

MISSION CRITICAL

Breakthrough Technology
for a secure, sustainable world



Elbit Systems Sustainability Report 2010



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Striving for Excellence in Sustainability



Introduction by Elbit Systems' President and CEO

I am very pleased to introduce Elbit Systems' second Sustainability Report.

At Elbit Systems we are committed to striving for excellence in every area of our activities. This drive for excellence is a critical element of our mission to deliver innovative solutions to our customers around the world. We apply our extensive operational experience and cutting edge technologies to achieve breakthrough and sophisticated solutions in areas ranging from enhancing national defense and deterrence capabilities, to counter-terrorism and homeland security systems, to systems that save lives.

In the pursuit of our business goals, we face every growing competition and complexities. In this dynamic and challenging business environment we have learned that it is more critical than ever to apply our core values and focus on our stakeholders – our shareholders, customers, team members, supply chain, employees, as well as the communities in which we live and work. These core values and stakeholder focus have resulted in our recognition that sustainability is a mission critical element – not only for the benefit of our communities – but also as a means of enhancing our business performance. We have a long-term commitment to sustainability and have made corresponding investments, allocation of resources and management organization and infrastructure.

Our business performance goals go hand in hand with our sustainability goals - including ethics, corporate governance, transparency, fairness, non-discrimination, employee advancement, safety, community involvement and protecting the environment. These goals help foster a more satisfying work environment for our employees, while also providing benefits for each of our other stakeholders. I am proud of our emphasis on not only meeting bottom-line business performance parameters, but also on our commitment to sustainability.

This Sustainability Report focuses on our Israeli operations, where the majority of our employees are located. However, our sustainability principles apply to our organization worldwide, and we intend that further reports will reflect such activities throughout our global operations.

As we look forward, I am confident that with our strong business base recently enhanced by a number of synergistic acquisitions, diverse international presence, solid backlog and – equally important – a culture that emphasizes the importance of sustainability – we will continue to successfully meet the challenges of the future.

Joseph Ackerman

President and Chief Executive Officer



PART ONE

About Elbit Systems

In Part One of this Sustainability Report, we briefly describe our business profile and operating structure, key business activities, risks and challenges, together with a summary of our financial performance.

We also talk about our overall approach to sustainability and our values, which guide us in advancing our business in a sustainable way.

About Elbit Systems



Our Vision:

*To be a world leading source
of innovative, technology-based systems
for diverse defense and civilian applications.*

About Elbit Systems



Company Overview

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

Meeting the Challenge of Change

Today's growing worldwide security concerns have created the need for net-centric approaches to counter emerging, non-traditional threats. The goal is to weave current forces, systems and platforms into an interoperable network. Leading defense forces counter-terror units and first responders operate on a combined, joint and networked basis. Forces are being transformed into lighter, more agile and better informed units. The Company draws on decades of operational experience to sharpen the performance of these net-centric solutions. Our systems provide customers with cost effective capabilities to deploy all forces on a networked and joint basis, maximizing effectiveness and enabling them to react with speed, precision, intelligence and unified responses.

About Elbit Systems



Maintaining a Tradition of Innovation

Our people are the key to our ability to deliver solutions that blend technology with creativity and incorporate insight and skills gained from years of operational experience. We strive to be one of the leading global suppliers in every area of our expertise. The depth and breadth of our systems for aerospace, land, naval, homeland security and commercial applications cover every link in the operations chain - from situational awareness to mission planning, from sensor to operator. We have achieved worldwide recognition for our airborne, land vehicle and naval platform upgrades, both as a prime contractor and as a systems supplier. By innovating and integrating our technologically advanced systems, we extend the useful life of a fleet and provide customers with affordable solutions to acquire enhanced operational capabilities. These same systems and products are also installed and integrated onboard as original equipment in new defense and commercial platforms.

Our C4I initiatives that began years ago with design and development of building blocks have evolved into a broad portfolio of integrated solutions linking every echelon to real-time mission-critical information, from the headquarters all the way to the "digital soldier." Supporting our commitment to service, added value and full spectrum capabilities, we provide logistic support, maintenance and repair services for customers around the world. This includes sophisticated simulation systems, "power by the hour" flight training under private finance initiatives and establishing and operating maintenance and repair centers.

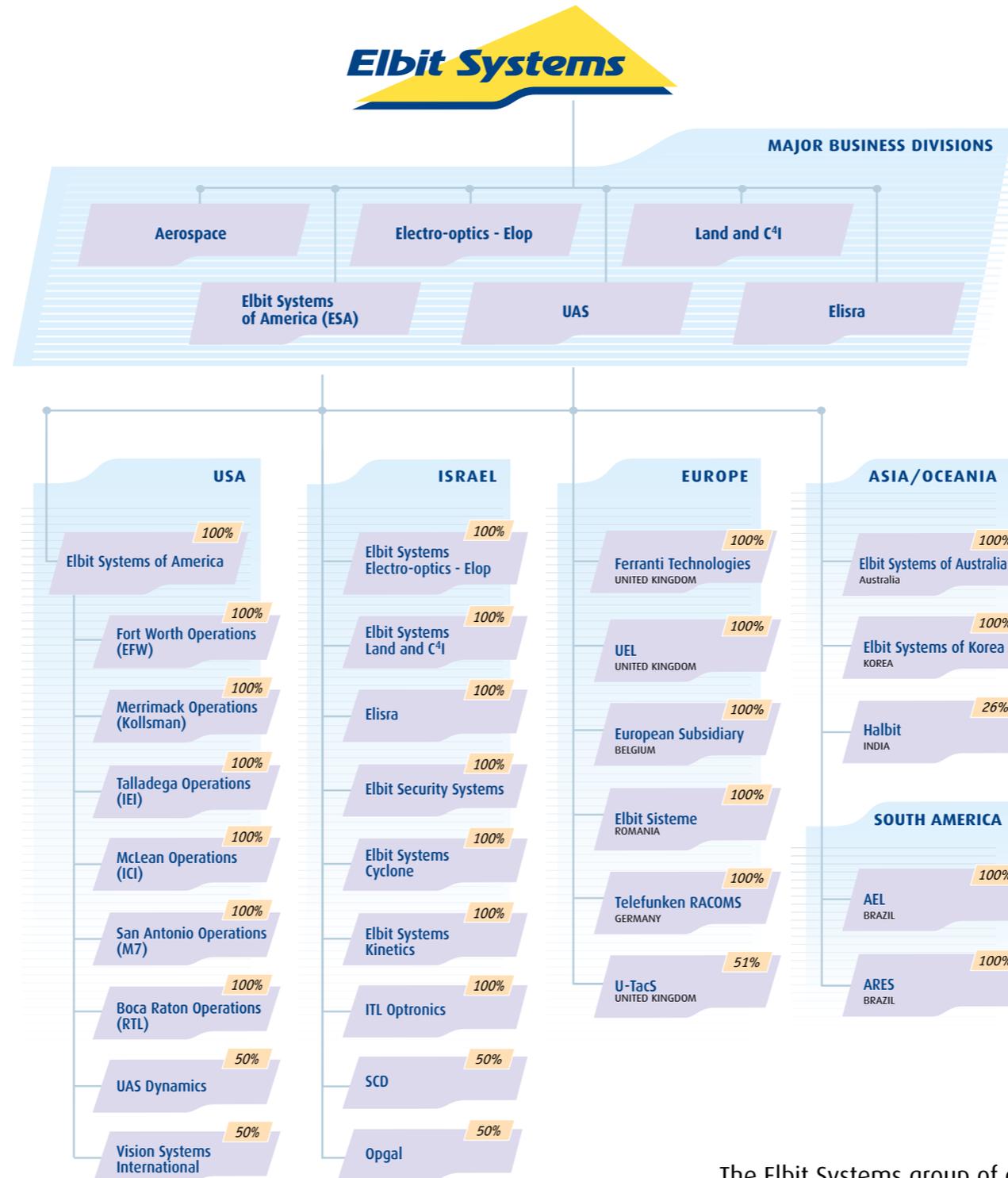
"Multi-Domestic" Organization: Extending Our Reach

Elbit operates as a "multi-domestic" organization in order to more effectively meet the needs of our customers around the world. Our business philosophy encourages partnerships with local industries and utilizing regional capabilities. The cooperative relationships we establish with other contractors and suppliers enhance our focus on our highest priority - our customers.

Expanding Our Capabilities

In 2010, we enhanced our technological portfolio through several acquisitions in Israel, and we strengthened our capabilities in additional key markets through acquisitions in the U.S., Europe and Brazil and the establishment and enhancement of local subsidiaries and joint ventures, including in Australia.

About Elbit Systems



The Elbit Systems group of companies includes several subsidiaries operating in Israel, the USA, Europe, South America and Asia.



Elbit Systems' Values

Values at Elbit Systems drive our actions and serve as an inspiring and motivating framework for employees.

We believe that a solid core of values is essential to a business which strives for excellence with integrity. We encourage internal and external stakeholders to work with Elbit Systems on the basis of relationships rooted in trust and clear expectations of how we go about our business. All employees are encouraged to demonstrate the Elbit Systems values in all they do and receive training and support to ensure thorough familiarity with our values in the form of many different organizational processes.

Customer Focused

We are attuned to our customers' needs and respond to them with affordable, operationally proven, comprehensive solutions that offer a qualitative performance advantage.

Employee Excellence

Excellent people are the key to achieving our vision. We employ a world-class, motivated, team-spirited workforce, and create a dynamic atmosphere in which employees may flourish and reach their highest potential.

Teamwork

Teamwork generates synergy among our various business units around the globe. Through interaction, cooperation and trust, we create and implement our goals.

Accountability

We are committed to the success of our company and accountable in creating value for our stakeholders.

Ethical Conduct

Honesty, integrity and respect are the key principles that guide our business.

Social Responsibility

We contribute to and enhance the environment of the communities in which we live and work through various educational and community activities.

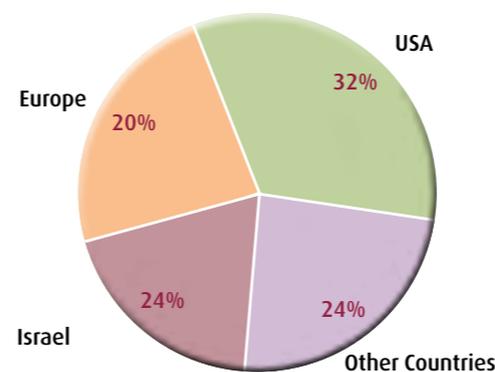
About Elbit Systems



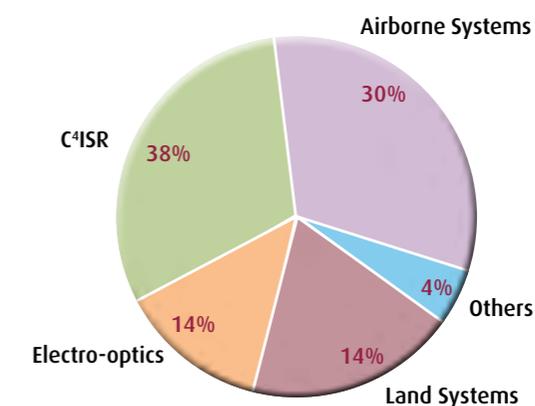
Elbit Systems: Key Financial Performance Indicators

[Form 20-F \(2010\)](#)

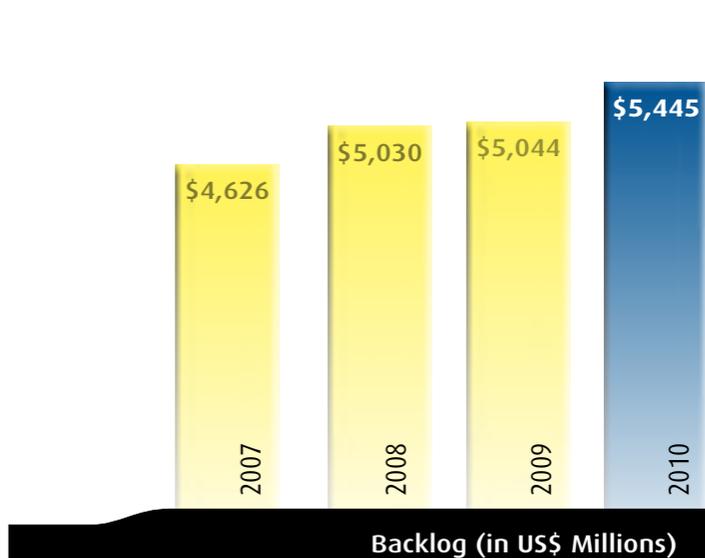
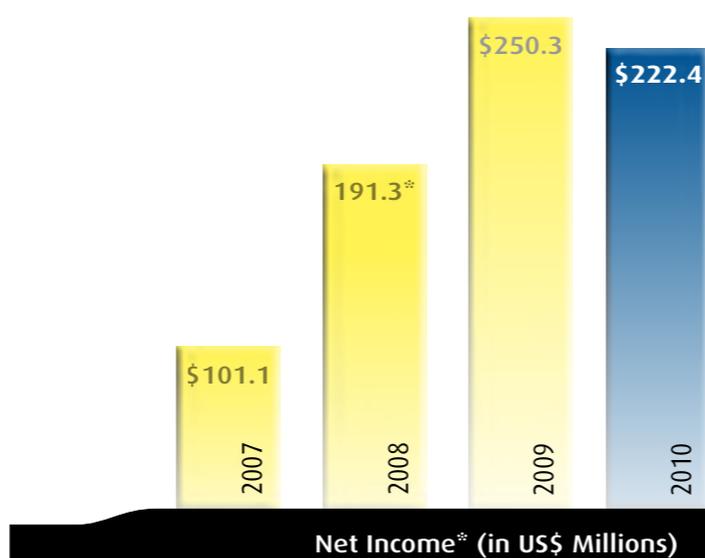
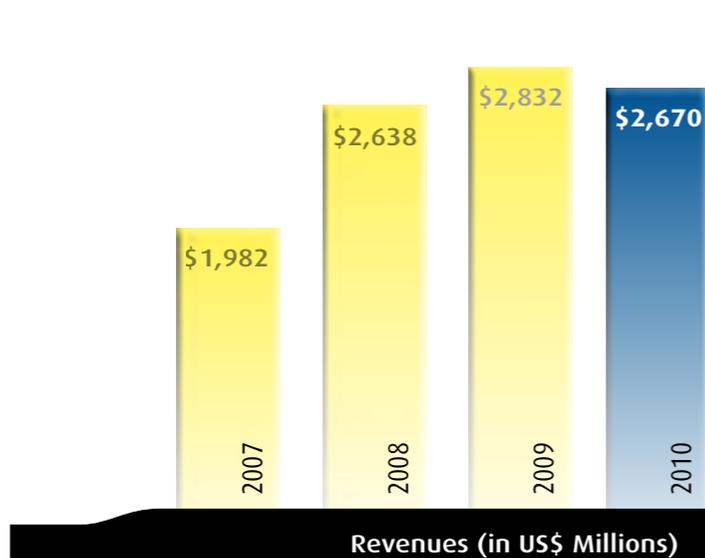
[Elbit Systems' filings with the Tel Aviv Stock Exchange \("TASE"\)](#)



2010 Revenues by Geographical Distribution



2010 Revenues by areas of operation





Our Sustainability Approach

Elbit Systems is committed to excellence in our approach to sustainability in the same manner that we approach other aspects of our activities. This goes beyond simply complying with legal requirements, which we view as the minimum level of responsibility. We embrace sustainability as an element of our core business strategy and address corresponding principles in both long-range planning and near-term operational decision making. Sustainability constitutes an essential part of our activities and is supported by the individual involvement and support of thousands of our employees.

Key Elements of Elbit Systems' Sustainability Approach

- Leveraging our core technological knowledge, skills and capabilities to deliver breakthrough innovative solutions for defending and securing the homeland and enhancing flight safety.
- Being accountable for our activities and demonstrating transparency.
- Adhering to governance best practices in the leadership and operation of our business.
- Maintaining a safe, respectful, ethical working culture in which all employees uphold basic rights and accept their role as Company ambassadors in demonstrating honesty, integrity and doing the right thing.
- Nurturing a workplace which provides equal opportunity and invests in the personal and professional development of our employees.
- Fostering an ethical and responsible supply chain.
- Committing to protect the environment in all aspects of our operations.
- Being involved in and contributing to the communities in which we work and live.



Israel Corporate Responsibility Ranking

Platinum Maala Ranking

As a further demonstration of Elbit Systems' commitment to Sustainability, we participate in Israel's "Maala" annual national ranking of corporate social and environmental responsibility. Elbit Systems is one of more than 70 leading companies, most of which are traded on the Tel Aviv Stock Exchange (TASE), which participate in the ranking. The ranking framework was developed by Maala, an Israeli NGO advancing corporate responsibility in Israel. Companies that participate in the ranking are included in the Maala Social Responsibility Index on TASE.

For more information about [Maala](#).

The Corporate Responsibility Ranking covers five areas: Governance, Ethics, Workplace, Community and Environment. Elbit Systems has participated in this ranking process since 2005 and has consistently improved its place in the ranking, as a result of focused efforts in all areas of the Company's sustainability programs. In 2010, Elbit Systems achieved a Platinum ranking, the highest available, for the third consecutive year. 47 publicly traded companies participated in the ranking in 2010, and 17, including Elbit Systems, were ranked at the top Platinum level.

In 2010, Elbit Systems gained a Platinum ranking, the highest available, for the third consecutive year.

PART TWO

Mission Critical: Breakthrough Solutions

Elbit Systems contributes to global security and defense through the development of breakthrough technology solutions. Many of Elbit Systems' solutions are global innovations which advance the capabilities of Elbit Systems' customers to be ready for any mission critical activity.

In Part Two of this Report, we describe our approach to innovation and excellence in delivering breakthrough solutions and provide examples in practice. Additionally, we present our approach to creating a culture and platform for technical excellence in all that we do.

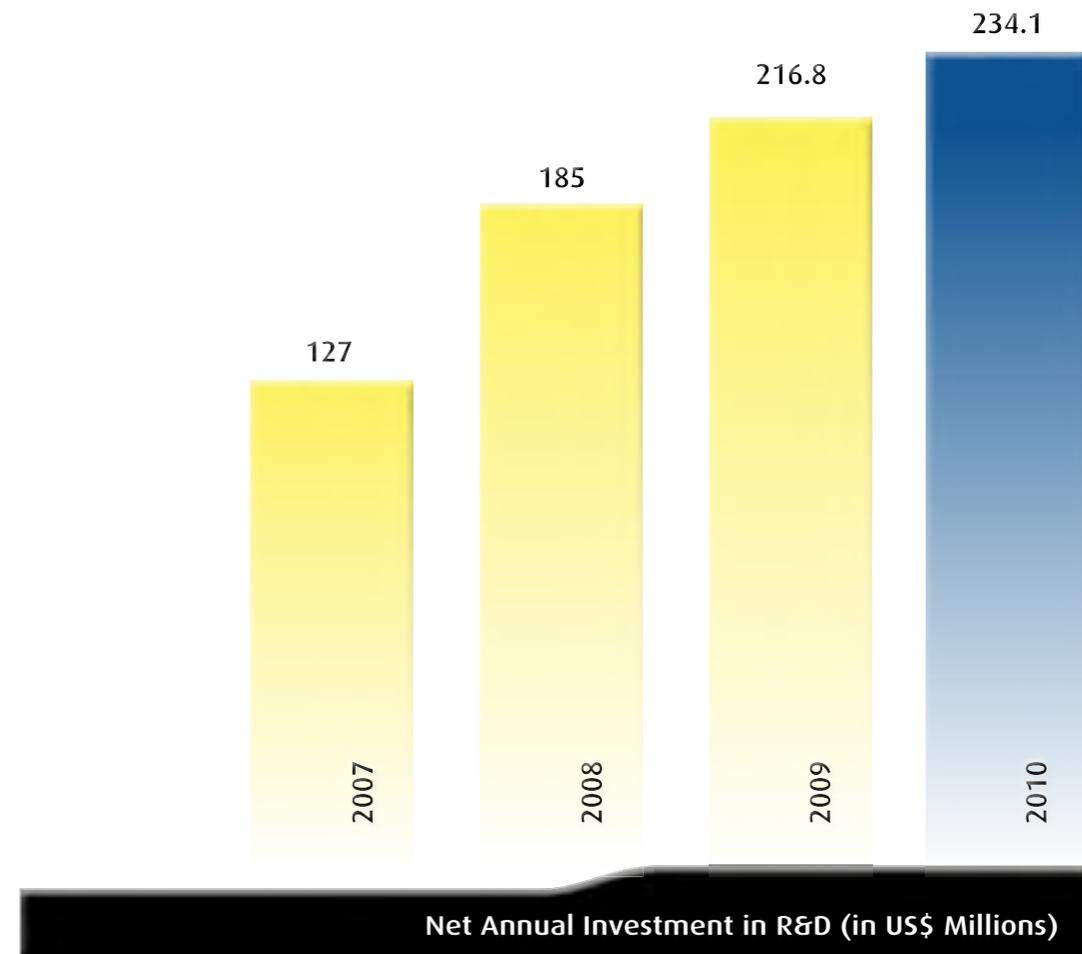
Mission Critical: Breakthrough Solutions



Technological Innovation for Breakthrough Turn-Key Solutions

Innovation is at the heart of Elbit Systems and forms a key part of our continued leadership in operationally advanced systems for our customers around the world. We maintain our technology leadership through continued investments in research and development, advancing cutting edge technologies in specific areas of focus accompanied by technological breakthroughs and achievements by our strategic business units. Elbit Systems' research and development investment is set high above industry standards. Our gross R&D expenditures were 8.8% of revenues (\$268.6 million) in 2010 (\$245.8 million in 2009), reflecting corporate commitment to innovation and technological breakthroughs. A large proportion of Elbit Systems' work force is made up of engineers and technicians, supporting the development of breakthrough technologies for a safer world.

Our scientists, engineers and software developers worldwide are engaged in continuous development of newer, more sophisticated, reliable and cost-effective systems for our customers. Elbit Systems encourages joint ventures and cooperation with industry partners, international research institutions and universities in a continuous search for future, cutting-edge technologies. We also advance our technological capabilities through focused acquisitions of companies who offer complimentary and synergistic technological expertise.



Implementing Technology Solutions for our Customers

In recent years, Elbit Systems has brought to the global market a range of new technologies which enhance the mission critical capabilities of our customers. Some examples are described below.

Comprehensive Real-Time Communications

In any defense or homeland security activity, it is mission critical that all members of a unit, or several units, are able to communicate with each other seamlessly in real time. Breakthrough technology developed by Elbit Systems Land and C4I enables them to do just that. The Tactical Multimedia Router (TMR) provides a platform to improve and extend operational capabilities, by connecting decision makers, all members of the operational teams and information sources to a common network. The TMR disseminates voice, data and video over narrowband and broadband mobile ad-hoc networks, enabling accurate situational awareness based on up-to-date multimedia information exchanged between operational commanders and their counterparts across multiple wireless and wireline networks using different bandwidth technologies.

Commercial routers which are generally available do not support the required mobility and consume a large portion of precious bandwidth in order to maintain standard routing protocols. Elbit Systems' TMR is a cost-effective military grade solution for implementing network access points for deployed brigades, battalions and special formations. The system serves land mobile platforms as well as patrol ships and helicopters used in military operations, with connectivity to vehicle intercom systems, interoperable with a range of radio systems, telephone sets and video sources. Such technology is a key factor in successful defense activities.

Mission Critical: Breakthrough Solutions



The First Fire-Fighting Squadron in Israel

Elbit Systems' cutting edge technology and breakthrough solutions are used to save lives in many different ways. Following the 2010 Carmel Forest fire disaster in northern Israel in early 2011, Elbit Systems was selected by the Israeli Ministry of Defense to establish and support an advanced fire-fighting squadron for the Israeli Air Force. Elbit Systems is the prime contractor for this program to provide for the comprehensive operation of several "Air Tractor" fire-fighting aircraft and a range of maintenance services. Additionally, Elbit Systems will train pilots and provide ground services in the use of this equipment. This program is anticipated to be a part of Israel's preparedness to prevent similar major fire disasters in the future.



Mission Critical: Breakthrough Solutions



Improving the Safety of Helicopter Pilots

During 2010, Elbit Systems completed the development of a breakthrough day/night helicopter helmet mounted Head-Up Display (HUD) with color symbology and followed through with a successful flight test in early 2011. The new HUD technology helps pilots differentiate between tactical display symbols and provides improved safety and situational awareness while adding the benefits of color symbology and display. The system was developed using customer feedback and lessons learned from hundreds of thousands of operational flight hours accumulated by Elbit Systems' HUD systems in the U.S. and in other countries. This major breakthrough provides increased precision and safety and contributes to more effective heliborne solutions around the globe.

Cutting-edge Technology to Assist in the Haiti Disaster Relief Efforts

Elbit Systems' Skylark® I LE Unmanned Aircraft System was deployed in a major operation to support the Haiti relief efforts in 2010 when, Skylark® I LE was deployed to fly missions from the mountains of Haiti at 5,200 feet in the vicinity of Port Au Prince in the early days after disaster struck. This effort was conducted jointly with Evergreen Unmanned Systems Inc., an international operations service provider of unmanned systems. Contact with many Haitian orphanages had not been established because of the remote locations of the

facilities. The Evergreen/Elbit Systems team, supported by the Skylark® I LE System, flew into remote areas searching for signs of life in places where other solutions were not possible. The Elbit Systems Skylark® I LE, carried by a single individual, can launch without use of a runway, search for survivors, document infrastructure damage and identify blocked roads, all while being operated from the ground. The system provided unique support to this important humanitarian relief operation.



Mission Critical: Breakthrough Solutions



Breakthrough in Operational Training for Air Force Pilots

Elbit Systems supports security and defense through the provision of world class training systems. In 2009, Elbit Systems was selected by the Israeli Ministry of Defense to establish a mission training center for Israeli Air Force fighter aircraft pilots. The mission training center incorporates a system that allows pilots formation flight training in coordination with additional air and ground forces. Under this program Elbit Systems is providing instruction and maintenance services over a period of 15 years. This mission training center marks a significant breakthrough in the operational training sector. It enables training in various mission scenarios in varying war zones, relative to the specific threat environment of each zone. It also supports training in pairs or groups as well as coordinated training with trainers in different locations. This represents an innovative training capability which has not yet been available to the Israeli Air Force.

Satellite Communication on-the-Move

Military missions require real-time, high data capacity communication between several users, while ensuring reliable high-quality service in harsh weather conditions. In 2009, Elbit Systems introduced the first full military standardized satellite communication on-the-move solution with an antenna that provides broadband communication anywhere, anytime, supported by a unique modem technology allowing broadband capabilities for installation on any vehicle platform in a cost-effective package. Elbit Systems' satellite-on-the-move technology provides an innovative solution which enhances security capabilities.



Technical Excellence

Creating a Work Environment for Technical Excellence

Breakthrough technology is the result of thousands of hours of investment in knowledge, research, study, training, experimentation, trials and simulations. Breakthrough solutions require teams of qualified and experienced engineers working together synergistically over long periods of time to deliver optimum solutions in line with customer needs. A foundation of Elbit Systems' vision to be a world leading source of innovative, technology-based systems for diverse defense, security and commercial applications is a core of high-quality, skilled and committed engineers working in a supportive environment that provides access to the latest methodologies and scientific possibilities.

More than 70% of our work force in Israel possesses technical academic qualifications, with approximately 15% holding masters or PhD level degrees.

Achieving cutting edge expertise at an individual level requires more than just academic qualification. It demands years of development in an inspiring and challenging environment such as Elbit Systems, and continuous exposure to leading developments in our technically dynamic and complex business areas. Elbit Systems provides extensive ongoing professional training for employees as required by functional roles and capability needs.

Technical Training

We invest significantly in professional technical training. For example, in 2010, we conducted professional technical training in Israel (in addition to management and soft skills training) which involved more than 14,500 instances of participation in different training events, ranging from technical workshops, to seminars, certifications and study trips abroad.

In addition, during 2010, 185 Elbit Systems employees were registered in academic study programs for the purpose of achieving higher academic qualifications to support their professional development. Elbit Systems supported these employees with funding in some cases, and by enabling time off to attend courses and examinations.

Much of Elbit Systems' professional training is conducted by in-house trainers who have been specifically qualified to impart their knowledge to other members of the team. In June 2010, over 60 internal trainers supported delivery of Elbit Systems' programs, including, for the first time, trainers from Elbit Systems' customers.

Mission Critical: Breakthrough Solutions



Preparatory Vocational Training

Another example of professional technical training is Elbit Systems support of two programs which are funded by the Israeli Ministry of Trade and Industry to train individuals in structural engineering and provide professional requalification for non-engineers in collaboration with the Israel Institute of Technology - Technion. Overall in 2010, 38 individuals took part, and all have the opportunity of joining the Elbit family upon completion of their training. In this way, we are supporting an investment in strengthening the local community by offering employment possibilities to new candidates while securing an additional route of entry to the company for potential technology leaders.

Focus on Training for Innovation

In 2010, Elbit Systems' Land and C4I Division, implemented a major campaign to enhance employee awareness and reinforce the value of innovation. The program was called NEWTONE and consisted of three main elements. First, a major Innovation Conference was held in which all Division employees attended, many with family members. Over 4,000 people attended to learn about Elbit Systems' breakthrough technologies. Secondly, an Elbit Systems "venture capital fund" was established to encourage innovative technology ideas from Elbit Systems employees and assist in the development of business plans for ideas selected by a team of senior company managers, led by the VP for Development. Finally, ongoing innovation training is provided through lectures from visiting innovation leading industry leaders.

Mission Critical: Operating Responsibly

PART THREE

Mission Critical: Operating Responsibly

As a responsible business aspiring to achieve sustainable excellence, Elbit Systems contributes to global security and defense through the development of breakthrough technology solutions as described in Part Two of this Report.

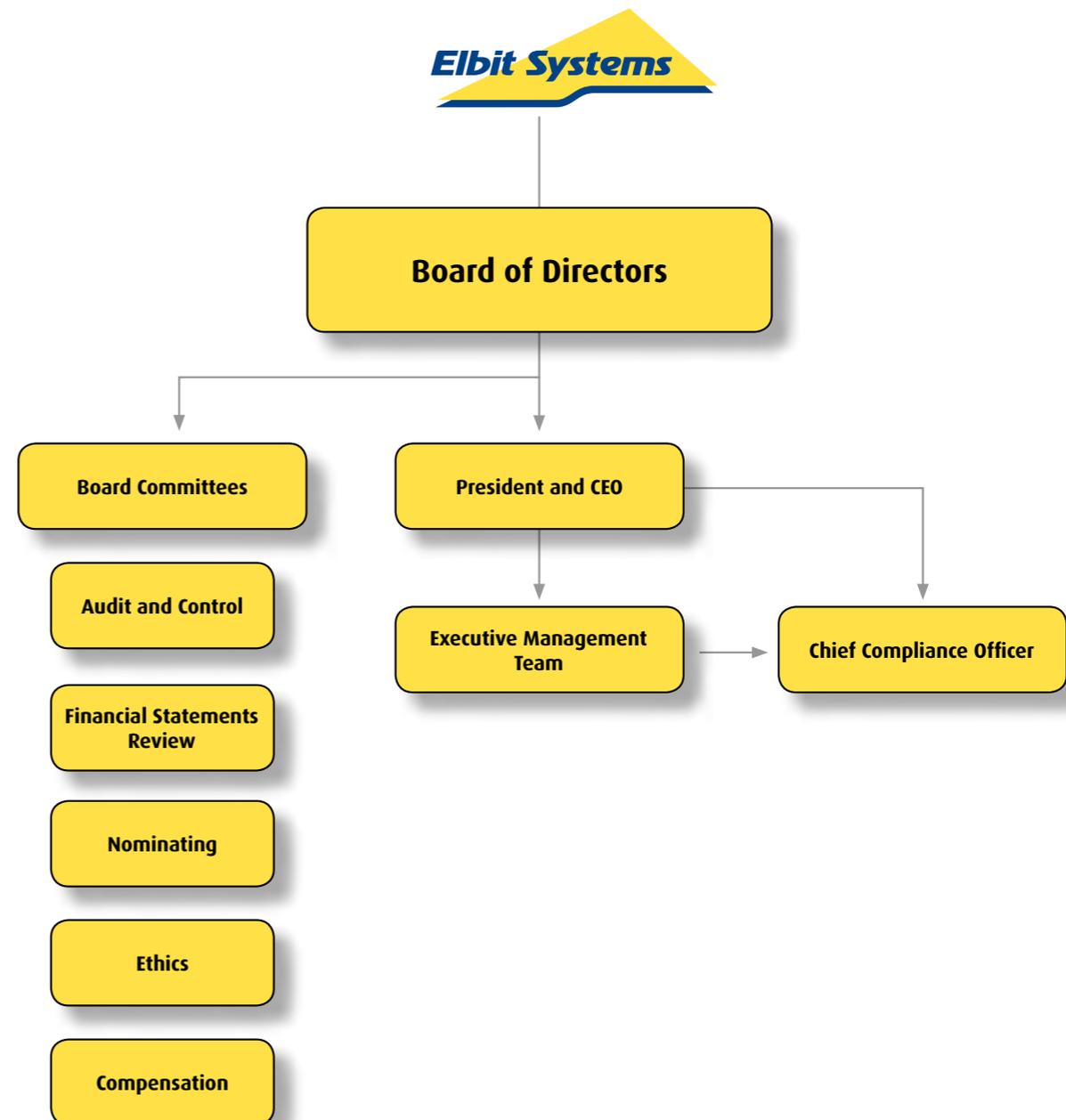
In Part Three, we describe the way we manage our business to ensure our activities are performed with due attention to our responsibilities toward our stakeholders and accountability for the impacts of our business activities.

Part Three focuses primarily on our Israeli operations where the majority of our employees are located. However, our sustainability values and principles apply to our global operations.



Elbit Systems' Governance and Management

Elbit Systems' vision to be a world leading source of innovative, technology-based systems for diverse defense, homeland security and commercial applications requires constant attention to best management practices in all aspects of our operations. This includes the way we manage sustainability, risks and opportunities. In this section we describe the way we structure sustainability management, corporate governance, ethics and risk management.



Mission Critical: Operating Responsibly



Managing Sustainability at Elbit

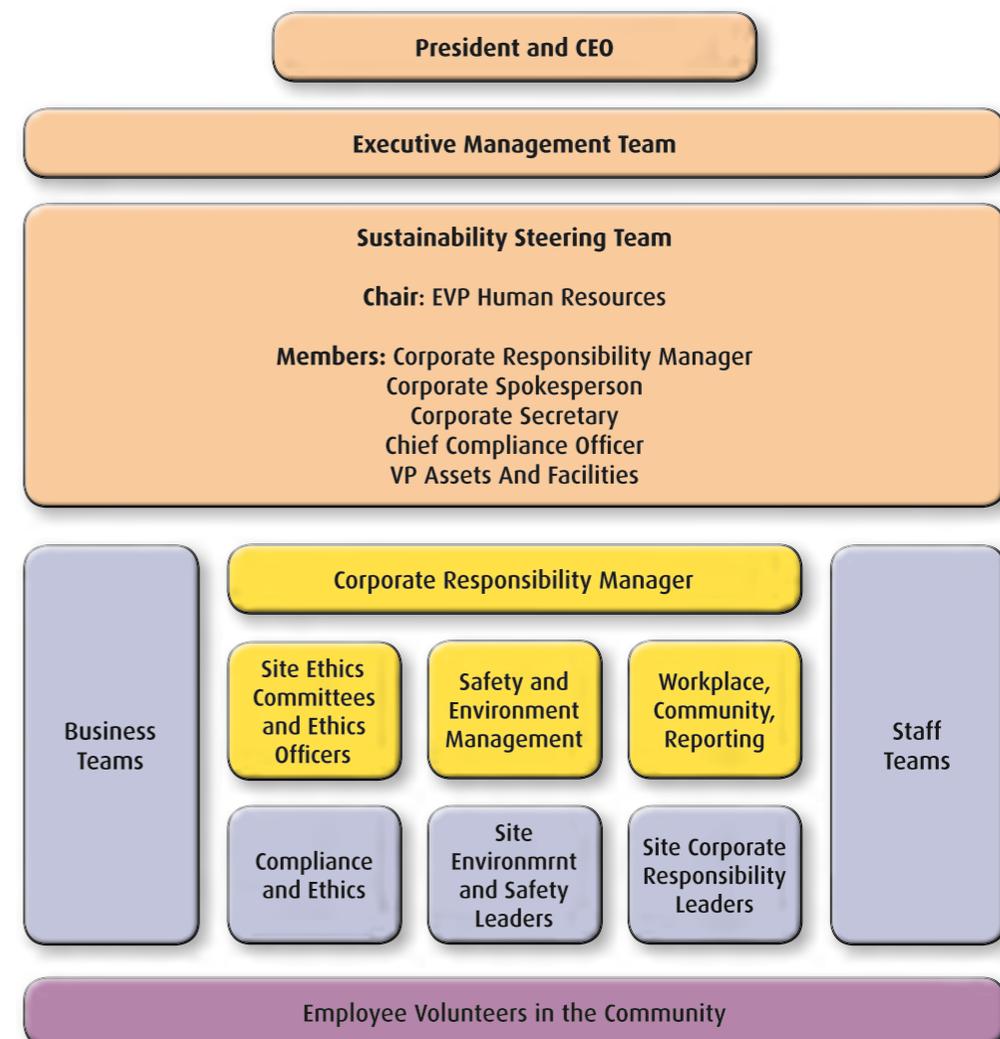
Sustainability is managed in a multi-level framework within Elbit Systems.

Strategy Level: This is the level for establishing the general direction of Elbit Systems' Sustainability program and alignment with its business strategy. The President and Executive Management Team guide the Sustainability Steering Team, which makes strategic recommendations to the Executive Management Team regarding manageable operational plans, defining clear objectives and allocating resources. The Steering Team is led by the Executive Vice President of Human Resources and includes representatives from various disciplines within the Corporate Headquarters.

Planning level: The strategy is translated into actionable plans, including formulation of specific policies and procedures. At present, there are three lead categories driving implementation: (a) compliance and ethics, (b) environmental, health and safety (EHS) and (c) workplace, community and reporting.

Action Level: At this level, plans and procedures are turned into action by the Company business and staff units. Each business manager or staff manager is responsible for the implementation of actions in his or her own division.

Employee Level: This is the level at which individual employees take part in implementing specific plans and programs. Many volunteer in the community in which they live and work, in partnership with local social and environmental organizations and participate in Elbit Systems' community service initiatives.



Mission Critical: Operating Responsibly



Corporate Governance

We believe that any business that aspires to be sustainable must manage its operations according to the highest standards of governance, risk management and ethical behavior. At Elbit Systems, we maintain a constant focus on best practices in corporate governance at all levels. Our Board of Directors and our Executive Management Team take an active role in our sustainability activities.

Board of Directors

Elbit Systems' Board of Directors operates in accordance with leading corporate governance principles. Since Elbit Systems' shares are traded on both the TASE in Israel and the Nasdaq Global Select Market ("Nasdaq") in the U.S., our corporate governance practices comply with both Israeli and U.S. requirements.

The Board is composed of nine members (seven men and two women), chaired by Michael Federmann, who has served as Chairman of the Board since 2000. The Board members possess a wide range of governmental and industry experience. All Board members are non-executive, and five of the nine members of the Board meet the independence criteria of the SEC and Nasdaq. The Board includes two external directors as required under Israeli law.

Board Members are compensated at levels set by shareholders at a general shareholders meeting. The Board approves the compensation of the President and CEO, which is linked to profitability of the Company. In addition, the Board's Compensation Committee approves the compensation of senior management, including those involved in compliance, HR, operations, and other functions,

whose compensation is partially linked to sustainability performance, including compliance, social and environmental performance goals

Also, the nomination of Board members conforms to regulatory frameworks in both Israel and the U.S. Board corporate governance is overseen by the Board's Corporate Governance and Nominating Committee with the assistance of the Corporate Secretary and the Chief Compliance Officer. This Committee, as well as the Audit Committee, the Financial Statements Review Committee and the Compensation Committee, consists entirely of directors who meet applicable independence requirements.

The Board takes a strong interest in the sustainability activities of the Company. The range of sustainability activities are presented to the Board on an annual or semi-annual basis, depending on the subject. This includes presentations relating to corporate governance, ethics, environmental initiatives, community activities and other sustainability aspects. These meetings provide an opportunity for the Board to review strategy and monitor performance in line with sustainability objectives.

Further information on the Board, its members and committees can be found on [Elbit Systems' website](#) and annual report to the SEC on Form 20-F.

Mission Critical: Operating Responsibly



Key Elements of Our Approach to Corporate Governance

Executive Management

The corporate governance framework established by the Board is coordinated by the Executive Management team led by the Executive Vice President, Chief Legal Officer and Chief Compliance Officer, who reports directly to the President and CEO. Various aspects of corporate governance are also overseen by the Vice President and Corporate Secretary.

Compliance with Law and Corporate Governance Standards

Elbit Systems is committed to full compliance with all local and international laws and regulations applying to our business activities in the range of countries in which we do business. We are not a party to any legal actions relating to non-compliance with the regulatory regimes to which we are subject. Our mergers and acquisition activities generally require governmental approvals regarding anti-trust standards and certain other compliance requirements. Among other standards, Elbit Systems adheres to strict corporate governance standards regarding conflicts of interest and interested party transactions.

Accurate Management of Company Records

All financial and business records are managed in accordance with accounting standards applicable to publicly traded companies in both the U.S. and Israel and represent an accurate reflection of the Company's activities. Elbit Systems maintains control over financial reporting in accordance with U.S. GAAP, SEC, Nasdaq and the U.S. Sarbanes-Oxley Act requirements. All reports provided to stakeholders, securities authorities and the general public are timely, reliable and meet all relevant laws and regulations, while supporting our policy of transparency.

Risk Management

Elbit Systems maintains a thorough process of risk management which assesses the nature of business risks as well as those related to general social and environmental considerations and aspects of climate change. The full range of risks and Elbit Systems' approach to risk mitigation is contained in our annual report to the SEC on form 20-F which can be found on the [Elbit Systems' website](#).

Mission Critical: Operating Responsibly



Preparedness for Emergency

Elbit Systems is designated as an “essential” industry under Israeli regulations, which means that our operations have been recognized by the State of Israel as essential for continued operations during times of national emergencies. Industries declared “essential” are required to make specific preparations for readiness at any time. In order to enhance Elbit Systems’ state of emergency readiness, both to meet governmental requirements and to contribute to overall risk management in the Company, Elbit Systems appointed a full-time Manager of Preparedness for Emergencies. This role oversees all measures, procedures and equipment that are in place to meet emergency conditions at any time and support business continuity. Elbit Systems is also audited by government representatives who review the manner in which the Company meets applicable requirements.

During 2009/2010, a comprehensive survey of all measures relating to hazardous materials, first aid facilities, changes in building and construction, fire-fighting procedures, accessibility, emergency plans and other relevant measures was carried out at all Elbit Systems locations in Israel. All essential personnel, consisting of more than 1,500 employees, were confirmed in updated lists sent to the Ministry of Defense. Additional equipment was purchased to ensure preparedness for fire emergencies including firefighting equipment for over 400 emergency preparedness team members. During 2010, all such personnel were trained in emergency procedures, and training was also provided to other key employees at each location. Additionally, a major emergency drill was conducted to test the organization’s response to realistic threats to the Company’s ongoing operations.

Mission Critical: Operating Responsibly



Ethics

Guided by Ethical Best Practices

Adherence to ethical best practices is an essential part of all our business activities. Elbit Systems believes in the importance of a transparent approach to ethics, both internally and externally. Our Ethics Code defines the organization's basic ethical principles and values, instills a framework for proper conduct and constitutes the guidelines for engagement both among employees and with all stakeholders. The Code specifically includes clauses relating to Elbit Systems' approach to anti-bribery, anti-corruption and non-competitive behavior, all of which are strictly forbidden at all times and in any form.

Elbit Systems' Ethics Code was initially approved by the Board of Directors in 2004, although for more than 20 years, we have operated in accordance with an internal Ethics procedure. We take pride in the fact that we were one of the first companies in Israel to establish and apply a culture of ethics in a comprehensive way. Elbit Systems has not been the subject of any legal action relating to ethical business conduct. Our Ethics Code applies to all our operations and is posted on our [website](#).

Familiarization with the Ethics Code

Every Elbit Systems' employee is required to become familiar with the Ethics Code and associated Company procedures. Our ethics training is conducted both as part of the employee new hire orientation process as well as in ongoing training sessions at various levels of the organization.

The Code is available in several organizational communication channels including Elbit Systems' Employee Intranet Portal. In 2009, Elbit developed and implemented a specific virtual training module in Israel covering the Ethics Code, and during 2009/2010 all Company Board members, Executive Management and over 10,000 employees undertook this training. The module provides user friendly examples for resolving ethical dilemmas covered by our Code. The Code has also been translated into languages applicable to several of our worldwide subsidiaries, and ethics training is provided in the language applicable to each operating subsidiary.

Whistle-blower Process

Elbit Systems' facilitates anonymous reporting of potential violations of the Company's Ethics Code under a "whistle-blower" process. This process was established to enable employees to report suspected violations of the Company's Ethics Code, in line with global best practice. Any employee can provide relevant information to management officials dealing with compliance, including the Chairman of the Audit Committee of the Board Directors or the Chief Compliance Officer, using a variety of methods (e.g. email/phone/fax/mail). We maintain a policy of non-retaliation against anyone who uses this process or otherwise reports a potential ethics issue in good faith. In addition, numerous employee inquiries regarding ethics issues are addressed regularly to the Chief Compliance Officer and other management officials.

Mission Critical: Operating Responsibly



Ethics Committees

As part of our overall ethics compliance procedure, internal Ethics Committees operate both at the Corporate Headquarters and the major Company divisions and subsidiaries. They assist in resolving issues and facilitate the transparency of decision making and effective communications regarding ethics matters. Members of these committees participate in advanced ethics training. Through the whistle-blower process and other means, dozens of matters a year are brought to the attention of, and reviewed by, our Ethics Committees. All matters are investigated. Matters found to be substantiated are reported to management. Where relevant (e.g. for financial discrepancies) such matters are also reported to the Audit Committee of the Board of Directors. In many cases, disciplinary action is recommended by the Ethics Committees. During 2010, communications on ethics were enhanced by focused communications informing employees of decisions made by Ethics Committees.

Partnering with Leading Organizations to Advance Ethics

Since 2009, Elbit Systems has been participating in the Ethisphere Institute's Business Ethics Leadership Alliance ("BELA"). BELA is a forum for global leaders to discuss, establish and promote best practices in corporate compliance and ethics and advance the cause of ethics and compliance to corporate executives, stakeholders and consumers. BELA has more than 50 corporate members representing nearly \$1.5 trillion in global commerce, including leading global companies. For more details about [BELA](#).

Another example of partnering with leading ethics and risk management organizations is our agreement with TRACE International, who assists us in performing due diligence relating to international marketing consultants. For more information about [TRACE](#).

Comprehensive Risk Management Practices

Elbit Systems maintains comprehensive risk management procedures in which all financial, reputational and general business risks are carefully evaluated and appropriate safeguards are established accordingly. Significant types of risks are reported in Elbit Systems' Annual Report to the SEC on Form 20-F.

Because Elbit Systems is a project-oriented Company, and the success of each project is mission critical to the Company's overall success, Elbit Systems also manages risk on a project by project basis. All projects undergo a highly intensive review of potential risk prior to the project proposal stage, and through various levels of negotiations until acceptance by the customer.

At project startup, all stages of the project are reviewed again in further detail including from environmental and other sustainability perspectives.

The full spectrum of Elbit Systems' operations was analyzed for risks during 2010.





Contributing to Strong Economies

The impact of war and terrorism creates a significant burden on economies around the world. Elbit Systems contributes to strengthening the global economy generally by providing security and safety solutions that facilitate business continuity. By contributing to the provision of cost effective global and local homeland security solutions, we provide a mission critical service to maintaining the global economy and supporting quality of life.

We also contribute more directly to maintaining a strong economy through our business activities, which generate strong export revenues, employ thousands of people around the world under fair conditions and competitive compensation packages, provide tax revenues as required to all local governments in the countries in which we operate, purchase hundreds of millions of dollars' worth of goods and services from numerous suppliers, as well as contribute both monetarily and in kind to local communities in Israel and elsewhere.

Supporting the Periphery

An example of Elbit Systems' contribution to strong economies in the areas in which we are located is our commitment to operations in the peripheral areas of Israel. Elbit Systems operates 18 sites in Israel, and 10 of these are situated outside of the major commercial industrial centers of Tel Aviv, Jerusalem and Haifa.

One example of our support for peripheral areas is our operations in Sderot, which is a small city located in the southern part of Israel, far from the center of the country. Sderot has a relatively high rate of unemployment. Our Sderot subsidiary Elbit Security Systems Ltd. is a leading high technology employer. In November 2009, we completed the construction of a new manufacturing and office facility in Sderot, placing priority on recruitment of local employees, and in many cases preference was given to hiring local residents for whom Elbit Systems has provided on the job training.

In the northern part of Israel, Elbit Systems operates sites in Tel-Hai and Kiryat Shmona, where approximately 200 people are employed in development and manufacturing activities for Elbit Systems' Land and C4I Division, providing critical jobs supporting families in areas of low industrial concentration and relatively high unemployment. Additionally, Elbit Systems operates manufacturing plants in the peripheral Galilee area in the north of Israel. These plants employ about 1,500 people and support businesses in the city of Karmiel and neighboring areas.

Mission Critical: Operating Responsibly



Stakeholders – Critical to Our Mission

Elbit values dialog with all stakeholders in order to understand the impacts of the Company's business on different stakeholder groups and to more fully understand their expectations. Engagement with stakeholders at a senior level is determined and carried out by the Management team.

Continuous engagement is maintained with primary stakeholder groups seen as essential for the smooth and effective management of the business: employees, customers and suppliers. Dialog with other stakeholders is maintained as the need arises in relation to specific issues or areas of common interest.

Customers

We use our best efforts to support our customers by providing advanced, full-scale solutions to the complex and challenging defense, security and safety needs of our customers. We strive to interact with our customers in order to ensure a deeper understanding of their needs and provide appropriate responses.

The State of Israel is a significant customer with a major influence on our business development and strategic goals. Israel's complex defense and security requirements provide Elbit Systems with ongoing technological challenges as well as a continued sense of mission and direction. Israel's economy benefits from Elbit Systems being as a major employer in Israel, a major tax-payer and a major contributor to the country's export trade.

With over 10,000 employees in Israel and an Israeli supply chain employing additional tens of thousands, we place a high value on contributing to an improved quality of life for Israel as a whole. Also, our strategic investments in R&D raise the overall quality of technological advancement in Israel.



Mission Critical: Operating Responsibly



Employees

We recognize the contribution of our employees to the development of the Company, our business and adherence to our values. In return, we strive to provide our employees with a fair, safe and stimulating workplace in which they can grow and thrive.

Shareholders

We attempt to provide value to our shareholders through strong financial performance, continued growth and emphasis on corporate governance and ethics best practices and transparency.

Suppliers

We rely on a wide range of suppliers who assist us in advancing our objectives. Our policy is to treat all suppliers with respect and, whenever possible, in the context of long-term relationships. In return, we expect professional, high quality performance and adherence to ethical business practices.

Global and Local Communities

We maintain a policy of supporting our local communities in Israel, in the U.S. and in all the countries in which we operate. Beyond our contribution to the security and safety of citizens and communities through our core business offerings, we contribute time and funding to enhance community socio-economic well-being and growth through investment in technology education

and other community projects. At each location in which we operate, we strive to understand local needs and respond effectively, encouraging employees to volunteer in a wide range of community activities.

Environment

We recognize the importance of the impact on the environment of all of our business activities and in particular our manufacturing and logistics processes. Elbit Systems strives to manage operations in order to reduce negative impacts on the environment that are within our control. Further, we seek to offer more environmentally friendly technologies so that our customers around the world can enjoy similar benefits and manage their own operations in an environmentally responsible manner.

Regulators

Elbit Systems is a highly regulated organization due to the nature of our defense and security activities around the world. Also, as a publicly traded company both in Israel and in the U.S., we must conform to the many regulations required by the SEC and the Israel Securities Authorities. Additionally, we are subject to a wide range of regulations relating to our operations including those relating to hazardous materials, health, safety and environmental protection. We attempt to conduct business in a fully compliant and transparent manner, employing best practices to meet the expectations and requirements of the range of regulatory bodies impacting our business.

Mission Critical: Operating Responsibly



Stakeholder Dialog and Feedback

Elbit Systems maintains an ongoing dialog with our stakeholder groups. Of great importance are the interactions with customers, employees and suppliers who work in collaboration on a daily basis regarding our mission critical objectives. As a matter of course, our stakeholders are asked to provide feedback to Elbit Systems in a range of ways. This includes customer satisfaction ratings, employee surveys and supplier meetings, as well as our involvement in many industry conferences, tradeshows and events around the world. Many of the insights gained from such interactions with these stakeholder groups are described in later sections of this Report. Overall, the key areas of feedback relate to the importance of:

- Ensuring the effectiveness of our defense, security and safety solutions.
- Excellent customer service.
- High quality technical skills of our employees to fuel innovation, quality and customer support.
- Safety of our work force, products and operating processes.
- Collaborative relationships with all suppliers.
- A global, synergistic approach with reapplication of proven technologies for different needs all over the world.
- Strong corporate governance and compliance with all regulations affecting our business.
- An embedded culture of uncompromising ethical behavior.
- A work culture of inclusion and opportunities for employees for personal development and advancement.
- Environmental stewardship.



Empowering People in a Mission Driven Workplace

At Elbit Systems, we understand the prime contribution of our employees to our success. We strive to create a supportive and collaborative environment in which every employee feels valued as a member of the wider Elbit Systems family. Despite our increasing size and continued growth, we aspire to ensure that each and every employee feels engaged and motivated to support our mission to improve global security. A major focus in 2010 was improving integration, synergy and streamlined processes within our complex business structure, under the heading of "One Company". This approach makes it easier for employees, including those joining us from acquired businesses, to focus on utilizing their unique talents in working towards common objectives, as well as improving collaborative efficiency leading to greater opportunity for innovation.

We manage our organization in a way that encourages employees to be part of our ongoing dialogue within the Company about how to best serve the needs of our customers. We invest in keeping our employees abreast of developments in the Company and in our markets, and urge them to take initiative.

We view our employees as internal customers and strive to treat our employees with the same degree of respect, consideration and responsiveness as we do our external customers and all other stakeholders. All employees are made aware of the critical importance of doing business with integrity, and we place emphasis on embedding an ethical culture at all levels.

“One Company” and Shared Services Management Approach

Due to our significant expansion through mergers and acquisitions over the past several years, the Elbit Systems’ organization encompasses a broad range of entities in Israel and around the world. In order to achieve best practices and maximize synergies throughout our organization, we have adopted a “One Company” management approach that often relies on shared services by centers of excellence within the Company.

This process has led to a “Shared Services” infrastructure under which centers of excellence provide a range of operational and management core processes and services based on professional expertise. This enhances flexibility and focus in areas that have common operational aspects.

Our shared services cover a range of areas, including human resources, assets and facilities management, information technologies and certain aspects of manufacturing, testing and purchasing. The goal of our shared services is to provide cost effective approaches to achieving best practices and adding value.



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Our Employees

The ability of Elbit Systems to deliver breakthrough technologies, maintain operational excellence and customer responsiveness is heavily dependent upon the experience, skills and committed motivation of our worldwide workforce

Continuing Growth in Employment

Elbit Systems' employee base has continued to increase year after year, both through organic growth and through acquisitions. Our overall workforce has increased by over 150% in the past five years.

NB: These figures relate to full-time Elbit Systems employees on permanent contracts. The Company does not engage employees on the basis of fixed term or temporary contracts. From time to time, in order to supplement needs, additional human resources are sourced from third party employment agencies for short periods of time. These numbers are minimal and not included in Elbit's total employment count.

Employee demographics Elbit Systems (at year end)

	Israeli Employees	U.S. Employees	Employees in other countries	Total
2010	8,943	1,961	1,430	12,334
2009	8,338	1,806	1,094	11,238
2008	8,038	1,826	1,012	10,876
2007	7,368	1,749	955	10,072
2006	6,216	1,270	544	8,030

Mission Critical: Operating Responsibly



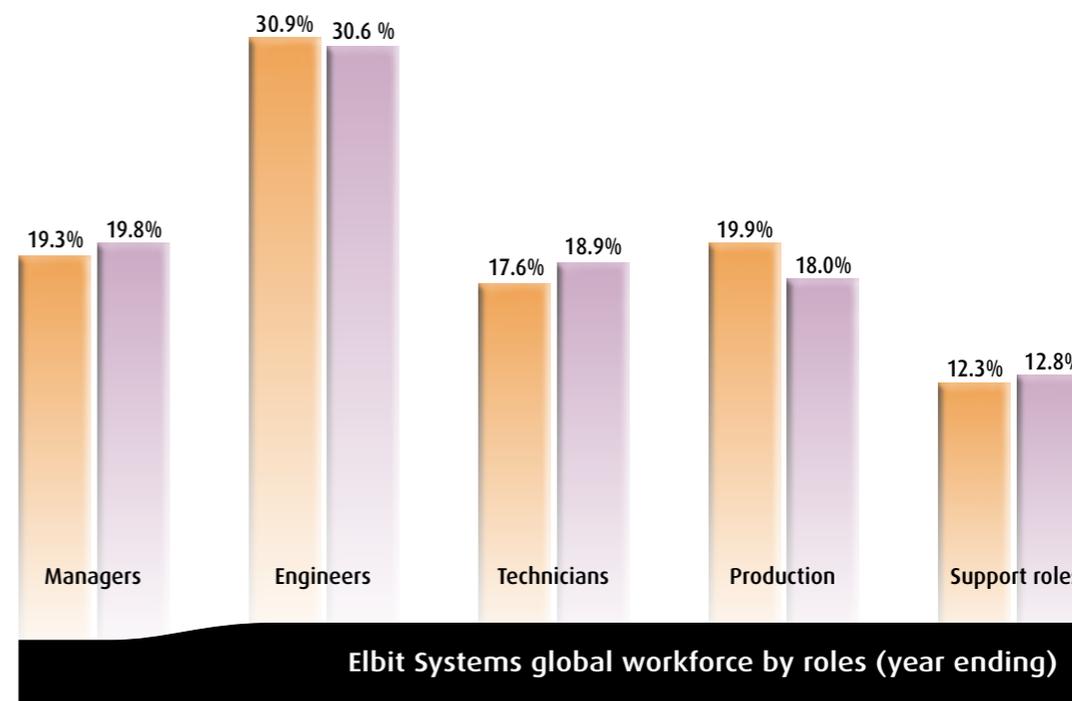
A Highly Educated Workforce Geared to Innovation

Elbit Systems' workforce is dominated by a high percentage of engineering and technology specialists, representing close to 50% of our overall global workforce. This is the heart of Elbit Systems' world-leading engineering and innovation business capabilities. Approximately 15% of our total workforce holds masters or PhD degrees.

Encouraging the Advancement of Women at Elbit Systems

Elbit Systems maintains a policy of equal opportunity and welcomes recruitment and advancement of women in all job functions and management levels. For example, in 2010 the total percentage of women employed in Elbit Systems in Israel increased to 22.2% (21.6% in 2009). Of the total number of senior manager roles at Elbit Systems, 11% were held by women in 2010.

By virtue of the nature of our core business, Elbit Systems tends to attract more men than women. Many of our personnel are highly trained military veterans, which provides the advantage of bringing strong operational experience applicable to the use of our systems in actual military and defense situations. This supports more effective systems development and innovation with a keen understanding of needs on the ground. However, we actively encourage women to study and gain qualifications in technical and engineering disciplines. For example, in 2010, 29% of all software engineers employed by us in Israel were women, and 39% and 30%, respectively, of manufacturing and logistics positions were held by women.



2010 2009

Mission Critical: Operating Responsibly



Valuing Both New and Veteran Employees

We respect and value the extensive skills and experience of our veteran employees. For example, in 2010 over 35% of our employees in Israel were over age 55, which is of particular significance since only 56% of persons over 55 in Israel are actively employed. At the same time, we also recruit many younger employees each year, providing them with an opportunity to develop new career paths and gain valuable skills and experience.

A Stable Workforce

Elbit Systems values a stable workforce and strives to enable long-term retention of high quality employees. For example, the average seniority of our workforce in Israel is approximately 12 years. This is indicative of a stable employment environment where employees maintain a long-term working relationship with the Company.

Employee Health and Safety

Elbit Systems is committed to maintaining a safe and healthy work environment for all employees. This includes cost-competitive employee medical and dental insurance plans, health screening, encouragement of healthier dietary and exercise regimes, driver safety initiatives and strict compliance with occupational health and safety regulations and standards. All employees are trained in safety procedures upon joining the Company.

Average Age of employees in Israel

2010	44.1
2009	44

Average Seniority (years of employment) in Israel

2010	12
2009	11.7

Mission Critical: Operating Responsibly



Reducing Work Accident Levels

Safety is managed on a corporate basis by the Corporate Shared Services Assets and Facilities Manager who has responsibility for Environmental, Health and Safety (EHS). A network of EHS personnel located at each Company site supports the implementation of EHS culture at Elbit Systems. The EHS team meets monthly to review progress and required actions. Safety surveys at all sites are conducted regularly, and all potential safety hazards are corrected.

As a result of the level of our attention to safety, we have witnessed a sharp downturn in employee accident rates and number of days lost due to accidents. For example, although over the last five years the total number of employees at Elbit Systems has increased by approximately 40%, in Israel accident levels as well as the number of days lost as a result of accidents, have halved during this period. Elbit Systems' safety record is significantly lower than national statistics for workplace accidents and absenteeism.

Elbit Systems continues to maintain high attention to EHS at all levels and in all operations. We consider safety at work as fundamental and believe that all employees must share the responsibility for making Elbit Systems a safe and accident free workplace.



Safe Driving for Employees

The state of road safety in Israel in general is very concerning, with 370 people killed in road accidents in 2010 (352 in 2009) and over 60,000 road accidents per year during the past few years. The rate of fatalities in Israel is among the highest in the world in developed countries, despite government efforts to address this (with some limited success).

Elbit Systems maintains a large fleet of Company vehicles in Israel. We recognize the importance to employees, their families and the general public to support driving safety. This commitment to safe driving is demonstrated in many ways, including the use of breakthrough technologies.

Elbit Systems maintains all vehicles in our fleet independently and does not outsource maintenance. This helps to ensure that the highest quality replacement parts and service procedures are adhered to, under the direct management of our Transportation Department.

Driving Differently at Work

An example of our focus on employee driver safety is Elbit Systems' participation in the national program for road safety called "Driving Differently in Business" sponsored by the Israel Ministry of Transportation. "Driving Differently at Work" refers to the adoption of best practices, procedures, training, controls, measures and accessories intended to prevent accidents and generally improve the safety of drivers on our roads.

Elbit Systems was one of the first companies to participate in this program

along with 30 other companies in Israel. Elbit Systems also participated in the national conference in June 2010 led by the Ministry of Transportation to raise awareness of corporate responsibility for safe driving. For more information about this [campaign](#).

At Elbit Systems, "Driving Differently at Work" is managed by a Steering Team which includes members of our Executive Management team, our Vehicle Officer and other managers. In addition, a Driving Differently Action Team with 30 members, supported by an external organizational consultant, is responsible for ensuring implementation of the program in all Elbit Systems' Divisions in Israel. All Company vehicles have a sticker which shows support for this program. Our Company vehicles also have a sticker that indicates a telephone number for the Elbit Systems Safe Driving Complaints Hotline, where any driver or pedestrian can call to report to the Company's Vehicle Officer any apparent unsafe driving practices involving Company vehicles. During 2010, 130 such calls were reported to the Company, which were promptly followed up with the drivers involved. During 2010, the "Driving Differently at Work" campaign was widely communicated to all employees, and many innovative activities were held to assist in the development of a safe driving culture. An internal communications portal was established for safe driving news and updates relating to safe driving practices. Training lectures were held on many aspects of safe driving and attended by over 800 employees in 2009-2010. Elbit Systems' annual "Quality Week" in 2010 was dedicated to safe driving. During this week, meetings with a qualified instructor were held at every Elbit Systems site in Israel.

Mission Critical: Operating Responsibly

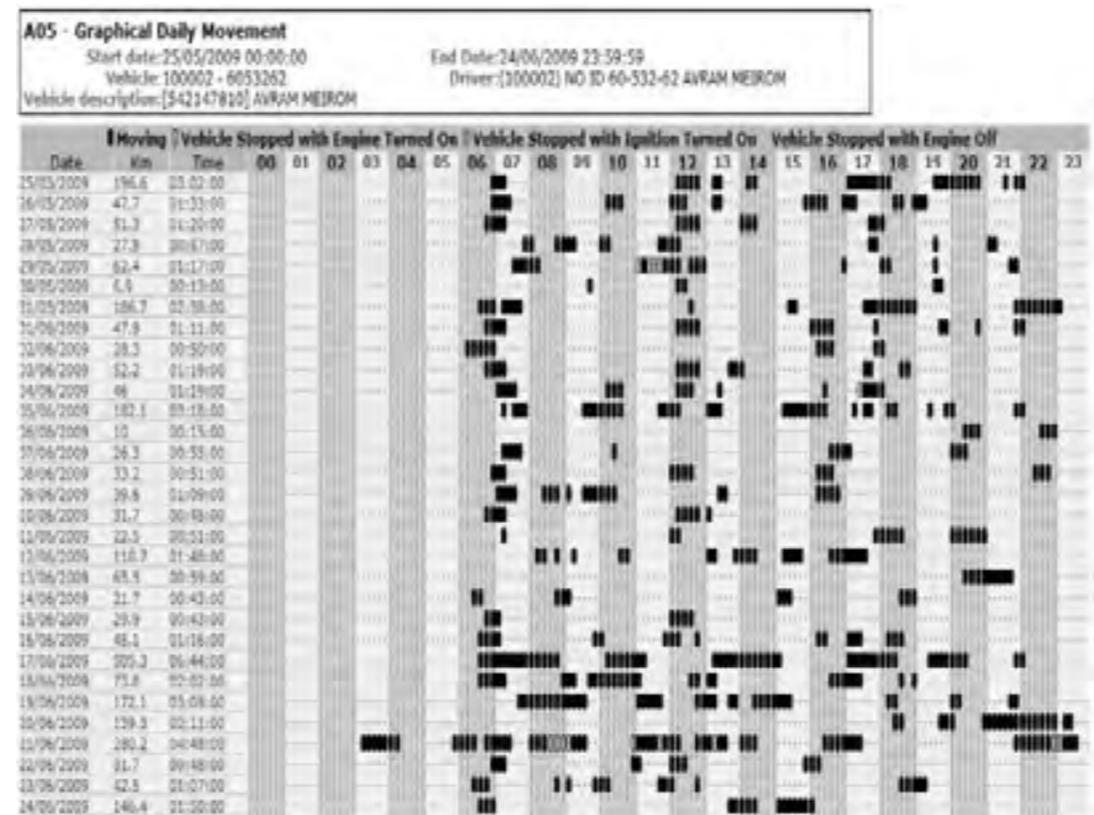


Two additional breakthrough technology approaches to safe driving have been adopted by Elbit Systems.

The "Green Box"

Elbit Systems' Brazilian subsidiary, AEL Sistemas, has developed a "Green Box", similar to the black box used on flights. The "Green Box" records relevant details of driver behavior for post-accident analysis. This serves as a tool for prevention of unsafe driving, since drivers who are aware that their driving practices are recorded have proven to be safer drivers. The Green Box records speed, braking patterns, road alignment (zig-zagging), gear transitions, acceleration patterns (including on curves), driving times and distances. This breakthrough technology uses a digital tachometer, accelerometer and GPS system for vehicle tracking, and enables the most comprehensive analysis available to date of driving practices in general and analysis of driver actions immediately prior to an accident. Reports of drivers' behavior are transmitted automatically to the Company's vehicle center by email.

In 2010, Elbit commenced a pilot for 100 vehicles and drivers in the Elbit Systems fleet. In one instance, the "Green Box" was used to review an actual accident by an Elbit Systems employee whose car was fitted with this technology. The "Green Box" shows an incidence of very sharp braking immediately prior to the accident, demonstrating that the driver was not maintaining a safe distance. Elbit Systems' Vehicle Officer discussed this with the driver who understood the potentially life dangerous consequences of his driving habits.



Mission Critical: Operating Responsibly



The Driving Simulator

Elbit has installed a driving simulator in the Company's training center in Haifa. This is a cutting edge simulator used to simulate real-life traffic conditions and driving scenarios.

The simulator has three large screens and provides a viewing range of 200 degrees. An instructor, who can override the controls in the simulated vehicles just as in a real driving learning environment, sits alongside the driver-in-training. Statistics show that training using high-technology simulators can significantly improve drivers' readiness, awareness of potential risks and capability to deal calmly with problem situations. Research in the U.S. has shown that over 60% of the causes of road accidents can be prevented by through training with a simulator.

In practice, use of simulator technology with Elbit Systems' customers in the U.S. has shown a reduction of between 15% and 45% of the number of road accidents caused by employees. In addition, the amount of time between accidents caused by the same driver increased significantly.

During 2011, a program is being implemented which Elbit Systems' employees who drive a Company vehicle will undergo training using the simulator. Thereafter, all Elbit Systems' employees, and their family members who are also eligible to drive Company vehicles, will be invited to train with this innovative simulator.



Employee Dialogue and Feedback

Elbit Systems maintains an extensive program of channels for obtaining employee insights, feedback, aspirations and concerns, and the way these factors influence Company culture.

Examples of such activities in Israel include:

- **An employee satisfaction and engagement survey conducted every four years.** The most recent survey was conducted in 2008, and the results were communicated to the Executive Management Team and to all employees during 2009. Over 6,000 employees submitted their responses. The results were analyzed and action items were prepared and implemented during 2009 and 2010. In this survey, overall engagement was 4.96 out of a total score of 6, representing an improvement over the previous survey. The next survey is planned to be conducted in 2012.
- **An organizational culture survey** using the Adizes organizational culture model.
- **Focused surveys on specific issues:** During 2010, we conducted **10** surveys relating to training satisfaction, aspects of internal services, cultural activities and other matters, in order to obtain comprehensive feedback on these issues. Such surveys serve as a basis for decisions regarding projects and processes.
- **Team Learning Meetings:** These meetings, facilitated by Human Resources managers, are designed to ensure continuous feedback and learning processes resulting from work in organic or project based teams. During 2010, **912** such meetings took place.
- **Individual post induction conversations:** One of the keys to employee retention through the short and medium term is an effective recruitment and induction process. During 2010, **162** interviews were conducted by Human Resources managers with employees who had recently joined the Company, in order to better understand their views on the induction process and their overall initial experience of working at the Company.
- **Exit interviews:** We make efforts to understand the reasons that employees leave the Company and to understand their experiences while working at the Company. During 2010, **271** exit interviews were conducted by Human Resources managers.
- **“The Employee is the Customer” Program:** We maintain a program to enable employee involvement and engagement in which any employee can direct questions on any subject relating to any aspect of our business and receive a response from senior management. Every question receives a response. During 2009 and 2010 almost 200 queries were received.

Employee Culture Survey

In 2009, an organizational culture survey was conducted, in order to define the core values as viewed by our employees in relation to the desired organizational values as defined by Elbit Systems' values declaration and the Adizes organizational model. Over 6,000 employees took part in this innovative survey, in which 32 different organizational culture parameters were presented to employees in a survey and employees were asked to select the top six. The result of the survey showed the following top organizational values as seen by our employees relating to Elbit Systems' culture:



These values confirmed management's expectation that our employees are aligned with the desired organizational mission and values to a large degree.

Employee Rights and Freedom of Association

Elbit Systems believes in the right of employees to freely choose their place of work. We understand that the most engaged employees are those who believe they are making a personal choice to come to work every day and who feel secure in their relationship with the Company. Elbit Systems is committed to upholding basic rights with respect to fair employment and endeavors to provide a positive working environment, responsive to the needs and concerns of employees.

The majority of employees at Elbit Systems and our subsidiaries have personal employment contracts. Others are covered by a number of multi-year collective bargaining agreements in force over various periods of time. Approximately 2,500 employees in Israel (28% of the total workforce) are covered by such agreements. These employees are represented by their elected Employee Committee members, to whom time and facilities are provided to enable them to conduct their role effectively. We maintain positive relationships with the various national trade union departments acting on behalf of our employees covered by collective bargaining agreements. Human Resources Managers at each location meet at least every two weeks with Employee Committee members to discuss risks and current issues and provide business updates.

Equal Opportunity

Elbit Systems is an equal opportunity employer and stresses the availability of roles for a diverse workforce. All employees are treated fairly and equally, while subject to various national security regulations with respect to hiring of employees and their ability to obtain applicable security clearances. We do not discriminate on the basis of race, nationality, gender, age, sexual orientation or any other dimensions of diversity. The Company also has an anti-nepotism policy regarding employment of family members in order to prevent possible conflicts of interest.

In 2010, we recruited approximately 700 employees in Israel of whom over 50% were engineers and technicians, 20% manufacturing workers and the balance were management, administrative and logistics positions. Recruitment processes encourage a diverse population, including many new immigrants from a range of countries around the world. Approximately 3% of our workforce in Israel is comprised of employees with special needs.

Employee Compensation and Benefits

Elbit Systems believes in maintaining a fair and competitive level of compensation for employees in order to contribute to a general level of employee wellbeing and support the Company's overall employee recruitment and retention objectives. Employee salaries are determined based on skills, experience and performance. Additionally, employees receive a wide range of Company benefits. These benefits are determined in each geographic location in accordance with country norms, Company activities and overall compensation and benefits policies, which are tailored to local circumstances. In Israel, benefits generally include comprehensive health insurance, sick leave, preventative medicine and paid medical check-ups, meals at competitive prices, vacation days and time off for personal family events and gifts throughout the year on birthdays, marriage, special holidays and many other events. In times of family bereavement, Elbit Systems provides various forms of assistance and support. We provide a wide range of employee welfare benefits and activities. For example, in Israel our employee welfare package includes recreational benefits which are offered at competitive cost to employees including movie and theatre clubs, weekend trips, parties, lectures and workshops on topics of interest and many activities for children and employee spouses. Our pensioners (450 in 2010) are also invited to join in many of the Company's welfare activities. Employees who are due to retire are allowed to work half time during their last two months of work in order to facilitate making this transition and are invited to workshops to help prepare for retirement.

Support for Employees' Families

Our policy is to extend services for employees and their families' personal well-being beyond the immediate requirements of the job, and we engage in many activities designed to support and involve employees' family members. For example, a dedicated intranet site accessible in Israel to all employees and their families both from home and from work contains details of benefits, special recreational programs and offers a wide range of information to Elbit Systems' employees and their family members. In addition, employee families are kept up to date with Elbit Systems company magazine, which is sent to employees' homes. Employees' family members are invited to participate in technological exhibitions and various forms of enrichment activities. During holidays, when children are on school vacation, Elbit Systems makes arrangements for childcare facilities at certain sites to assist parents to continue their work without the expense of external childcare and provide a safe and secure childcare environment.

Employee Development

Elbit Systems believes that it is mission critical to invest in the personal and professional development of our employees in order to create value both for the individual and the Company. Employee development at Elbit Systems takes many forms and includes:

- A wide range of diagnosis and analytical tools for employee feedback and development objectives.
- Dedicated professional technical training at various levels and functional areas
- Leadership, management and personal competency training.
- Personal coaching for managers.
- Participation in organizational forums for learning, knowledge sharing and team building.
- Identification of career opportunities and career planning.

Employee Performance Feedback and Development Discussions

Elbit Systems believes that it is mission critical for every employee to receive feedback on his or her performance and have the opportunity to discuss personal development opportunities within the Company. There are several forms of performance evaluation, most of which include a “360 degree” perspective with feedback from managers, peers and subordinates. For example, during 2010, 100% of our employees in Israel took part in a formal performance evaluation conversation with their manager.

Leadership, Management and Personal Competency Training

We invest in leadership and professional training. For example, in 2010, 715 managers in Israel took part in a wide range of training programs relating to personal development needs and business priorities. Such programs included:

Cross cultural training: Given Elbit Systems’ global business and the daily interaction of many employees with colleagues, customers and suppliers from all over the world, Elbit Systems supports employees with cross-cultural training and an understanding of different cultures and behavioral norms and expectations. This training also serves to promote a culture of openness and inclusion within the Company. In 2010, 16 cross-cultural workshops were conducted with over 320 participants.

Negotiations training: A three-day workshop to advance win-win negotiation skills was conducted in Israel under the direction of Harvard Business School professors with the participation of 111 Elbit Systems managers.

Mission Critical: Operating Responsibly



Personal Coaching for Managers

Elbit Systems recognizes that long-term personal development requires ongoing support which cannot be addressed through training courses alone. Therefore, we provide personal coaching for a range of managers to assist their personal development and improve their business contribution. In 2010, 45 managers in Israel worked with personal coaches on a regular basis.

Organizational Forums for Learning, Knowledge Sharing and Team Building

Elbit Systems believes that excellence and synergy requires a culture of effective team work and sharing of information. Given the matrix structure of our organization, there are many managers who work in similar functions across different operating companies and divisions. Forums provide an opportunity for managers to share knowledge, acquire additional skills and leverage potential synergies throughout the entire organization. For example, in Israel in 2010 there were eleven such forums in which over 450 managers and employees participated on a regular basis. In addition, there were several similar forums managed within various business Divisions.

Identification of Career Opportunities and Career Planning

Each year, Elbit Systems offers a program for individuals who have been identified as having management potential. For example, in 2010, 54 individuals participated in two management trainee programs in Israel. Performance reviews of participation in this program provided a basis for identification of higher level potential and further career guidance.

Employee Excellence Awards

Every year, all of our Israeli employees are eligible for an Excellence Award, based on outstanding performance and contribution to our business and sustainability objectives. Approximately 25 employees are selected from all Elbit Systems' different operating divisions. The selected employees are publicly recognized at an annual conference and participate in an overseas trip sponsored by the Company.

Mission Critical: Operating Responsibly



Meeting Our Customers' Mission Critical Needs

Elbit Systems' sustainable contribution to global security is dependent on our ability to meet customers' expectations and anticipate emerging customer needs. We must continue to perform successfully on existing programs, as past performance is an important selection criteria for new business. Additionally, we must anticipate customer needs and often must be able to develop working solutions and prototypes in advance of program solicitations. Such working prototypes are becoming an increasingly standard part of Elbit Systems' competitive environment, requiring the Company to anticipate future technological and operational trends in the marketplace and efficiently engage in relevant research and development efforts.

Marketing Infrastructure

Elbit Systems' customers are primarily governmental entities and prime contractors under government defense programs. Elbit Systems markets systems and products either as a prime contractor or as a subcontractor to various governments, defense contractors and aircraft manufacturers worldwide. Elbit Systems and a number of Elbit Systems' subsidiaries have entered into cooperation agreements, and sometimes joint venture agreements, with major defense contractors in the United States, Europe and other locations. These agreements provide for joint participation in marketing and performance of a range of projects.

All marketing and sales activities, including product labeling and service information provided, are conducted in full compliance with applicable laws and regulations and the requirements of our customers and ensure respect for the privacy of customer information in all cases.

Customer Development Projects

Elbit Systems' invests in continuous improvement of processes to ensure customer satisfaction throughout all stages of operations. This includes development, design, integration, manufacturing and services for software and hardware, for the range of our systems and products. Elbit Systems' quality teams are involved in assuring compliance with processes and administering quality plans. These activities begin at the pre-contract stage and continue through the customer's acceptance of the product or services.

Elbit Systems uses a project management method based on Theory of Constraints in most development projects. Using advanced software, work plans are continuously updated and are available to all integrated product team members. This method makes management more efficient and improves Elbit Systems' ability to meet schedule demands of complex projects. This infrastructure, together with well-defined development methodology and management tools, assists in providing high quality and on-time implementation of projects.

Mission Critical: Operating Responsibly



Managing Our Supply Chain

Elbit Systems manufactures and assembles systems and products at operational facilities in Israel, the U.S., Europe, Brazil and at subsidiaries in other countries. These facilities contain warehouses, electronic manufacturing areas, test equipment and final assembly and test stations. Elbit Systems also maintains mechanical workshops, fully automated surface mount technology lines and clean rooms. In addition, we operate fully independent capabilities in electronic card assembly, electro-optic components, solid state components integration, environmental testing and final testing, including space simulation and thermal chambers. In Israel, one site maintains a high technology semiconductor manufacturing facility where it performs electronic integration and assembly of thermal imaging detectors and laser diodes. Manufacturing and material supply are supported by IT solutions which are coordinated throughout the Company.

In Israel, Elbit Systems operates from 16 separate locations which include all manufacturing, research, logistics and administrative facilities around the country. The specific quality operational and environmental, performance data included later in this Report refers to these sites.

Israel City Location	Key activity	Key products
Ashdod	Manufacturing	Electronics systems
Karmiel	Manufacturing	Electronic systems
Haifa Cyclone	Manufacturing	Aerostructures and components
Haifa Matam	Offices, R&D	None
Hazerim	Manufacturing	Services and training
Holon	Manufacturing	Land and C4I systems
Karkum	Manufacturing	Aerocomponents
Kiryat Shmona	R&D	None
Lod	Manufacturing	Life systems support
Ness Ziona	Manufacturing	R&D and manufacturing
Netanya	R&D	None
Rehovot	Manufacturing	R&D and unmanned aircraft systems
Rosh Haayin	R&D	None
Sderot	Manufacturing	Electro-optics and security systems
Tel Hai	Manufacturing	Land and C4I systems
Yokneam	Manufacturing	Land & Artillery systems

Mission Critical Quality Assurance

Quality is mission critical to Elbit Systems and all processes are undertaken with strict attention to detail. Our customers rely on the quality of our systems. Elbit Systems regularly surveys customers to understand their level of satisfaction with our quality and overall service and we continuously strives to improve overall customer rating scores. Quality is managed in accordance with a range of quality standards to which Elbit Systems' plants adhere.



Mission Critical: Operating Responsibly



Suppliers

Elbit Systems works with a wide range of suppliers of raw materials, products, subsystems and services around the world. All our suppliers undergo a strict approval process before they are approved for supply to Elbit Systems.

Supplier Code of Conduct

During 2010, Elbit Systems reviewed its contractual requirements of suppliers and revised supplier contracts to include a commitment to ethical practices. Our standard purchasing terms and conditions now include a Supplier Code of Conduct. The Supplier Code of Conduct makes suppliers aware of our expectation that they will:

- Conduct all business activities relating to Elbit Systems in a manner that is fair, ethical and fully compliant with applicable laws.
- Review and be familiar with our corporate Code of Conduct and maintain a code of conduct consistent with the provisions of our Code.
- Comply with all applicable laws and regulations, including those relating to: basic human rights, fair wages and non-discrimination in employment; workplace safety; environmental protection; fair competition and antitrust; and anti-corruption and anti-bribery (recognizing that Elbit Systems is subject to both the Organization for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, as well as the U.S. Foreign Corrupt Practices Act).
- Self-monitor compliance with our standards of conduct.

Qualified Manpower Providers

Elbit Systems procurement policies also require that suppliers of manpower services agree to comply with applicable legal requirements and fair levels of compensation. Providers who are not able to commit to upholding such standards are not able to qualify as suppliers to Elbit Systems.



Supporting Our Communities

Elbit Systems is committed to supporting the communities in which we operate and live, based on the belief that strengthening communities contributes to business success. Elbit demonstrates this commitment in several ways, including:

- Charitable donations to social and environmental causes.
- Volunteer activities in the community with a focus on technological education
- Building a cadre of motivated and skilled employee volunteers
- Providing Company support for volunteering initiatives

Overall community involvement is led by a senior manager within the Human Resources Department, reporting to the Executive Vice President for Human Resources. At each operating location, an employee “Community Leader” ensures implementation of plans in line with local preferences and local community needs. The following description of Community activities and contributions relates to our Israeli operations.

Community Activities with a Focus on Technological Education

Elbit Systems’ community involvement is maintained on a national basis, primarily around our key operating locations, ensuring inclusion of peripheral communities who are in need of support. Each site, supported by the local Community Leader, develops community plans together with other local employees and community partners. In all cases, a strategic, long-term relationship is preferred, where our employees can volunteer and contribute on a long-term basis, forging relationships over a period of several years.

Community Activities

We maintain community projects at several of our sites:

Karmiel site: Elbit Systems' volunteers support a local youth-at-risk center which provides aid to dozens of teenagers who are immigrants from the former Soviet Union. Volunteers assist with school homework, upgrading the center's facilities, preparing meals and organizing birthday celebrations and trips.

Cyclone site: Elbit Systems' volunteers support a family center in the Druze village of Ksara, focusing efforts on children in primary grades aged 7 to 12. Elbit Systems' volunteers help with schoolwork and have provided a library for the center. In addition, volunteers support disadvantaged young people aged 15 – 18 in a youth center in the village of Eshbal.

Haifa site: Elbit Systems' volunteers support schools in the area, assisting children with homework and other educational activities, including establishing a local school library. In addition, Elbit Systems' works in partnership with the non-profit organization Elem to provide specific support for youth at risk. For more details about [Elem](#).

Netanya site: Elbit Systems' volunteers support a mentoring project for youth between the ages of 15 – 18. Elbit Systems' employees give lectures, workshops and support a range of recreational activities.

Rehovot site: Elbit Systems' volunteers support a food kitchen for underprivileged youth in collaboration with the non-profit organization La Sova, offering computer classes, art and creativity and other events throughout the year. For more information about [La Sova](#).

In addition, we support a number of programs advancing technological education. These include: assisting pupils at a local high school by providing lectures on technological subjects and by welcoming pupils to our site on a weekly basis and assisting them with their studies and homework; partnering with the Weizmann Institute of Science and Technology to support outstanding students of physics by enabling them to work on projects on an industrial scale with the help of our skilled volunteers; contributing to the development of an electro-optics course for students at a local technical high-school; and fostering technological and engineering skills for women, with 20 female engineers from Elbit Systems providing lectures and personal experiences and insights to junior high school students.

Sderot site: Volunteers work with an organization supporting Ethiopian youth, to assist them with schoolwork and other activities such as trips, cycling events and cultural activities.

In addition, all our sites participate in various charitable activities including preparing food baskets for people in need at special holiday times.

Mission Critical: Operating Responsibly



Recognition for Employee Volunteers

In 2010, we organized a Day of Recognition and appreciation for all Elbit Systems' volunteers. Elbit Systems President and CEO, Joseph Ackerman, talked about the importance of Elbit Systems' community involvement and personally thanked all employees who are engaged in volunteering in the community. The day also included a presentation by a leading non-profit organization where Elbit Systems' employees volunteer and highlighted the vital contribution that they make to important social causes.

Supporting Israel's Defense Forces

An additional area for contribution to the community is providing support for soldiers serving in Israel's Defense Forces. We provide a number of support activities to the Association for the Wellbeing of Israel's Soldiers (AWIS), which provides soldiers with a range of recreational, educational and welfare services to enhance their wellbeing while they serve the State of Israel.

For more information on the [AWIS](#).

Charitable Donations

Elbit Systems considers all requests for charitable donations carefully and all requests are reviewed in accordance with guidelines and criteria, such as the extent to which the donation will advance technological education, national reach and appropriate infrastructure. Our charitable donations in Israel over the last three years were as follows:

Community Investment per year in US\$ (charitable donations, equipment and services)	
2008	1,341,477
2009	1,887,231
2010	2,227,231

Elbit Systems' does not make donations to Israeli political or politically affiliated organizations.

Mission Critical: Operating Responsibly



Encouraging Employee Volunteers

Elbit Systems' encourages employees to volunteer in the community in many ways. All employees have the opportunity to dedicate up to three hours per month of paid time for volunteer projects. Elbit Systems recognizes volunteers by publicizing their activities widely within the Company. During 2010, a team of volunteers were selected to tell their personal stories which were displayed in posters all around the Company, both to provide recognition for their efforts and inspiration for others. Elbit Systems' 500 volunteers in Israel represent 5.6% of the total Elbit Systems workforce in Israel.year

Community Volunteering		
Year	Number of employees engaged in volunteering activities (approximate)	Total hours volunteered
2008	350	23,137
2009	400	35,766
2010	500	37,298



Mission Critical: Operating Responsibly



Support for Carmel Fire Victims

In December 2010, the worst fire in the State of Israel's history raged through the Carmel Forest in northern of Israel, claiming the lives of 45 people and forcing thousands to evacuate their homes. The fire destroyed significant areas of natural forest.

During this crisis, Elbit Systems immediately offered fire-fighting support assistance, using Elbit Systems' specially trained and equipped teams, and also provided over 400 meals and equipment to the hundreds of firefighters who worked round-the-clock. Assistance also was provided to Elbit Systems' employees and their relatives who were affected by the fire.



Managing our Environmental Impacts

Elbit Systems strives to adhere to the principles of responsibility and accountability with regard to environmental impacts. Environmental factors are integrated into decision-making processes for business activities, and internal procedures have been adopted to govern such processes. The following description of our environmental activities relates to our Israeli operations.

We recognize the potential environmental impacts of our operations and strive to conduct activities that advance environmentally friendly practices, including measures to reduce electricity, fuel and water consumption, and maximize recycling of industrial waste. We set targets to perform in accordance with leading environmental standards and to minimize the Company's impacts on the environment. In 2010, Elbit Systems made significant efforts to map environmental impacts and has been able to produce consistent environmental data in accordance with agreed metrics across all sites in Israel. For 2011-20123 we have established a target to improve all environmental metrics including electricity and water consumption and employee travel emissions on an absolute basis by 2% as well as increasing the level of recycled solid waste to 20%.

Environmental Compliance

Elbit Systems complies with global and local environmental regulations and continuously reviews global and local environmental regulatory changes to ensure compliance. We retain an external legal environmental specialist who continuously reviews environmental regulations and provides updates regarding new and upcoming legislation. We were not subject to any monetary sanctions for violations of environmental regulations during 2009-2010.

In 2011, the "Clean Air Act" became law in Israel, regulating emissions from industrial operations. At present, only one of our sites is required to observe these regulations and all relevant preparations are in progress to ensure compliance with this new law.

Environmental Product Safety Assessment

All products manufactured by Elbit Systems are subject to a stringent Safety Assessment Report which is based on the Standard: MIL-STD-882 "System Safety Program Requirements". This standard requires examination of the likely risks for each product to become an environmental hazard, all of the end-life impacts of the product including all materials used in production and their possibility for recycling as opposed to landfill disposal. All our products that contain hazardous substances are supplied with detailed information which includes end-of-life disposal instructions. We also provide customers of our products with updated answers relating to environmental impacts during use and disposal.

Mission Critical: Operating Responsibly



Lead-Free Ready

In 2009, we established a Task Force to examine the feasibility of manufacturing all Elbit Systems products on a lead-free basis. Several trials were performed, which demonstrate that Elbit Systems is able to manufacture all customer requirements without lead content, without compromising performance. While this is a significant breakthrough, given the high reliability requirements of our products, most customers are not yet ready to make this change. However, our lead-free capability places us in a strong position in the event of possible regulations that will restrict lead-usage, and therefore we will be able to provide an immediate response to customer requirements. At present, we are offering this possibility to customers in a proactive manner.

Promoting Advanced Technologies

Elbit Systems is a member of The Israeli Users' Association of Advanced Technologies in Hi-Tech Integrated Systems (ILTAM), a non-profit organization whose goal is to promote, support and encourage companies to assimilate advanced technologies and methodologies. More than 100 companies in Israel participate in the Association's activities.

For more information about [ILTAM](#).

Environmental Certification

Elbit Systems places great emphasis on establishing systems and controls which support ongoing environmental management, including operating to external standards such as the ISO14001 standard which has been adopted at eight out of a total of thirteen production locations in Israel. Further sites are planned to gain ISO14001 certification in 2011-2012.



Environmental Management and Performance

Environmental management in Elbit Systems is overseen by the VP for Assets and Facilities and Chief Environmental, Health and Safety (EHS) Officer. The EHS Officer leads an Environmental Forum which acts as a Steering Group for EHS issues, reviews environmental performance, defines the annual environmental plan and sets environmental targets. The EHS forum met 8 times in 2010.

The day-to-day implementation of environmental activities is managed by a team of 15 Site EHS Officers, reporting to the Chief EHS officer. Each EHS Officer conducts an annual environmental risk survey at his site and results are reported to the Site Manager who ensures appropriate action is taken to address issues. The survey is being followed and updated all year long by periodic inspections. Additionally, all sites undergo external audits performed by the Ministry for the Protection of the Environment.

Mission Critical: Operating Responsibly



Direct Energy Consumption

Elbit uses two sources of direct energy for the purpose of conducting its operations.

Diesel: Diesel fuel is used at Elbit Systems for the powering of generators (mainly as back up) and as fuel for forklift trucks that cannot be replaced by electric forklifts. In 2010, we consumed 449,900 liters of diesel (versus 429,000 in 2009), an increase of 4.2%.

Gas: We use LPG (Liquefied Petroleum Gas) for cooking in our cafeterias. In 2009, we consumed 95.3 tons of LPG, and in 2010 we consumed 98.5 tons, an increase of 3.2%.

Indirect Energy Consumption

Elbit's only source of indirect energy purchased is electricity, which is used by Elbit for the purpose of maintaining its operations and is indirectly sourced from the national grid. Elbit does not produce its own electricity.

In 2010, total electricity consumption increased by 18%, compared to 2009. Consumption per employee increased by 10% from 41 gigajoules in 2009 to 45 gigajoules in 2010, demonstrating efficiencies in our manufacturing and workplace management processes relative to the overall increase in electricity consumption.

The overall increase in electricity consumption is explained by the significant addition of newly acquired businesses in 2010, including five new operational sites and several new laboratories which consume a large amount of energy resources. Despite the overall increase, as mentioned above, electricity consumption benefits have been achieved, as a result of several measures, including:

- Installation of central control systems for electricity consumption in 80% of our buildings, saving up to 20% of energy usage.
- Minimizing the number of computer servers by utilizing servers and storage virtualization technologies.
- Changes in computer server accommodation.
- Reduction of central storage space by utilizing disks in workstations and remote station backup.
- Automatic shut-down of electricity systems controlling lighting, air-conditioning, computers and peripheral equipment at defined hours.
- Energy saving lighting fixtures.

Mission Critical: Operating Responsibly



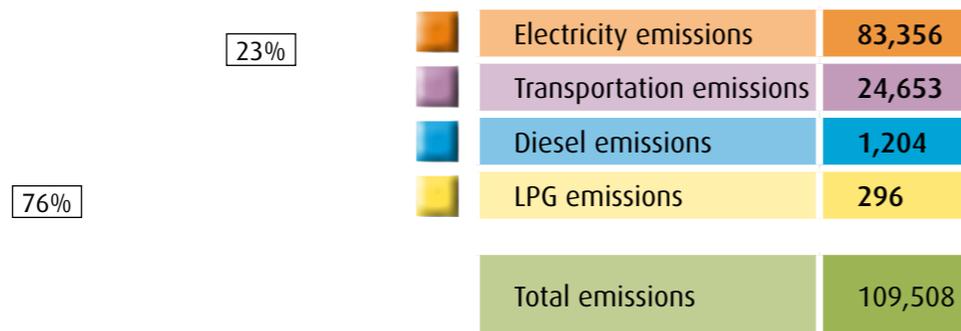
Carbon Footprint

Elbit Systems commenced measuring the Company's carbon emissions in a consistent manner across all sites in 2009. In 2010, we recorded an overall increase in emissions of 11% versus 2009 – a direct result of higher energy consumption as mentioned above, due primarily to new facilities acquired in 2010. Carbon emissions are calculated using the methodology of the [Greenhouse Gas Protocol](#) in accordance with the requirements of the Carbon Disclosure Project.

Water Consumption

Water in Elbit Systems' facilities are primarily used for drinking, gardening, cleaning and for sanitary purposes, with a small amount used for cooking in our cafeterias. All water that we consume is delivered by the Israeli National Water Company. Each site receives water according to the National Water Company regional water policy, some from local wells and some from the Sea of Galilee in northern Israel. Our water consumption increased by 5.4% from 153,099 cubic meters in 2009 to 161,884 cubic meters in 2010.

We continue to take steps to reduce water consumption at all sites, by utilizing water-saving devices for regular consumption. Air-conditioning condensation water, for example, is channeled into containers and used for irrigation at some locations.



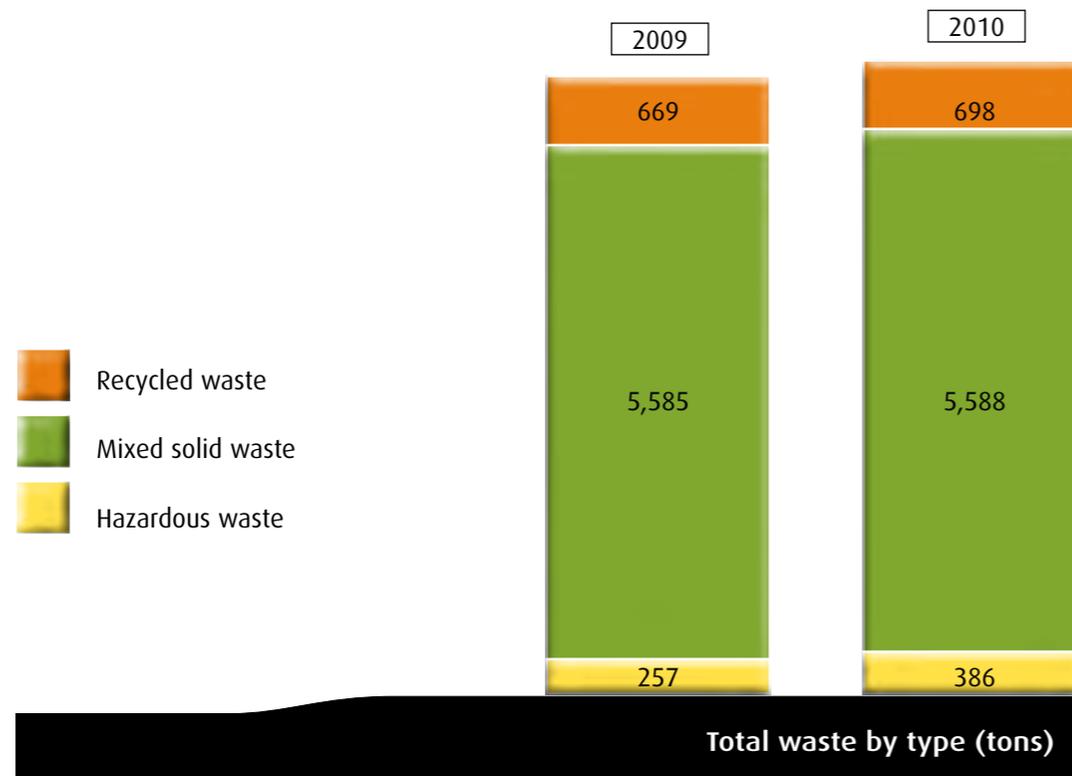
Carbon footprint (tons CO2) in 2010

Mission Critical: Operating Responsibly



Waste Management

Overall, Elbit Systems' waste level increased marginally in 2010 by 2.5% versus 2009. Total waste recorded in 2010 was 6,672 tons.



Hazardous Waste

Elbit Systems strive to minimize levels of hazardous waste generated by our operations to the extent possible. Hazardous waste is an output of manufacturing and research and development processes. In general, we use chromate-free paints, green solvents and water-based cleaning materials.

During 2010, our hazardous waste generation increased by over 30% in 2010 versus 2009, mainly as a result of the Company's significant research and development activities in which new substances were tested, generally producing higher levels of hazardous waste than regular manufacturing operations. Additionally, in 2010, extensive plant cleaning operations were conducted. Most hazardous waste is collected and transferred to a dedicated waste facility located at Ramat-Hovav in the south of Israel by authorized haulers. A small quantity of hazardous waste is exported under special license.

Our Karmiel plant, which produced 8% of Elbit Systems' total hazardous waste in 2010, was able to achieve a reduction of 17% in hazardous waste from 35 tons in 2009 to 29 tons in 2010, due to decreased usage of MEK (methyl ethyl ketone), a volatile organic compound solvent, by revising processes in the manufacturing plant. This approach will be assessed for reapplication in our other production sites during 2011-2.

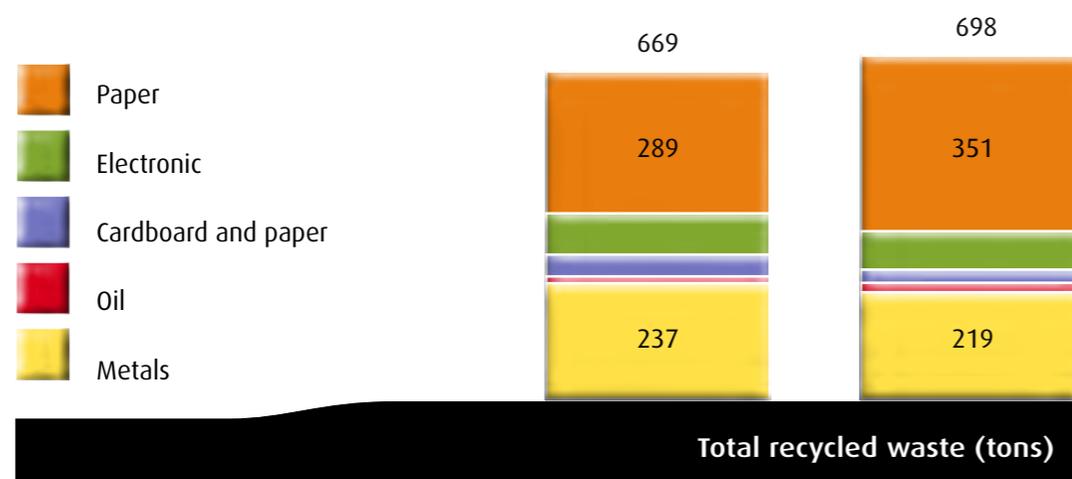
Mission Critical: Operating Responsibly



Solid Waste and Waste Recycling

Mixed solid waste generated by Elbit Systems remained stable at 5,588 tons in 2010, despite overall increase in production operations, demonstrating improved controls of waste in our plants. Similarly, amounts of solid waste which were routed to recycling remained at 11% of total waste. All non-recycled waste was routed to authorized landfill sites.

Elbit Systems strives to ensure that higher proportions of waste are recycled. The Company currently recycles paper, cardboard, toner and ink cartridges, bottles and cans, cooking oil, aluminum shavings and metal waste, electronic waste, wood shavings and other items. We have contracts with a several certified contractors to ensure timely collection for disposal or recycling of waste. Gradual transition to use of online data on the production floor and in other process, such as paperless invoicing and digital signature, led to significant reduction of printing needs.



Reducing Paper Usage in Invoicing Systems

In any given month, Elbit Systems processes up to 8,000 invoices for purchase of goods and services from suppliers, of which over 5,000 are local invoices from Israeli suppliers, and 3,000 are from international suppliers. Each invoice would follow a process of approvals with several photocopies of each document routed to a range of individuals responsible to check and authorize payment. During 2009, we identified a significant opportunity to save thousands of sheets of paper, while also improving the service to suppliers, by moving to paperless invoicing systems as far as is possible within the regulatory framework for digital signatures. During 2009, Elbit Systems installed a new electronic system for processing supplier invoices under which all Elbit Systems purchase orders are issued electronically, and suppliers are issued with a username and password to enter the electronic system in order to issue invoices in line with the purchase order details. All invoices received are matched with the electronic records and only one copy is printed for authorization purposes. In Israel, at present, digital signatures for payment authorizations are not allowed by law, but in the future, when this is permitted, the system will be expanded to include all payment authorizations. In 2009, a pilot was conducted to ensure the functionality of this system, and by the end of 2009, the system was applied to the majority of our invoicing processes. On an annual basis, this system saves approximately 380,000 sheets, or approximately two tons, of paper. Further savings will be realized when digital signatures are permitted by law.

Mission Critical: Operating Responsibly



Housing Our Computer Servers for Improved Environmental Efficiency

During 2009, an opportunity to improve our overall efficiency, and reduce risk and environmental impacts was identified after considering our computer infrastructure and server operations. Elbit Systems' computer servers room was previously housed in an old building, taking up 400 square meters of office space and consuming expensive energy resources for operating and cooling. Insulation possibilities were limited meaning that overall energy requirements to support the server room were not very cost-effective.

During 2009, the entire computer servers room was re-planned and relocated to an underground bunker with state-of-the-art facilities and environmentally friendly infrastructure, utilizing a smaller space of 360 square meters. By using more efficient servers and the room being both smaller and underground, the server room requires far less energy resources for cooling – reducing overall requirement from 88 tons of cooling energy to 57 tons. Electronic controls manage steady temperatures and effective air circulation for optimum energy use. Lighting requirements were reduced as the dedicated server section is a separate space and does not require lighting when no one is present, and is controlled by automatic movement sensors.

Prior to this change, we operated four air handling units in the computer server room. Today, only three units are operating, a change which saves 25% of electricity consumption.

Improving Logistics Efficiency

During 2009, Elbit Systems implemented a major initiative to improve logistics and transportation efficiency in Israel, saving significant resources and reducing the environmental impact of our logistics operations, while at the same time improving service to customers. We operate from several sites in Israel, each with its own purchasing and product delivery requirements, as well as shipping requirements. On average, 45 different trucks per day would make deliveries and collections from and to our sites. An in-depth analysis of the entire Company logistics operations revealed that at any given time, over 50% of suppliers are common to the sites ordering and shipping goods. The Logistics Center initiative, therefore, was designed to reduce the amount of single and special journeys to different sites, combine collections and distribution, and route all requirements via a central sorting and trans-shipment center established in Haifa, with cutting edge cross docking facilities to enable fast turnaround. Agreements were made with import cargo terminals to enable special passes for loading during night hours instead of during the day to enable more efficient utilization of and road travel conditions, reducing travel time and fuel usage. In addition, after operating this system successfully during the first half of 2010, we added the distribution of internal mail and parcels to all sites, utilizing the same centralized system, thereby reducing the need for two mail trucks which were dedicated to such deliveries daily.

Overall, this change enabled us to reduce the number of trucks dedicated to logistics from 42 to 23, with an estimated savings of over 2.5 million liters of fuel and over 5,900 tons of carbon emissions.

Mission Critical: Operating Responsibly



Reducing Fuel Requirements in Elbit Systems' Fleet of Company Cars

Transportation is a major aspect of our operational logistics, with several operating sites in Israel and many vehicles in use by employees for work transportation purposes. The increase of 7% in the number of employees between 2009 and 2010, as well as the addition of newly acquired companies, led to an increase in the Company's carbon emissions due to transportation. The total annual mileage travelled by Elbit Systems' drivers in 2010 increased by 16%.

Elbit purchases and maintains its own fleet of Company cars, thereby enhancing control of vehicle utilization and energy optimization. Fuel consumption is always a factor in the selection of which vehicles to purchase, both for cost saving purposes and potential environmental impacts. Employees are encouraged to use environmentally preferable practices while driving, including control of engine use during idle-time, ensuring correct air pressures in tires and driving at recommended speeds. During 2009-2010, Elbit took additional measures to reduce the environmental impact of car usage for daily transportation needs:

- All employees travelling from Tel Aviv to Haifa, one of the main commuting and business meeting routes, were offered the possibility of using pre-paid train passes.
- During 2009, instead of providing dedicated shuttle vans to work for all those employees who do not have Company cars, we provided train and bus transport for employees. This reduced the amount of shuttle vans operating daily between our plants and to a wide range of locations.
- During 2010, about 500 employees were issued with Company purchased monthly train passes and over 10,000 individual train tickets were purchased. This saved about 215,000 car or bus journeys of an average 50 km each way, totaling 10.3 million km, equivalent to a savings of over one million liters of fuel, which represents 2,741 tons of CO₂ emissions.

Mission Critical: Operating Responsibly



Our Mission Critical Future

Elbit Systems' sustainability objectives for the coming year include:

Globalization of Sustainability: To date, as Elbit Systems has moved forward in laying the foundations for a Company-wide approach to sustainability, our focus has been on ensuring that the basic building blocks are in place in the Company's operations in Israel, where the majority of our employees live and work. However, in our U.S. and other operations, many of our sustainability practices and policies have already been implemented, and certain sustainability data is already collected on a global basis. During 2011, we will continue expanding the application of our sustainability practices with our key operating sites globally. As part of this process, we plan to establish global sustainability targets, measurement processes and reporting frameworks. We also plan to increase the geographic scope of our corporate Sustainability Steering Committee, including enhanced sustainability training and procedures for determining sustainability strategy and monitoring implementation.

Supply Chain:

- Expand efforts with our supply chain to assess their implementation of our Supplier Code of Conduct.

Workplace:

- Establish a global workplace Sustainability Forum, including leaders from key locations worldwide.
- Expand e-learning platforms for sustainability training.

Community:

- Expand community volunteer activities globally and implement projects in key locations.

Environment:

- Reduce Elbit Systems' carbon footprint by 2% by the end of 2012 using 2010 as baseline.
- Establish employee led Green Teams in all key Company locations to improve environmental practices at the local level.
- Increase recycled waste to 15% of total solid waste, by the end of 2012.
- Reduce absolute water consumption by 2% by the end of 2012 using 2010 as a baseline.

Mission Critical: Transparent Reporting

PART FOUR

Mission Critical: Transparent Reporting

In Part Four of this Sustainability Report, we describe our approach to sustainability reporting, how we developed the content for this Report and refer to the Global Reporting Initiative framework and provide a full index of all the disclosures and indicators we have included in the earlier sections of this Report. We also provide a glossary of key terms used as well as details of how you can contact us to provide feedback or ask questions about any part of this Report.

Mission Critical: Transparent Reporting



Our Approach to Reporting

This second Sustainability Report for Elbit Systems describes our approach to Corporate Responsibility and Sustainability and the key actions we have taken during 2009/10 to advance responsible practices in our business. This Report is more comprehensive and more inclusive than our first Report produced two years ago, but we intend to continue to improve transparency as we look forward to future reports. We continue to work to integrate sustainability metrics and processes into our business strategy and day-to-day operations.

In developing this Report, we have considered input from our primary stakeholders – employees, customers, suppliers – and additional stakeholders including experts and opinion-leaders who represent different aspects of the way we impact communities and the environment. A Reporting Steering Committee, headed by the Executive VP for Human Resources and including Company managers, determined the selection of content for the Report based on an assessment of material issues for Elbit Systems and those known to be important to stakeholders. This team met several times during the process of developing this Report. This Report follows the Global Reporting Initiative (GRI) G3 Guidelines at an Application Level B, and has been checked by the GRI.

Much of the information in this Report relates to our overall global operations. However, parts of the Report relate only to Elbit Systems' operations in Israel including all subsidiary companies where Elbit has a majority shareholding and for which Elbit provides consolidated annual accounts. These operations cover over 70 % of Elbit's revenue generation and over 70% of employees. References have been made to global operations where relevant and global data, if stated, is noted.

Our intention is to report every two years. Unless otherwise stated, the data and information in this Report are for the calendar years 2009 and 2010. All data presented is rigorously checked internally prior to release and Elbit Systems has not chosen to seek external assurance for its sustainability report at this time, due to resource limitations.

Detailed financial information is not included in this Report as our Annual Report to the SEC on Form 20-F is available for view and download from our [website](#).

Mission Critical: Transparent Reporting

GRI Index

The Global Reporting Initiative (GRI) is a global non-profit multi-stakeholder organization which acts to increase the level of sustainability reporting by companies throughout the world. The main way of assimilating this process is the use of the Sustainability Reporting Framework that contains detailed guidelines for reporting on sustainability impacts and provides a consistent structure that thousands of companies around the world now use for sustainability reporting. Over 4,500 reports were published in 2010 around the world. For more information, see: www.globalreporting.org.

This Report applies the GRI Framework at Application Level B.

The different levels of the GRI framework relate to the level of transparency and disclosure in the Report. Below is the table of the Application Levels of the GRI:

Report Application Level	C	C+	B	B+	A	A+	
G3 Profile Disclosures	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15	Report on all criteria listed for LEVEL C plus: 1.2 3.9, 3.19 4.5, 4.13, 4.16-4.17	Same as requirement for Level B	Report on each one G2 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report on each one G2 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report on each one G2 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report on each one G2 and Sector Supplement* indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.
G3 Management Approach Disclosures	Not Required	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	Management Approach Disclosures for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report on a minimum of 20 Performance Indicators, at least one from each of economic, Environmental, Human Rights, Labor, Society, Product Responsibility	Report on a minimum of 20 Performance Indicators, at least one from each of economic, Environmental, Human Rights, Labor, Society, Product Responsibility	Report on a minimum of 20 Performance Indicators, at least one from each of economic, Environmental, Human Rights, Labor, Society, Product Responsibility	Report on a minimum of 20 Performance Indicators, at least one from each of economic, Environmental, Human Rights, Labor, Society, Product Responsibility	Report on a minimum of 20 Performance Indicators, at least one from each of economic, Environmental, Human Rights, Labor, Society, Product Responsibility	

Statement GRI Application Level Check

GRI hereby states that **Elbit Systems Ltd** has presented its report "Mission Critical – Elbit Systems Sustainability Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

20 April 2011, Amsterdam

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio-visual material, this statement only concerns material submitted to GRI at the time of the Check on 14 April 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

Mission Critical: Transparent Reporting



G3 indicator	Description	Reported	Page No.	Comment
1.1	Statement from the most senior decision-maker	✓	3	
1.2	Description of key impacts, risks, and opportunities.	✓	6-7, 28	See also : Annual Report - Form 20F
2.1	Name of the organization.	✓	6	
2.2	Primary brands, products, and/or services.	✓	6	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	✓	8	
2.4	Location of organization's headquarters.	✓	6	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	✓	8	
2.6	Nature of ownership and legal form.	✓	24	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	✓	8	
2.8	Scale of the reporting organization.	✓	10	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	✓	This page	Elbit System's has made acquisitions during the reporting period which are detailed in Elbit's Form 20-F available on Elbit Systems' website
2.10	Awards received in the reporting period.	✓	This page	Elbit has not received any award during the reporting period.
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	✓	67	About this report.
3.2	Date of most recent previous report (if any).	✓	This page	2008
3.3	Reporting cycle (annual, biennial, etc.)	✓	67	
3.4	Contact point for questions regarding the report or its contents.	✓	78	
3.5	Process for defining report content.	✓	67	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	✓	49	List of locations within the boundary of this report – page 49
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	✓	67	

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G3 indicator	Description	Reported	Page No.	Comment
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	✓	67	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	✓	This page	Data measurement techniques are included wherever data is presented in the report.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement e.g., mergers / acquisitions, change of base years/periods, nature of business, measurement methods).	✓	This page	There are no re-statements of information provided in earlier reports
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	✓	This page	There have been no significant changes to reporting scope or measurement methods. All data relates to Elbit Systems operations in Israel unless otherwise stated.
3.12	Table identifying the location of the Standard Disclosures in the report.	✓	69	
3.13	Policy and current practice with regard to seeking external assurance for the report.	✓	71	
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	✓	24	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	✓	24	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	✓	24	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	✓	24	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	✓	24	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	✓	24	

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G3 indicator	Description	Reported	Page No.	Comment
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	✓	24	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	✓	5, 9, 27	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	✓	24	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	✓	24	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	✓	25, 26, 28	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	✓	12	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: Has positions in governance bodies; Participates in projects or committees; Provides substantive funding beyond routine membership dues; or views membership as strategic.	✓	This page	Elbit Systems does not participate in associations at the level of governance bodies of in committees.
4.14	List of stakeholder groups engaged by the organization.	✓	30	
4.15	Basis for identification and selection of stakeholders with whom to engage.	✓	31	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	✓	31	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	✓	32	

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G3 indicator	Description	Reported	Page No.	Comment
EC DMA	Goals, policy, plans, procedures.	✓	25, 29	<p>Economic performance : See page 25 (risk management) and also Annual Report and Form 20-F</p> <p>http://ir.elbitsystems.com/phoenix.zhtml?c=61849&p=irol-sec</p> <p>Market presence : Page 29, contributing to strong economies</p> <p>Indirect economic impacts : Page 29</p>
EC4	Significant financial assistance received from government.	✓	This page	Zero financial assistance has been received from the government of Israel during the reporting period.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	✓	This page	Elbit Systems does not maintain a specific policy with regard to local sourcing but offers equal opportunity to all suppliers in all operating locations to offer products and services in line with Elbit System's technical, price and quality requirements.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	✓	This page	Elbit Systems believes in hiring management from the local community. In Israel, 100% of Managers are locally recruited.
EN DMA	Goals, policy, plans, procedures.	✓	57, 58, 63, 64, 66	<p>Materials: page 57</p> <p>Energy : page 57</p> <p>Water : page 57</p> <p>Biodiversity: page 57</p> <p>Emissions, effluents and waste: page 57</p> <p>Products and services: page 57 – environmental product safety assessment</p> <p>Compliance: page 58, environmental certification</p> <p>Transport: page 64, 64 – improving logistics efficiency and employee transportation.</p> <p>Overall : Elbit Systems does not calculate specific environmental investments as a separate indicator, though many investments are made with environmental benefits in mind such as the new Computer Server room – see page 66</p>
EN3	Direct energy consumption by primary energy source.	✓	59	
EN4	Indirect energy consumption by primary source.	✓	59	
EN5	Energy saved due to conservation and efficiency improvements.	✓	59	

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G3 indicator	Description	Reported	Page No.	Comment
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	✓	59 , 62 , 64	
EN8	Total water withdrawal by source.	✓	60	
EN9	Water sources significantly affected by withdrawal of water.	✓	60	
EN16	Total direct and indirect greenhouse gas emissions by weight.	✓	60	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	✓	63 , 64	
EN19	Emissions of ozone-depleting substances by weight.	✓	This page	Elbit does not use any ozone depleting substances in its production operations.
EN20	NOx, SOx, and other significant air emissions by type and weight.	✓	This page	Elbit has no production processes which emit NOx and Sox or other significant gases into the atmosphere.
EN22	Total weight of waste by type and disposal method.	✓	61 , 62	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	✓	This page	Elbit does not export any hazardous waste
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	✓	This page	Elbit paid no fines for non-compliance during the reporting period.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	✓	61 , 62	Reducing the impact of employee transportation and logistics
LA DMA	Goals, policy, plans, procedures.	✓	35 , 36 , 38 , 44 , 46	Employment: page 35 and page 46 Labor/management relations: page 44 Occupational health and safety: page 38 Training and education: page 46 Diversity and equal opportunity: page 36
LA1	Total workforce by employment type, employment contract, and region.	✓	36	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	✓	45	

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G3 indicator	Description	Reported	Page No.	Comment
LA4	Percentage of employees covered by collective bargaining agreements.	✓	44	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	✓	This page	Elbit Systems complies or exceeds legal requirements for minimum notice periods. Under normal circumstances, Elbit Systems provides at least four weeks' notice. The Company will give longer notice periods wherever possible.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	✓	This page	There are no formal joint management-worker health and safety committees in Elbit operations and this is not covered in collective bargaining agreements.
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	✓	This page	No such training conducted as is not deemed relevant for electronics business as there is no significant risk of serious diseases in locations where Elbit operates.
LA9	Health and safety topics covered in formal agreements with trade unions.	✓	This page	All formal agreements with trade unions include references to health and safety of employees and provisions for health insurance.
LA10	Average hours of training per year per employee by employee category.	✓	46	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	✓	46, 47	
HR DMA	Goals, policy, plans, procedures.	✓	33, 44, 51	<p>Investment/procurement practices: page 51</p> <p>Non-discrimination: page 33</p> <p>Freedom of association / collective bargaining: page 44</p> <p>Child labor: Elbit Systems forbids all instances of child labor.</p> <p>Forced and compulsory labor: page 44</p> <p>Security practices: Elbit Systems provides all security personnel working on Elbit sites with training in safety and security practices.</p> <p>Indigenous rights: Elbit Systems does not maintain a specific policy relating to indigenous rights as this is not material for the locations in which the Company operates.</p>
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	✓	This page	79% of employees were trained in the new Ethics module which includes aspects of human rights. Each module requires 45 minutes – total time: 7,500 hours.
HR4	Total number of incidents of discrimination and actions taken	✓	This page	There were zero incidents of discrimination during the reporting period in Israel.

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G3 indicator	Description	Reported	Page No.	Comment
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	✓	This page	None of Elbit Systems' operations carry a significant risk for incidents child labor labor.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	✓	This page	None of Elbit Systems' operations carry a significant risk for incidents of forced or compulsory labor.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	✓	This page	There were zero incidents of violations involving rights of indigenous people.
SO DMA	Goals, policy, plans, procedures.	✓	25 , 27 , 52	<p>Community: page 52</p> <p>Corruption: page 27</p> <p>Public policy: Elbit Systems policy is not to promote specific political affiliations. Use of company property or resources for political purposes is prohibited.</p> <p>Anti-competitive behavior: page 27</p> <p>Compliance: page 25</p>
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	✓	This page	79% of employees were trained in the new Ethics module which includes anti-corruption.
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	✓	This page	Elbit Systems made no contributions to political parties, politicians, and related institutions in Israel in the reporting period.
S07	Legal actions for anti-competitive behavior.	✓	This page	There were zero legal actions against Elbit Systems for anti-competitive behavior.
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	✓	This page	Elbit Systems paid no fines for non-compliance during the reporting period.
PR DMA	Goals, policy, plans, procedures.	✓	30 , 48 , 58	<p>Customer health and safety: page 30</p> <p>Product and service labeling: page 48</p> <p>Marketing communications: page 58</p> <p>Customer privacy: page 58</p> <p>Compliance: page 58</p>

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G3 indicator	Description	Reported	Page No.	Comment
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	✓	This page	There were zero issues of non-compliance concerning health and safety impacts of products during the reporting period.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	✓	This page	There were zero issues of non-compliance concerning product and service information and labeling during the reporting period.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	✓	48	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	✓	This page	There were zero issues of non-compliance during the reporting period.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	✓	This page	There were zero substantiated complaints regarding breaches of customer privacy and losses of customer data against Elbit during the reporting period.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	✓	This page	Elbit paid no fines for non-compliance with laws and regulations concerning the provision and use of products and services in the reporting period.

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Consultant's Statement

Beyond Business Ltd is a leading corporate responsibility and sustainability reporting firm working with clients in Israel and internationally. We have worked with Elbit Systems in the preparation of this Sustainability Report. Our work has included:

- Supporting the Sustainability Steering Team in developing the scope, boundary, concept and content of the report.
- Interviewing over 40 different Elbit employees in several sites in Israel to review their approach to sustainability and reporting mechanisms.
- Review of data collection processes and checking of data against prior year and other internal reporting systems.
- Preparing the report content for Executive Management approval.

While, as Elbit Systems' Sustainability Consultants, it would not be ethical for us to provide formal assurance or verification for the content of this report, we can confirm, that in our experience, the data presented represents an accurate, fair and balanced view of Elbit Systems' sustainability performance in the reporting period. We can also confirm that there is a keen drive amongst Elbit Systems' senior management to advance sustainability practices and improve performance.

Elbit Systems' business is complex and comprised of many different sites and activities in Israel around the world, with growth through acquisition having been a feature of the Company's development in recent years. Elbit Systems' fundamental business practices are based on good governance, an ethical approach and attentiveness to the needs of stakeholders and this is the basis of their sustainability approach. Elbit Systems has made significant progress establishing consistent measurement and reporting frameworks during 2010, with, for example, all sites in Israel reporting core environmental metrics for the first time. Elbit Systems' objective to create greater consistency and consolidation of data through the One Company approach will undoubtedly serve as a stronger platform for advancing Elbit Systems' reporting capability in coming years. The challenge ahead is to formalize and expand data collection processes in support of a global strategy which ensures all operations around the world can contribute to presenting a consistent, auditable, global picture which can serve as a reliable basis to communicate with stakeholders and make management decisions. We are optimistic that Elbit Systems can move to more proactive management of sustainability practices and deliver improved impacts over time.

We are proud to work with Elbit Systems and appreciate Elbit Systems' leadership in this field in Israel, where very few Companies have invested efforts in managing and reporting on sustainability.

Elaine Cohen | Liad Ortar
[Beyond Business Ltd](http://BeyondBusinessLtd.com)



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Contact

We welcome your queries, suggestions, comments and all forms of feedback.

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