrets and Remote Controlled Weapon Stations. We supply advanced unmanned turrets and overhead remote controlled weapon stations. Our unmanned turrets and remote controlled weapon systems, such as the UT30 configurable unmanned turret and the Overhead Remote Controlled Weapon Station (ORCWS) family of products, enhance ground vehicle capabilities for urban warfare scenarios and convert armored personnel carriers to armored fighting vehicles with no penetration of the vehicle's deck.

Unmanned Systems. We supply various unmanned ground vehicle (UGVs) platforms. These include our small-size UGV – the ViperTM (Versatile Intelligent Portable Elbit Robot), a man-packed robot designated to perform various urban combat support missions. Through G-NIUS, our jointly-owned company with IAI, we developed and supply: (1) Guardium™, a semi-autonomous unmanned ground system suited for off-road, rough-terrain environments and capable of extended, continuous and autonomous operation, (2) Guardium-LS UGV™, capable of supplying forward positions with up to 1.2 tons of ammunition and supplies and (3) AvantGuard®, our new generation unmanned ground combat vehicle (UGCV) offering enhanced combat mission support. We also supply mini-robotic devices used by land forces for tactical missions.

Sensors. We develop unattended ground sensors that detect human and vehicle activity.

Smart All-Terrain Networked Detectors (SAND). We develop and supply SAND, an advanced, stand-alone, long-life, wireless security system that remotely monitors wide areas and detects and tracks both the movements of people as well as the movements of all types of vehicles. SAND meets the operational needs of a wide range of military and homeland security missions including perimeter security, border control, surveillance and intelligence.

C4I Systems. Our C4I systems for combat vehicles include battle management systems that process data and enhance situational awareness of land vehicle crews and commanders. Our overall situational awareness systems for land vehicles include electro-optic-based laser range-finders, TOW night targeting sights, thermal imaging systems, flat paneled color displays, threat detection systems, gunner' and commander's sights, laser warning systems, reconnaissance systems and our "See-through Armor" system providing 360° panoramic observation for 360º independent panoramic target location and identification and gun-turret direction, using day and night vision systems.

Surveillance, Reconnaissance and Targeting Systems. We supply fully-customizable ground and mobile solutions for intelligence collection and dissemination comprised of a broad array of lightweight network-ready sensors and C4I systems. The various system components can be fully customized to deliver effective intelligence in a range of operational scenarios. Our systems provide day and night observation, target detection and recognition, radar and identification of friendly forces. The sensors are fully controlled from the commander terminal, with digital maps for navigation and orientation.

Counter-IED Measures. We develop and supply deployed vehicle mounted counter remote controlled improvised explosive devices (IEDs) electronic warfare systems, which protect vehicle crews from IEDs.

Driver Thermal Vision Systems. We develop and supply uncooled thermal imaging kits, fully ruggedized and suitable for a wide range of vehicle-mounted applications. The vision systems include a thermal imaging camera based on an uncooled detector and a ruggedized LCD display installed inside the vehicle.

Auxiliary Power Units (APUs). We develop and supply APUs that improve the vehicle crew's performance and safety by reducing fatigue and minimizing exposure to noise, heat and vibrations. The APU allows the vehicle to operate in silent mode while reducing the thermal signature and also supports the increased power demand for sophisticated electronic equipment.

Life Support Systems (LSS). We supply life support systems for land vehicles for environmental, climate and chemical, biological, radiological and nuclear (CBRN) protection and control. The systems include heating, ventilation and air conditioning (HVAC), water generation and fire suppression systems. The LSS can be powered by the vehicles engine or can be self-propelled when it includes an APU.

Hydraulic Systems. We supply hydraulic systems for vehicle fueling, braking, suspension and power pack operation.

Artillery Guns. Through Soltam, we develop and supply a range of howitzers and artillery field guns. These include: (1) ATMOS, a 155mm, computerized autonomous truck mounted self-propelled gun for light, long-range and fast moving artillery on the battlefield and equipped with fire control computers, muzzle velocity radar, an inertial navigation system and a target acquisition system, (2) ATMOS-D-30, a wheeled, self-propelled122mm howitzer with advanced tactical computation and sensors that can be mounted on almost any modern 6X6 or 8X8 truck, (3) ATHOS, a 155mm, 52 caliber autonomous towed howitzer system, (4) M-46S hybrid, a 155mm, 45 caliber cannon assembly and (5) M-114S, an upgraded version of the 155mm, 33 caliber assembly.

Mortar Systems. We develop and supply a range of Soltam-family mortar systems for special forces, commando units and infantry forces. These include the lightweight 60mm mortar for close, medium, long and extended-range shooting that operate with the SOLMAC PDA, a light handheld fire control system. We also supply 81mm mortars for short, medium, long and extended-ranges, available in both dismounted and vehicle-mounted configurations. In addition, we develop and supply the CARDOM system, a 81/120mm autonomous, self-propelled recoiling mortar mounted on a tracked or wheeled vehicle, capable of firing at every angle (360 degrees).

Mortar Ammunition. Through Soltam, we develop and supply a range of mortar ammunition that can be fired from qualified smooth bore mortars. We also supply high explosive, white phosphorus (WP) and smoke mortars in 60mm, 81mm and 120mm calibers, equipped with point detonating, proximity and electronic time fuses. In addition, we supply training and illuminating bombs.

Programs

We are engaged in a wide range of land vehicle systems programs, from comprehensive vehicle modernization programs, to stand-alone system supply to vehicle manufacturers to life cycle support programs. Customers for our land vehicle systems include the IDF, the U.S. Army, the USMC, the armed forces of numerous NATO, EU and other countries, as well as major military vehicle manufacturers such as General Dynamics Corporation (General Dynamics), BAE Systems Inc. (BAE Systems), Lockheed Martin, Patria Oyj (Patria), Mowag GmbH (Mowag), Steyr GmbH (Steyr) and Iveco S.p.A. (Iveco).

We supply a range of systems for all models of the IDF's main battle tank, the Merkava. This includes fire control and electric gun and turret drive systems, electronic and electric turret systems, day/night gunner and commander sighting systems, flat panel displays, laser warning systems, life support systems and battle management systems.

We are supplying BAE Systems with a number of systems for the U.S. Army's Bradley A-3 fighting vehicle. We are a subcontractor to Lockheed Martin for the U.S. Army Multiple Launch Rocket System (MLRS) as well as for the U.S. Army's and USMC's High Mobility Artillery Rocket System (HMARS). We also are part of Lockheed Martin's team for the upgrade of the USMC's Light Armored Vehicle (LAV) command and control (C2) vehicle. Elbit Systems of America supplies to the U.S. Army components, assembles kits and installs systems for various mounted and dismounted mortar fire control systems.

In 2010, AEL was awarded a framework agreement, valued at up to approximately $260 million, to supply 30mm unmanned turrets for the Brazilian Army Land Forces' Guarani Project. Under this project the unmanned turrets will be installed on-board hundreds of Iveco 6x6 armored personal carriers, according to a schedule and a multi-year funding profile to be agreed upon by the parties. Also, in 2010, we were awarded a tank upgrade contract from an Asian customer that includes the installation of advanced battle management systems, as well as observation and surveillance systems.

We are engaged in numerous land vehicle modernization programs for European customers. We are supplying various systems to: Mowag for the Romanian Ministry of Defense's Piranha III vehicle program and for the Piranha III Belgium armored infantry vehicle program; Patria for the Slovenian AMV 8x8 armed vehicle program; Steyr for the Portuguese Army's Pandur II 8x8 light wheeled armored vehicle program; and Iveco for the Brazilian Army's medium wheeled armored personnel carrier program and the Austrian Army's 4x4 wheeled armored program.

We supply a range of thermal imaging systems for the Israeli Merkava, the Korean KIAI, the Leopard 2/A5 and other tanks. We also provide generic commander sights for tanks and APCs.

We also supply tank gunnery training systems to the IDF and the U.S. Army. In addition, we supply ground forces trainers to other customers worldwide including the Appended Tactical Combat Trainer System, tactical battle company trainers, artillery training centers and the Conduct of Fire Trainer.

Through Kinetics, we develop a number of systems for combat vehicles of the IDF, the U.S. Army and other customers, including advanced life support systems, such as environmental and climate control and NBC protection systems, hydraulic, fuel, braking and suspension systems as well as an auxiliary power unit. Elbit Systems of America, through RTL, supplies environmental and climate control systems for the U.S. Army and USMC mine resistant ambush protected (MRAP) vehicles.

Through G-NIUS Unmanned Ground System Ltd. (G-NIUS), our joint venture with IAI, we are developing and supplying unmanned ground vehicles (UGVs), which perform a variety of missions in support of infantry forces' combat operations, including the Guardium™ UGV suitable for off-road rough terrain environments.

C4I Systems

Overview

Our land-based C4I systems, that began years ago with the design and development of software-based building blocks, have evolved into a broad portfolio of integrated solutions linking every military echelon to real-time mission-critical information, from headquarters battle management systems, to integrated infantry combat systems to "system of systems" such as the "Digital Army Program" (see "Programs" below). Building on in-house capabilities and core technologies, we provide net-centric compatible solutions ranging from target acquisition, to battle management to communication systems. We supply our advanced land-based C4I systems as part of turn-key solutions as well as on a stand-alone basis. Our solutions cater to all types of land combatant forces and can be integrated into military vehicles.

Our land-based C4I systems are designed for real-time operational and situational awareness, assuring fighting forces constant access to command and control. As part of the "total force" concept, we provide our customers with the capabilities to deploy land forces on a networked and joint basis, maximizing power and ability to accomplish missions while minimizing the risk of friendly fire and collateral damage. Our battle-proven, interconnected systems enable modern forces to synchronize their response with speed, precision and intelligence. Our C4I systems provide comprehensive net-centric solutions for low intensity conflicts (LIC) and counter-terror activities. Our systems connect intelligence data to combat forces via C4I networks and mobile command and control posts. Our integrated infantry systems provide infantry units with C4ISR, field intelligence, urban warfare and peacekeeping capabilities. We also design and supply military information technology (IT) systems and IT and integrated information gathering systems to various governmental agencies for border control and management systems, crime prevention and other governmental applications.

We have access to the full range of radio and military communications solutions developed by Tadiran Communications over the last 40 years and recently by ESLC. Tadiran Communications' radios and communications systems and products are incorporated into our overall C4I solutions as well as sold on a stand-alone basis to other defense contractors and end users.

During 2010, we added to our C4I technological capabilities in the area of terrain dominance through the acquisition of Pearls of Wisdom. (See above "Recent Acquisitions – Pearls of Wisdom.") Our land-based C4I radio and

communications activities are conducted by ESLC, Elbit Systems of America, Telefunken, Shiron and certain of our other subsidiaries.

Systems Portfolio

Our C4I systems portfolio for land-based applications encompasses the entire spectrum of land forces needs including “systems of systems” linking all operational forces and assets, battle management systems for specific command echelons and infantry forces, artillery, command and control systems, day-night observation systems, enhanced tactical computers and ruggedized personal data assistants (RPDAs), power amplifiers for satellite communications (SATCOM), tactical communications systems, SATCOM systems, radios, tactical group reconnaissance systems, military IT systems, tactical battle company trainers and governmental IT systems.

Digital Army's "Systems of Systems." We supply "systems of systems" such as the Digital Army Program (see below "Programs"), that incorporate advanced combat concepts geared to increase net-centric operational effectiveness and connectivity throughout all land forces echelons, in all combat situations. These systems function based upon a unified operational concept, providing computerized systems down to the single soldier level to facilitate transmission of integrated, real-time situation pictures to and from all battlefield and command echelons. This includes TORC2H®, an integrated operational command control headquarters system, that closes the sensor to shooter loop and facilitates data collection and border patrol operations. It also includes our Tactical Intranet Geographic dissemination in Real-Time (TIGER®) advanced communication system and enhanced tactical computers.

Battle Management Systems (BMS). We supply a range of battle management systems that comprise advanced electro-optical sensors, multi-functional displays, command and control software, information and dissemination systems and advanced mission computers, for enabling coordination among fighting vehicles and combat forces. These systems provide situational awareness to peace-keeping operations and maneuvering forces, including combat vehicles, engineering corps and logistic support personnel. The systems include elements such as TIGER®, data radios and tactical modem, wireless local area network (LAN) and SATCOM. Our WINBMS (Weapon-Integrated Battle Management System) integrates the entire sensor-to-shooter loop, enabling real-time coordination between fighting vehicles, and providing universal situational awareness, in-depth collaborative mission, planning and management, and a continuously updated common operational picture.

Integrated Infantry Combat Systems. We supply systems that provide real-time net-centric information to infantry forces. This includes our DOMINATOR® system that enables infantry units to send and receive real-time data, view-up-to the-minute common operational pictures on personal displays and live video from either our external electro-optic payload advanced stabilized system (CoMPASS™) and our multi-sensor stabilized integrated system (MSIS), or from body sensors, as well as transmit images and positions back to the command post. DOMINATOR® comprises elements such as a personal digital unit, tactical communication unit, eyepiece, weapon-mounted fire control system, helmet, CORAL-CR, power pack and communication system.

Artillery C4I Systems. We supply a range of systems for C4I applications among field artillery units, such as our Combat NG system, which are deployed from the platform to brigade levels, managing all aspects of artillery operations and fire control, including for theater missile defense applications.

MapCore®. We supply MapCore