

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

ELBIT SYSTEMS LTD

Form 20-F

March 19, 2019

false--12-31FY20182018-12-3120-F000102766442753182YesfalseLarge Accelerated FilerELBIT SYSTEMS LTDfalsefalseNoYesESLTP5YP1YP1YP10Y0.060.250.330.330.200.020.060.050.150.10.10.1P30DP8YP10YP5YP10YP10Y0001027664 2018-01-01 2018-12-31 0001027664 2018-12-31 0001027664 country:IL 2018-01-01 2018-12-31 0001027664 eslt:OtherCountriesMember 2018-01-01 2018-12-31 0001027664 country:US 2018-01-01 2018-12-31 0001027664 eslt:IsraeliMinistryOfDefenseMember 2018-01-01 2018-12-31 0001027664 eslt:IsraeliMinistryOfDefenseMember 2016-01-01 2016-12-31 0001027664 eslt:IsraeliMinistryOfDefenseMember 2017-01-01 2017-12-31 0001027664 2017-12-31 0001027664 2016-01-01 2016-12-31 0001027664 2017-01-01 2017-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2017-01-01 2017-12-31 0001027664 us-gaap:CommonStockMember 2017-01-01 2017-12-31 0001027664 us-gaap:CommonStockMember 2016-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01 2017-12-31 0001027664 us-gaap:CommonStockMember 2017-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2016-12-31 0001027664 us-gaap:TreasuryStockMember 2016-12-31 0001027664 us-gaap:RetainedEarningsMember 2017-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2017-01-01 2017-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0001027664 us-gaap:RetainedEarningsMember 2016-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2016-12-31 0001027664 us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31 0001027664 us-gaap:TreasuryStockMember 2017-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2017-12-31 0001027664 us-gaap:TreasuryStockMember 2015-12-31 0001027664 us-gaap:CommonStockMember 2015-12-31 0001027664 us-gaap:CommonStockMember 2016-01-01 2016-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2016-01-01 2016-12-31 0001027664 us-gaap:RetainedEarningsMember 2015-12-31 0001027664 us-gaap:RetainedEarningsMember 2016-01-01 2016-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2016-01-01 2016-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2015-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2015-12-31 0001027664 us-gaap:TreasuryStockMember 2017-01-01 2017-12-31 0001027664 2015-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-01-01 2016-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0001027664 us-gaap:CommonStockMember 2018-01-01 2018-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0001027664 us-gaap:TreasuryStockMember 2018-12-31 0001027664 us-gaap:RetainedEarningsMember 2018-01-01 2018-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2018-01-01 2018-12-31 0001027664 us-gaap:NoncontrollingInterestMember 2018-12-31 0001027664 us-gaap:RetainedEarningsMember 2018-12-31 0001027664 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-12-31 0001027664 us-gaap:CommonStockMember 2018-12-31 0001027664 us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0001027664 eslt:NiceSystemsMember 2018-01-01 2018-12-31 0001027664 eslt:ABrazilianCompanyMember 2018-12-31 0001027664 eslt:IMISystemsLtdMember 2018-11-25 0001027664 eslt:ABrazilianCompanyMember 2017-06-30 0001027664 eslt:ACanadianCompanyMember 2017-06-30 0001027664 eslt:AnIsraeliCompanyMember 2016-12-31 0001027664 eslt:IMISystemsLtdMember us-gaap:AcquisitionRelatedCostsMember 2018-10-01 2018-12-31 0001027664 eslt:IMISystemsLtdMember 2018-11-25 2018-11-25 0001027664 eslt:ACanadianCompanyMember 2017-06-01 2017-06-30 0001027664 eslt:AnIsraeliCompanyMember 2016-01-01 2016-12-31 0001027664 eslt:UniversalAvionicsSystemsCorporationMember 2018-04-01 2018-04-30 0001027664 eslt:ABrazilianCompanyMember 2017-06-01 2017-06-30 0001027664 eslt:IsraeliSubsidiaryMember 2016-01-01 2016-03-31 0001027664 eslt:IsraeliSubsidiarySurgeoncenteredVisualizationTechnologiesMember 2018-04-01 2018-06-30 0001027664 eslt:NiceSystemsMember 2017-01-01 2017-12-31 0001027664 eslt:IsraeliSubsidiaryCommercialCybersecurityMember 2018-04-01 2018-06-30 0001027664 eslt:IsraeliSubsidiaryMember 2016-07-01 2016-09-30 0001027664 eslt:ACanadianCompanyMember 2018-12-31

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

0001027664 eslt:NiceSystemsMember 2016-12-01 2016-12-31 0001027664 eslt:FedermannGroupMember
2018-12-31 0001027664 eslt:UniversalAvionicsSystemsCorporationMember 2018-04-30 0001027664
eslt:UniversalAvionicsSystemsCorporationMember us-gaap:TechnologyBasedIntangibleAssetsMember 2018-04-01
2018-04-30 0001027664 eslt:UniversalAvionicsSystemsCorporationMember us-gaap:TrademarksMember
2018-04-30 0001027664 eslt:UniversalAvionicsSystemsCorporationMember
us-gaap:TechnologyBasedIntangibleAssetsMember 2018-04-30 0001027664
eslt:UniversalAvionicsSystemsCorporationMember us-gaap:TrademarksMember 2018-04-01 2018-04-30
0001027664 eslt:UniversalAvionicsSystemsCorporationMember us-gaap:CustomerRelationshipsMember 2018-04-01
2018-04-30 0001027664 eslt:UniversalAvionicsSystemsCorporationMember us-gaap:CustomerRelationshipsMember
2018-04-30 0001027664 eslt:IMISystemsLtdMember us-gaap:OtherIncomeMember
us-gaap:AcquisitionRelatedCostsMember 2018-10-01 2018-12-31 0001027664 eslt:IMISystemsLtdMember
us-gaap:SellingAndMarketingExpenseMember us-gaap:AcquisitionRelatedCostsMember 2018-10-01 2018-12-31
0001027664 eslt:IMISystemsLtdMember us-gaap:CostOfSalesMember us-gaap:AcquisitionRelatedCostsMember
2018-10-01 2018-12-31 0001027664 eslt:IMISystemsLtdMember 2017-01-01 2017-12-31 0001027664
eslt:IMISystemsLtdMember 2018-01-01 2018-12-31 0001027664 eslt:IMISystemsLtdMember
us-gaap:CustomerRelationshipsMember 2018-11-25 0001027664 eslt:IMISystemsLtdMember
us-gaap:TechnologyBasedIntangibleAssetsMember 2018-11-25 0001027664 eslt:IMISystemsLtdMember
us-gaap:OrderOrProductionBacklogMember 2018-11-25 0001027664 eslt:IMISystemsLtdMember
us-gaap:CustomerRelationshipsMember 2018-11-25 2018-11-25 0001027664 eslt:IMISystemsLtdMember
us-gaap:OrderOrProductionBacklogMember 2018-11-25 2018-11-25 0001027664 eslt:IMISystemsLtdMember
us-gaap:TechnologyBasedIntangibleAssetsMember 2018-11-25 2018-11-25 0001027664
srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201409Member 2018-01-01 2018-12-31
0001027664 srt:ScenarioPreviouslyReportedMember 2018-01-01 2018-12-31 0001027664 us-gaap:ProductMember
2018-01-01 2018-12-31 0001027664 us-gaap:ServiceMember 2018-01-01 2018-12-31 0001027664
us-gaap:AccumulatedTranslationAdjustmentMember 2018-01-01 2018-12-31 0001027664
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-01-01 2018-12-31 0001027664
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-01-01 2018-12-31
0001027664 us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-01-01 2018-12-31 0001027664
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-12-31 0001027664
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0001027664
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-12-31 0001027664
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-12-31 0001027664
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-12-31 0001027664
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0001027664
us-gaap:AccumulatedTranslationAdjustmentMember 2018-12-31 0001027664
us-gaap:AccumulatedTranslationAdjustmentMember 2017-12-31 0001027664 2018-01-01 0001027664
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 0001027664
us-gaap:AccountingStandardsUpdate201409Member
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 0001027664
us-gaap:TransferredOverTimeMember 2018-01-01 2018-12-31 0001027664
us-gaap:TransferredAtPointInTimeMember 2018-01-01 2018-12-31 0001027664
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-01-01 2017-12-31 0001027664
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-01-01 2017-12-31
0001027664 us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-01-01 2017-12-31 0001027664
us-gaap:AccumulatedTranslationAdjustmentMember 2017-01-01 2017-12-31 0001027664
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2016-12-31 0001027664
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-12-31 0001027664
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-12-31 0001027664
us-gaap:AccumulatedTranslationAdjustmentMember 2016-12-31 0001027664
srt:ScenarioPreviouslyReportedMember 2018-12-31 0001027664 srt:RestatementAdjustmentMember

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

us-gaap:AccountingStandardsUpdate201409Member 2018-12-31 0001027664
us-gaap:FairValueInputsLevel2Member us-gaap:CorporateBondSecuritiesMember 2017-12-31 0001027664
us-gaap:FairValueInputsLevel1Member eslt:ForeignCurrencyDerivativeAndOptionContractsMember 2017-12-31
0001027664 us-gaap:FairValueInputsLevel3Member us-gaap:CorporateBondSecuritiesMember 2017-12-31
0001027664 us-gaap:FairValueInputsLevel1Member eslt:GovernmentBondsMember 2017-12-31 0001027664
us-gaap:FairValueInputsLevel1Member us-gaap:EquityMethodInvestmentsMember 2017-12-31 0001027664
us-gaap:FairValueInputsLevel3Member eslt:ForeignCurrencyDerivativeAndOptionContractsMember 2017-12-31
0001027664 us-gaap:FairValueInputsLevel2Member eslt:ForeignCurrencyDerivativeAndOptionContractsMember
2017-12-31 0001027664 us-gaap:FairValueInputsLevel2Member us-gaap:CrossCurrencyInterestRateContractMember
2017-12-31 0001027664 us-gaap:FairValueInputsLevel3Member us-gaap:CrossCurrencyInterestRateContractMember
2017-12-31 0001027664 us-gaap:FairValueInputsLevel3Member 2017-12-31 0001027664
us-gaap:FairValueInputsLevel3Member us-gaap:EquityMethodInvestmentsMember 2017-12-31 0001027664
us-gaap:FairValueInputsLevel3Member eslt:GovernmentBondsMember 2017-12-31 0001027664
us-gaap:FairValueInputsLevel2Member 2017-12-31 0001027664 us-gaap:FairValueInputsLevel1Member
us-gaap:CorporateBondSecuritiesMember 2017-12-31 0001027664 us-gaap:FairValueInputsLevel1Member
us-gaap:CrossCurrencyInterestRateContractMember 2017-12-31 0001027664 us-gaap:FairValueInputsLevel2Member
eslt:GovernmentBondsMember 2017-12-31 0001027664 us-gaap:FairValueInputsLevel1Member 2017-12-31
0001027664 eslt:OtherGovernmentsMember 2018-01-01 2018-12-31 0001027664
eslt:UnitedStatesGovernmentMember 2018-01-01 2018-12-31 0001027664 eslt:CommercialSalesandOtherMember
2018-01-01 2018-12-31 0001027664 eslt:IsraelGovernmentAuthoritiesMember 2018-01-01 2018-12-31 0001027664
eslt:SubsidiaryDMember 2018-01-01 2018-12-31 0001027664 srt:MinimumMember
us-gaap:AccountingStandardsUpdate201602Member us-gaap:ScenarioForecastMember
us-gaap:SubsequentEventMember 2019-01-01 0001027664 srt:MinimumMember 2018-12-31 0001027664
srt:MaximumMember 2018-12-31 0001027664 srt:MaximumMember
us-gaap:AccountingStandardsUpdate201602Member us-gaap:ScenarioForecastMember
us-gaap:SubsequentEventMember 2019-01-01 0001027664 srt:MaximumMember
us-gaap:SoftwareAndSoftwareDevelopmentCostsMember 2018-01-01 2018-12-31 0001027664 2010-06-30
0001027664 srt:MinimumMember us-gaap:SoftwareAndSoftwareDevelopmentCostsMember 2018-01-01 2018-12-31
0001027664 us-gaap:SeriesAMember 2012-06-30 0001027664
us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2018-01-01 2018-12-31 0001027664
us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-12-31 0001027664 2019-01-01 2018-12-31
0001027664 us-gaap:CrossCurrencyInterestRateContractMember us-gaap:SeniorNotesMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-12-31 0001027664
us-gaap:AccountingStandardsUpdate201707Member 2016-01-01 2016-12-31 0001027664
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:SeniorNotesMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001027664 us-gaap:SeriesAMember
2018-12-31 0001027664 eslt:SubsidiaryEMember 2018-01-01 2018-12-31 0001027664
us-gaap:FairValueInputsLevel1Member us-gaap:CrossCurrencyInterestRateContractMember 2018-12-31 0001027664
us-gaap:FairValueInputsLevel1Member us-gaap:EquityMethodInvestmentsMember 2018-12-31 0001027664
us-gaap:FairValueInputsLevel2Member us-gaap:CrossCurrencyInterestRateContractMember 2018-12-31 0001027664
us-gaap:FairValueInputsLevel2Member eslt:ForeignCurrencyDerivativeAndOptionContractsMember 2018-12-31
0001027664 us-gaap:FairValueInputsLevel1Member 2018-12-31 0001027664
us-gaap:FairValueInputsLevel3Member us-gaap:CrossCurrencyInterestRateContractMember 2018-12-31 0001027664
us-gaap:FairValueInputsLevel3Member eslt:ForeignCurrencyDerivativeAndOptionContractsMember 2018-12-31
0001027664 us-gaap:FairValueInputsLevel3Member 2018-12-31 0001027664
us-gaap:FairValueInputsLevel3Member us-gaap:EquityMethodInvestmentsMember 2018-12-31 0001027664
us-gaap:FairValueInputsLevel1Member eslt:ForeignCurrencyDerivativeAndOptionContractsMember 2018-12-31
0001027664 us-gaap:FairValueInputsLevel2Member 2018-12-31 0001027664 srt:MinimumMember
us-gaap:FurnitureAndFixturesMember 2018-01-01 2018-12-31 0001027664 srt:MinimumMember
us-gaap:VehiclesMember 2017-01-01 2017-12-31 0001027664 srt:MinimumMember
us-gaap:OtherMachineryAndEquipmentMember 2018-01-01 2018-12-31 0001027664 us-gaap:VehiclesMember

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

2018-01-01 2018-12-31 0001027664 srt:MaximumMember us-gaap:VehiclesMember 2018-01-01 2018-12-31
0001027664 srt:MaximumMember us-gaap:OtherMachineryAndEquipmentMember 2018-01-01 2018-12-31
0001027664 srt:MaximumMember eslt:BuildingsAndLeaseholdImprovementsMember 2018-01-01 2018-12-31
0001027664 srt:MaximumMember us-gaap:FurnitureAndFixturesMember 2018-01-01 2018-12-31 0001027664
srt:MinimumMember eslt:BuildingsAndLeaseholdImprovementsMember 2018-01-01 2018-12-31 0001027664
srt:AffiliatedEntityMember 2017-12-31 0001027664 eslt:IsraeliMinistryOfDefenseMember 2018-12-31 0001027664
srt:AffiliatedEntityMember 2018-12-31 0001027664 eslt:IsraeliMinistryOfDefenseMember 2017-12-31 0001027664
us-gaap:CrossCurrencyInterestRateContractMember 2018-12-31 0001027664
us-gaap:CrossCurrencyInterestRateContractMember 2017-12-31 0001027664 eslt:PrecontractCostsMember
2017-12-31 0001027664 eslt:PrecontractCostsMember 2018-12-31 0001027664 eslt:SubsidiaryGMember 2018-01-01
2018-12-31 0001027664 eslt:SubsidiaryBMember 2018-12-31 0001027664 eslt:SubsidiaryAMember 2017-01-01
2017-12-31 0001027664 eslt:SubsidiaryHMember 2018-12-31 0001027664 eslt:SubsidiaryEMember 2018-12-31
0001027664 eslt:RafaelAdvancedDefenseSystemsMember 2018-12-31 0001027664 eslt:SubsidiaryAMember
2018-12-31 0001027664 eslt:SubsidiaryAMember 2018-01-01 2018-12-31 0001027664 eslt:SubsidiaryFMember
2018-05-01 2018-05-30 0001027664 eslt:SubsidiaryFMember 2018-05-31 0001027664 eslt:SubsidiaryCMember
eslt:KelloggBrownRootLimitedMember us-gaap:CorporateJointVentureMember 2016-04-01 2016-06-30 0001027664
eslt:SubsidiaryGMember 2018-12-31 0001027664 eslt:SubsidiaryEMember eslt:StrategicInvestorMember 2018-01-01
2018-12-31 0001027664 eslt:SubsidiaryHMember 2018-01-01 2018-12-31 0001027664 eslt:SubsidiaryDMember
2018-12-31 0001027664 eslt:SubsidiaryOfRafaelMember 2018-12-31 0001027664 eslt:SubsidiaryCMember
2018-01-01 2018-12-31 0001027664 eslt:SubsidiaryCMember eslt:WhollyOwnedU.KSubsidiaryMember
us-gaap:CorporateJointVentureMember 2016-04-01 2016-06-30 0001027664 eslt:SubsidiaryEMember 2017-01-01
2017-12-31 0001027664 eslt:SubsidiaryCMember 2017-01-01 2017-12-31 0001027664 eslt:SubsidiaryEMember
2016-01-01 2016-12-31 0001027664 eslt:SubsidiaryDMember 2016-01-01 2016-12-31 0001027664
eslt:SubsidiaryBMember 2017-01-01 2017-12-31 0001027664 eslt:SubsidiaryAMember 2016-01-01 2016-12-31
0001027664 eslt:SubsidiaryBMember 2016-01-01 2016-12-31 0001027664 eslt:OthersMember 2017-01-01
2017-12-31 0001027664 eslt:OthersMember 2018-01-01 2018-12-31 0001027664 eslt:OthersMember 2016-01-01
2016-12-31 0001027664 eslt:SubsidiaryBMember 2018-01-01 2018-12-31 0001027664 eslt:SubsidiaryCMember
2016-01-01 2016-12-31 0001027664 eslt:SubsidiaryDMember 2017-01-01 2017-12-31 0001027664
eslt:SubsidiaryBMember 2017-12-31 0001027664 eslt:SubsidiaryAMember 2017-12-31 0001027664
eslt:SubsidiaryDMember 2017-12-31 0001027664 eslt:SubsidiaryFMember 2017-12-31 0001027664
eslt:OthersMember 2017-12-31 0001027664 eslt:SubsidiaryCMember 2018-12-31 0001027664 eslt:OthersMember
2018-12-31 0001027664 eslt:SubsidiaryEMember 2017-12-31 0001027664 eslt:SubsidiaryHMember 2017-12-31
0001027664 eslt:SubsidiaryFMember 2018-12-31 0001027664 eslt:SubsidiaryGMember 2017-12-31 0001027664
eslt:GovernmentDebenturesFixedAndFloatingInterestRateMember 2017-12-31 0001027664
eslt:CorporateDebentureFixAndFloatingInterestRateMember 2017-12-31 0001027664
us-gaap:LandBuildingsAndImprovementsMember 2018-12-31 0001027664
us-gaap:OtherMachineryAndEquipmentMember 2017-12-31 0001027664 eslt:MotorVehiclesAndAirplanesMember
2018-12-31 0001027664 us-gaap:FurnitureAndFixturesMember 2018-12-31 0001027664
eslt:MotorVehiclesAndAirplanesMember 2017-12-31 0001027664 us-gaap:FurnitureAndFixturesMember 2017-12-31
0001027664 us-gaap:LandBuildingsAndImprovementsMember 2017-12-31 0001027664
us-gaap:OtherMachineryAndEquipmentMember 2018-12-31 0001027664 us-gaap:TechnologyEquipmentMember
2018-12-31 0001027664 us-gaap:TrademarksMember 2018-12-31 0001027664 us-gaap:TrademarksMember
2017-12-31 0001027664 us-gaap:CustomerRelationshipsMember 2018-12-31 0001027664
us-gaap:CustomerRelationshipsMember 2018-01-01 2018-12-31 0001027664 us-gaap:TechnologyEquipmentMember
2017-12-31 0001027664 us-gaap:CustomerRelationshipsMember 2017-12-31 0001027664
us-gaap:TrademarksMember 2018-01-01 2018-12-31 0001027664 us-gaap:TechnologyEquipmentMember
2018-01-01 2018-12-31 0001027664 eslt:ShortTermBankCreditMember 2017-12-31 0001027664
us-gaap:ShortTermDebtMember 2018-12-31 0001027664 us-gaap:ShortTermDebtMember 2017-12-31 0001027664
eslt:ShortTermBankCreditMember 2018-12-31 0001027664 eslt:ShortTermBankCreditMember
us-gaap:InterestRateCapMember 2018-01-01 2018-12-31 0001027664 eslt:ShortTermBankCreditMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001027664 2018-01-01 2018-01-01

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

0001027664 currency:USD srt:MaximumMember 2018-01-01 2018-12-31 0001027664 eslt:OtherCurrencyMember
eslt:LongTermBankLoansMember 2017-12-31 0001027664 eslt:OtherCurrencyMember
eslt:LongTermBankLoansMember 2018-01-01 2018-12-31 0001027664 currency:USD
eslt:LongTermBankLoansMember 2017-12-31 0001027664 currency:ILS eslt:LongTermBankLoansMember
2018-12-31 0001027664 currency:ILS eslt:LongTermBankLoansMember 2017-12-31 0001027664 currency:USD
eslt:LongTermBankLoansMember 2018-01-01 2018-12-31 0001027664 eslt:OtherCurrencyMember
eslt:LongTermBankLoansMember 2018-12-31 0001027664 currency:ILS eslt:LongTermBankLoansMember
2018-01-01 2018-12-31 0001027664 currency:USD eslt:LongTermBankLoansMember 2018-12-31 0001027664
currency:USD srt:MaximumMember eslt:LongTermBankLoansMember 2018-01-01 2018-12-31 0001027664
currency:ILS srt:MinimumMember eslt:LongTermBankLoansMember 2018-01-01 2018-12-31 0001027664
currency:USD srt:MinimumMember eslt:LongTermBankLoansMember 2018-01-01 2018-12-31 0001027664
currency:ILS srt:MaximumMember eslt:LongTermBankLoansMember 2018-01-01 2018-12-31 0001027664
us-gaap:SeriesAMember 2018-12-31 0001027664 2010-04-01 2010-06-30 0001027664 2012-05-31 0001027664
2012-05-01 2012-05-31 0001027664 2012-03-31 0001027664 eslt:LiborZeroPointFortyFivePercentMember
2018-12-31 0001027664 us-gaap:CrossCurrencyInterestRateContractMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2012-04-01 2012-06-30 0001027664
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:LondonInterbankOfferedRateLIBORMember
2018-12-31 0001027664 eslt:FourPointEightyFourPercentSecondAmountMember 2012-05-31 0001027664
eslt:TwoPointZeroTwoPercentMember 2012-05-31 0001027664 eslt:TwoPointZeroTwoPercentMember
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:LondonInterbankOfferedRateLIBORMember
2012-05-31 0001027664 us-gaap:CrossCurrencyInterestRateContractMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2018-01-01 2018-12-31 0001027664 2010-06-01 2010-06-30
0001027664 us-gaap:CrossCurrencyInterestRateContractMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2010-04-01 2010-06-30 0001027664
eslt:FourPointEightyFourPercentFirstAmountMember 2012-05-31 0001027664
eslt:TwoPointTwoEightyFivePercentMember 2012-05-31 0001027664 2012-03-01 2012-03-31 0001027664
eslt:TwoPointTwoEightyFivePercentMember us-gaap:CrossCurrencyInterestRateContractMember
us-gaap:LondonInterbankOfferedRateLIBORMember 2012-05-31 0001027664
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:LondonInterbankOfferedRateLIBORMember
2010-06-30 0001027664 eslt:FourPointEightyFourPercentFirstAmountMember 2018-12-31 0001027664
us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2017-01-01 2017-12-31 0001027664
us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2018-12-31 0001027664
us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2017-12-31 0001027664
us-gaap:DebtSecuritiesMember 2018-12-31 0001027664 eslt:OtherPlanAssetsMember 2018-12-31 0001027664
us-gaap:EquitySecuritiesMember 2017-12-31 0001027664 us-gaap:DebtSecuritiesMember 2017-12-31 0001027664
eslt:OtherPlanAssetsMember 2017-12-31 0001027664 us-gaap:EquitySecuritiesMember 2018-12-31 0001027664
eslt:MutualFundsEquitySecuritiesMember us-gaap:FairValueInputsLevel1Member 2018-12-31 0001027664
eslt:InternationalCompaniesMember 2018-12-31 0001027664 eslt:InternationalCompaniesMember
us-gaap:FairValueInputsLevel2Member 2018-12-31 0001027664 eslt:InternationalCompaniesMember
us-gaap:FairValueInputsLevel1Member 2018-12-31 0001027664 eslt:MutualFundsFixedIncomeSecuritiesMember
us-gaap:FairValueInputsLevel2Member 2018-12-31 0001027664 us-gaap:CashMember
us-gaap:FairValueInputsLevel1Member 2018-12-31 0001027664 us-gaap:MoneyMarketFundsMember
us-gaap:FairValueInputsLevel3Member 2018-12-31 0001027664 us-gaap:MoneyMarketFundsMember 2018-12-31
0001027664 eslt:MutualFundsFixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel1Member 2018-12-31
0001027664 eslt:MutualFundsEquitySecuritiesMember us-gaap:FairValueInputsLevel2Member 2018-12-31
0001027664 eslt:MutualFundsFixedIncomeSecuritiesMember 2018-12-31 0001027664
eslt:MutualFundsFixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel3Member 2018-12-31 0001027664
eslt:InternationalCompaniesMember us-gaap:FairValueInputsLevel3Member 2018-12-31 0001027664
eslt:MutualFundsEquitySecuritiesMember 2018-12-31 0001027664 us-gaap:CashMember 2018-12-31 0001027664
eslt:MutualFundsEquitySecuritiesMember us-gaap:FairValueInputsLevel3Member 2018-12-31 0001027664
us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel1Member 2018-12-31 0001027664

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel2Member 2018-12-31 0001027664
us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2016-12-31 0001027664 country:US 2018-01-01
2018-12-31 0001027664 2018-01-01 2018-03-31 0001027664 country:IL 2017-01-01 2017-12-31 0001027664
country:IL 2016-01-01 2016-12-31 0001027664 country:US 2017-01-01 2017-12-31 0001027664 country:US
2018-01-01 2018-01-01 0001027664 country:IL 2018-01-01 2018-12-31 0001027664 srt:MaximumMember
2018-01-01 2018-12-31 0001027664 srt:MinimumMember 2018-01-01 2018-12-31 0001027664
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-01-01 2017-12-31 0001027664
us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-01-01 2018-12-31
0001027664 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-01-01 2018-12-31
0001027664 us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember
2017-01-01 2017-12-31 0001027664 us-gaap:NondesignatedMember 2017-12-31 0001027664
us-gaap:CrossCurrencyInterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31
0001027664 us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2017-12-31 0001027664
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001027664 us-gaap:NondesignatedMember
2018-12-31 0001027664 us-gaap:CrossCurrencyInterestRateContractMember
us-gaap:DesignatedAsHedgingInstrumentMember 2017-12-31 0001027664
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-31 0001027664
us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31
0001027664 us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember
2017-12-31 0001027664 us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-31 0001027664
us-gaap:ForwardContractsMember us-gaap:ShortMember 2017-12-31 0001027664 currency:GBP
us-gaap:ForwardContractsMember us-gaap:LongMember 2018-12-31 0001027664 currency:ILS
us-gaap:ForwardContractsMember us-gaap:LongMember 2017-12-31 0001027664 currency:GBP
us-gaap:ForwardContractsMember us-gaap:LongMember 2017-12-31 0001027664 currency:GBP
us-gaap:ForwardContractsMember us-gaap:ShortMember 2017-12-31 0001027664 currency:EUR
us-gaap:ForwardContractsMember us-gaap:LongMember 2018-12-31 0001027664 currency:GBP
us-gaap:ForwardContractsMember us-gaap:ShortMember 2018-12-31 0001027664 currency:ILS
us-gaap:ForwardContractsMember us-gaap:ShortMember 2018-12-31 0001027664 currency:EUR
us-gaap:ForwardContractsMember us-gaap:ShortMember 2018-12-31 0001027664 eslt:OtherCurrencyMember
us-gaap:ForwardContractsMember us-gaap:ShortMember 2017-12-31 0001027664
us-gaap:ForwardContractsMember us-gaap:LongMember 2018-12-31 0001027664 eslt:OtherCurrencyMember
us-gaap:ForwardContractsMember us-gaap:ShortMember 2018-12-31 0001027664 currency:ILS
us-gaap:ForwardContractsMember us-gaap:ShortMember 2017-12-31 0001027664 currency:EUR
us-gaap:ForwardContractsMember us-gaap:LongMember 2017-12-31 0001027664
us-gaap:ForwardContractsMember us-gaap:ShortMember 2018-12-31 0001027664 currency:ILS
us-gaap:ForwardContractsMember us-gaap:LongMember 2018-12-31 0001027664 currency:EUR
us-gaap:ForwardContractsMember us-gaap:ShortMember 2017-12-31 0001027664 eslt:OtherCurrencyMember
us-gaap:ForwardContractsMember us-gaap:LongMember 2018-12-31 0001027664
us-gaap:ForwardContractsMember us-gaap:LongMember 2017-12-31 0001027664 eslt:OtherCurrencyMember
us-gaap:ForwardContractsMember us-gaap:LongMember 2017-12-31 0001027664 us-gaap:JudicialRulingMember
2017-08-08 2017-08-08 0001027664 us-gaap:JudicialRulingMember 2017-08-07 2017-08-07 0001027664
us-gaap:SellingAndMarketingExpenseMember eslt:A2018EquityIncentivePlanMember 2018-01-01 2018-12-31
0001027664 us-gaap:CostOfSalesMember 2018-01-01 2018-12-31 0001027664
eslt:A2018EquityIncentivePlanMember 2018-01-01 2018-12-31 0001027664 eslt:ExercisePriceRangeOneMember
2018-12-31 0001027664 eslt:ExercisePriceRangeOneMember 2018-01-01 2018-12-31 0001027664
us-gaap:CostOfSalesMember eslt:PhantomBonusRetentionPlan2012Member 2017-01-01 2017-12-31 0001027664
eslt:PhantomBonusRetentionPlan2012Member 2018-01-01 2018-12-31 0001027664
us-gaap:SellingAndMarketingExpenseMember eslt:PhantomBonusRetentionPlan2012Member 2017-01-01
2017-12-31 0001027664 eslt:PhantomBonusRetentionPlan2012Member 2016-01-01 2016-12-31 0001027664
us-gaap:SellingAndMarketingExpenseMember eslt:PhantomBonusRetentionPlan2012Member 2018-01-01
2018-12-31 0001027664 us-gaap:GeneralAndAdministrativeExpenseMember

Edgar Filing: ELBIT SYSTEMS LTD - Form 20-F

eslt:PhantomBonusRetentionPlan2012Member 2017-01-01 2017-12-31 0001027664 us-gaap:CostOfSalesMember
eslt:PhantomBonusRetentionPlan2012Member 2018-01-01 2018-12-31 0001027664 us-gaap:CostOfSalesMember
eslt:PhantomBonusRetentionPlan2012Member 2016-01-01 2016-12-31 0001027664
us-gaap:SellingAndMarketingExpenseMember eslt:PhantomBonusRetentionPlan2012Member 2016-01-01
2016-12-31 0001027664 us-gaap:GeneralAndAdministrativeExpenseMember
eslt:PhantomBonusRetentionPlan2012Member 2018-01-01 2018-12-31 0001027664
eslt:PhantomBonusRetentionPlan2012Member 2017-01-01 2017-12-31 0001027664
us-gaap:GeneralAndAdministrativeExpenseMember eslt:PhantomBonusRetentionPlan2012Member 2016-01-01
2016-12-31 0001027664 eslt:PhantomBonusRetentionPlan2018Member 2018-01-01 2018-03-31 0001027664
eslt:PhantomBonusRetentionPlan2018Member 2018-01-01 2018-12-31 0001027664
eslt:A2018EquityIncentivePlanMember 2018-12-31 0001027664 eslt:PhantomBonusRetentionPlan2012Member
2018-12-31 0001027664 country:US 2017-12-31 0001027664 country:IL 2016-12-31 0001027664 country:US
2016-12-31 0001027664 eslt:OtherGeographicMember 2018-12-31 0001027664 country:US 2018-12-31 0001027664
country:IL 2018-12-31 0001027664 eslt:OtherGeographicMember 2017-12-31 0001027664 country:IL 2017-12-31
0001027664 eslt:OtherGeographicMember 2016-12-31 0001027664 srt:EuropeMember 2018-01-01 2018-12-31
0001027664 srt:NorthAmericaMember 2016-01-01 2016-12-31 0001027664 srt:AsiaPacificMember 2017-01-01
2017-12-31 0001027664 srt:AsiaPacificMember 2018-01-01 2018-12-31 0001027664 srt:LatinAmericaMember
2018-01-01 2018-12-31 0001027664 srt:NorthAmericaMember 2018-01-01 2018-12-31 0001027664
srt:EuropeMember 2017-01-01 2017-12-31 0001027664 srt:LatinAmericaMember 2017-01-01 2017-12-31
0001027664 eslt:OtherAreasMember 2016-01-01 2016-12-31 0001027664 srt:LatinAmericaMember 2016-01-01
2016-12-31 0001027664 srt:EuropeMember 2016-01-01 2016-12-31 0001027664 eslt:OtherAreasMember
2018-01-01 2018-12-31 0001027664 srt:AsiaPacificMember 2016-01-01 2016-12-31 0001027664
srt:NorthAmericaMember 2017-01-01 2017-12-31 0001027664 eslt:OtherAreasMember 2017-01-01 2017-12-31
0001027664 eslt:ElectroOpticSystemsMember 2018-01-01 2018-12-31 0001027664 eslt:AirborneSystemsMember
2017-01-01 2017-12-31 0001027664 eslt:CPowerFourIsrSystemsMember 2016-01-01 2016-12-31 0001027664
eslt:LandVehiclesSystemsMember 2016-01-01 2016-12-31 0001027664 eslt:OtherEntityMember 2017-01-01
2017-12-31 0001027664 eslt:LandVehiclesSystemsMember 2018-01-01 2018-12-31 0001027664
eslt:OtherEntityMember 2018-01-01 2018-12-31 0001027664 eslt:CPowerFourIsrSystemsMember 2018-01-01
2018-12-31 0001027664 eslt:OtherEntityMember 2016-01-01 2016-12-31 0001027664 eslt:AirborneSystemsMember
2018-01-01 2018-12-31 0001027664 eslt:ElectroOpticSystemsMember 2017-01-01 2017-12-31 0001027664
eslt:ElectroOpticSystemsMember 2016-01-01 2016-12-31 0001027664 eslt:LandVehiclesSystemsMember
2017-01-01 2017-12-31 0001027664 eslt:AirborneSystemsMember 2016-01-01 2016-12-31 0001027664
eslt:CPowerFourIsrSystemsMember 2017-01-01 2017-12-31 0001027664 eslt:IsraeliPartnershipMember 2018-01-01
2018-12-31 0001027664 eslt:ElbitSystemsofAmericaLLCMember srt:SubsidiariesMember 2018-12-31 0001027664
eslt:IsraeliSubsidiaryMember 2018-12-31 0001027664 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember
2018-01-01 2018-12-31 0001027664 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2017-12-31
0001027664 us-gaap:AllowanceForCreditLossMember 2018-01-01 2018-12-31 0001027664
eslt:ProvisionsForLossesOnLongTermContractsMember 2018-12-31 0001027664
eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2016-01-01 2016-12-31 0001027664
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2016-01-01 2016-12-31 0001027664
us-gaap:AllowanceForCreditLossMember 2016-12-31 0001027664
eslt:ProvisionsForLossesOnLongTermContractsMember 2017-01-01 2017-12-31 0001027664
eslt:ProvisionsForLossesOnLongTermContractsMember 2016-12-31 0001027664
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2018-12-31 0001027664
eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2018-01-01 2018-12-31 0001027664
eslt:ProvisionsForLossesOnLongTermContractsMember 2017-12-31 0001027664
eslt:ProvisionsForLossesOnLongTermContractsMember 2015-12-31 0001027664
us-gaap:AllowanceForCreditLossMember 2015-12-31 0001027664 us-gaap:AllowanceForCreditLossMember
2017-12-31 0001027664 eslt:ProvisionsForLossesOnLongTermContractsMember 2018-01-01 2018-12-31
0001027664 eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2017-01-01 2017-12-31
0001027664 eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2017-12-31 0001027664

us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2017-01-01 2017-12-31 0001027664
us-gaap:AllowanceForCreditLossMember 2016-01-01 2016-12-31 0001027664
us-gaap:AllowanceForCreditLossMember 2017-01-01 2017-12-31 0001027664
us-gaap:AllowanceForCreditLossMember 2018-12-31 0001027664
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2016-12-31 0001027664
eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2015-12-31 0001027664
eslt:ProvisionsForLossesOnLongTermContractsMember 2016-01-01 2016-12-31 0001027664
eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2018-12-31 0001027664
eslt:ProvisionsForClaimsAndPotentialContractualPenaltiesAndOthersMember 2016-12-31 0001027664
us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2015-12-31 utreg:sqft iso4217:ILS xbrli:shares
eslt:affiliate xbrli:pure iso4217:ILS iso4217:USD xbrli:shares xbrli:shares iso4217:USD eslt:installment
eslt:subsidiary iso4217:EUR eslt:investment

**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, 2018
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 3100401, Israel
(Address of principal executive offices)**

**Joseph Gaspar
c/o Elbit Systems Ltd.
P.O. Box 539
Advanced Technology Center
Haifa 3100401
Israel**

Tel: 972-77-294-6404

Fax: 972-77-294-6944

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: **42,753,182 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 No

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 No

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data 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 No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

International Financial Reporting

U.S. GAAP Standards as issued by the International Accounting Standards Board Other

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 Item 18 No

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 ý

Table of Contents

	Page
<u>General Disclosure Standards</u>	<u>1</u>
<u>Cautionary Statement with Respect to Forward-Looking Statements</u>	<u>1</u>
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	<u>2</u>
<u>Item 2. Offer Statistics and Expected Timetable</u>	<u>2</u>
<u>Item 3. Key Information</u>	<u>3</u>
<u>Item 4. Information on the Company</u>	<u>13</u>
<u>Item 4A. Unresolved Staff Comments</u>	<u>29</u>
<u>Item 5. Operating and Financial Review and Prospects</u>	<u>30</u>
<u>Item 6. Directors, Senior Management and Employees.</u>	<u>52</u>
<u>Item 7. Major Shareholders and Related Party Transactions</u>	<u>69</u>
<u>Item 8. Financial Information.</u>	<u>70</u>
<u>Item 9. The Offer and Listing</u>	<u>71</u>
<u>Item 10. Additional Information</u>	<u>72</u>
<u>Item 11. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>88</u>
<u>Item 12. Description of Securities Other than Equity Securities</u>	<u>90</u>
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	<u>90</u>
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.</u>	<u>90</u>
<u>Item 15. Controls and Procedures</u>	<u>90</u>
<u>Item 16A. Audit Committee Financial Expert</u>	<u>91</u>
<u>Item 16B. Code of Ethics</u>	<u>92</u>
<u>Item 16C. Principal Accountant Fees and Services</u>	<u>92</u>
<u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u>	<u>92</u>
<u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	<u>93</u>
<u>Item 16F. Change in Registrant's Certifying Accountant</u>	<u>93</u>
<u>Item 16G. Corporate Governance</u>	<u>93</u>
<u>Item 16H. Mine Safety Disclosure</u>	<u>93</u>
<u>Item 17. Financial Statements</u>	<u>93</u>
<u>Item 18. Financial Statements</u>	<u>93</u>
<u>Item 19. Exhibits</u>	<u>94</u>

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.

The name “ELBIT SYSTEMS”, and our logo, brand, product, service and process names appearing in this document, are the trademarks of the Company or our affiliated companies. All other brand, product, service and process names appearing in this document are the trademarks of their respective holders and appear for informational purposes only. Reference to or use of any third party mark, product, service or process name herein does not imply any recommendation, approval, affiliation or sponsorship of that or any other mark, product, service or process name. Nothing contained herein shall be construed as conferring by implication, estoppel or otherwise any license or right under any patent, copyright, trademark or other intellectual property right of the Company or any of our affiliated companies.

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”, “estimate”, “project”, “expect”, “will likely result”, “strategy”, “plan”, “may”, “should”, “will”, “would”, “will be”, “will continue”, “will likely result” and similar expressions, and the negatives thereof. Forward-looking statements are based on management’s current expectations, estimates, projections and assumptions, 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;

- the impact on our backlog from export restrictions by the Government of Israel;

- our ability to achieve strategic goals from acquisitions of businesses and the risks associated with the integration of such businesses;

our ability to protect our proprietary information and avoid, withstand and/or recover from cyber attacks on our systems;

1

- the effect of competitive products, technology and pricing;
- our ability to attract, incentivize and retain key employees;
- changes in applicable tax rates;
- fluctuations in foreign currency exchange rates;
- inventory write-downs and possible liabilities to customers from program cancellations due to political relations between Israel and countries where our customers may be located; 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 may 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, 2014, 2015, 2016, 2017 and 2018 are derived from our audited consolidated financial statements, including our audited consolidated financial statements as of December 31, 2017 and 2018, and for each of the years ended December 31, 2016, 2017 and 2018, 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 more information regarding GAAP and non-GAAP financial data see Item 5. Operating and Financial Review and Prospects.)

	Years Ended December 31, (U.S. dollars in millions, except for per share amounts)				
	2014	2015	2016	2017	2018
Income Statement Data:					
Revenues	\$2,958.2	\$3,107.6	\$3,260.2	\$3,377.8	\$3,683.7
Cost of revenues	2,133.2	2,210.5	2,294.9	2,374.8	2,707.5
Gross profit	825.0	897.1	965.3	1,003.0	976.2
Research and development expenses, net	228.0	243.4	255.8	265.1	287.4
Marketing and selling expenses	216.5	239.4	271.0	280.2	281.0
General and administrative expenses	139.6	145.7	151.4	133.3	160.3
Gain from changes in holdings	(6.0)	—	(17.6)	—	(45.4)
Total operating expenses	578.1	628.5	660.6	678.6	683.3
Operating income	246.9	268.6	304.7	324.4	292.8
Financial expenses, net	(47.5)	(20.2)	(23.7)	(34.5)	(44.1)
Other income, net	0.1	0.2	(1.7)	(5.1)	(11.4)
Income before taxes on income	199.5	248.6	279.3	284.8	237.3
Taxes on income	25.6	46.2	(45.6)	(55.6)	(26.4)
Equity in net earnings of affiliated companies and partnerships	5.5	4.5	5.2	11.4	(2.2)
Net income	179.4	206.9	238.9	240.6	208.7
Less: net income attributable to non-controlling interests	(8.4)	(4.4)	(1.9)	(1.5)	(1.9)
Income attributable to Elbit Systems' shareholders	\$171.0	\$202.5	\$237.0	\$239.1	\$206.7
Earnings per share:					
Basic net earnings per share					
Continuing operations	\$4.01	\$4.74	\$5.54	\$5.59	\$4.84
Discontinued operations	—	—	—	—	—
Total	\$4.01	\$4.74	\$5.54	\$5.59	\$4.84
Diluted net earnings per share					
Continuing operations	\$4.01	\$4.74	\$5.54	\$5.59	\$4.84
Discontinued operations	—	—	—	—	—
Total	\$4.01	\$4.74	\$5.54	\$5.59	\$4.84

	As of December 31, (U.S. dollars in millions, except for per share amounts)				
	2014	2015	2016	2017	2018
Balance Sheet Data:					
Cash, cash equivalents, short-term bank deposits and marketable securities	306	332	245	173	225
Working capital	626	645	527	522	369
Long-term deposits, marketable securities and other receivables	18	16	16	38	43
Long-term trade and unbilled receivables	213	152	190	295	297
Property, plant and equipment, net	442	450	474	496	687
Total assets	4,021	4,124	4,352	4,715	6,451
Long-term debt	221	166	—	120	468
Series A Notes, net of current maturities	294	227	171	125	56
Capital stock	272	274	274	274	276
Elbit Systems shareholders' equity	1,227	1,391	1,560	1,708	1,832
Non-controlling interests	12	8	7	10	22
Total equity	1,239	1,399	1,567	1,718	1,854
Number of outstanding ordinary shares of NIS 1 par value (in thousands)	42,685	42,730	42,746	42,751	42,753
Dividends paid per ordinary share with respect to the applicable year	\$ 1.28	\$ 1.44	\$ 1.60	\$ 1.76	\$ 1.76

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 military or other governmental authorities of various countries, pursuant to contracts awarded to us under defense and homeland security-related programs. The funding of these programs could be reduced or eliminated due to numerous factors, including geo-political events and macro-economic conditions that are beyond our control. Reduction or elimination of government spending under our contracts would cause a negative effect on our revenues, results of operations, cash flow and financial condition.

Certain of 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 permitting termination for the convenience of the prime contractors. In a minority of contracts with such customers, an early termination for convenience would not entitle us to reimbursement for a proportionate share of our fee or profit for work still in progress.

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, or if material approvals previously obtained are revoked or expire and are not renewed due to factors such as changes in political conditions or imposition of sanctions, 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, liabilities and results of operations. (See Item 4. Information on the Company – Governmental Regulation.)

We are subject to government procurement and anti-bribery rules and regulations. We are required to comply with government contracting rules and regulations relating to, among other things, cost accounting, sales of various types of munitions, anti-bribery and procurement integrity, which increase our performance and compliance costs. (See Item 4. Information on the Company – Governmental Regulation.) Failure to comply with these rules and regulations could result in the modification, termination or reduction of the value of our contracts, the assessment of penalties and fines against us, or our suspension or debarment from government contracting or subcontracting for a period of time, all of which could negatively impact our results of operations and financial condition. We are engaged in activities in certain markets considered to be high risk from an anti-bribery compliance perspective, and investigations by government agencies in a number of countries, including Israel and the U.S., in the anti-bribery area are increasingly prevalent.

We face other risks in our international operations. We derive a significant portion of our revenues from international sales. Entry into new markets as well as changes in international, political, economic or geographic conditions could cause significant reductions in our revenues, which could harm our business, financial condition and results of operations. In addition to the other risks from international operations set forth elsewhere in these Risk Factors, some of the risks of doing business internationally include international trade sanctions, imposition of tariffs and other trade barriers and restrictions. Imposition of import restrictions or tariffs by any government could lead to retaliatory actions by other countries with broad effects in many industries and economies internationally. Broad-based international trade conflicts could have negative consequences on the demand for our products and services outside Israel. Other risks of doing business internationally include political and economic instability in the countries of our customers and suppliers, changes in diplomatic and trade relationships and increasing instances of terrorism worldwide. Some of these risks may be affected by Israel's overall political situation. (See "Risks Related to Our Israeli Operations" below.)

Funding obligations to our pension plans could reduce 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 expected returns, we may be required to make additional contributions to these pension plans. Volatility in the equity markets or actuarial changes in mortality tables can change our estimate of future pension plan contribution requirements. (See Item 18. Financial Statements – Notes 2S and 17.)

We face currency exchange risks. We generate a substantial amount of our revenues in currencies other than the U.S. dollar (our financial reporting currency), mainly New Israeli Shekels (NIS), Great Britain Pounds (GBP), Euros, Brazilian reals, Australian dollars and Indian rupees, and we incur a substantial amount of our expenses in currencies other than the U.S. dollar, mainly NIS. To the extent we derive our revenues or incur our expenses in currencies other than the U.S. dollar, we are subject to exchange rate fluctuations between the U.S. dollar and such other currencies. 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. Certain currency derivatives we use to hedge against exchange rate fluctuations may not fully protect against sharp exchange rate fluctuations, and in some cases we may not be able to adequately hedge against all exchange rate fluctuations. In addition, our international operations expose us to the risks of price controls, restrictions on the conversion or repatriation of currencies, or even devaluations or hyperinflation in the case of currencies issued by countries with unstable economies. All of these currency-related risks could have a material adverse effect on our financial condition and financial results. (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, homeland security and commercial aviation 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 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 business.

We face risks of cost overruns in fixed-price contracts. Most of our contracts are fixed-price contracts, under which we generally assume the risk that increased or unexpected costs may reduce profits or generate a loss. The risk of adverse effects on our financial performance from such increased or unexpected costs can be particularly significant under a fixed-price contracts for which 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 and Item 18. Financial Statements - Note 2T (Significant Accounting Policies - Revenue Recognition).) The costs most likely to fluctuate under our fixed price contracts relate to internal design and engineering efforts. However, we do not believe changes in the market costs of particular commodities that may be used in the production of our products are likely to present a material risk to our costs. 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. Our revenues may fluctuate between periods due to changes in pricing, sales volume or project mix. Moreover, because certain of our project revenues are recognized upon achievement of performance milestones, such as units-of-delivery / point-in-time revenue recognition, we may experience significant fluctuations in year-to-year and quarter-to-quarter financial results. Similarly, our profit margin may vary significantly during the course of a 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 due to judgment and estimates that are complex and are subject to a number of variables. (See Item 5. Operating and Financial Review and Prospects – General – Critical Accounting Policies and Estimates – Revenue Recognition and Item 18. Financial Statements - Note 2T (Significant Accounting Policies - Revenue Recognition).) As a result, our financial results for prior periods may not provide a reliable indicator of our future results.

Our backlog of projects under contract is subject to unexpected adjustments, delays in payments and cancellations. Our backlog includes revenue we expect to record in the future from signed contracts and certain other commitments. Many projects may remain in our backlog for an extended period of time because of the size or long-term nature of the contract. In addition, from time to time, for reasons beyond our control (including economic conditions or customer needs), projects are delayed, scaled back, stopped or cancelled, or the customer delays making payments, which may adversely affect the revenue, profit and cash flow that we ultimately receive from contracts reflected in our backlog.

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 a single 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.

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, potential liability and damage to our reputation. In addition, we must comply with regulations and practices to prevent the use of parts and components that are considered as counterfeit or that violate third party intellectual property rights. We may not be able to obtain product liability or other insurance to fully cover

such risks, and 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. The markets we serve are characterized by rapid changes in technologies and evolving industry standards. In addition, some of our systems and products are installed on platforms that may have a limited life or become obsolete. Unless we develop new offerings or enhance our existing offerings we may be susceptible to loss of market share resulting from the introduction of new or enhanced offerings by competitors. Accordingly, our future success will require that we:

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

We will need to invest significant financial resources to pursue these goals, and there can be no assurance that adequate financial resources will continue to be available to us for these purposes. We may experience difficulties that delay or prevent our development, introduction and marketing of new or enhanced offerings, and such new or enhanced offerings may not achieve adequate market acceptance. Moreover, new technologies or changes in industry standards or customer requirements could render our offerings obsolete or unmarketable. Any new offerings and technologies are likely to involve costs and risks relating to design changes, the need for additional capital and new production tools, satisfaction of customer specifications, adherence to delivery schedules, specific contract requirements, supplier performance, customer performance and our ability to predict program costs. New products may lack sufficient demand or experience technological problems or production delays. Our customers frequently require demonstration of working prototypes prior to awarding contracts for new programs or require short delivery schedules which may cause us to purchase long-lead items or material in advance of receiving the contract award. Moreover, due to the design complexity of our products, we may experience delays in developing and introducing new products. Such delays could result in increased costs and development efforts, deflect resources from other projects or increase the risk that our competitors may develop competing technologies that 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 the products or services of our competitors, our ability to obtain new contracts could be negatively impacted. Any of the foregoing costs and risks could have a material adverse impact on our business, results of operations, financial condition and cash flows.

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, confidentiality provisions in sales, procurement, employment and other agreements and technical measures to establish and protect proprietary rights in our products. Our ability to successfully protect our technology may be limited because:

- intellectual property laws in certain jurisdictions may be relatively ineffective;
- detecting infringements and enforcing proprietary rights may divert management's attention and company resources;
- contractual measures such as non-disclosure agreements and confidentiality provisions may afford only limited protection;
- 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, various parties may assert infringement claims against us. The cost of defending against infringement claims could be significant, regardless of whether the claims are valid. If we are not successful in defending such claims, we may be prevented from the use or sale of certain of our products, liable 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.

A cyber or security breach or disruption or failure in a computer system could adversely affect us. Our operations depend on the continued and secure functioning of our computer and communications systems and the protection of information stored in computer databases maintained by us and, in certain circumstances, by third parties. Such systems and databases are subject to breach, damage, disruption or failure from, among other things, cyber attacks and other unauthorized intrusions, power losses, telecommunications failures, earthquakes, fires and other natural disasters.

We have been subject to attempted cyber attacks and face ongoing threats to our computer and communications systems and databases of unauthorized access, computer hackers, computer viruses, malicious code, cyber crime, organized cyber attacks and other security problems and system disruptions. In particular, we may be targeted by experienced computer programmers and hackers (including those sponsored by foreign governments or terrorist organizations) who may attempt to penetrate our cyber security defenses and damage or disrupt our computer and communications systems and misappropriate or compromise our intellectual property or other confidential information or that of our customers.

Governmental and other end users and customers are increasingly requiring us to meet specific computer system cyber protection and information assurance requirements and standards as a condition for us to receive customer program-related information. We devote significant resources to maintain and upgrade the security of our systems and databases and to meet applicable customer requirements regarding their protection. However, despite our efforts to secure our systems and databases and meet cyber protection and information assurance requirements, we may still face system failures, data breaches, loss of intellectual property and interruptions in our operations, which could have a material adverse effect on our business, financial condition and results of operations.

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 for our programs, including in cases where a customer encounters impaired ability to continue to comply with extended payment terms. Moreover, if we are required to provide significant financing for our programs, this could result in increased leverage on our balance sheet. (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, or the local companies we contract with, 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 have risks relating to pre-contract costs. We sometimes participate in "risk-sharing" contracts, or incur pre-contract costs relating to specific anticipated contracts or delivery orders, in which our non-recurring costs or other costs that are pre-contract costs are only recoverable if the contract or order is actually awarded or if there is a sufficient level of sales for the applicable product, which level of sales typically is not guaranteed. If the anticipated contract is not awarded or if sales do not occur at the level anticipated, we may not be able to recover our non-recurring or pre-contract costs.

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.

Our effective tax rate may be subject to fluctuations. Our worldwide effective tax rate could fluctuate as a result of several factors, many of which are outside of our control, including: (i) changes in the mix of revenues and income we derive from the jurisdictions where we operate which have different statutory tax rates; (ii) amendments to tax laws and regulations, and changes in interpretations in the jurisdictions where we operate; and (iii) tax assessments, or any related tax interest or penalties that could significantly affect our income tax expense for the period in which the settlements take place. In addition, as we operate in multiple jurisdictions throughout the world, our tax returns are periodically audited or subject to review by both domestic and foreign authorities. Increases in our effective tax rates from the above factors could have a material adverse effect on our financial results and cash flows.

The Organization for Economic Cooperation and Development has introduced the base erosion and profit shifting (BEPS) project. The BEPS project contemplates changes to numerous international tax principles, as well as national tax incentives, and these changes, if adopted by individual countries, could adversely affect our provision for income taxes.

Recently enacted tax legislation in the United States may impact our business. On December 22, 2017, the U.S. President signed into law federal tax legislation commonly referred to as the Tax Cuts and Jobs Act. The Tax Cuts and Jobs Act provides for significant and wide-ranging changes to the U.S. Internal Revenue Code. Among a number of significant changes to the current U.S. federal income tax rules, the Tax Cuts and Jobs Act reduced the marginal U.S. corporate income tax rate from 35% to 21%, limited the deduction for net interest expense, shifted the United States toward a more territorial tax system and imposed new taxes to combat erosion of the U.S. federal income tax base. Our financial statements for the year ended December 31, 2018 reflect the effects of the Tax Cuts and Jobs Act based on current guidance. However, there are uncertainties and ambiguities in the application of certain provisions of the Tax Cuts and Jobs Act, and as a result we made certain judgments and assumptions in the interpretation thereof. The U.S. Treasury Department and the Internal Revenue Service may issue further guidance on how the provisions of the Tax Cuts and Jobs Act will be applied or otherwise administered that differs from our current interpretation. In addition, the Tax Cuts and Jobs Act could be subject to potential amendments and technical corrections, any of which could materially lessen or increase certain adverse impacts of the legislation on us. As we further analyze the impact of the Tax Cuts and Jobs Act and collect relevant information, we may make adjustments to the provisional amounts.

We may face labor relations disputes or not be able to amend collective bargaining agreements in a timely manner. We are party to collective bargaining agreements that cover a substantial number of our employees, which number could increase as a result of future acquisitions of companies. We have faced and may face future attempts to unionize additional parts of our organization. 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. From time to time we make equity or asset acquisitions and investments in companies and technology ventures such as our 2018 acquisitions of IMI Systems Ltd. (IMI) and Universal Avionics Systems Corporation. Such acquisitions generally are intended to achieve various strategic initiatives including the expansion of our product or service offerings, technical capabilities or customer base. (See Item 4. Information on the Company – Mergers, Acquisitions and Divestitures.) Such acquisitions involve risks and uncertainties such as:

- our pre-acquisition due diligence may fail to identify material risks;
- significant acquisitions may negatively impact our cash flow and financial liquidity;
- significant goodwill assets recorded on our consolidated balance sheet from prior acquisitions are subject to impairment testing, and unfavorable changes in circumstances could result in impairment to those assets;
- acquisitions may result in significant additional unanticipated costs associated with price adjustments or write-downs;
- we may not integrate newly-acquired businesses and operations in an efficient and cost-effective manner;
- we may fail to achieve the strategic objectives, cost savings and other benefits expected from acquisitions;
- the technologies acquired may not prove to be those needed to be successful in our markets or may not have adequate intellectual property rights protection;
- we may 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 tax or regulatory compliance issues, such as anti-corruption and environmental compliance, that may result in our incurring successor liability;
- we may fail to retain key employees of the acquired businesses;
- the attention of senior management may be diverted from our existing operations;

we may be exposed to potential shareholder claims if we acquire a significant interest in a publicly traded company; and

certain of our newly acquired operating subsidiaries in various countries could be subject to more restrictive regulations by the local authorities after our acquisition, including regulations relating to foreign ownership of, and export authorizations for, local companies.

We cannot assure that these risks or other unforeseen factors will not offset the intended benefits of the acquisitions, and such risks could have a material adverse effect on our financial condition and results of operation.

Our acquisitions are subject to governmental approvals. Most countries require local governmental approval of acquisitions of domestic defense and homeland security-related businesses, which approval may be denied, or subject to unfavorable conditions, 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 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 ability to achieve 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 addition, we could be subject to securities class action litigation following periods of volatility in the market price of our ordinary shares.

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 and homeland security industries; (iv) 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.

Being a foreign private issuer exempts us from certain SEC requirements. As a foreign private issuer within the meaning of rules promulgated under the U.S. Securities and Exchange Act of 1934 (the Exchange Act), we are exempt from certain Exchange Act rules and requirements that apply to U.S. public companies, including: (i) the requirement to file with the SEC quarterly reports on Form 10-Q and current reports on Form 8-K; (ii) rules regulating the solicitation of proxies in connection with shareholder meetings; (iii) Regulation FD prohibiting selective disclosures of material information; and (iv) rules requiring insiders to disclose stock ownership and trading activities and establishing liability for profits realized from "short-swing" trading transactions (i.e., a purchase and sale, or sale and purchase, of the issuer's equity securities within less than six months). Because of the foregoing, our shareholders will receive less information about our company and trading in our shares by our affiliates than would be provided to shareholders of a domestic U.S. company, and our shareholders will be afforded less protection under the U.S. federal securities laws than would be afforded to shareholders of a domestic U.S. company.

We have a major shareholder with significant influence over certain matters requiring shareholder approval. Federmann Enterprises Ltd. (FEL) owns approximately 46% of our ordinary shares, directly and indirectly. Therefore, subject to shareholder approval special majority requirements under the Companies Law and our Articles of Association, FEL may have significant influence over the outcome of certain matters requiring shareholder approval, including the election of directors who are not External Directors. Michael Federmann, who serves as the chair of our board of directors, is (through entities in his control) the controlling shareholder of FEL, and he is also the chair of the board and the chief executive officer of FEL. Therefore, Mr. Federmann controls, directly and indirectly, the vote of

ordinary shares owned by FEL. (See below - Item 6. Directors, Senior Management and Employees - Board Practices - Appointment of Directors and - External Directors and Item 10. Additional Information - Approval of Certain Transactions and - Provisions Relating to Major Shareholders.)

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.) This includes the risk that we may not be able to maintain in the future the rating level assigned to the Notes.

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, which may not be detected. A control system, which is increasingly based on computerized processes, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that its objectives 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. Implementation of changes or updates to our control systems may encounter unexpected difficulties. 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, by collusion of two or more persons or by management override of the controls. Over time, a control may be inadequate because of changes in conditions or the degree of compliance with applicable policies or procedures may deteriorate. (See Item 15. Controls and Procedures.)

Risks Related to Our Israeli Operations

Conditions in Israel and the Middle East may affect our operations. Political, economic and military conditions in Israel and the Middle East 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. An ongoing state of hostility, varying in degree and intensity, has caused security and economic problems for Israel. We cannot predict whether or when such armed conflicts or other hostilities may occur or the extent to which such events may impact us. For a number of years there have been continuing hostilities between Israel and the Palestinians. This includes hostilities with the Islamic movement Hamas in the Gaza Strip, which have adversely affected the peace process and at times resulted in armed conflicts. Such hostilities have negatively influenced Israel's economy as well as impaired Israel's relationships with several other countries. Israel also faces threats from Hezbollah militants in Lebanon, as well as Iranian forces in Syria and from terrorist-affiliated groups in the Sinai Peninsula. The government of Iran, which is believed to be developing nuclear weapons, is extremely hostile to Israel and influences extremists groups such as Hamas and Hezbollah. Moreover, some of Israel's neighboring countries have recently undergone or are undergoing significant political changes. These political, economic and military conditions in Israel and the Middle East 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, as well as with Israeli companies or with Israeli-owned companies operating in other countries. Also, over the past several years there have been calls in various countries and international organizations to reduce trade with Israel. Foreign government defense export policies towards Israel could also make it more difficult for us to obtain the export authorizations necessary for our activities. See above "General Risks Related to Our Business and Market." 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. In addition, the Israeli defense budget may be adversely affected if there is a reduction in U.S. foreign military assistance. See above "General Risks Related to Our Business and Market." Any of the foregoing circumstances could have an adverse effect on our operations.

Israel's economy may become unstable. From time to time Israel's economy may experience inflation or deflation, low foreign exchange reserves, fluctuations in world commodity prices, military conflicts and civil unrest. For these and other reasons, in the past 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.

Israeli government programs and tax benefits may be terminated or reduced in the future. We participate in programs of the Israel Innovation Authority and the Israel Investment Center, for which we receive tax and other benefits as well as funding for the development of technologies and products. (See Item 4. Information on the Company – Conditions in Israel – Israel Innovation Authority and Investment Center Funding.) If we fail to comply with the conditions applicable to these programs, we may be required to pay additional taxes and penalties or 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. Such approval may be subject to additional conditions relating to transfers of ownership. This could limit the ability of a potential purchaser to acquire a significant interest in our shares. Such restrictive conditions can also apply to Israeli defense companies we acquire, such as IMI. (See Item 4. Information on the Company – Governmental Regulation – Approval of Israeli Defense Acquisitions.)

Israel has stringent export control regulations. Israeli law regulates the export of defense products and systems and “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, or if authorizations previously granted are not renewed or canceled, our ability to export our products from Israel could be negatively impacted, thus causing a reduction in our revenues and a potential material negative impact on our financial results. (See Item 4. Information on the Company – Governmental Regulation – Israeli Export Regulations.)

We may rely on certain Israel “home country” corporate governance practices which may not afford stockholders the same protection afforded to shareholders of U.S. companies. As a foreign private issuer Elbit Systems is permitted to follow, and in certain instances (as described below) has followed, home country corporate governance practices instead of certain practices otherwise required under the Listing Rules of the NASDAQ Stock Market for domestic U.S. issuers. As described in Item 16G. Corporate Governance, in March 2018 we informed NASDAQ that we have elected to follow certain procedures permitted under the Israeli Companies Law instead of the Nasdaq Listing Rules, which require a listed company to obtain shareholder approval for the establishment of an equity-based compensation plan. Under this “home country practice” exception provided in Nasdaq rules for foreign private issuers, we could in the future elect to follow home country practices in Israel with regard to a broad range of other corporate governance matters. Following our home country governance practices as opposed to the requirements that would otherwise apply to a United States company listed on Nasdaq may provide less protection than is accorded to investors under the Listing Rules of the Nasdaq Stock Market applicable to domestic U.S. issuers. See Item 16G - Corporate Governance.

Many of our employees and some of our officers are obligated to perform military reserve duty in Israel. Generally, Israeli adult male and certain female 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. Our executive officers and directors and our outside auditors 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

Major Activities

We are an international high technology company engaged in a wide range of programs throughout the world. We develop and supply a broad portfolio of airborne, land and naval systems and products for defense, homeland security and commercial applications. Our systems and products are installed on new platforms, and we also perform comprehensive platform modernization programs. In addition, we provide a range of support services.

Our major activities include:

- military aircraft and helicopter systems;
- commercial aviation systems and aerostructures;
- unmanned aircraft systems and unmanned surface vessels;
- electro-optic and countermeasures systems;
- land vehicle systems;
- munitions;
- command, control, communications, computer, intelligence, surveillance and reconnaissance (C4ISR) and cyber systems;
- electronic warfare and signal intelligence systems; and
- commercial cyber security products and other commercial activities.

Many of these major activities have a number of common and related elements. Therefore, certain of our subsidiaries, divisions or other operating units often jointly conduct marketing, research and development, manufacturing, performance of programs, sales and after sales support among these major activities.

Principal Market Environment

We operate primarily in the defense and homeland security arenas. There have been recent increased budgetary allocations in these areas in the U.S. and certain European countries, as well as reduced budgetary allocations in certain Latin American and other countries. The nature of military and homeland security actions in recent years, including low intensity conflicts and ongoing terrorist activities, as well as budgetary pressures to focus on leaner but more technically advanced forces, have caused a shift in the defense and homeland security priorities for many of our major customers. As a result we believe there is a continued demand in the areas of C4ISR systems, network centric information systems, intelligence gathering systems, border and perimeter security systems, unmanned aircraft systems (UAS), unmanned surface vessels (USVs), remote controlled systems, precision munitions, vehicle survivability and protection systems, cyber-defense systems, space and satellite based defense capabilities and homeland security solutions. There is also a continuing demand for cost effective logistic support and training and simulation services. We believe our synergistic approach of finding solutions that combine elements of our various activities positions us to meet evolving customer requirements in many of these areas.

We tailor and adapt our technologies, integration skills, market knowledge and operationally-proven systems to each customer's individual requirements in both existing and new platforms. By upgrading existing platforms with advanced technologies, we provide customers with cost-effective solutions, and our customers are able to improve their technological and operational capabilities within limited budgets. We are experienced in providing "systems of systems", which enables us to provide overall solutions in a range of areas to meet our customers' comprehensive defense, homeland security and safety needs.

Company History

Our predecessor Elbit Ltd. was incorporated in Israel in 1966 as Elbit Computers Ltd. Elbit Systems was 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.

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 Global Select Market (Nasdaq), under the symbol “ESLT”, and on the Tel-Aviv Stock Exchange (TASE).

Our main offices are in the Advanced Technology Center, Haifa 3100401, Israel, and our main telephone number at that address is (972-77-2945315). 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

In recent years we have achieved the highest level of defense-related revenues of any Israeli-based company. The table below shows our consolidated revenues by major areas of operations for the years ended December 31, 2016, 2017 and 2018:

	2016	2017	2018
	(U.S. dollars in millions)		
Airborne systems	\$1,242	\$1,272	\$1,470
C4ISR systems	1,221	1,145	1,130
Land systems	408	504	649
Electro-optic systems	276	341	334
Other (mainly non-defense engineering and production services)	113	116	101
Total	\$3,260	\$3,378	\$3,684

The following table provides our consolidated revenues by geographic region, expressed as a percentage of total revenues for the years ended December 31, 2016, 2017 and 2018:

	2016	2017	2018
	(U.S. dollars in millions)		
Israel	22%	22%	20%
North America	25%	25%	27%
Europe	20%	23%	20%
Asia-Pacific	25%	20%	21%
Latin America	6%	6%	5%

Others 2% 5% 7%

14

Subsidiary Organizational Structure

Our beneficial ownership interest in our major subsidiaries and investees is set forth in Exhibit 8 to this annual report. Our equity and voting interests in these entities are the same as our beneficial ownership interests.

Below is a general description of our major subsidiaries, each of which is wholly-owned. We also have other smaller subsidiaries and investee companies in Israel, Europe, North America, South America and Asia-Pacific that conduct marketing, engineering, manufacturing, logistic support and other activities, principally in the subsidiary's local market.

Elbit Systems of America

Elbit Systems of America, LLC (Elbit Systems of America), a Delaware limited liability company, and its subsidiaries provide products and systems solutions focusing on U.S. military, homeland security, medical instrumentation and commercial aviation customers. Elbit Systems of America and its subsidiaries have operational facilities in Fort Worth, Texas, San Antonio, Texas, Merrimack, New Hampshire, Talladega, Alabama and Boca Raton, Florida. Elbit Systems of America also has a 50% interest in a joint venture with Collins Aerospace, a unit of United Technologies Corp., which is engaged in the area of helmet mounted display systems for fixed-wing military and para-military aircraft.

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, controlled unclassified 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 to be 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 includes an officer 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 personnel security clearances.

Elop. Based in Rehovot, Israel, Elbit Systems Electro-Optics Elop Ltd. (Elop) designs, engineers, manufactures and supports a wide range of electro-optic systems and products mainly for defense, space and homeland security applications for customers worldwide.

ESLC. Headquartered in Netanya, Israel, Elbit Systems Land and C4I Ltd. (ESLC) is engaged in the worldwide market for land-based systems and products for armored and other military vehicles, artillery and mortar systems, C4ISR systems, cyber intelligence solutions, homeland security solutions, data links and radio communication systems and equipment.

Elisra. Based in Holon, Israel, Elbit Systems EW and SIGINT -Elisra Ltd. (Elisra) provides a wide range of electronic warfare (EW) systems, signal intelligence (SIGINT) systems and C4ISR technological solutions for the worldwide market.

IMI. Based in Ramat HaSharon, Israel, IMI Systems Ltd. (IMI) is engaged in the design and manufacture of a wide range of precision munitions and armored vehicle survivability and protection systems for defense and homeland security applications.

Merger, Acquisitions and Divestitures

Part of our growth strategy includes our continued activity in mergers and acquisitions and joint ventures with respect to businesses, assets and complementary technologies both in Israel and internationally. The Company's structure enables us to benefit from the synergy of our overall capabilities while at the same time focus on local requirements.

During 2018 and the beginning of 2019, we continued to invest resources in these activities including investing in, and the acquisition of, companies and businesses in Israel, North America, South America and Europe. See Item 18. Financial Statements - Notes 1C and 6B. We continue to actively pursue acquisition and investment opportunities that meet our strategic goals and acquisition criteria in key markets.

In April 2018, we completed the acquisition of the assets and operations of the privately-owned U.S. company Universal Avionics Systems Corporation (Universal) for a purchase price of approximately \$120 million. Headquartered in Tucson, Arizona, and operating in several facilities across the U.S., Universal is a developer and manufacturer of commercial avionics systems for the retrofit and forward-fit market, for a wide range of fixed-wing and rotary-wing aircraft types. Universal's solutions include flight management systems, displays, communication systems, complete cockpit solutions and additional advanced commercial avionics systems, which are complementary to Elbit Systems' commercial enhanced flight vision systems and head-up display product lines. Following the acquisition, Universal's business continues to operate as a wholly-owned U.S. subsidiary of Elbit Systems. See Item 18. Financial Statements - Note 1C(1).

During 2018, we continued to participate as a potential purchaser in the tender process administered by the Israeli Government for the privatization and sale of IMI,

See also Item 18. Financial Statements - Note 1C(3).

We continue to evaluate our holdings and from time to time pursue divestiture of businesses that are not considered to be core to our strategy.

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 a particular operating subsidiary or division in the performance of a contract is not a function of management's review of such subsidiary's or division's operating results for purposes of allocation of resources within the Company.

Military Aircraft and Helicopter Systems

We supply advanced airborne systems and products to leading military aircraft manufacturers and end users designed to enhance operational capabilities and extend aircraft life cycles. 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. Under our aircraft and helicopter upgrade programs, we integrate advanced electronic, communication, navigation, electro-optic and EW systems. We support life cycle extension of our customers' fleets and supply logistic support services for airborne platforms, including repair and maintenance centers, spare parts, training and operation of flight schools.

Our military fixed-wing aircraft and helicopter systems and products include a broad range of avionic systems, such as integrated flight deck systems, mission management computers, displays, digital maps and digital recorders. Our portfolio also includes airborne electro-optic systems such as head-up displays, airborne intelligence gathering systems, precision guidance systems, aircraft structural components and a range of aircraft tactical, virtual, appended and embedded trainers and simulators.

We design and supply advanced helmet mounted systems (HMS), including helmet mounted displays for fixed-wing aircraft and rotary aircraft pilots. These systems and displays include tracking and display systems for day and night flying. Our systems measure the pilot's line-of-sight, slave applicable systems 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 and on a stand-alone basis. Through our 50% joint venture with Collins Aerospace (see above "Subsidiary Organizational Structure – Elbit Systems of America"), we are a leader in HMS for fighter aircraft.

The customers and end users for our military fixed-wing aircraft and helicopter programs include a wide range of air forces and other governmental defense and homeland security forces worldwide, as well as major fixed-wing aircraft and helicopter manufacturers.

Commercial Aviation Systems and Aerostructures

We provide a range of systems and products for the commercial and business aviation market that are employed on fixed-wing aircraft and commercial helicopters. We also produce aerostructure products that are installed on commercial aircraft. Our portfolio of systems in the business aviation, commercial helicopter and air transport areas includes full avionic suites, enhanced flight vision products and various other avionics products such as display, communication and flight management systems. In addition we provide aerostructure products such as pressurized and non-pressurized doors, composite beams and winglets. Customers for our business aviation, air transport and commercial helicopters systems and products include major fixed-wing aircraft and helicopter manufacturers and operators around the world.

UAS (Unmanned Aircraft Systems) and USVs (Unmanned Surface Vessels)

We design and supply integrated UAS (sometimes referred to as remote piloted vehicles or RPVs) for a range of applications and UAS training systems with capabilities to simulate payload performance, malfunctions and ground control station operation. We design and supply command and control ground station elements, engines, data links, stabilized electro-optic payloads and electronic intelligence (ELINT) and communications intelligence (COMINT) payloads that can be adapted for various types of UAS. Our UAS technology has also been applied to our USV activities, where we are developing USVs for a range of naval applications. We perform development, supply, lease and support services and training activities relating to UAS and USVs. Customers for our UAS and USVs include armed forces and other governmental and non-governmental organizations around the world.

Electro-Optic and Countermeasures Systems

We design and manufacture electro-optic-based solutions for space, air, land and sea applications. Our electro-optic products include laser and thermal imaging systems, head-up displays, countermeasure systems and ISR systems, including payloads for space, airborne, naval and land-based missions. Our products in this area also include ground integrated sights and homeland security solutions. We are one of the few companies in the world that has engineering capability and facilities in-house in all major areas of electro-optics. Also, in the space area, we maintain in-house Israel's national space electro-optics infrastructure.

Our portfolio of electro-optic systems and products includes forward looking infrared (FLIR) systems for night observation, laser range-finders and laser radars, stabilized payloads, electro-optic-based ISR systems and directional IR countermeasure (DIRCM) systems. We also supply panchromatic and multi-spectral cameras and telescopes for space applications. In the homeland security area our electro-optic products and systems include surveillance systems, “safe city” projects, facility perimeter security products, electronic fences, fiber optic intrusion detection systems and transportation protection systems. Our customers include armed forces of numerous governments, major defense contractors, homeland security agencies, critical infrastructure authorities and owners of VIP aircraft.

Land Vehicle Systems

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. 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 develop and supply cutting edge armored vehicle survivability and protection systems. We offer a range of artillery and mortar solutions. 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 portfolio of systems and products for land vehicles includes fire control systems, electric gun and turret drive systems, laser warning and threat detection systems, survivability and protection systems, manned and unmanned turrets, remote controlled weapon stations (for land and naval platforms), unmanned ground vehicles, combat vehicle C4I systems, targeting systems, artillery gun and mortar systems, driver thermal vision systems, life support systems, auxiliary power units and hydraulic systems. We are engaged in land vehicle systems programs, from comprehensive vehicle modernization programs, to standalone system supply to vehicle manufacturers to life cycle support programs. Customers for our land vehicle systems include armed forces and homeland security agencies, as well as major military vehicle manufacturers around the world.

Munitions

Following our recent acquisition of IMI (see above "Mergers, Acquisitions and Divestitures"), we develop and manufacture a diverse range of advanced munitions for land, air and sea applications for defense and homeland security forces. Our munitions portfolio includes precision guided rockets, long-range precise air-to-ground missiles, high penetration bombs and an array of high performance ammunition solutions for artillery, tanks and mortars. We also manufacture a full range of small caliber ammunition for the defense, homeland security and law enforcement markets. In addition, we produce chaff and flame products to protect aircraft against the threat of air-to-air and air-to-ground heat-seeking missiles. Customers for our munitions products include armed forces and homeland security agencies around the world.

C4I and Cyber Systems

We produce land, airborne and naval C4I and cyber intelligence systems providing networked combat solutions ranging from the lower combat echelons up to the highest command levels. We supply our systems as part of turn-key solutions as well as on a standalone basis. Our solutions cater to all types of military combatants as well as to homeland security forces and first responders, and can be integrated into military and other types of land, air and sea platforms, providing comprehensive net-centric solutions for low intensity conflicts, counter-terror activities and other types of military challenges. We provide a wide range of advance communications and network solutions for land, navy and air force applications, supporting a full range of military video, data and voice network needs. Our systems provide cyber intelligence solutions to diverse law enforcement agencies and intelligence organizations as well as cyber solutions to the defense and homeland security domains.

Our portfolio of systems and products in the C4ISR area includes Digital Army "system of systems" for net-centric connectivity throughout a multi-domain battlefield and which support joint operations for all force echelons. Our portfolio also includes battle management systems, observation and ground reconnaissance systems, ruggedized computing for platforms and soldiers, software design kits for mapping capabilities, ground smart display units, military IT systems and tactical battle company training systems. In the cyber intelligence area we supply a comprehensive suite of solutions providing intelligence and law enforcement agencies with real-time and actionable

intelligence to the operational field. Our communications portfolio includes secured HF, VHF and UHF radio and communication systems and products, software defined radios, integrated radio communication systems, satellite-on-the-move solutions and data link solutions. Our radio and communications portfolio enables deployment of a full military network for the complete range of scenarios and terrain. In the homeland security area, we supply integrated land and coastal border C4I surveillance systems, broadband communication systems, cyber intelligence solutions, border control systems, safe and smart city solutions, emergency and first responders communications systems and homeland security and emergency response training and simulation systems.

We perform programs under which we provide a range of C4I battle management systems, soldier mounted systems and radio and communications systems utilizing our cloud-based open architecture platform, interoperable with a variety of applications and connecting all elements on the network. Our customers include cross-domain forces and a wide range of governmental agencies worldwide.

EW and SIGINT Systems

We supply multi-spectral EW self-protection suites and systems for airborne, ground and naval platforms, including advanced electronic countermeasure (ECM) systems for radar, missiles and communication and electronic support measure (ESM) solutions, including missile warning systems, laser warning systems and radar warning receivers. We also furnish SIGINT systems, including ELINT, COMINT and direction finding systems, designed for air, ground and naval platforms and applications, as well as counter-drone systems.

Our portfolio in the EW and SIGINT areas includes protection, intelligence and communications solutions for air, ground and naval applications. We offer EW self-protection suites, including radio frequency, radar warning receivers and laser warning systems, for all airborne platform types. We also offer IR-based missile warning systems for advanced combat aircraft as well as for other fixed-wing and rotor platforms. In addition, we provide ESM for threat identification. We also provide SIGINT systems for tactical and strategic intelligence gathering including ELINT and ECM for naval, ground and airborne applications, COMINT and communication jamming systems, counter improvised explosive devices jamming systems for ground forces and cyber protection capabilities. We also supply radar solutions. In addition, we produce counter-drone systems, and we develop command and control systems and simulators for anti-ballistic missiles. Customers for our EW, SIGINT and COMINT systems include governmental armed forces and homeland security agencies as well as major defense contractors.

Commercial Cyber Protection Products and Other Commercial Activities

We provide commercial cyber protection products to enable commercial enterprises to rapidly detect advanced cyber threats, protect critical infrastructures, automate security operations center workflows and train cyber security staff. Our solutions utilize machine learning, Big Data and continuous technology advancements. Customers include a range of commercial, financial and industrial enterprises.

We also engage in a range of other technologies for commercial applications and activities. Our current commercial activities, in addition to the activities described under “Commercial Aviation Systems and Aerostructures” above, include, among others, medical diagnostic equipment, automotive night vision enhancement equipment, smart glasses for sports applications and super capacitor energy sources and fuel cells for transportation applications.

Property, Plant and Equipment

Facilities Owned or Leased by the Company

	Israel⁽¹⁾	U.S.⁽²⁾	Other Countries⁽³⁾
Owned	2,816,000 square feet	808,000 square feet	1,097,000 square feet
Leased	6,574,000 square feet	787,000 square feet	525,000 square feet

Includes offices, development and engineering facilities, manufacturing facilities, maintenance facilities, hangar (1) facilities and landing strips in various locations in Israel. IMI's facilities are located in several facilities throughout Israel, of which 641,211 square feet are owned and 4,247,539 square feet are leased.

(2) Includes mainly offices, development and engineering facilities, manufacturing facilities and maintenance facilities of Elbit Systems of America, primarily in Texas, New Hampshire, Florida, Alabama and Virginia. The facilities in Texas, New Hampshire and Alabama are located on owned land totaling approximately 129 acres. 318,570 square

feet of the leased facilities are sublet to a third party. In addition, there is a 942,344 square feet ground lease, of which 629,910 square feet are sublet to a third party. Universal's facilities are located in Arizona, Washington, Georgia and Kansas, of which 174,000 square feet are owned and 125,000 are leased.

- (3) Includes offices, design and engineering facilities and manufacturing facilities in Europe, Latin America and Asia-Pacific.

Recent Investment in Facilities. Over the last two years the average annual net investment in our facilities, including land and buildings, equipment, machinery and vehicles, amounted to approximately \$88 million. We believe that our current facilities are adequate for our operations as now conducted.

Governmental Regulation

Government Contracting Regulations. We operate under laws, regulations, administrative rules and other legal requirements governing defense and other government contracts, mainly in Israel and the United States. Some of these legal requirements carry major penalty provisions for non-compliance, including disqualification from participating in future contracts. In addition, our participation in governmental procurement processes in Israel, the United States and other countries is subject to specific regulations governing the conduct of the process of procuring defense and homeland security contracts, including increasing requirements in the area of cyber production and information assurance.

Israeli Export Regulations. Israel's defense export policy regulates the sale of a number of our systems and products. Current Israeli policy encourages exports to approved customers of defense systems and products such as ours, as long as the export is consistent with Israeli government policy. Subject to certain exemptions, a license is required to initiate marketing activities. We also must receive a specific export license for defense related hardware, software and technology exported from Israel. Israeli law also regulates export of "dual use" items (items that are typically sold in the commercial market but that also may be used in the defense market). In 2018, more than 50% of our revenue was derived from exports subject to Israeli export regulations.

U.S. and Other Export Regulations. Elbit Systems of America's export of defense and dual use products, as well as military technical data and technical services to Israel and other countries is subject to applicable approvals of the U.S. government under the U.S. International Traffic in Arms Regulations (ITAR) and the U.S. Export Administration Regulations (EAR). Such approvals are typically in the form of an export license, and for defense technology or services in the form of a technical assistance agreement (TAA). Other U.S. companies wishing to export defense products or military related services and technology to our Israeli and other non-U.S. entities are also required to obtain such export licenses and TAAs. Such approvals apply to U.S. origin data required by our non-U.S. entities to perform work for U.S. programs. Licenses are also required for Israeli nationals assigned to work in defense-related technical areas at our U.S. affiliated companies. An application for an export license or a TAA requires disclosure of the intended sales of the product and the use of the technology. Pursuant to export control reform initiatives in the U.S., a greater part of Elbit Systems of America's and our U.S. suppliers' activities are becoming subject to control under the EAR, and some of Universal Avionics products are subject to export control under the EAR. The U.S. government may deny an export authorization if it determines that a transaction is counter to U.S. policy or national security. Other governments' export regulations also affect our business from time to time, particularly with respect to end user restrictions of our suppliers' governments.

Approval of Israeli Defense Acquisitions

The Israeli Defense Entities Law (Protection of Defense Interests) establishes conditions for the approval of an acquisition or transfer of control of an entity that is determined to be an Israeli "defense entity" under the terms of the law. Designation as a "defense entity" is to occur through an order to be issued jointly by the Israeli Prime Minister, Defense Minister and Economy Minister. Although no such order for Elbit Systems has been issued as of the date of this annual report on Form 20-F, it is assumed that Elbit Systems and most of our Israeli subsidiaries will be

designated as “defense entities” under the law and that the Israeli Government will issue such an order regarding our applicable Israeli companies. Prior to our acquisition of IMI (see above "Recent Mergers, Acquisition and Divestitures"), the Israel Government issued an order that requires Israeli Government approval in the event of a sale of a controlling interest in IMI. Under separate regulations, Elbit Systems and our major Israeli subsidiaries have been designated as “defense entities” by the Defense Minister with respect to Israeli law governing various aspects of defense security arrangements.

Orders to be issued under the Israeli Defense Entities Law will also establish other conditions and restrictions. It is anticipated that in the case of a publicly traded company such as Elbit Systems, Israeli government approval will be required for acquisition of 25% or more of the voting securities or a smaller percentage of shares that grant “means of control.” Means of control for purposes of the law include the right to control the vote at a shareholders’ meeting or to appoint a director. Orders relating to defense entities are also anticipated to, among other matters: (1) impose restrictions on the ability of non-Israeli resident citizens to hold “means of control” or to be able to “substantially influence” defense entities; (2) require that senior officers of defense entities have appropriate Israeli security clearances; (3) require that a defense entity’s headquarters be in Israel; and (4) subject a defense entity’s entering into international joint ventures and transferring certain technology to the approval of the IMOD.

Approval of U.S. and Other Defense Acquisitions. Many countries in addition to Israel also require governmental approval of acquisitions of local defense companies or assets by foreign entities. Mergers and acquisitions of defense related and other potentially sensitive businesses in the U.S. are subject to the Foreign Investment and National Security Act (FINSAs). Under FINSAs, our acquisitions of defense related and other potentially sensitive businesses in the U.S. require review, and in some cases approval, by the Committee on Foreign Investment in the United States (CFIUS). In August 2018, the U.S. Government enacted the Foreign Investment Risk Review Modernization Act, which expands the scope of CFIUS’ activities.

“Buy American” Laws. The U.S. “Buy American” laws impose price differentials or prohibitions on procurement of products purchased under U.S. government programs. The price differentials or prohibitions apply to products that are not made in the United States or that do not contain U.S. components making up at least 50% of the total cost of all components in the product. However, a Memorandum of Agreement between the United States and Israeli governments waives the Buy American laws for specified products, including most of the products currently sold in the United States by Elbit Systems and our Israeli subsidiaries.

Foreign Military Financing (FMF). Elbit Systems of America participates in United States FMF programs. These programs require countries, including Israel, receiving military aid from the United States to use the funds to purchase products containing mainly U.S. origin components. In most cases, subcontracting under FMF contracts to non-U.S. entities is not permitted. As a consequence, Elbit Systems of America generally either performs FMF contracts itself or subcontracts with U.S. suppliers. The U.S. government may authorize the IMOD to utilize a portion of the FMF budget under the United States Subcontracting Procurement (USSP) channel. In such cases, companies such as Elbit Systems or our Israeli subsidiaries, who are acting as the Israeli prime contractor to the IMOD under the NIS funded portion of an IMOD program, are authorized to negotiate and enter into a subcontract directly with a U.S. supplier. However, payment of the funds under a USSP channel subcontract is administered by the IMOD Purchasing Mission to the U.S. Elbit Systems of America also participates in U.S. Foreign Military Sales (FMS) programs.

Procurement Regulations. Solicitations for procurements by governmental purchasing agencies in Israel, the United States and other countries are governed by laws, regulations and procedures such as those relating to procurement integrity, including avoiding conflicts of interest and corruption, and meeting information assurance requirements. Such regulations also include provisions relating to the avoidance of human trafficking and counterfeit parts in the supply chain.

Anti-Bribery Regulations. We conduct operations in a number of markets that are considered high risk from an anti-bribery/anti-corruption compliance perspective. Laws and regulations such as the Israel Penal Code, the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and corresponding legislation in other countries, prohibit providing personal benefits or bribes to government officials in connection with the governmental procurement process. Israeli defense exporters, such as Elbit Systems, are required to maintain an anti-bribery compliance program, including specific procedures, record keeping and training.

Munitions Regulations. Sales of certain types of munitions produced by IMI are subject to various domestic laws and international conventions.

Audit Regulations. The IMOD audits our books and records relating to its contracts with us. Our books and records and other aspects of projects related to U.S. defense contracts are subject to audit by U.S. government audit agencies. Such audits review compliance with government contracting cost accounting and other applicable standards. If discrepancies are found this could result in a downward adjustment of the applicable contract's price. Some other customers have similar rights under specific regulations or contract provisions.

Antitrust Laws. Antitrust laws and regulations in Israel, the United States and other countries often require governmental approvals for transactions that are considered to limit competition. Such transactions may include the formation of joint venture entities, cooperative agreements for specific programs or areas, as well as mergers and acquisitions.

Civil Aviation Regulations. Several of the products sold by Company entities for commercial aviation applications are subject to flight safety and airworthiness standards of the U.S. Federal Aviation Administration (FAA) and similar civil aviation authorities in Israel, Europe and other countries.

Food and Drug Administration Regulations. Medical products designed and manufactured by Elbit Systems of America's Medical Instruments – KMC Systems business unit are subject to U.S. Food and Drug Administration (FDA) regulations.

Environmental, Health and Safety Regulations. We are subject to a variety of environmental, health and safety laws and regulations in the jurisdictions in which we have operations. This includes regulations relating to air, water and ground contamination, hazardous waste disposal and other areas with a potential environmental or safety impact.

Buy-Back

As part of their standard contractual requirements for defense programs, several of our customers include "buy-back" or "offset" provisions. These provisions are typically obligations to make, or to facilitate third parties to make, various specified transactions in the customer's country, such as procurement of defense and commercial products, investment in the local economy and transfer of know-how. (For further information about buy-back obligations, see Item 5. Operating and Financial Review and Prospects – Off-Balance Sheet Transactions.)

Financing Terms

Types of Financing. There are several types of financing terms applicable to our defense contracts. In some cases, we receive progress payments related to our progress in performing the contract. Sometimes we receive advances from the customer at the beginning, or during the course, of the project, and sometimes we also receive milestone payments for achievement of specific milestones. In some programs we extend credit to the customer, sometimes based on receipt of guarantees or other security. In other situations work is performed before receipt of the payment, which means that we finance all or part of the project's costs for various periods of time. Financing arrangements may extend beyond the term of the contract's performance. In some cases, third parties, such as banks, have recourse to us in the event of a default in payment by our customers. When we believe it is necessary, we seek to protect all or part of our financial exposure by letters of credit, insurance or other measures, although in some cases such measures may not be available.

Advance Payment Guarantees. In some cases where we receive advances prior to incurring contract costs or making deliveries, the customer may require guarantees against advances paid. These guarantees are issued either by financial institutions or by us. We have received substantial advances from customers under some of our contracts. In certain circumstances, such as if a contract is canceled for default and there has been an advance or progress payment, we may be required to return payments to the customer as provided in the specific guarantee. As part of the guarantees we

provide to receive progress payments or advance payments, some of our customers require us to transfer to them title in inventory acquired with such payments. (See Item 5. Operating and Financial Review and Prospects – General – Long-Term Arrangements and Commitments – Bank and Other Financial Institution Guarantees.)

Performance Guarantees. A number of projects require us to provide performance guarantees in an amount equal to a percentage of the contract price. In certain cases we also provide guarantees related to the performance of buy-back obligations. Some of our contracts contain clauses that impose penalties or reduce the amount payable to us if there is a delay or failure in performing in accordance with the contract or the completion of a phase of work, including in some cases during the warranty period. These types of guarantees may remain in effect for a period of time after completion of deliveries under the contract. Such guarantees are customary in defense transactions, and we provide them in the normal course of our business. (See Item 5. Operating and Financial Review and Prospects – General – Long-Term Arrangements and Commitments – Bank and Other Financial Institution Guarantees.)

Private Finance Initiatives (PFI). Some of our projects operate under PFI financing arrangements where we provide long-term financing arrangements or facilities, with the repayment generally made based on the project's cash flow. PFI projects can be structured in several ways. PFI projects may require us to pledge project-related equity and enter into relatively complex financial and other agreements. Such financing is usually medium or long-term and may be raised either through banks or institutional lenders and carries various financial risks and exposures. In addition, PFI projects may require us to draw upon our equity base and borrowing capacities and may significantly affect our liquidity and increase our financial leverage. In recent years we have been involved in several PFI-type projects in Israel and Europe, as well as private-public-partnership financing projects, and we expect to continue to participate in such projects.

Intellectual Property

Patents, Trademarks and Trade Secrets. We own hundreds of living patent families including patents and applications registered or filed in Israel, the United States, the European Patent Office and other countries. We also hold dozens of living trademark families relating to specific products. A significant part of our intellectual property assets relates to unique applications of advanced software-based technologies, development processes and production technologies. Some of these applications are protected by patents and others are considered as our trade secrets and proprietary information. We take a number of measures to safeguard our intellectual property against infringement as well as to avoid infringement of other parties' intellectual property. (For risks related to our intellectual property see Item 3. Key Information – Risk Factors – General Risks Related to Our Business and Market.)

Governmental Customers' Rights in Data. The IMOD usually retains specific rights to technologies and inventions resulting from our performance under contracts for end use by the IMOD or the IDF. This generally includes the right to disclose the information to third parties, including other defense contractors that may be our competitors. When the IMOD funds research and development, it usually acquires rights in the data developed under such funding. We often may retain a non-exclusive license for such inventions. The Israeli government usually is entitled to receive royalties on export sales in relation to sales resulting from government financed development. However, if only the product is purchased without development effort, we normally retain the principal rights to the technology. Sales of our products to the U.S. government and some other customers are subject to similar conditions. Subject to applicable law, regulations and contract requirements, we attempt to maintain our intellectual property rights and provide customers with the right to use the technology only for the specific project under contract.

Licensing. There are relatively few cases where we manufacture under license. Such licenses typically apply to the use of technologies that are the result of collaboration with academic institutions or where we are manufacturing another company's product in accordance with that company's specifications. In such cases, the licensor typically is entitled to royalties or other types of compensation. In some cases where we have acquired business lines we obtain a royalty free license to use the applicable technology for specified applications. We also obtain licenses to use software tools in our engineering and development activities and utilize open source software licenses in projects where such use is appropriate. Occasionally, we license parts of our intellectual property to customers as part of the requirements of a particular contract. We also sometimes license technology to other companies for specific purposes or markets,

such as the right to use certain of our intellectual property relating to our training and simulation systems.

23

Research and Development

We invest in research and development (R&D) according to a long-term plan based on estimated market needs. Our R&D efforts focus on anticipating operational needs of our customers, achieving reduced time to market and increasing affordability. We emphasize improving existing systems and products and developing new ones using emerging or existing technologies.

Our R&D projects relate to defense, homeland security and commercial applications. We perform R&D projects to produce new systems for the IMOD and other customers. These projects give us the opportunity to develop and test emerging technologies. We develop tools for fast prototyping for both the design and development process. Fast prototyping permits the operational team members to effectively specify requirements and to automatically transfer them into software code. We also are engaged in long-term investments in science and technology infrastructure and building blocks, often in collaboration with academic bodies. We employ thousands of software, hardware and systems engineers. In addition, most of our program and business line managers have engineering backgrounds. More than 50% of our total workforce is engaged in research, development and engineering.

Our companies in Israel have collectively been awarded the Israel Defense Prize twelve times, recognizing extraordinary contributions to defense technological innovations.

Our customers, the Israel Innovation Authority in the Ministry of Economy and Industry (formerly Office of Chief Scientist) and other R&D granting authorities sometimes participate in our R&D funding. We also invest in our research and development activities. This investment is in accordance with our strategy and plan of operations. The table below shows amounts we invested in R&D activities for the years ended December 31, 2016, 2017 and 2018.

	2016	2017	2018
	(U.S. dollars in millions)		
Total Investment	\$291.7	\$301.4	\$317.7
Less Participation* (36.0)	(36.0)	(36.3)	(30.3)
Net Investment	\$255.7	\$265.1	\$287.4

* See above “Government Rights in Data” and see below – “Conditions in Israel – Israel Innovation Authority and Investment Center Funding.”

Manufacturing

We manufacture and assemble our systems and products at our operational facilities in Israel, the U.S., Europe, Brazil and Australia and at the facilities of certain of our subsidiaries in other countries. These facilities contain warehouses, electronic manufacturing areas, mechanical workshops, final assembly and test stations with test equipment. We also have supporting infrastructure including fully automated surface mount technology lines and clean rooms for electro-optic components, solid state components integration, environmental testing and final testing, including space simulation and thermal chambers. We also have computerized logistics systems for managing manufacturing and material supply. A number of our manufacturing activities are provided on a shared services basis by several of our in-house centers of excellence.

We also manufacture and assemble composite materials, metal parts and machinery. One of our Israeli subsidiaries has a high technology semiconductor manufacturing facility where it performs electronic integration and assembly of thermal imaging detectors and laser diodes. We also manufacture and repair test equipment.

We manufacture commercial avionics and aircraft components, as well as perform maintenance, repair and overhaul at our U.S. FAA registered facilities in the U.S., Europe and Israel. We also manufacture medical equipment at U.S. FDA registered facilities in the U.S.

Environmental Compliance

As part of overall Company policy, we are committed to environmental, health and safety standards in all aspects of our operations. This includes all regulatory requirements as well as compliance with ISO-14001 and OSHAS-1800 standards. We also conduct a number of measures on an ongoing basis to promote environmentally friendly operational practices, including measures to reduce electrical, fuel and water consumption and to increase recycling. There are no material environmental issues that affect the Company's use of our facilities. See also "Social Sustainability" below.

Seasonality

Although revenues may someti