Elbit Systems™

PROTECTING & ENHANCING LIVES

ELBIT SYSTEMS SUSTAINABILITY REPORT 2014

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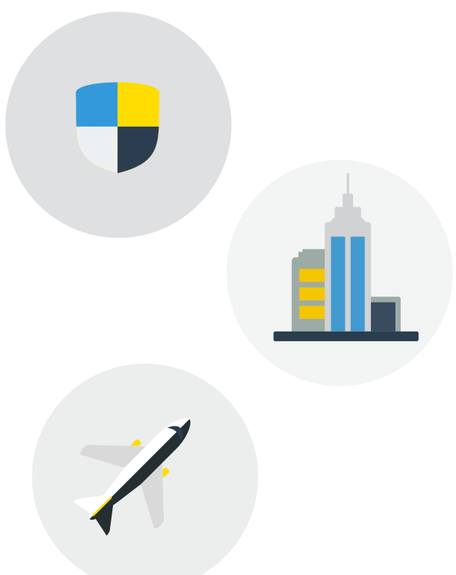


Introduction from Bezhalel Machlis, President and CEO

Bezhalel Machlis
President and CEO

Sustainability is a basic value underlying Elbit Systems' business philosophy, and I would like to thank all of our stakeholders for taking an interest in this Sustainability Report, our fourth such report. We publish a Sustainability Report every two years, but our commitment to sustainability is ongoing. Since our last report, we have taken a number of significant steps to advance our approach to sustainability, including developing a Sustainability Strategy to 2020, with goals and targets in areas of importance to our business and to our stakeholders. At the same time, we have adopted the most widely used sustainability reporting format in the world, the Global Reporting Initiative's G4 guidelines.

Our business environment remains challenging, and since our last Sustainability Report we have continued to anticipate and respond to the evolving needs of our customers. Our strategic focus remains centered on integrated technologies and systems that protect, save and enhance lives. As issues relating to homeland security are of increasing concern to governments around the world, we find that our depth and breadth of expertise, and our ability to combine technologies from different parts of our organization, means we are well-positioned to respond with synergistic, effective solutions. Similarly, we are finding that many of our high-end technologies are relevant to civil applications, including areas such as flight safety, cyber security for civilian infrastructures and emergency services simulator training. We continue to advance innovation in diverse areas that benefit the broader society, ranging from enhancing commercial pilots' ability to land more safely in adverse weather conditions, hyperspectral cameras for climate change tracking, a cutting edge approach to airborne firefighting and supercapacitor technology that can help transform urban transportation.

At the same time, our sustainability efforts have yielded operational improvements, including almost 10% reduction in our energy consumption on a normalized basis over the past two years. This is significant both as a positive contribution to global climate change efforts and also as a driver of cost-efficiencies throughout our business. As our customers seek increasingly advanced solutions, they also seek partners and suppliers that continuously improve their environmental impacts and maintain a workplace that respects employees. Our workplace at Elbit Systems is increasingly more open, collaborative and engaging for our employees who are the major force behind our vision of making our technologies work for the safety and security of our customers and society at large. We are also continuing our focus on ethical conduct, including through memberships in the International Forum on Business Ethical Conduct (IFBEC) of the Aerospace and Defense Industry and other international ethics–oriented organizations. Our ethics compliance activities support our zero tolerance policy towards corruption and enhance a positive work atmosphere for our employees and other stakeholders.

We thank you again for your interest in our sustainability practices and welcome your feedback on this Report.

Bezhalel Machlis
President and Chief Executive Officer

About Elbit Systems

We are an international high technology company engaged in a wide range of programs that protect and enhance lives throughout the world. We develop and supply a broad portfolio of airborne, land and naval systems and products for defense, homeland security and commercial applications. We invest major resources in developing new technologies for defense, homeland and cyber security and commercial applications, and provide new solutions and support services, including training and simulation systems. We are headquartered in Israel and maintain subsidiary operations in numerous countries around the world, with a workforce of approximately 12,000 employees.

Our "one-company" approach of developing integrated and synergistic solutions that combine our different technologies positions us to meet evolving customer needs for greater safety, security, efficacy and cost-efficiency. We tailor and adapt our technologies, integration skills, market knowledge and operationally-proven systems to each customer's individual requirements. By upgrading existing platforms with advanced technologies, we provide cost-effective "systems of systems" overall solutions to improve customers' technological and operational defense, homeland security and safety capabilities needs.


Defense & Commercial Airborne Systems & Simulation


EW & Countermeasures Systems


CYBER Solutions


Combat Vehicles & Artillery Systems


C4I & DAP Radio Communication

OUR MAJOR TECHNOLOGY SOLUTIONS PLATFORMS


Homeland Security Systems


Naval Systems


Unmanned Vehicle Systems


ISR & Electro-optic Systems

Our Vision

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

Our Core Values

About Elbit Systems

Customer Focused

Employee Excellence

Honesty and Ethics

Social Sustainability

Innovation, Creativity and Technological Leadership

Teamwork and Synergy

Leadership, Personal Responsibility and Accountability

Elbit Systems: Fast Facts

About Elbit Systems

$ 2,958 million
Total revenues in 2014

$ 179.4 million
Net income in 2014 (non GAAP)

$ 228 million
2014 expenditure on R&D (7.7% of revenues)

$ 6,265 million
Order backlog at end 2014

11,851
Total number of employees at end of 2014

Bezhalel Machlis
President and CEO

Michael Federmann
Chairman of the Board

Recognition from Our Stakeholders

About Elbit Systems

Top 100 Defense Technology Companies

Elbit Systems was ranked 29 in Defense News Top 100 Defense Technology Companies Worldwide for 2015.

Chamber Award from the Israel-America Chamber of Commerce

The 2014 Chamber Award was awarded to Elbit Systems, "in recognition of exceptional success in promoting Israel - U.S. economic collaboration."

Israel Defense Prize for Digital Army Program

In June 2015, Elbit Systems was awarded this prize together with a team from the IDF Ground Forces Command and a Defense Ministry team. This prestigious award is the highest for defense accomplishments in Israel, granted for outstanding contributions to the security of Israel.

Blue Ribbon for Innovation

In 2014, Elbit Systems was one of only 12 companies awarded a Blue Ribbon for Innovation and named to Military Training Technology Magazine's Top Simulation and Training Companies list. Elbit Systems was awarded the Blue Ribbon for development of Embedded Virtual Avionics combined with the advanced helmet system Targo™.

Most Ethical Company

In 2014 and 2015, Elbit Systems of America (ESA) was selected by the Ethisphere Institute as a "World's Most Ethical Company", one of only two aerospace and defense companies to be so selected. In 2014, ESA also became the first Aerospace and Defense company to receive Ethisphere's "Ethics Inside®" certification.

"We would like to congratulate ESA for earning Ethics Inside Certification. They join an exclusive group of companies that have not only implemented adequate standards, systems and programs to reasonably prevent compliance failures and ethical breakdowns, but also demonstrate the existence of a superior employee and leadership culture that promotes ethical business practices."

Michael Byrne, Senior Vice President and General Counsel of Ethisphere.

Most Dynamic Partnership

In 2014, Elbit Systems and Dassault Aviation were awarded the 2014 Trophy for the Most Dynamic Partnership between France and Israel for their joint contribution to the enhancement of good relations between the two countries. The collaboration included enhanced flight safety systems for commercial aviation business jets to land safely in low-visibility conditions.

Sustainability at Elbit Systems

A proactive approach to sustainability and responsible business conduct at Elbit Systems is important to our long-term success. We strive to address the sustainability needs and concerns of our stakeholders.

Our sustainability initiatives are led by a Steering Team composed of senior executives from corporate headquarters and other parts of our organization. The Steering Team meets several times a year to review progress, advance performance and support communications. During the past two years, we focused on various elements of internal and external stakeholder feedback to create a strategic approach to sustainability. This resulted in prioritization of the issues that matter most for our sustainable business success, and these issues form the basis of our sustainability strategy. Ten areas were identified as having material sustainability impacts on our business, on our customers and on the communities in which we work and live.

Impacts on Society and Our Customers	Impacts Throughout our Operations
Homeland defense and cyber security threats to governments, communities and citizens	Employee satisfaction
	Employee health and safety
Civilian flight safety and security	Resource consumption and emissions
Sustainable innovation - climate change, resource constraints and natural disasters that affect global safety and security	Ethical conduct
	Supplier best practice
Product quality and customer service	Advancing technology education to support future innovation

Using these material impacts, we developed a Sustainability Dashboard that includes our targets in each area through 2020.

Elbit Systems Sustainability Dashboard

Sustainability at Elbit Systems

Elbit Systems Sustainability Dashboard			
Impacts on Society and Our Customers	**Element**	**Goal**	**Target**
	Homeland defense and cyber security	Resource-efficient solutions to improve safety and security of first responders and society in general in line with relevant stakeholder needs.	Continue to develop cutting-edge solutions for customers around the world.
	Civilian flight safety and security	Resource-efficient solutions to improve flight safety and security and protect passengers' lives.	Expand portfolio of leading-edge solutions to commercial aviation customers around the world.
	Sustainable innovation	Technology-based sustainability-driven solutions. Continued investment in breakthrough technological solutions that help protect and save lives.	Expand delivery of leading-edge technology-based solutions to commercial customers around the world.
			Expand employee innovation programs.
	Product quality and customer service	Improve customer satisfaction.	Improve overall customer satisfaction rating by 5% by 2020 (2014 baseline).
		Expand quantity and quality of feedback received from customers.	Receive direct feedback from 75% of key customers by 2020.
Impacts Throughout Our Operations	Employee satisfaction	Higher employee engagement and satisfaction.	10% improvement in employee satisfaction by 2020. (2013 baseline).
	Employee health and safety	Reduce work injury rate.	Reduce work injury rate by 15% by 2020. (2013 baseline).
		Reduce rate of lost days due to injury.	Reduce rate of lost days due to injury by 20% by 2020. (2013 baseline).
	Resource consumption and emissions	Reduce energy consumption.	Improve electricity consumption intensity by 5% by 2020. (2013 baseline).
		Reduce GHG emissions.	Improve GHG emissions intensity by 7% by 2020. (2013 baseline).
		Reduce water consumption.	Improve water consumption intensity by 5% by 2020. (2013 baseline).
	Ethical best practice	Reduce risk of unethical behavior.	100% employees trained in anti-corruption and ethics on a bi-annual basis.
			Perform annual ethical risk assessments at all operational sites.
	Supplier conduct	Improve ethical awareness and conduct of suppliers.	Commitment by all suppliers to uphold ethical practices.
	Advancing technology education	Improved technological resilience and capability in local communities.	Active programs in place supporting technology education in Israel, Brazil and U.S.

Recent Sustainability Highlights

Sustainability at Elbit Systems

10%
Reduction in energy consumption per employee per thousand m^2 in 2014

9%
Reduction in greenhouse gas emissions per employee per thousand m^2 in 2014

16%
Reduction in total waste in 2014

19%
Reduction in water consumption per employee in 2014

19%
Improvement in injury rate in 2014

32%
Improvement in injury rate since 2012

0
Lost workday injuries at our U.S. sites in 2014

275,476
Hours of employee training in 2014

More than **90%**
of employees trained during 2014

More than **two thirds** of our employees participated in employee satisfaction survey in 2015

Elbit Systems of America awarded "Outstanding achievement in fundraising" by the Leukemia and Lymphoma Society

Elbit Systems of America selected as a 2014 and 2015 "World's Most Ethical Company" by Ethisphere Institute

Elbit Systems was voted the 7th Best Place to Work in Israel in 2015

Elbit Systems subsidiary in Porto Alegre, Brazil named as one of Rio de Sul's top companies to work for in 2013 and 2014

Solutions to Protect and Enhance Lives

Technologies and systems developed by Elbit Systems share a common attribute: they contribute to the protection and enhancement of lives. Men and women serving in defense forces throughout the world perform their roles with a higher degree of personal safety thanks to the technologies we provide. Similarly, our systems enable military personnel to reduce risks to others, including civilians. In addition, security forces and first responders around the world – police, firefighters, first-responders in all kinds of emergency situations – are safer as a result of Elbit Systems' technologies. This common platform of protecting and enhancing lives guides our vision for our business and our approach to innovation. It motivates us to deliver high-end integrated solutions to our customers all over the world. Protecting and enhancing lives is what we do best.

Protecting the Lives of Defense Forces Around the World

Solutions to Protect and Enhance Lives

Defense forces of today need the most modern technologies to provide optimum protection to armed forces and to civilians. Situational awareness at every instant is critical to modern asymmetric warfare where major threats can come from land, sea or air and include, for example, shoulder-fired missiles, tunnel warfare and cross-border snipers. The need to identify unconventional local threats and neutralize them effectively is becoming more technology-dependent than at any time in the past.

Digitizing the Australian Defence Force

With the help of Elbit Systems' sophisticated integrated technologies, the Australian Defence Force (ADF) is being digitized, adding new capabilities to service personnel who face risks to their security. With a strength of more than 80,000 full-time personnel and reservists, the ADF is the largest military force in Oceania and plays a crucial role in maintaining peace in the region and worldwide.

We were selected to digitize the ADF as part of a program known as Land 200. This program will also provide interoperability allowing the ADF to collaborate effectively with armed forces of other countries. It was clear that such an undertaking would require a local presence and very close collaboration on the ground to deliver our Battle Management System. The program required us to integrate digital systems into more army vehicles, equip troops and provide all the training and education necessary to ensure effective deployment of the entire system. During the past years, we have been rolling-out this ambitious program.

What's a digital army?

A digital army uses cutting-edge technology to connect all units, controls and command stations with operations on the ground at all times, ensuring seamless connectivity for real-time decision-making based on actual information in the field. The digital army maximizes combat resource coordination.

What's a digital army capable of?

The digital Battle Management System technology provides enhanced situational awareness with real-time images of the location of friendly and enemy troops. The images can be viewed on screen at command centers and on handheld mobile screens carried by commanders and soldiers on the field. Digital tools provide each soldier with critical information to make the best decisions in each situation.

Protecting the Lives of Defense Forces Around the World

Solutions to Protect and Enhance Lives

Led by Elbit Systems of Australia, we created our team in Australia with engineers from Israel and an objective of building the team through hiring and training local employees. By 2014, we had established a local team of Australian engineers, all of whom had completed training on digital technologies over several months in Israel as well as extensive training in their home country. In addition to our own employees, our work with local contractors and suppliers provides hundreds of additional jobs for Australians.

How does a digital army protect lives?

The digital army's enhanced situational awareness protects soldiers by reducing the risk of friendly fire and fratricide. Making best use of digital tools enables soldiers to contain fire to specific, targeted threats without inflicting harm unintentionally on friendly forces, while maintaining maximum protection for civilians. It also increases soldier survivability by using fire power effectively and efficiently.

What are the additional benefits of the digital army program?

Creating a digitized armed force in Australia has enhanced local technological capabilities beyond the military program. Digital tools can be replicable in many other aspects of civilian life, enhancing the pool of skilled engineers in Australia and collaborating with many other local businesses to strengthen local digitalization capabilities and industry.

Protecting the Lives of Defense Forces Around the World

Solutions to Protect and Enhance Lives

Protecting A400 Aircraft of the German Air Force

Pilots on active duty in conflict areas or on peacekeeping missions put their lives at risk with every flight. The proliferation of alternative warfare and the use of shoulder-to-air missiles by non-traditional armed fighters is just one of the heightened risks for military pilots in today's reality. In order to protect its pilots, the German Air Force required additional measures to protect cargo aircraft flying in conflict zones.

After examining a range of solutions, in 2014, our J-MUSIC™ was selected for the German Air Force's Airbus A400. Three J-MUSIC units are to be installed on each aircraft, affording maximum protection for the aircraft.

What's J-Music?

J-MUSIC is our Multi-Spectral Directed Infrared Counter Measure (DIRCM) system. This is a high-technology device designed to neutralize shoulder-to-air missile threats. J-MUSIC uses numerous high end technologies including advanced thermal imaging, and advanced fiber laser technology.

What can J-Music do?

J-MUSIC operates by firing a high power laser accurately at the incoming missile causing it to be deflected away from the aircraft and to explode a safe distance away.

Protecting the Lives of Defense Forces Around the World

Solutions to Protect and Enhance Lives

Protecting Helicopter Pilots

We have been developing our world-leading Degraded Visual Environment (DVE) helmet mounted display and symbology driven technology to help the U.S. Armed Forces protect lives in helicopter missions. Our approach provides three-dimensional imaging presented on the pilot helmet mounted display. This results in an intuitive way for presenting crucial information to the pilots in order to increase situational awareness, lower the pilots' workload and enhance safety of flight dramatically.

Elbit Systems of America demonstrated a greatly enhanced level of mission capability in simulations conducted in the U.S. Army Black Hawk Engineering Analysis Cockpit (BEAC) flight simulator. In simulations, our technology successfully completed 100 percent of its tests in DVE brownout conditions. U.S. Army test evaluators stated that our system demonstrates an exceptionally strong positive effect on flight crew situation awareness and workload task performance. It also allows pilots to safely hover in severe brownout conditions. The U.S. Army plans to install our DVE technology for Blackhawk helicopters that help protect and save lives in challenging situations.

What is Degraded Visual Environment (DVE)?

DVE is reduced visibility and applies in conditions such as rain, fog, snow and sand storms. In these conditions, situational awareness and aircraft control cannot be fully maintained and loss of control can occur for several seconds to even a few minutes.

What are the dangers of DVE?

In poor visibility conditions, pilots can lose control of their aircraft. DVE has claimed more military aircraft and lives than enemy fire since 2001. In certain military situations, notably in the Middle East, helicopter brownout (loss of visibility due to dust or sand in the air) is a $100 million per year problem for the U.S. Military. Brownout is cited as the cause of three out of every four helicopter accidents in such terrains.

Enhancing Technological Capabilities in Brazil

Solutions to Protect and Enhance Lives

Development of technological capabilities is a critical national objective for Brazil to support the country's position in the growing aerospace industry. We are pleased to be able to make a contribution to making this a reality through our long-standing and ongoing investment in Brazilian industries. Since 2001, we have grown our Brazilian workforce to more than 300 employees (by early 2015) who work at the cutting-edge of aerospace and defense technology. Close to 100 of these Brazilian employees have spent periods of between one and three years in our Israeli operations, receiving training on advanced technologies and developing their skills before returning home to reapply them in Brazil. Our investment has not been only in people; we have invested tens of millions of dollars in infrastructure and equipment to create market leading manufacturing sites in Brazil. We also participated in partnerships with other local business entities and with Brazilian research institutions. Examples of such activities in Brazil include:

Local UAS Production: Elbit Systems teamed with local Brazilian industries to produce Unmanned Aircraft Systems (UAS) in Brazil, bringing new technical capabilities to the local market.

Safer Cargo Aircraft: Brazil is one of only four countries worldwide that manufacture cargo aircraft, so there is a strategic local interest in developing the best capabilities for cargo flights. In recent years, we have been collaborating to develop a proprietary new technology that will significantly improve the flight safety of cargo aircraft in all weather conditions and at night. This collaboration is in partnership with another leading aerospace and defense company, Northrop Grumman, with funding and support from the Chief Scientist of Brazil.

Advanced Technology for the Air Force: We are involved in upgrading key aircraft for the Brazilian Air Force. Our technology includes the integration of advanced avionics such as digital maps, displays, advanced communication and navigation systems, all of which significantly improve flight safety and mission performance, even in harsh weather conditions.

Best Place to Work: Our subsidiary in Porto Alegre was named as one of the best companies to work for in Rio Grande du Sul in 2013 and 2014. The awards were made by Great Place to Work® and the leading business magazine "Tomorrow", following an employee survey and a culture audit.

Protecting And Enhancing Civilian Lives

Solutions to Protect and Enhance Lives

Elbit System's commitment to protecting and enhancing lives goes well beyond the core range of military solutions and applications that Elbit Systems has developed over the years. We are also involved in technology breakthroughs applicable to a host of commercial and civilian situations to protect citizens in their daily jobs and civilian lives. From general public security to the advanced technologies in what are often called Smart Cities, Elbit Systems makes use of its technology expertise to create groundbreaking solutions to protect the safety of citizens. Our unique advantage is our integrative approach. All the solutions we offer combine and synergize the best of technologies to create integrated, seamless network-oriented solutions that provide multi-functionality to address complex problems. Our solutions offer new levels of protection because they offer new levels of integration of multiple technology platforms.

Making Homeland Security a Reality

Solutions to Protect and Enhance Lives

National governments and regional and local municipal leaders across the world face ever mounting challenges in keeping citizens safe. At Elbit Systems we address the overall homeland security objective of keeping citizens safe and secure in three broad areas: border protection, public security and critical infrastructure security. In each of these areas, Elbit Systems offers integrative solutions for the benefit of governments, business, society and the environment.

Securing a country requires detection and information support systems that convert vast amounts of data into valuable information for use by governments and security agencies within and between countries. The war on global terrorism, money laundering, organized crime, cross-border illegal immigration, human trafficking, smuggling of goods and narcotics, the effects of natural disasters on national infrastructures, as well as the routine day-to-day safety of every citizen, require more sophisticated integrated solutions than ever before. Global security incidents have become daily news. They often go beyond the capabilities of a single law-enforcement agency in any country to predict, detect, identify and overcome. Only integrated systems that can process Big Data using advanced analytics and decision support algorithms can have a chance at arresting the increasing scale of local and national disruption caused by security and climate change threats. With our commitment to protecting and enhancing lives, homeland security remains a core focus for Elbit Systems' development of new, effective and integrated solutions.

Making Homeland Security a Reality

Solutions to Protect and Enhance Lives

Our Homeland Security Command & Control System

In November 2014, we launched our new Homeland Security Command and Control System (HLS-CACS) at the Third Israeli Homeland Security Conference. We were the only company at the conference to show a full situation room with a modular, integrated solution. HLS-CACS creates an operational picture of all law-enforcement services in real time. This provides an instant view of an entire situation for prioritization and management of issues as they arise, even when concurrently managing a large number of events on any scale. HLS-CACS manages events from a dedicated fixed or portable room and can interface simultaneously with multiple government, municipal and emergency networks.

HLS-CACS uses several technologies such as unmanned aircraft systems, license plate recognition, street and traffic surveillance cameras, airborne and ground sensors, police car cameras and other CCTV cameras. The system uses advanced video analytics capabilities to provide alerts in cases of large crowd gatherings, suspicious human behavior or unusual activities in a strategic location. HLS-CACS also incorporates Elbit Systems' WideBridge™ technology that provides secure broadband services via mobile phones for use by security services and first responders for uninterrupted communication when commercial communications services are not available.

What technologies do we employ for our Homeland Security (HLS) solutions?

Elbit Systems' HLS solutions are based on components, which typically are tested and proven in military arenas and are fully optimized for homeland security applications. Elbit Systems draws on extensive experience in military C4I (Command, Control, Communications, Computers and Intelligence), border protection, unmanned vehicles and multiple electro-optic and other sensors.

Why has HLS become so important?

Countries face constant multiple threats to infrastructure, critical services, including communications and transportation, and, of course, people. Conventional threats that were largely related to armed conflict within or between nations, have now been superseded by unconventional warfare that is unpredictable, local, asymmetric and often technology-based. In addition, disruptive natural disasters have become more frequent and larger in scale.

Making Homeland Security a Reality

Solutions to Protect and Enhance Lives

Making Cities Safer and Protecting Critical Infrastructure

Between 2015 and 2050, the number of people living in cities is expected to grow to around 6.3 billion, more than 60% of the global population. As urbanization develops, security considerations and threats increase. Ensuring the safety of citizens in densely populated cities presents new challenges that must be addressed by integrative technology. Digital tools and equipment enable heightened situational awareness and faster and more effective responses. In recent years, we have advanced a range of solutions to make cities safer across different locations worldwide.

Airports, seaports, power plants and other critical civilian infrastructure sites increasingly have become targets for terrorist organizations. The protection of such sites is a strategic national interest for every country. As terrorist threats become more sophisticated, site security managers need a clear situational picture of unauthorized movements and suspicious activities, as well as real-time response management tools to enable effective prevention of threats. Our SafeSite solution is a customized security network that integrates advanced sensors in secured facilities and supports effective responses. It is composed of multiple security rings covering the full range of potential security risk areas. For example, all railroads in Israel and the country's main seaport in Haifa are protected by SafeSite.

How many cities in the world are Safe Cities?

More than 2,300 municipalities around the globe are executing or planning Safe City projects to enhance civilian security, safety, local economy and quality of life. The cost of a Safe City project can reach billions of dollars. (homelandsecurityresearch.com)

What is critical infrastructure?

Critical infrastructure security includes perimeter security, ports, airports, power plants, oil and gas pipes and rigs and more. Protection requires detection, verification, tracking, surveillance, command, control and response. The use of high-end technologies in all these steps enables strong protection.

Making Homeland Security a Reality

Solutions to Protect and Enhance Lives

Making Borders Safer

In 2014, Elbit Systems of America (ESA) was awarded the Integrated Fixed Tower (IFT) project to deploy our Peregrine™ border security system along parts of the southwest U.S. border. This contract was awarded by the U.S. Department of Homeland Security Custom and Border Protection (CBP). The initial phase deploys Peregrine in the Nogales, Arizona area, and the nine-year contract provides options for extensions to additional areas across the Arizona border.

Peregrine assists border patrol agents in detecting, tracking, identifying and classifying items of interest, including human and vehicular activity, on any terrain, at any time. Peregrine is a user friendly and effective technology available for border protection, providing a Common Operating Picture based on radar and camera communications and control center technology. It is built on proven technology and offers a high level of operational availability.

What are the challenges facing border patrols?

Border control represents one of the most acute challenges with regard to protecting citizens of any county. Border risks include illegal immigration, human trafficking and smuggling of a range of goods including vehicles and narcotics.

What's the scale of the problem in the U.S.?

- In 2014, 479,371 undocumented migrants were apprehended on the U.S. - Mexico border. (U.S. Border Patrol).
- U.S. Government figures record about 18,000 people trafficked into the U.S. every year. (fronterasdesk.org)
- Marijuana smuggling into the U.S. occurs primarily across the U.S. – Mexico border, where more than 1,000,000 kg of marijuana are seized annually. (borderfactcheck.com)

Making Homeland Security a Reality

Solutions to Protect and Enhance Lives

Making Major Events Safer

Enhancing lives in a civilian setting also means providing the technology that enables people to safely enjoy their favorite sports and other large-scale events. In 2014, the Brazilian Air Force deployed our Hermes™ 900 and Hermes 450 Unmanned Aircraft Systems (UAS) to provide security surveillance at World Cup matches. The Hermes 900 flew in 36-hour stretches reaching a height of 30,000 feet. This allowed the Air Force to identify areas of unrest and potential terror threats in real time. Moreover, the UAS enabled the security forces to view the entire city of Rio de Janeiro in one frame and assist in placing appropriate forces, ready to act to deter potential problems and maintain an orderly environment in the city for the benefit of the local population and the thousands of visitors and football fans. In addition, our GroundEye™ observation system was deployed by Brazilian police and security forces to enhance safety at the 2015 Carnival in Rio de Janeiro.

Helping Flying Doctors Protect Lives

One of our goals is for our high-end technology to be used in new applications to protect and enhance lives. In Australia, we have been working with the Royal Flying Doctor Service (RFDS) to help their pilots improve their proficiency in complex missions, especially night-flying. In 2014, RFDS tested our helmet mounted display technology (Targo™) and was encouraged by the benefits it offers to improve pilot accuracy and safety in difficult conditions. We hope to expand this as part of the RFDS standard equipment. RFDS has a fleet of 63 aircraft and pilots fly 26 million kilometers per year, enabling doctors and flight nurses to provide 24hr medical care for over 270,000 patients. In 2014, there were more than 54,700 patient transportations, protecting, saving and enhancing lives.

From Safe to Smart: Advanced Civilian Solutions

The same technologies that provide Safe City solutions are also the basis of Smart City solutions. In addition to protecting people, these technologies can be used to enhance the quality of life. Elbit Systems continues to invest in the optimization of new technologies for Smart Cities. We work with technology partners, including many exciting new startups, to complement our core capabilities. Our capabilities include a wide range of sensors, both from the air and on the ground, interception units and communications solutions, supplemented by command and control capabilities and video analytics. Our Smart City technologies enable proactive management of municipal services that improve quality of life and environmental impacts throughout any city.

What's a Smart City? How does it differ from a Safe City?

Smart City incorporates Safe City technology but also offers platforms for greater connectivity, enhancing the quality of life through more efficient municipal services management such as waste treatment, traffic management, healthcare, energy control, water management and more. Global investment in the Smart Cities market is growing and will reach an overall value greater than $1.2 trillion in 2019. (transparencymarketresearch.com)

Solutions to Protect and Enhance Lives

Solutions for Enhancing Firefighting

One of the most important civilian applications of our technologies can be found in efforts to prevent and control fires in large open areas as well as in urban environments. Assistance to pilots who fly firefighting missions is critical, as such missions are often at low altitudes that present real danger to aircraft and personnel, and are often over difficult terrain. Also, many fires occur at night which is highly dangerous for pilots, often delaying firefighting missions until daylight by which time far greater damage has been inflicted. At Elbit Systems, we have been using our technologies to assist firefighting efforts around the world and also investing in new, revolutionary technology that will make firefighting more efficient and protect and save more lives, as well as protecting our natural and urban environments.

Israeli Airborne Firefighting Squadron

Following the deadly forest fire in Mount Carmel in Israel in 2010, one of the worst in Israel's history, we were contracted by Israel's Ministry of Defense to undertake the management of a new permanent airborne firefighting squadron for the Israeli Air Force (IAF). Building on the success of this program, in 2014, the Ministry of Defense extended the program for an additional eight years, double the length of the previous contract, to continue to manage the firefighting squadron on behalf of the IAF and the Ministry of Public Security. The contract covers flight schedules, fleet maintenance, infrastructure upgrades, airstrip operations, handling of fire retardants, preventive actions and all other squadron operational requirements. Our work with the firefighting squadron includes maintaining collaborative relationships with a range of local nature and parks authorities in order to ensure maximum environmental sensitivity in all operations. We are pleased that the strong expertise we have developed in firefighting, together with our industry leading technologies for aircraft and pilots, reduces the risk for firefighters in their life saving efforts.

>4,600	>2,500	>500
Firefighting missions since 2011	Firefighting flight hours since 2011	Fires extinguished since 2011

More Effective and Greener Firefighting Solutions

Building on our firefighting knowledge and expertise, we have developed a market leading solution to inefficiencies in traditional aerial firefighting with advanced technology to create a safer, more effective and more environmentally friendly aerial firefighting solution. Our unique solution was tested and proven in 2014 and will now complete further testing on different types of aircraft.

Our new technology is based on a precision concept of dropping biodegradable water pellets that are preloaded onto a mobile dispenser fitted to a conventional cargo aircraft or cargo helicopter. The technology has a number of advantages over traditional aerial firefighting techniques, enabling planes to remain at a height of up to 3,000 feet, which reduces danger to pilots versus traditional aerial firefighting methods. Our system facilitates operational continuity and can be operated at night as well as in daytime. Above all, there is a highly accurate ballistic trajectory to support the pellets reaching their target.

Our unique 250g water filled pellet was designed in coordination with the Shenkar College of Engineering and Design in Israel. The pellet casing is either incinerated in the fire or when dropped on vegetation, biodegrades within a few months, and its residue is a nutrient for vegetation. The pellets have also been tested to ensure they cause no injury to people on the ground at the time of the fire.

What are the limitations of existing firefighting methods?

Traditional firefighting methods drop large quantities of water to quench fires, but most of it evaporates in the air, sprays wider than the territory on fire and doesn't reach the ground. This result is a major waste of resources without achieving effective cessation of the fires in a timely manner. Also, with traditional aerial methods, night flying is impossible and the need to fly at very low altitudes is a major danger for pilots.

Making Homeland Security a Reality

Solutions to Protect and Enhance Lives

Cyber Security

Cybercrime has become one of the most challenging threats to homeland security and to the integrity of our physical, commercial and social infrastructures. Cybercrime also carries an immense cost to governments and to business. The Centre of Strategic & International studies (CSIS) estimated the annual global cost of digital crime and intellectual property theft in 2014 to be $445 billion. As a high technology company with an aim to protect and enhance lives, Elbit Systems draws on vast experience in intelligence gathering and processing across a range of platforms to provide unique solutions to fight the cyber war and protect the integrity of our information systems and infrastructures. Our solutions focus on two areas: cyber defense and intelligence gathering for large scale applications including major or national systems.

In September 2014, Elbit Systems supported ST Electronics, a leading technology company in Singapore, in its efforts to integrate cyber-crime prevention as part of the services ST Electronics provides to its customers. Serving major government, commercial, financial and utilities customers in Singapore, ST Electronics built a dedicated training center where customer training is managed by its in-house staff. Elbit Systems trained ST Electronics staff over a period of several months on the use of our CyberShield NCDS™ Training System simulator. This new service now contributes to improving the capability of civilian entities to face the threat of cyber-attack, protecting and enhancing lives in Singapore.

What technologies do we employ for our cyber defense solutions?

CyberShield is one of our primary solutions to address cybercrime. It incorporates real-time monitoring of the cyber domain, threat and event detection and analysis, management of national cyber events and situational awareness. CyberShield is an end to end solution designed to secure national, military and civilian networks including government and utilities networks.

How do we help train for protection against cyber-attacks?

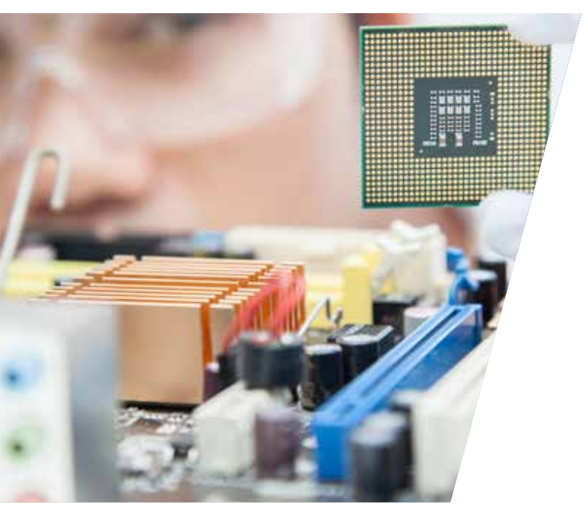
CyberShield NCDS Training System is a simulator that offers a cyber-defense virtual team training environment designed to train cyber-security professionals and decision makers. Trainees are exposed to simulated attack scenarios and security breaches injected into networks with real-world traffic simulation. Sessions are recorded and include a full performance evaluation and debriefing. CyberShield NCDS currently helps protect against cyber-attacks in several countries.

Medical Diagnostics for Enhancing Lives

Solutions to Protect and Enhance Lives

Elbit Systems of America's subsidiary, KMC Systems Inc. (KMC), provides unique opportunities for Elbit Systems to help protect and enhance lives. KMC develops and manufactures medical diagnostic equipment and assists both established and emerging medical companies to develop new medical instrumentation.

An example of the way KMC makes a contribution to protecting and improving patient outcomes through healthcare is the collaboration to develop a highly innovative product with the large medical devices division of General Electric, GE Healthcare. The objective was to develop a new technology that could significantly enhance medical diagnosis that requires magnetic resonance imaging (MRI). The result was a new technique, Hyperpolarized Metabolic Imaging Technology, SPINlab™, that enables a real-time MRI diagnosis that is much more sensitive in its detection of metabolic changes to a resolution of more than 10,000 times traditional MRI technology. Use of this technique creates, for example, new possibilities for non-invasive study of biochemical changes in disease processes and enables researchers to study the real-time metabolism of disease. KMC Systems developed, built, integrated and tested the SPINlab automation platform with GE Healthcare over a period of six years. Today, SPINlab is used in research centers around the world for advanced healthcare and improved quality of life.



What are medical diagnostics devices and why are they important?

Such devices are critical for the detection and identification of disease, often at very early stages. The earlier and more reliably we can detect disease through different medical technologies, the earlier the healthcare community can create relevant and effective solutions.

How does Elbit Systems support the medical and healthcare sector?

Through KMC, we provide medical instrumentation for use in diagnostic and therapeutic applications. KMC partners with both leading and emerging medical device companies, providing them regulatory compliant services in the areas of product development, design, manufacturing and field support services. KMC helps medical equipment get to market, and this supports improvements in overall healthcare.

Enhancing Flight Safety

Solutions to Protect and Enhance Lives

Commercial aviation continues to experience unprecedented growth on a global level. With over 1,400 air carriers operating 37 million flights, carrying three billion travelers and $6 trillion in goods in 2014, commercial aviation is crucial to the global economy. As traffic increases, so do the challenges in an uncertain world. At Elbit Systems, we develop and provide solutions for facilitating safe and efficient flights even in difficult visibility.

Flight Visibility

Elbit Systems has developed advanced technologies to increase visibility in poor weather conditions, enhancing the safety and efficiency of commercial aviation. We create solutions that enable airplanes and helicopters to take-off, fly and land in low visibility conditions. Our Enhanced Vision Systems (EVS) use unique sensors to present an image to the pilot who can now see through fog, smog, haze, rain, smoke and other low visibility conditions. This image is presented on a Head-Up Display (HUD) that is aligned with the actual scene. Through collaboration with the U.S. Federal Aviation Administration (FAA) and the European SESAR (Single European Sky ATM Research) organization, we aim to enable all-weather landings by making a "visual" landing. EVS also enables more direct routing, reducing fuel consumption and carbon emissions.

Through our participation in international Special Committees and Working Groups, aviation regulations have been changed to allow operators using EVS to begin a landing approach when visibility conditions would not normally allow for it. Through this system, far more landings can be made safely at the right destination and far fewer are diverted to alternative airports or cancelled.

What's the opportunity for improving flight visibility?

The largest single cause of flight delays and inefficient routings are attributable to weather, which is also a significant contributor to aircraft accidents. The U.S. Bureau of Transport Statistics reported that in 2014, 61,239 of a total of 126,984 cancelled flights (48.2%) were the result of adverse weather, causing significant economic damage and distress to passengers. The FAA reports that 20% of flights are delayed due to weather conditions.

What is our key visibility enhancing technology?

We continue to develop new generations of EVS to remain the industry leader. Our Clearvision EVS uses a fusion of different sensors to be able to see landing lights in low visibility conditions, while improving resolution and weather performance.

Enhancing Flight Safety

Solutions to Protect and Enhance Lives

Next generation technologies, such as EVS, strive to give capability to the aircraft and rely less on costly ground infrastructure. Currently, more than 1,500 of our EVS cameras are installed on several aircraft models, giving those operators unprecedented operational capability.

In 2014, we joined the European Commission funded A3 (Advanced Approaches for all Airports), consortium of 15 aviation leaders for the validation of new approach and landing technologies. The consortium was formed in December 2014 under the SESAR program and will run for two years, aiming to demonstrate advanced approach procedures for small and medium-sized airports, using different technologies. The idea is to improve current costly and complex landing systems instrumentation at these airports. The project will involve six airports across Europe and more than 200 flights, including business jets and commercial airliners. We are providing EVS technology and avionics to support this program.

What are HUDs?

Elbit also has developed highly innovative “head-up display” or HUD technologies. Skylens™ is a wearable HUD that enables pilots to avoid diverting their eyes away from the window to look down at a display screen, so that split-second decisions are not compromised. Skylens is packed in a lightweight device, like a pair of ski goggles. It is operational in all weather conditions, with day and night displays of high-resolution information, images and video on a high transparency visor.

Enhancing Flight Safety

Solutions to Protect and Enhance Lives

Flight Safety and Volcanic Ash

As a result of the 2010 Eyjafjallajökull volcanic ash plume, much of Europe's airspace closed for seven days, 100,000 flights were cancelled and financial losses over this period were estimated at close to $2 billion. In response to the volcanic ash problem, in 2014, we formed a flight safety collaboration, in the form of a development project with Nicarnica Aviation, a Norwegian company specializing in infrared and ultraviolet remote sensing solutions. The collaboration is developing an effective solution for detecting volcanic ash, to enable pilots to fly safely into contaminated areas influenced by volcanic eruptions.

"We are excited and looking forward to our collaboration with Elbit Systems. This will take us closer to realizing the goal of an on-board ash detection system and offering it worldwide within the shortest possible time. This will help the aviation industry avoid the economic damage created by crises such as the 2010 Eyjafjallajökull eruption that crippled European aviation for several days."

Ove Bratsberg, CEO, Nicarnica Aviation

Enhancing Flight Safety

Solutions to Protect and Enhance Lives

Protecting Against MANPADS

Over many years, we have developed expertise in Direct Infra-Red Counter Measure (DIRCM) technology that protects aircraft from MANPADS (shoulder-fired surface-to-air missiles). Our MUSIC™ (Multi-Spectral Infrared Countermeasures) family of products work to detect and deflect shoulder-fired missiles. We assist many national defense forces around the world with this technology, significantly enhancing the safety of military pilots and troops. In the commercial aviation area, our C-MUSIC product is commercially certified and specially designed to defend large commercial jets and VIP aircraft. C-MUSIC integrates the elements needed for effective protection, including a Missile Warning System (MWS), and is designed in the form of a pod which can be quickly installed or removed from an aircraft. The pod is aerodynamically optimized to minimize drag to the aircraft and has an almost imperceptible effect on fuel consumption. C-MUSIC has been fully performance tested and is now under evaluation for use in VIP flights for Heads of State and various private aircraft users.

Improving Flight Safety for Helicopter Rescue Missions

In 2014, we completed a series of helicopter flight tests in Zurich, using our new head-mounted display technology on board a helicopter of the Swiss air-rescue organization Rega. The flight tests were performed during day and night and included landing on helipads on hospital rooftops. Our new technology (SkyVis™) combines proven helmet-mounted display (HMD) with other technologies to achieve market leading head tracking capability (changing the image based on where the pilot looks) which assists in preventing disorientation during low visibility maneuvers. Following the tests, Rega pilots emphasized the enhanced situational awareness they achieved in different flight phases. Rega performs more than 10,000 rescue flights a year, many of which involve flights over the Alps. With our technology, we help make these rescue flights more reliable and safer for all involved.

Enhancing Flight Safety

Solutions to Protect and Enhance Lives

New Product Innovation Leadership in Commercial Aviation

In 2014, Elbit System's Skylens™ Wearable Head-Up Display (HUD) was awarded a Frost & Sullivan's Best Practices Award that recognizes companies in global markets for superior leadership, technological innovation, customer service and strategic product development. According to Frost & Sullivan, while HUDs have been well received in general by the aviation industry, Skylens has an edge because the technology is wearable, and this feature facilitates the technology's integration and adoption. Importantly, this HUD increases operational efficiency and therefore saves significant costs for airline operators and airports.

"Skylens is the ideal device to support the pilot during take-off and approach flight phases, while improving the airline's operations as it allows the aircraft to land in difficult conditions at many airports."

Thomas Saquer, Frost & Sullivan

Solutions to Protect and Enhance Lives

As a company that regularly commits to industry leading levels of research and development as a percentage of revenues, innovation is our life blood. We aim to be at the forefront of technology in all our core areas of expertise, and in many cases our innovation to protect and enhance lives also has a positive environmental impact. This is the case, for example, with our world-leading simulator technology that reduces resources for armed forces' training around the world. Another example is our emerging leadership in fuel cell technology for electric vehicles and super capacitors that double the lifetime of lead acid batteries or reduce fuel required in vehicle idle time. These solutions offer more energy efficient and low or no pollution commercial, public and private transportation with major environmental benefits. In addition, our advances in multi-spectral and hyper-spectral imaging have enabled us to pioneer imaging from space that addresses many climate change and environmental considerations.

Continuous Innovation in Simulator Applications

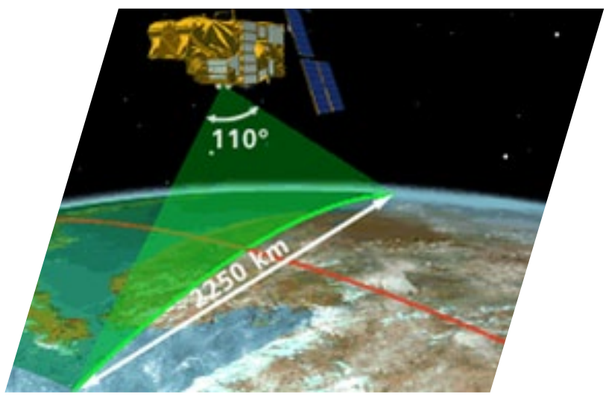
We draw on three decades of experience in simulator development and technology to offer our customers top quality training equipment and training support to protect and save lives. Our simulator technology for both military and civil applications for land or air vehicles, or other applications such as surveillance and border control training, improves performance, saves money and reduces environmental impacts.

Over the last few years, we continued to developed new simulator applications that offer extensive benefits for safety and efficiency. One example is a Mission Training Center simulator "farm", one of the first of its kind available in the world, allowing formation training that simulates flights of two sets of four aircraft flying together. The Center provides realistic simulated aircraft training using a variety of aircraft systems and mission scenarios to enhance the training of pilots at all levels. The Center, now in use by several customers, trains dozens of pilots a week, reducing by one fifth the number of air missions that pilots must perform as part of their training.

A second simulator we develop was a complex Homeland Security simulator for the Israeli Home Front Command. This simulator can train up to 50 people simultaneously to deal with major civilian catastrophic events, such as attacks with weapons of mass destruction on urban areas or major terrorist attacks. The simulator brings together all the local and national municipal and security forces that would typically be involved in such situations, providing real-time management and coordination of all activities including search and rescue.

Mapping Worldwide Vegetation from Space

In collaboration with the European Space Agency (ESA), we launched a multi-spectral camera into space to map worldwide vegetation coverage as part of the global effort to address climate change and world food security. Our camera, the PROBA-V (Project for On-Board Autonomy – Vegetation) was launched as a miniature ESA satellite weighing 160kg. The camera's field of view collects light in a range of wavebands, ideal for monitoring plant and forest growth as well as inland water bodies. It monitors land cover and vegetation growth across the entire planet every two days, distinguishing between different land cover types and plant species, including crops, to reveal their health, as well as detect water bodies and vegetation damage. The first global map of vegetation from PROBA-V was released by ESA in 2013. The satellite is a leading source of key European and global vegetation data provided to environmental researchers through European Commission programs and is used for climate impact assessments, surface water resource management, agricultural and crop monitoring, tracking the spread of deserts and deforestation and extreme weather effects. This high-end technology has the potential to save and enhance lives through improved resource control and planning for current and future generations.



Solutions to Protect and Enhance Lives

Innovating for Renewable Energy Technologies

We continue to invest in our partnership with Capital Nature Ventures, an Israeli incubator for renewable energy technologies Israel, which was launched in 2012 with primary funding from the Office of the Chief Scientist and other partners. To date, Capital Nature has supported more than eight renewable solar, transportation, wind and waste energy ventures, as well as several energy storage technology startups. It has also backed renewable energy research projects at leading universities in Israel.

Innovating for Technology Development

Incubit Technology Ventures, an Israeli subsidiary that we established in 2012, enables innovation through investments in technological startups and activities to support the technology community in the peripheral southern region of Israel. In order to connect with the local development community, we host technology events and collaborate with technology groups, such as the Google Developers Group which has grown to 50 members who meet regularly at Incubit's offices and benefit from resources we make available to assist their efforts. In the past two years, Incubit has invested in several promising technology startups, including an initiative using nano-technology to improve the performance of super capacitors and lithium ion batteries, and another initiative that proposes a breakthrough advance in cancer diagnostics that provides unparalleled detailed microscopic mapping of the cancerous tissue within body organs.

"We emphasize to the developers in our community the significant added value that Incubit brings. The support provided by Elbit Systems, including the highest level of human capital, the physical and technological infrastructure are all available to entrepreneurs selected by Incubit. This added value has a monetary equivalent which can, in many cases, exceed the initial investment."

Vadim Gutman, Member of Google Developers Group, Beer Sheva, Israel

Meeting Customer Needs

Solutions to Protect and Enhance Lives

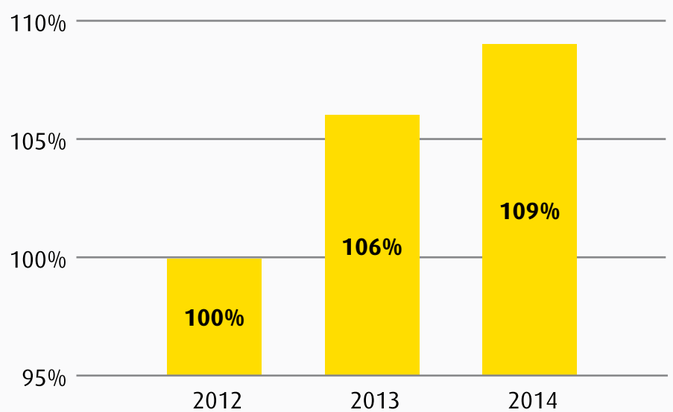
We listen and respond to our customer needs and invest in continuous improvement of our processes to achieve customer satisfaction. This includes development, design, integration, manufacturing and services for the range of our systems and products.

Our policy is to follow uniform quality control standards throughout our global organization, and quality procedures are described in our General Quality Guide, which refers to international quality standards. Our sites around the world maintain quality certifications for general quality, aerospace standards and environmental and health and safety quality standards. Our global corporate Quality Leaders Group, which includes all quality control managers from our worldwide operations, meets twice a year at different Elbit Systems locations to exchange ideas, quality challenges and plans, and help resolve outstanding issues.

Customer Satisfaction

Customer satisfaction at Elbit Systems is measured continuously throughout our global operations. We collect tens of data points relating to different aspects of our service to customers and issue both periodic and event related surveys to hear our customers' views on different aspects of our service in different situations. We aggregate customer feedback scores together with internally measured service data to give an overall customer satisfaction index. We track service ratings for our customers in the U.S, Europe and Israel, which represents the majority of our global business. In the past three years, customer feedback has become increasingly positive, and in 2014, 85% of customer programs were rated very good or excellent, a 7% improvement since 2012. Similarly, customer complaints decreased by 27% in 2014.

Overall Customer Satisfaction Rating



Managing Sustainability Impacts Throughout Our Operations

In addition to protecting and enhancing lives in our business activities, we focus on the impacts of our operations through our value chain, including the interactions and relationships we maintain with our primary stakeholders - customers, employees, our suppliers and regulators. We also place emphasis on our use of resources and environmental stewardship. In all these areas, we aim to continuously improve our sustainability impacts.

Engaging Employees

Managing Sustainability Impacts Throughout Our Operations

Our employees around the world are our best source of innovation and the foundation of our success. We try to create a workplace where employees can feel motivated to contribute to the development of new and creative ways of working and meeting customer needs. We support diversity and inclusion and try to bridge the gap between maintaining a long-serving and stable workforce while attracting new talent to lead future generations of innovation and technology throughout the business.

Our Global Workforce

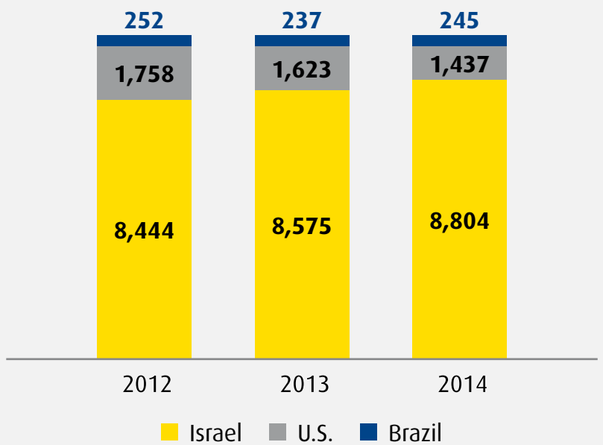
In 2014, we employed 11,851 people in more than a dozen countries. Our workforce has not fluctuated significantly over the past five years, ranging between 12,500 and 11,600 direct employees. Almost all our employees are employed on a full-time, indefinite contract basis. For the purpose of this report, we focus on our principal employee populations in Israel, U.S. and Brazil, representing approximately 90% of our global workforce.

Employee Feedback

We aim to connect our employees to our mission to protect and enhance lives and seek their feedback in several ways. Our employee satisfaction survey for Israel and U.S. based employees is conducted every two years and in our most recent survey in 2013, 60% of employees responded.

Positive feedback from employees	Opportunities for improvement
✓ Flexibility and adaptability to change	✓ Synergy and cooperation
✓ Commitment, responsibility and professionalism	✓ Managing workload
✓ Ethical behavior and fair dealings	✓ Innovation culture

Number of employees by country



Engaging Employees

Managing Sustainability Impacts Throughout Our Operations

Engaging Employees in Innovation

As a direct response to our employee feedback to provide additional support for innovation, in 2014, we launched a Company-wide initiative in Israel to encourage and advance innovation skills and practices. There are several elements to this initiative:

Benchmarking innovation: In 2014, we undertook an in-depth review of the practices of companies that do well in innovation, in order to gain inspiration and possible new ways of approaching innovation at Elbit Systems.

New R&D Division: We established a new Research and Development Division, reporting directly to our President and CEO, linking more than 1,000 employees whose roles are related to R&D and innovation. The objective of the new division is to support synergies and cross-divisional cooperation in matters relating to innovation.

Innovation conferences: Another element of driving an innovation culture relates to raising employees' awareness and generating an innovation mindset. To this end, in 2014, we embarked upon a series of innovation conferences in each division of the Company. Each division created its own theme and created a full conference program, with employees as presenters and the CEO in attendance at each conference. Many new innovation projects were proposed as a result of employees finding inspiration from these conference days.

Rewarding patents: We have revised our compensation policy to provide increased recognition and financial reward for employees that develop ideas that become patents. Each year, we register several patents that help secure our long-term future and contribution to protecting and saving lives.

Engaging Employees through Communications

Feedback from our employee survey indicated that employees want more information and interconnection with colleagues to support dialogue, partnership, collaboration and overall connection to the Company's objectives. In 2013 - 2014, we completed the first stage in Israel of our global plan to elevate internal communications with three main goals: (1) real-time knowledge and information sharing, (2) creation of dialogue and partnership, and (3) encouraging involvement, friendship, entrepreneurship, innovation and personal pride among our diverse employees.

In 2014, we developed a new Elbit Systems communications framework under a branded internal communication theme, to create a common language across all our companies and divisions. We appointed Communications Partners throughout the Company to embed this new approach. In addition, following employee feedback on how they want to receive information, we have refreshed our communications tools with weekly, monthly and bi-annual publications. This is underpinned with targeted communication tools we have developed to support manager accountability for cascading communications throughout the organization, including a direct channel from the CEO to all employees with updates about key developments and achievements of the Company.

Employee Performance and Development

We aim to provide our employees with the most comprehensive tools and programs to enhance their professional development as well as capabilities to deliver excellent results within their roles at Elbit Systems. On average, in 2014, employees participated in 26 hours of training throughout the year, bringing our total training hours to more than 275,000 for the full year – equivalent to 137 full-time employee years.

Performance Management: We encourage our employees to continue to develop professionally and offer them opportunities to learn new skills. Performance and career discussions are ongoing, and annual formal review meetings are conducted with employees in order to assess performance, review development and career opportunities and discuss targets. In 2014, 98% of employees globally participated in formal performance reviews.

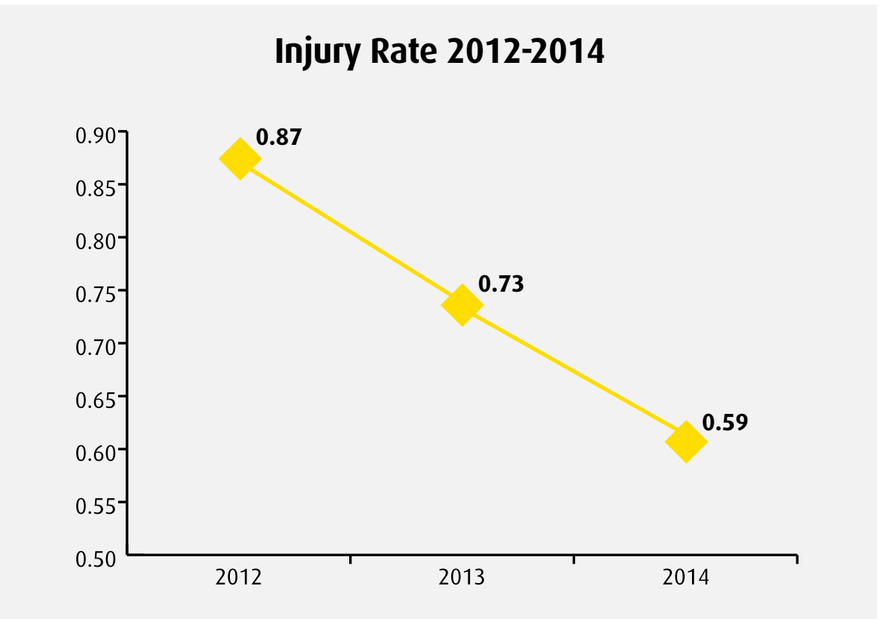
Elbit Business School: We maintain Elbit Business School, a learning and development framework to groom managers at all levels to develop critical leadership skills and be ready to take on more senior roles as the business demands. In 2014, our first group of 50 leaders completed our Next Generation program, which accelerates the development of our most senior talent pool, after a three-year investment. Next Generation included deep feedback on leadership styles and impacts for all participants, and enriched their awareness and knowledge with courses taught by Harvard Business School professors in several specializations.

Recruiting Apprentices: Our future success relies upon developing new, young, diverse talent. Technological occupations are always in demand. In 2014, one of the ways we established to support our ongoing pipeline of future recruits while contributing to the development of technological capabilities in our community is the partnership we have developed with the Atidim non-profit organization. Atidim promotes excellence and academic education in technological and scientific disciplines among young people in Israel's periphery. Our partnership involved Atidim updating our recruitment division at Elbit Systems about engineering students in the Atidim program who are studying at Israel's leading universities in the north of Israel. Our recruiters then target these students and provide paid apprenticeships where they can learn about different professional aspects of our Company and become preferred potential new hires upon completion of their studies. In 2014, we provided such opportunities for 10 students from the Atidim program.

Protecting Employees in our Workplace

A safe working environment is imperative to enable our employees to focus on meeting customers' needs. A culture and practice of safety is fundamental to protecting the lives of those who work at Elbit Systems. We maintain leading standards of health and safety at work, including compliance with all applicable laws and regulations. During 2014, we increased our adherence to OHSAS 18001 Safety Standard, bringing the total number of certified sites in Israel, Brazil and the U.S. to 13. All new employees are trained in safety procedures as part of their orientation, and we typically provide approximately four hours of dedicated safety training per employee per year. Most of our workplace injuries are minor cuts, scratches, slips and knocks. In 2014, as a result of continuous improvement in safety practices, we recorded a 19% reduction in our injury rate. With just 62 lost workday injuries across our major operations in 2014, our safety record remains one of the best in the industry.

In 2014, we achieved a record 3.8 million cumulative hours worked at Elbit Systems of America (ESA) with not a single lost workday due to injury. This is the result of ongoing safety awareness and training activities including ESA's monthly "Time out for Safety" bulletins.



Quality certifications held by Elbit Systems sites in 2014	**ISO 9001** General quality standard	**AS9100** Aerospace quality system standard	**ISO14001** Environmental quality standard	**OHSAS 18001** Occupational health and safety quality standard
	22	18	14	13

Reducing Resource Consumption

Managing Sustainability Impacts Throughout Our Operations

We take a proactive approach to environmental management, believing that managing our environmental impacts is both beneficial to society and to our control of operational costs. We manage environmental performance on a country-by-country basis, complying with applicable environmental regulations, as part of an overall objective to improve environmental impacts at each operational site. This approach enables flexibility and attention to local priorities while adhering to a common set of standards and policies. We maintain a global forum of Environmental, Health and Safety (EHS) Officers who review environmental performance and define annual environmental targets. Many of our manufacturing sites are certified to the ISO 14001 environmental quality standard. This report includes our performance in our three main countries of operation:

Israel	U.S.	Brazil
16 production sites including our global headquarters with a total built area of 369,960 m^2.	**8** production sites, including onsite storage, with a total built area of 210,133 m^2.	**2** production sites and two warehouses with a total built area of 10,664 m^2.

Reducing Resource Consumption

Managing Sustainability Impacts Throughout Our Operations

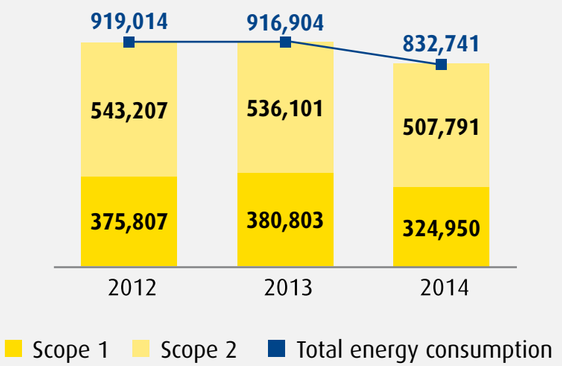
Energy and Emissions Management

In 2014, we reduced our total energy consumption by 9% versus 2013 as a result of consistent efforts in our production sites around the world to conserve energy in different ways. As a result, we achieved a corresponding 8% reduction in CO2e emissions in 2014.

Our Scope 1 energy consumption (direct energy) is composed of four primary fuels:

- Diesel fuel for generators, heating and operating equipment, such as fork lift trucks.
- LPG for cooking in our kitchens and cafeterias.
- Gasoline to power Company operated vehicles for employee and other local transportation.
- Aviation fuel for flight tests.

Energy consumption (gigajoules)



Reducing Resource Consumption

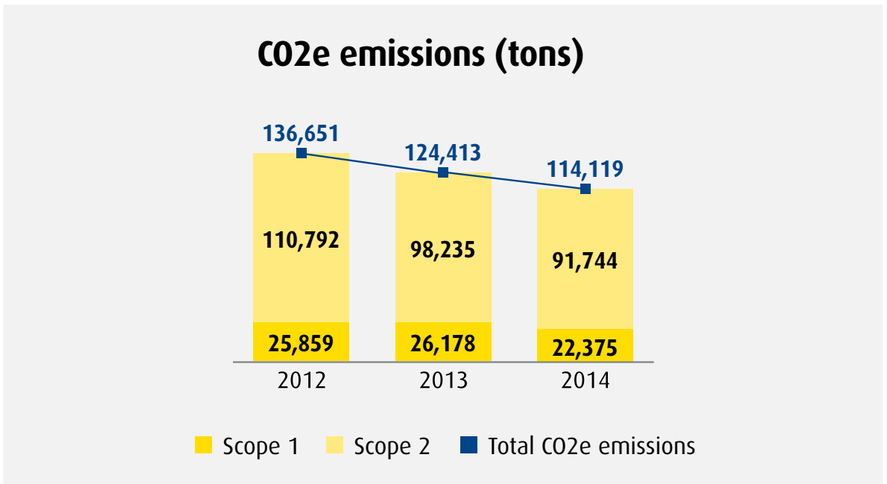
Managing Sustainability Impacts Throughout Our Operations

Our Scope 2 (indirect energy) consumption is purchased grid electricity at each of our locations. Some of the ways we have reduced our overall energy consumption in 2013 - 2014 include:

Improved air conditioning and lighting controls: One of the main uses of electricity at our production sites is for air-conditioning and lighting. In many of our sites, we have installed equipment and procedures to turn off air conditioning units when parts of the site are not in use and reduced the air replacement rate at times of low activity. At our headquarters in Israel where we employ more than 2,000 people, we have installed an innovative system that uses 50% less electricity than standard air conditioners by treating air contaminants rather than replacing air in the building. Following a successful pilot, we plan to use this system in other locations where possible.

Improved infrastructure: Among the many initiatives to reduce energy consumption throughout our operations, in one site in Israel we took a seemingly simple action of painting the roof of the factory white. This was enough to reduce the internal building temperature by up to three degrees Celsius to enable a saving in air conditioning costs.

Conversion to hybrid vehicles: In Israel, we maintain a fleet of more than 3,500 company operated vehicles. In 2013, we introduced a program of gradual replacement of gasoline-powered vehicles to hybrid vehicles. More than 1,000 cars were replaced by the end of 2014. This enabled cumulative savings of more than one million liters of gasoline and reduced greenhouse gas emissions correspondingly.



Managing Sustainability Impacts Throughout Our Operations

Water Management

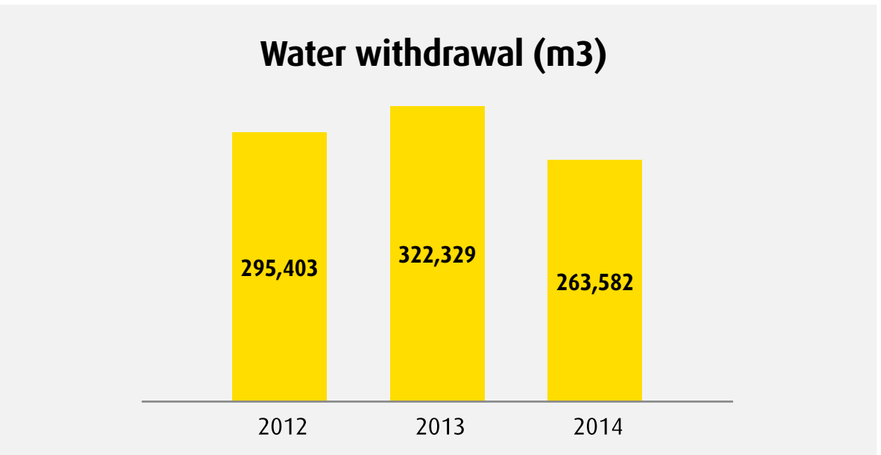
In 2014, we reduced our water consumption by 18% versus 2013. Since 2012, over two years, this represents an 11% decrease. In 2013, our water consumption increased due to water leaks at two of our facilities.

Water at our facilities is primarily used for sanitary purposes, cleaning of equipment and gardening. Some of the ways we have reduced our water consumption in 2013 - 2014 include:

Managing and preventing water leaks: At most of our sites we continuously check our facilities for leaks and take preventive or corrective measures immediately.

Smart meters and recycling of water: We have implemented water efficiency measures at several locations, including the installation of smart meters and recycling of process water.

Water efficiency for sanitary purposes: We have installed low-flow faucets, water-saving shower heads and half-flush toilets in our bathrooms and washrooms. Communication campaigns throughout our facilities alert employees to be conscious of water use at all times.



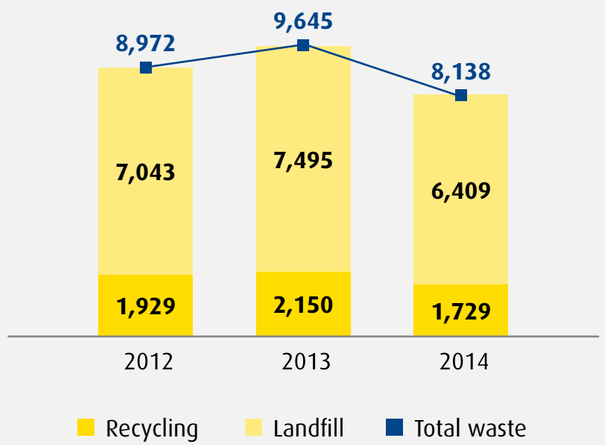
Reducing Resource Consumption

Managing Sustainability Impacts Throughout Our Operations

Waste Management

We strive to generate minimal amounts of waste in our operations around the world and increase the level of recycling. In 2014, we reduced the waste generated by our operations by 16% versus 2013.

Total waste by disposal type in tons



In 2014, we recycled 21% of the waste we generated, a similar level to previous years. Remaining waste is landfilled or incinerated. A small amount of our waste is classified hazardous (2.3% in 2014), and we dispose of this safely in accordance with applicable regulations.

Embedding Ethical Conduct

Managing Sustainability Impacts Throughout Our Operations

As part of our overall ethics compliance practices, internal Ethics Committees operate both at our Corporate Headquarters and major Company divisions and subsidiaries. Our Code of Business Conduct and Ethics defines our basic ethical principles and values, instills a framework for proper conduct and constitutes the guidelines for engagement both among employees and with our other stakeholders. The Code specifically includes provisions relating to our Company-wide restrictions on conflicts of interest and anti-competitive behavior.

In recent years, we have amended our Ethics Code, our Anti-Bribery Compliance Policy and other applicable policies and procedures to reinforce anti-bribery and anti-corruption clauses, including specifically adapted policies for our UK subsidiaries in line with the requirements of the UK Bribery Act, and for our Brazilian subsidiaries in line with Brazil's recently adopted Anti-Bribery Policy Law, as well as similar adaptations for subsidiaries in other countries. Our anti-bribery policies reflect zero tolerance for corruption.

All our employees are required to become familiar with our Ethics Code. 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. 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. We facilitate anonymous reporting of potential violations of our Ethics Code under a "whistle-blower" process open to all employees and maintain a policy of non-retaliation for good faith reports of potential violations.

Managing Sustainability Impacts Throughout Our Operations

Advancing Ethics at ESA

Elbit Systems of America (ESA) has continued to drive a focused culture of ethics for a number of years, aiming to "do the right thing" for customers, the company, shareholders, each other and our communities. Key elements of the program include supporting middle management to be the voice and face of our ethical culture, as well as, consistent communication, improved interactive training and leveraging of visual tools such as TV screens, posters and banners. This is supported by the ongoing commitment of ESA's CEO through the inclusion of ethics items in ESA's Leadership highlights. ESA attained Ethisphere's Ethics Inside certification in 2014, becoming the first company in the aerospace and defense sector to do so. The Ethics Inside certification involves a review and evaluation of more than 100 separate criteria relating to corporate governance, corporate citizenship and ethics and compliance program and practices.

We received valued recognition for our achievement in embedding a culture and practice of ethics in 2014 and 2015 with ESA being named to Ethisphere's list of the World's Most Ethical companies in the aerospace and defense sector.

"ESA has literally transformed their ethics and compliance program into a superior example in just a few years. The team at ESA has been creative and diligent, including taking time to do a multi-site code of conduct 'road show' to bring the message directly to all corners of their enterprise. ESA shows no signs of slowing this progress and has a full agenda of future initiatives."

Eric O. Morehead, Senior Compliance Counsel, Compliance Advisory Services for NYSE Governance Services, an Ethisphere licensed credentialing partner

Managing Sustainability Impacts Throughout Our Operations

Collaboration to Advance Ethical Conduct

We continue to take an active role in our membership in the International Forum of Ethical Business Conduct (IFBEC) of the aerospace and defense industries. The purpose of IFBEC is to promote and foster through the Global Principles the development of global, industry-wide ethical standards for companies that are active in the aerospace and defense business sector. In 2014, our Chief Compliance Officer participated in discussing a "Speak Up Culture" on a panel at the IFBEC annual conference. As the first non-U.S. or European-based company to join IFBEC, our membership has paved the way for other such aerospace and defense companies to join IFBEC.

Improving Our Transparency

Elbit Systems has been included in the Transparency International Defense Companies Anti-Corruption Index since 2012. In 2014, we made a focused effort to improve the way we provide information to Transparency International, and as a result, our transparency score improved, and we achieved higher rankings than in prior years. We support the work of Transparency International in promoting worldwide practices that are free of corruption.

Ethics in Our Supply Chain

Our ability to serve our customers with outstanding quality and service relies upon an efficient supply chain which operates in a responsible and sustainable manner.

Supplier Code of Conduct: Our policy is to purchase raw materials and parts from responsible suppliers who respect compliance, environmental, social and labor laws. Our purchasing terms and conditions include a Supplier Code of Conduct, which is published on our website, and which makes suppliers aware of our expectation that, in addition to complying with applicable laws and regulations, they will conduct business activities in a manner that is fair and ethical.

Counterfeit and Obsolete Parts: Counterfeit parts cause potentially serious problems and could compromise the safety of our products. We strive to prevent the presence of counterfeit parts in our production lines. Our policy is to purchase components and equipment parts only from authorized dealers and manufacturers and conduct ongoing monitoring regarding these sources. All incoming parts are subject to our own rigorous quality controls, and we reject parts that do not conform with all required standards.

Conflict Minerals: Elbit Systems' policy is to use "conflict-free" minerals in our products, and we support government and industry actions to increase supply chain transparency to facilitate the ability of companies to source conflict-free minerals. Therefore, we are taking measures, consistent with the OECD Guidelines, to meet the applicable reporting obligations, including enhancing our supply chain due diligence and internal controls relating to conflict minerals. We are committed to sourcing materials from companies that share our values with respect to human rights, ethics and environmental responsibility. As part of our conflict minerals compliance policy, we are requesting that all of our current and potential suppliers of raw materials or products complete a Conflict Minerals Supplier Due Diligence Questionnaire. We reported on conflict minerals as required to the U.S. Securities and Exchange Commission in 2014 and 2015.

Managing Sustainability Impacts Throughout Our Operations

We do our best to support the communities in which we operate and live through charitable donations and encouraging our employees to volunteer in the community. We allow paid time for volunteering, provide funding for certain activities and offer training where necessary. Globally, each of our subsidiary companies around the world determines its own level of involvement based on local needs, partnerships and employee preferences. In general, we focus our community efforts in areas related to our core skill: supporting technological education. Our global community investment, with a focus on technological education, amounted to approximately $2 million in 2014, including charitable donations, in-kind donations of equipment and services, and the value of employee volunteering time. Total volunteering hours for our employees around the world was more than 16,000 hours in 2014. Our companies do not make donations to political or politically affiliated organizations.

Community Activities in Israel

ORT Israel: We are a party to a national collaboration agreement with ORT Israel, an organization which runs a network of more than 90 vocational high schools in Israel that focus on technological education. This aligns with our strategy to promote greater participation in science and technology education, throughout Israel, particularly in peripheral areas. In the last two years, since the start of our collaboration, eight of our sites in Israel have adopted an ORT school and created a specific work-plan that includes site visits, lectures, homework assistance and project support. Each site-school relationship takes a different form. In one location, for example, we partnered with a religious all-girls school, involving women on our staff to support the girls and provide role models of how to advance as a woman in industry. As part of this collaboration, girls at the school participated in a project to develop a business plan for a new venture. Their submission idea won first place in a national competition, and the girls won a flight to New York to partake in a global competition.

Technoda: In Israel, in 2014, we refurbished and donated a Hermes 450 unmanned aircraft system to the Technoda Center for Science and Technology Education. Our employees volunteer to provide science education for school students who participate in the Technoda's after-school activities in science and technology, offering lectures and helping with science projects.

"I was chosen to partake in this program while I was in 9th grade. In addition to our core subjects we focus on electronics and physics. In addition to lectures on electronics and design, field trips allowed us to see how the process works, how electronics equipment is designed and built. I gained a lot from these field trips, they showed me that what I learn in the classroom has a practical application, it made me feel like there is a reason to study this and that it has a future."

Katya, 11th grade student, participates in ORT activities supported by Elbit Systems

Managing Sustainability Impacts Throughout Our Operations

Community Activities in the U.S.

Team America Rocketry Challenge: In 2014, Elbit Systems of America (ESA) became a corporate sponsor of the Team America Rocketry Challenge (TARC). TARC is the Aerospace Industries Association's signature program and the only aerospace-specific U.S. national STEM competition, inspiring and attracting the next generation of engineers and technicians to join the aerospace industry. As part of our sponsorship, ESA volunteers are involved in mentoring students in designing, building and eventually firing rockets. The volunteers lead weekly classes on topics such as rocket design and construction, propulsion, and aerodynamics and work with the students nearly every Sunday to launch rockets the students design and build as part of the TARC qualifying competition. A survey of TARC alumni showed that exposure to aerospace through TARC has a positive impact on students' career choices, with 81% of participants planning to pursue careers in science, technology, engineering or math.

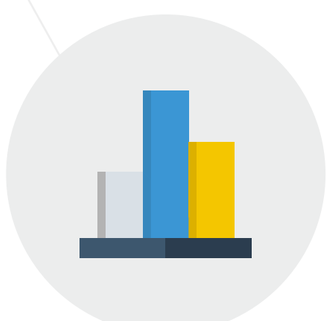
Leukemia & Lymphoma Society: In 2014, ESA employees raised $250,000 for the Leukemia & Lymphoma Society (LLS), the world's largest voluntary health organization dedicated to funding blood cancer research, education and patient services. The funds were received through participation of ESA employees in LLS' Light The Night® Walk which was noted as an "outstanding achievement" by LLS, placing ESA in one of the top 25 national teams raising funds for LLS. ESA has been a national partner of LLS since 2008, and ESA's CEO, Raanan Horowitz, serves as an active member of the Board of Directors.

Snowball Express: ESA supports the Snowball Express organization, which helps children of men and women of the U.S. military forces who have died while on active duty since 9/11. Snowball Express programs bring thousands of children together for a four-day experience of fun activities including sporting events, dances, amusement parks and more. ESA donates computers to run the Snowball Express command center, and ESA employees volunteer in activities in hotels, transportation and several other aspects of the activities.

Sustainability Performance Indicators

Workforce data

Employees by gender and contract	G4	Unit	2012		2013		2014		
			Male	Female	Male	Female	Male	Female	
Permanent contract employees	G4-10	Percentage	N/A	N/A	94%	93%	96%	94%	
Temporary contract employees	G4-10	Percentage	N/A	N/A	6%	7%	4%	6%	
Management employees by gender	G4-LA12	Percentage	94%	6%	91%	9%	90%	10%	
Non-management employees by gender	G4-LA12	Percentage	82%	18%	88%	12%	86%	14%	
All employees by gender	G4-LA12	Percentage	76%	24%	75%	25%	75%	25%	
Employees by age	**G4**	**Unit**	**2012**		**2013**		**2014**		**Change in 2014**
Employees below age 30	G4-LA12	Percentage	9%		10%		10%		-1%
Employees aged 30 - 50	G4-LA12	Percentage	51%		52%		51%		-1%
Employees over age 50	G4-LA12	Percentage	40%		38%		39%		2%
Total employees, new hires and turnover	**G4**	**Unit**	**2012**		**2013**		**2014**		**Change in 2014**
Total Elbit Systems employees worldwide	G4-10	Headcount, year end	12,134		11,674		11,824		1%
Employees covered in Sustainability Report	G4-10	Headcount, year end	10,454		10,435		10,486		0%
Employee new hires	G4-LA1	Headcount	706		821		1,007		23%
Employee leavers	G4-LA1	Headcount	1,073		1,177		977		-17%
Employee turnover	G4-LA1	Leavers % end-year headcount	10%		11%		9%		-17%
Training and development	**G4**	**Unit**	**2012**		**2013**		**2014**		**Change in 2014**
Employee training total hours	G4-LA9	Total hours	95,500		327,744		275,476		-16%
Employee training average hours	G4-LA9	Hours average/person/year	8		31		26		-16%
Employee performance reviews	G4-LA11	% of employees	98%		98%		98%		0%
Collective Bargaining Agreements	**G4**	**Unit**	**2012**		**2013**		**2014**		**Change in 2014**
Employees covered by Collective Bargaining Agreements	G4-11	Percentage	29%		27%		26%		-4%
Anti-corruption	**G4**	**Unit**	**2012**		**2013**		**2014**		**Change in 2014**
Employees receiving anti-corruption training	G4-SO4	Percentage	N/A		74%		100%		26%
Health and safety	**G4**	**Unit**	**2012**		**2013**		**2014**		**Change in 2014**
Number of injuries	G4-LA6	Injuries	91		76		62		-18%
Injury rate	G4-LA6	Rate per 100 employees	0.87		0.73		0.59		-19%
Number of lost days due to injury	G4-LA6	Days	968		1,059		770		-27%
Lost day rate	G4-LA6	Rate per 100 employees	9.26		10.15		7.34		-28%
Number of fatalities	G4-LA6	Number	0		0		0		0%



Sustainability Performance Indicators

Environmental performance	G4	Unit	2012	2013	2014	Change in 2014
Scope 1 energy consumption	G4-EN3	GJ	375,807	380,803	324,950	-15%
Scope 2 energy consumption	G4-EN3	GJ	543,207	536,101	507,791	-5%
Total energy consumption	**G4-EN3**	**GJ**	**919,014**	**916,904**	**832,741**	**-9%**
Energy intensity	G4-EN5	GJ/ employee /000 m2	0.179	0.181	0.163	-10%
Scope 1 GHG emissions	G4-EN15	tons CO2e	25,859	26,178	22,375	-15%
Scope 2 GHG emissions	G4-EN16	tons CO2e	110,792	98,235	91,744	-7%
Total GHG emissions		**tons CO2e**	**136,651**	**124,413**	**114,119**	**-8%**
GHG emissions intensity	G4-EN18	tons CO2e/ employee/ 000 m2	0.027	0.025	0.022	-9%
Water withdrawal	**G4-EN8**	**m3**	**295,403**	**322,329**	**263,582**	**-18%**
Water intensity	G4-EN8	m3 /employee	28.26	30.89	25.14	-19%
Waste to recycling	G4-EN23	metric tons	1,929	2,150	1,729	-20%
Waste to landfill	G4-EN23	metric tons	7,043	7,495	6,409	-14%
Total waste	**G4-EN23**	**metric tons**	**8,972**	**9,645**	**8,138**	**-16%**
Waste intensity	G4-EN23	tons / employee/000 m2	0.002	0.002	0.002	-16%
Percentage of waste recycled	G4-EN23	%	21%	22%	21%	-5%
Percentage of waste to landfill	G4-EN23	%	79%	78%	79%	1%

About this Report

This fourth Sustainability Report for Elbit Systems describes our approach to Corporate Responsibility and Sustainability and the key actions we have taken since our last report to advance responsible practices in our business. This report represents a step change for Elbit Systems' reporting approach in three ways:

- **First:** This is the first report in which we present a long-term strategic approach to sustainability, developed and supported by Elbit Systems' senior management during the past year. Future reports will continue to disclose performance against our strategic objectives.
- **Second:** While prior reports have applied the GRI (G3) reporting framework, this report is the first to be written in accordance with the Global Reporting Initiative G4 guidelines, core option. The G4 Guidelines is acknowledged as the most advanced and comprehensive sustainability reporting framework available today, which is used by thousands of companies around the world.
- **Third:** This report focuses our disclosures on our three primary operational bases: Israel, the U.S. and Brazil. These countries account for the more than 65% of our revenues and are the core centers of our business operations, employing approximately 90% of our staff. Historical data in this report has been modified to reflect these three geographies.

In developing our sustainability strategy and this report, we considered input from our primary stakeholders – employees and customers – as well as from other stakeholders through our different communication initiatives with them. A Reporting Steering Committee, headed by the Executive Vice President for Human Resources and the Executive Vice President - Chief Compliance Officer, determined the selection of content for this report based on an internal assessment of Elbit Systems' most material impacts.

We report every two years. Unless otherwise stated, the data and information in this report are for the calendar years 2013 and 2014. All reported data is verified internally prior to publication. Detailed financial information is not included in this report but our Annual Reports on Form 20-F are available on our corporate website: www.elbitsystems.com.

Contact for Feedback:
We welcome your queries, suggestions, comments and feedback to:
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This report is designed for online viewing. We have not printed hard copies.

GRI Content Index

G4	General Standard Disclosure	Page/Link	External Assurance
G4-1	Statement from the CEO.	Page 3	
G4-3	Name of the organization.	About Elbit Systems, page 4	
G4-4	Primary brands, products, and services.	About Elbit Systems, page 4	
G4-5	Location of the organization's headquarters.	About Elbit Systems, page 4	
G4-6	Number of countries where the organization operates.	About Elbit Systems, page 4	
G4-7	Nature of ownership and legal form.	See Annual Report, Form 10-K	
G4-8	Markets served.	About Elbit Systems, page 4	
G4-9	Scale of the organization.	About Elbit Systems, page 4	
G4-10	Employee data.	Page 60	
G4-11	Employees covered by collective bargaining agreements.	Page 61	
G4-12	Describe the organization's supply chain.	Page 61	
G4-13	Significant changes during the reporting period.	None	
G4-14	Precautionary approach.	Page 61	
G4-15	Externally developed economic, environmental and social charters.	Embedding Ethical Conduct, page 48	
G4-16	Memberships of associations.	Page 61	
G4-17	List all entities.	See Annual Report, Form 10-K	
G4-18	Process for defining the report content and Aspect Boundaries.	About this Report, page 55	
G4-19	Material Aspects.	Sustainability at Elbit Systems, Page 9	

GRI Content Index

G4	General Standard Disclosure	Page/Link	External Assurance
G4-20	Aspect boundary within the organization.	Page 62	
G4-21	Aspect boundary outside the organization.	Page 62	
G4-22	Effect of any restatements of information.	EHS and HR data for 2012 restated to include only facilities in Israel, U.S. and Brazil.	
G4-23	Report significant changes from previous reporting periods.	This report includes quantitative data from Elbit Systems' facilities in Israel, U.S. and Brazil.	
G4-24	Stakeholder groups engaged by the organization.	Page 63	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	Page 63	
G4-26	Approach to stakeholder engagement.	Page 63	
G4-27	Key topics and concerns raised through stakeholder engagement.	Page 63	
G4-28	Reporting period.	About this Report, page 55	
G4-29	Date of most recent previous report (if any).	2012	
G4-30	Reporting cycle (such as annual, biennial).	About this Report, page 55	
G4-31	Contact point for questions regarding the report or its contents.	About this Report, page 55	
G4-32	Report the 'in accordance' option and the GRI Content Index	About this Report, page 55	
G4-33	External assurance	About this Report, page 55	
G4-34	Report the governance structure of the organization	Page 63	
G4-56	Values, principles and codes of ethics.	Embedding Ethical Conduct, page 48	

GRI Content Index

Material Aspects (G4-19)	DMA and Indicators	Page	Omissions	External Assurance
Homeland Defense and Cyber Security	Indirect economic impacts: G4-EC8 Significant indirect economic impacts.	Page 12		None
Civilian Flight Safety and Security	Indirect economic impacts: G4-EC8 Significant indirect economic impacts.			None
Sustainable Innovation	Indirect economic impacts: G4-EC8 Significant indirect economic impacts.			None
Product Quality and Customer Service	Product responsibility: Product and Service Labeling: G4-PR5 Surveys measuring customer satisfaction.	Page 37		None
Employee Satisfaction	Labor Practices and Decent Work: Employment: G4-LA1 New employee hires and employee turnover.	Page 67		None
	Labor Practices and Decent Work: Training and Education: G4-LA9 Average hours of training per year per employee.	Page 69	Not available by gender and employee category	None
	Labor Practices and Decent Work: Training and Education: G4-LA10 Programs for skills management and learning.	Page 41		None
	Labor Practices and Decent Work: Training and Education: G4-LA11 Percentage of employees receiving regular performance and career development reviews.	Page 69		None
Employee Health and Safety	Occupational Health and Safety: G4-LA6 Injuries and rates of injury, occupational diseases, lost days, and absenteeism, and fatalities.	Page 68	Not available by gender. No data for absenteeism	None

GRI Content Index

Material Aspects (G4-19)	DMA and Indicators	Page	Omissions	External Assurance
Resource Consumption and Emissions	Energy: G4-EN3 Energy consumption within the organization	Page 64		None
	Energy: G4-EN5 Energy intensity	Page 65		None
	Energy: G4-EN6 Reduction of energy consumption	Page 65		None
	Water: G4-EN8 Water withdrawal by source	Page 65		None
	Emissions: G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1).	Page 65		None
	Emissions: G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2).	Page 65		None
	Emissions: G4-EN18 Greenhouse gas emissions intensity.	Page 66		None
	Effluents and Waste: G4-EN23 Waste by type and disposal method.	Page 66		None
Ethical Conduct	Anti-corruption: G4-SO3 Operations assessed for risks related to corruption and the significant risks identified.	Page 71		None
	Anti-corruption: G4-SO4 Training in anti-corruption.	Page 71	Includes employees only	
	Anti-corruption: G4-SO5 Confirmed incidents of corruption and actions taken	Page 71		None
	Public Policy: G4-SO6 Political contributions.	Page 51		None
Supplier Best Practice	Supplier Human Rights Assessment: G4-HR10 New suppliers screened using human rights criteria	Page 71		None
Advancing Technological Education	Local Communities: G4-SO1 Percentage of operations with implemented local community engagement.	Page 51		None

GRI Content Index

G4-10

Total number of employees by contract	2013			2014		
	Male	Female	Total	Male	Female	Total
Permanent contract	7,535	2,235	9,770	7,751	2,291	10,042
Temporary contract	494	171	665	310	134	444
Total employees	**8,029**	**2,406**	**10,435**	**8,061**	**2,425**	**10,486**

Total number of employees by type	2013			2014		
	Male	Female	Total	Male	Female	Total
Full time	7,718	2,256	9,974	7,697	2,198	9,895
Part time	311	150	461	364	227	591
Total employees	**8,029**	**2,406**	**10,435**	**8,061**	**2,425**	**10,486**

Total number of employees by region and gender	2012			2013			2014		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Brazil	189	63	252	181	56	237	181	64	245
Israel	6,654	1,790	8,444	6,727	1,848	8,575	6,890	1,914	8,804
U.S.	1,242	516	1,758	1,121	502	1,623	990	447	1,437
Total employees	**8,085**	**2,369**	**10,454**	**8,029**	**2,406**	**10,435**	**8,061**	**2,425**	**10,486**

Notes:

- In 2012, number of employees by contract and number of employees by type was not available by gender.
- Data on number of supervised workers is unavailable for U.S. and Brazil. At December 31, 2014 there were approximately 380 supervised workers in Israel.
- The majority of work at Elbit Systems is performed by employees or supervised workers.
- There are no significant variations in employment numbers.

GRI Content Index

G4-11

Employees covered by collective bargaining agreements	2012	2013	2014
	29%	27%	26%

G4-12

We maintain numerous manufacturing facilities around the world, in line with our strategy to provide products and services to customers from a local base as far as possible. We employ tens of thousands of suppliers that supply component parts, finished products and services. Wherever possible, we source from local suppliers in our country of operation.

G4-14

Elbit Systems maintains a process of risk management which assesses the nature of business risks as well as those related to general social and environmental considerations. A full range of risks is contained in our annual report to the SEC on form 20-F which can be found on the Elbit Systems' website: **http://ir.elbitsystems.com/phoenix.zhtml?c=61849&p=irol-sec.**

Risk Management Review Committees include managers in all Company divisions. These Committees meet quarterly to discuss a range of risks including financial, legal, corporate governance, environmental, health and safety, human resources, mergers and acquisitions, ethics, anti-corruption and supply chain risks. Senior managers are held to account for the ways in which they have addressed risks in their business units.

G4-16

We maintain an active position in several associations in Israel, the U.S. and other countries where we have a presence. For example, Raanan Horowitz, President & Chief Executive Officer, Elbit Systems of America, serves on the Executive Board of the Aerospace Industries Association.

GRI Content Index

G4-20, G4-21

Material Topic	Material Category	Material Aspect	Indicators	Boundaries	
				Internal	External
Homeland defense and cyber security	Economic	Indirect economic impacts	G4-EC8		These issues are material for our customers and for society in general, who want to live in a safer and more secure world
Civilian flight safety and security					
Sustainable innovation					This is material for our customers who are looking for more cost and environmentally efficient ways to protect citizens and armed forces.
Product quality and customer service	Product Reponsibility	Product and Service Labeling	G4-PR5		This is material for our customers who rely on Elbit Systems to deliver precision products and services to support their objectives.
Employee satisfaction	Labor Practices	Employment, Training and Education	G4-LA1, G4-LA9, G4-LA10, G4-LA11	This is material for our employees who value our positive workplace and want to grow and develop professionally.	
Employee health and safety		Occupational Health and Safety	G4-LA6		
Resource consumption and emissions	Environment	Energy	G4-EN3, G4-EN5, G4-EN6	These issues are material to ensure we operate efficiently.	These issues are material for our customers, who want a sustainable supply chain, and for our communities who expect us to contribute to a sustainable planet.
		Water	G4-EN8		
		Emissions	G4-EN15, G4-EN16, G4-EN18		
		Effluents and Waste	G4-EN23		
Ethical conduct	Society	Anti-corruption	G4-SO3, G4-SO4, G4-SO5	This is material for our employees to align with their values.	This is material for our industry to help maintain and develop trust.
		Public Policy	G4-SO6		This is material for our industry to maintain and develop trust in our business sector.
Supplier best practice	Human Rights	Supplier Human Rights Assessment	G4-HR10		This is material to our customers to show we help prevent human rights risks in our supply chain.
Advancing technology education	Society	Local Communites	G4-SO1		This is material for our communities who seek opportunities for professional development and vocational training.

GRI Content Index

G4-24, G4-25, G4-26, G4-27

Elbit Systems values dialog with stakeholders in order to understand the impacts of our business and our stakeholders' expectations. We place emphasis on communications with our primary stakeholders that are directly involved with our business on a daily basis: employees, customers and suppliers. We also interact closely and frequently with government regulators and with the communities in which we live and work.

As a matter of course, our stakeholders provide feedback to us in a range of ways. This includes customer satisfaction ratings, employee surveys and supplier meetings, as well as the opportunities to engage during our frequent attendance and participation in industry conferences, tradeshows, professional forums and events around the world. In addition, we conduct an annual strategic process in which we examine the needs of our stakeholders through direct discussion and engagement.

The feedback provided by our stakeholders is reflected in the most material impacts we have defined as the basis for our Sustainability Strategy described in this report. This includes:

Employees	Positive workplace culture; opportunities for personal and professional development; communications and information.
Customers	Innovative integrated solutions that provide cost-efficient value; environmental sustainability; outstanding customer service.
Suppliers	Fair and ethical dealing, partnership approach, opportunities to support innovation and technology development.

G4-34

Elbit Systems' Board of Directors operates in accordance with leading corporate governance principles. As Elbit Systems' shares are traded on both the TASE in Israel and the NASDAQ Global Select Market in the U.S., our corporate governance practices comply with both Israeli and U.S. requirements. The Board is composed of nine members (six men and three 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. 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:

http://ir.elbitsystems.com/phoenix.zhtml?c=61849&p=irol-govHighlights

G4-EN3

Total energy consumption in gigajoules				
Fuel consumption (Scope 1)	**2012**	**2013**	**2014**	**Change in 2014**
LPG	7,414	6,631	1,879	-72%
Diesel fuel	12,194	5,594	5,198	-7%
Aviation fuel	2,599	2,692	2,762	3%
Gasoline	353,600	365,886	315,111	-14%
Total fuel consumption (Scope 1)	**375,807**	**380,803**	**324,950**	**-15%**
Electricity purchased from grid (Scope 2)	543,207	536,101	507,791	-5%
Total energy consumption (Scope 1 & Scope 2)	**919,014**	**916,904**	**832,741**	**-9%**

Notes:

- Data for 2012 has been restated to include Elbit Systems facilities in Israel, U.S. and Brazil.
- Data is converted to gigajoules using the GRI Indicators Protocol guidelines.
- Elbit Systems does not purchase or sell heating, cooling or steam and does not sell electricity.

GRI Content Index

G4-EN5

Energy intensity	2012	2013	2014	Change in 2014
Scope 1	0.073	0.075	0.064	-15%
Scope 2	0.106	0.106	0.099	-6%
Total energy intensity	**0.179**	**0.181**	**0.163**	**-10%**

Notes:

- Energy intensity is calculated per employee per thousand square meters of built facilities in Israel, U.S. and Brazil and includes all fuel and electricity sources as reported in G4-EN3.
- Data for 2012 has been restated to include Elbit Systems facilities in Israel, U.S. and Brazil.

G4-EN8

Water withdrawal in m3	2012	2013	2014	Change in 2014
Total water withdrawal	295,403	322,329	263,582	-18%
Water intensity in m3 per employee	28.26	30.89	25.14	-19%

Notes:

- All water is withdrawn from municipal sources.
- Data for 2012 has been restated to include Elbit Systems facilities in Israel, U.S. and Brazil.

G4-EN15, G4-EN16

Greenhouse gas emissions in tons CO2e				
Scope 1 emissions	**2012**	**2013**	**2014**	**Change in 2014**
LPG	446	399	113	-72%
Diesel fuel	898	412	383	-7%
Aviation fuel	189	196	201	3%
Gasoline	24,326	25,171	21,678	-14%
Total Scope 1 emissions	**25,859**	**26,178**	**22,375**	**-15%**
Electricity purchased from grid (Scope 2)	110,792	98,235	91,744	-7%
Total greenhouse gas emissions (Scope 1 & Scope 2)	**136,651**	**124,413**	**114,119**	**-8%**

Notes:

- Greenhouse gases included in the calculation of CO2e are CO2, CH4 and N2O.
- IEC emission factors for Israel and IEA emission factors for the U.S. and Brazil are used for calculation of emissions from purchased electricity.
- GHG Protocol emission factors are used for all other emission factors.

GRI Content Index

G4-EN18

Greenhouse gas emissions intensity	2012	2013	2014	Change in 2014
Scope 1	0.005	0.005	0.004	-15%
Scope 2	0.022	0.019	0.018	-7%
Total greenhouse gas emissions	**0.027**	**0.024**	**0.022**	**-9%**

Notes:

- GHG intensity is calculated per employee per thousand square meters of built facilities in Israel, U.S. and Brazil. It includes Scope 1 and Scope 2 emissions as reported in G4-EN15 and G4-EN16.
- Greenhouse gases included in the calculation of CO2e are CO2, CH4 and N2O.

G4-EN23

Total amount of hazardous and non-hazardous waste by disposal method in tons	2012	2013	2014	Change in 2014
Recycling	1,929	2,150	1,729	-20%
Landfill	7,043	7,495	6,409	-14%
Total hazardous and non-hazardous waste	**8,972**	**9,645**	**8,138**	**-16%**

Notes:

- Data for 2012 has been restated to include Elbit Systems facilities in Israel, U.S. and Brazil.

G4-LA1

New hires by age	2012		2013		2014		Rate of new hires in 2014		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Below age 30	169	77	209	82	234	119	2.90%	4.91%	3.37%
Age 30 - 50	276	71	333	74	430	100	5.33%	4.12%	5.05%
Above age 50	92	21	96	27	103	21	1.28%	0.87%	1.18%
Total employees	**537**	**169**	**638**	**183**	**767**	**240**	**9.51%**	**9.90%**	**9.60%**

New hires by region	2012		2013		2014		Rate of new hires in 2014		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Brazil	45	13	12	7	9	14	0.11%	0.58%	0.22%
Israel	387	110	440	127	609	164	7.55%	6.76%	7.37%
U.S.	105	46	186	49	149	62	1.85%	2.56%	2.01%
Total employees	**537**	**169**	**638**	**183**	**767**	**240**	**9.51%**	**9.90%**	**9.60%**

Employee turnover by age	2012		2013		2014		Rate of turnover in 2014		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Below age 30	125	77	98	52	80	81	0.99%	3.34%	1.54%
Age 30 - 50	365	128	433	116	332	94	4.12%	3.88%	4.06%
Above age 50	299	79	393	85	288	102	3.57%	4.21%	3.72%
Total employees	**789**	**284**	**924**	**253**	**700**	**277**	**8.68%**	**11.42%**	**9.32%**

Employee turnover by region	2012		2013		2014		Rate of turnover in 2014		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Brazil	27	14	21	13	6	23	0.07%	0.95%	0.28%
Israel	541	175	606	176	424	127	5.26%	5.24%	5.25%
U.S.	221	95	297	64	270	127	3.35%	5.24%	3.79%
Total employees	**789**	**284**	**924**	**253**	**700**	**277**	**8.68%**	**11.42%**	**9.32%**

G4-LA6

Work injuries and injury rate	Injuries			Injury rate			
	2012	2013	2014	2012	2013	2014	Change in 2014
Israel	66	70	61	0.78	0.82	0.69	-15%
U.S.	24	6	0	1.37	0.37	0.00	-100%
Brazil	1	0	1	0.40	0.00	0.41	N/A
Total	**91**	**76**	**62**	**0.87**	**0.73**	**0.59**	**-19%**

Lost days and lost days rate	Lost days			Lost days rate			
	2012	2013	2014	2012	2013	2014	Change in 2014
Israel	877	840	755	10.39	9.80	8.58	-12%
U.S.	81	219	0	4.61	13.49	0.00	-100%
Brazil	10	0	15	3.97	0.00	6.12	N/A
Total	**968**	**1,059**	**770**	**9.26**	**10.15**	**7.34**	**-28%**

Notes:

- Injury and lost days rates are calculated per 200,000 hours worked.
- Data is not available by gender and absenteeism is not specifically available.
  We note no specific occupational diseases associated with the different roles in our business.
- Data does not include road safety or injuries due to traffic accidents.
- There were no fatalities in 2013 and 2014.

G4-LA9

Average hours of training per year per employee	2013	2014
	31	26

Note: Data is not available by gender and employee category.

G4-LA11

Employees receiving performance review	2012		2013		2014	
	Male	Female	Male	Female	Male	Female
Senior management	99%	93%	87%	88%	90%	89%
Middle management	97%	94%	93%	99%	93%	96%
Non-management	98%	99%	99%	98%	98%	98%
Total by gender	**98%**	**98%**	**98%**	**98%**	**98%**	**97%**
Total by group	**98%**		**98%**		**98%**	

G4-LA12

Employee diversity: Gender	2012		2013		2014	
	Male	Female	Male	Female	Male	Female
Senior management	94%	6%	91%	9%	90%	10%
Middle management	82%	18%	88%	12%	86%	14%
Non-management	76%	24%	75%	25%	75%	25%
Total employees	**77%**	**23%**	**77%**	**23%**	**77%**	**23%**

Employee diversity: Age Group	2012			2013			2014		
	Below age 30	Age 30-50	Over age 50	Below age 30	Age 30-50	Over age 50	Below age 30	Age 30-50	Over age 50
Senior management	1%	44%	55%	0%	43%	57%	0%	41%	59%
Middle management	3%	44%	53%	1%	40%	59%	2%	42%	56%
Non-management	10%	53%	37%	12%	53%	35%	12%	52%	36%
Total employees	**9%**	**51%**	**40%**	**10%**	**52%**	**38%**	**10%**	**51%**	**39%**

Note: Data on minority groups is not available.

G4-SO3, G4- SO4

100% of our operational sites are assessed for anti-corruption risk each year, in the context of our regular Risk Management reviews.

Advanced training on anti-corruption	Number of employees				Percentage of employees			
	Senior management	Middle management	Non-management	Total	Senior management	Middle management	Non-management	Total
2013								
Brazil	7	17	20	44	58%	74%	10%	19%
Israel	97	208	5,735	6,040	61%	35%	73%	70%
U.S.	13	390	1,220	1,623	100%	100%	100%	100%
2014								
Brazil	12	24	207	243	86%	100%	100%	99%
Israel	18	93	267	378	11%	14%	3%	4%
U.S.	7	230	690	927	47%	59%	67%	65%

Notes:
- Data is not available for governance bodies and business partners
- All employees have received training on anti-corruption as part of our standard Ethics Code training, which is conducted every two years.

G4-SO5

17 employees were dismissed in 2013 and 4 were dismissed in 2014 relating to breaches of our Code of Ethics.

G4-HR10

100% of new suppliers confirmed by their signature that they comply with our Supplier Code of Conduct.
We do not perform supplier audits regarding the Supplier Code of Conduct.