



Thursday, October 10, 2019

Dear Fellow Shareholder,

You are cordially invited to attend the Elbit Systems Ltd. Shareholders' Extraordinary and Annual General Meeting to be held at 1:00 p.m., local time, on Wednesday, November 20, 2019, at our offices at the Advanced Technology Center, Haifa, Israel.

The agenda of the meeting and the proposals to be voted on are described in the accompanying proxy statement. For the reasons described in the proxy statement, the Board of Directors recommends that you vote "FOR" Items 1, 2 and 3, as specified in the enclosed proxy card.

We look forward to greeting all the shareholders who attend the meeting. However, whether or not you are able to attend, it is important that your shares be represented. Therefore, at your earliest convenience, please complete, date and sign the enclosed proxy card and return it in the provided pre-addressed envelope so that it is received at least four (4) hours before the meeting. If your shares are registered with a member of the Tel-Aviv Stock Exchange Ltd. (the "TASE") you may vote through means of an electronic vote as further detailed in the proxy statement, no later than six (6) hours before the meeting.

All of our shareholders are invited to review our audited consolidated financial statements for the fiscal year ended December 31, 2018, which will be presented for discussion at the Meeting and which are included in our Annual Report on Form 20-F, which was filed with the U.S. Securities and Exchange Commission ("SEC") and with the Israel Securities Authority ("ISA") on March 19, 2019 (the "2018 Annual Report"). Shareholders may receive a hard copy of such 2018 Annual Report, free of charge, upon request to our Corporate Secretary, at the following e-mail address: [Corporate.Secretary@elbitsystems.com](mailto:Corporate.Secretary@elbitsystems.com). Such 2018 Annual Report and the financial statements included therein are not a part of the Proxy Statement. Shareholders may review a copy of our filings with the SEC, including exhibits and schedules, and obtain copies of such materials, at the SEC's public reference room at Room 1580, 100 F Street, N.E. Washington, D.C. 20549. Shareholders may call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that we file electronically with the SEC. Shareholders may also review a copy of our filings with the ISA, including the 2018 Annual Report (and the financial statements included therein) on the website of the ISA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il), the website of the Tel Aviv Stock Exchange ("TASE") at [www.maya.tase.co.il](http://www.maya.tase.co.il) and on our website at [www.elbitsystems.com](http://www.elbitsystems.com) (under "Investor Relations: Financial Reports: Annual Reports: Elbit Systems 2018 Annual Report (20F)").

Thank you for your cooperation.

Very truly yours,

A handwritten signature in dark ink, appearing to read "M. Federmann".

MICHAEL FEDERMANN  
Chair of the Board of Directors

A handwritten signature in dark ink, appearing to read "B. Machlis".

BEZHALEL MACHLIS  
President and Chief Executive Officer

**ELBIT SYSTEMS LTD.**  
**NOTICE OF SHAREHOLDERS' EXTRAORDINARY AND ANNUAL GENERAL MEETING**

Haifa, Israel  
October 10, 2019

This is notice that the Shareholders' Extraordinary and Annual General Meeting (the "Meeting") of Elbit Systems Ltd. (the "Company") will be held at the Company's offices at the Advanced Technology Center, Haifa, Israel, on Wednesday, November 20, 2019, at 1:00 p.m., local time.

It is proposed at the Meeting to adopt the following resolutions:

1. to re-elect the following seven persons to the Company's Board of Directors (the "Board"), to serve as directors ("Directors") until the close of the next Shareholders' Annual General Meeting: Mr. M. Federmann, Mrs. Baum, Mr. Ben-Zeev, Mr. D. Federmann, Mr. Ninveh, Prof. Nisan and Prof. Tamir;
2. To elect Mrs. Bilha (Billy) Shapira for a first three-year term as an External Director; and
3. to re-appoint Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global, as the Company's independent auditor for the fiscal year 2019 and until the close of the next Shareholders' Annual General Meeting.

Further details with respect to the proposed resolutions are included in the accompanying Proxy Statement.

In order to re-elect, under Item 1 of the Proxy Statement, each of the individuals nominated to be a Director and in order to re-appoint, under Item 3 of the Proxy Statement, the Company's independent auditor for the fiscal year 2019 and until the close of next Shareholders' Annual General Meeting - a majority of the votes properly cast at the Meeting, either in person, by proxy or by a voting instrument, is required.

In order to elect, under Item 2 of the Proxy Statement, Mrs. Shapira for a three-year term as an external director - approval by a "Special Uninterested Majority" of the Company's shareholders is required.

"Special Uninterested Majority" means the majority of the votes properly cast at the Meeting either in person, by proxy or by a voting instrument, provided that:

- (i) such majority includes at least a majority of the total votes of shareholders who are not controlling shareholders of the Company and do not have a "personal interest" (as defined below) in the approval of the resolution, except for personal interest not resulting from the shareholder's connections with the controlling shareholder, who participate in the vote, in person, by proxy or by a voting instrument (abstentions will not be taken into account); or
- (ii) the total number of votes of the shareholders referred to in (i) above that are voted against the proposed resolution does not exceed two percent (2%) of the Company's total voting rights.

Under the Companies Law, a "personal interest" means a shareholder's personal interest in an act or a transaction of a company, including the personal interest of his or her Relatives (as defined below) or of an entity in which such shareholder or his or her Relative is an Interested Party (as defined below), excluding a personal interest arising solely from holding the company's shares and including a personal interest of any person voting by proxy with respect to the proposal, even if such person does not have a personal interest, and the vote of such person who is voting by proxy on behalf of another who has a personal interest will also be seen as a vote of a person with a personal interest, whether the discretion to vote is in the hands of the voter or not.

"Relative" means such person's spouse, brother or sister, parent, grandparent, child, such persons spouse's child, brother, sister or parent or the spouse of any of the above.

"Interested Party" means any entity in which a shareholder or any of his or her Relatives either:

- (a) holds five percent (5%) or more of such entity's issued share capital or voting rights;
- (b) has the right to appoint a director to such entity's board of directors or the chief executive officer thereof; or
- (c) is a member of such entity's board of directors or serves as the chief executive officer thereof.

For the purpose of the resolution detailed under Item 2 of the Proxy Statement, each shareholder who attends the Meeting in person or by proxy will advise the Company or indicate on the proxy card, as the case may be, whether or not that shareholder is a controlling shareholder or has a "personal interest" in the approval of such resolution. Failure to advise or indicate as described above will render the respective shares ineligible to be voted.

Only shareholders of record at the close of business on Tuesday, October 15, 2019 (the “Record Date”) are entitled to receive notice of, and to vote at, the Meeting. All shareholders are cordially invited to attend the Meeting in person.

Shareholders who hold their Shares in “street name”, meaning in the name of a bank, broker or other record holder, may either direct the record holder of their shares how to vote their shares or obtain a legal proxy from the record holder to vote at the Meeting on behalf of the record holder together with a proof of such record holder share ownership on the Record Date.

A shareholder, whose shares are registered with a member of the TASE, is required to prove his or her share ownership in order to vote at the Meeting. Such shareholder will provide the Company with an ownership certificate (as of the Record Date) from that TASE member. Each such shareholder is entitled to receive the ownership certificate in the branch of the TASE member or by mail to his or her address (in consideration of mailing fees only), and is also entitled to receive for no charge, a link to the text of the proxy card and to any Position Statements (as defined below) posted on the Israel Securities Authority website (unless the shareholder notified the TASE member that the shareholder is not so interested); provided that the notice was provided with respect to a particular securities account prior to the Record Date.

The ISA has set up an electronic voting system for shareholder meetings of Israeli companies whose shares are listed on the TASE via its online platform. Shareholders are able to vote their shares through the system, following a registration process, no later than six (6) hours before the time fixed for the Meeting, i.e., by Wednesday, November 20, 2019 at 7:00 a.m., local time.

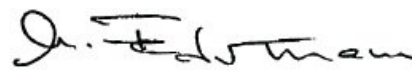
A shareholder may attend the Meeting and vote in person or appoint a proxy to participate and vote on his or her behalf at the Meeting (subject to the provisions of the Company’s articles of association). An appointment of a proxy must be in writing, signed by the shareholder and delivered to the Company’s registered office at least four (4) hours before the Meeting, i.e., by Wednesday, November 20, 2019, at 9:00 a.m., local time. In addition, shareholders who are unable to attend the Meeting in person may vote with respect to the items on the Meeting’s agenda by means of a proxy card that is attached to the accompanying Proxy Statement. These shareholders are requested to complete, date and sign the enclosed proxy card and return it promptly in the pre-addressed envelope provided so that it is received by the Company at least four (4) hours before the Meeting, i.e., by Wednesday, November 20, 2019, at 9:00 a.m., local time. No postage is required if mailed in the United States. Shareholders who attend the Meeting may revoke their proxies and vote their shares in person.

Shareholders are permitted to express their position on the proposals on the agenda of this Meeting by submitting a written statement (the “Position Statement”), through the Company, to the other shareholders. Position Statements should be submitted to the Company at its registered offices, at Elbit Systems Ltd., Advanced Technology Center, Haifa, 3100401 Israel, to the attention of Mrs. Ronit Zmiri, Corporate Secretary, no later than at the close of business on Sunday, November 10, 2019.

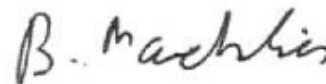
A form of the proxy card and a copy of each Position Statement submitted will be available to the public on the distribution website of the ISA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il), on the website of the TASE at [www.tase.co.il](http://www.tase.co.il) and on the website of the SEC at [www.sec.gov](http://www.sec.gov). A shareholder may apply to the Company directly in order to receive a copy of the proxy card and any Position Statement submitted (if submitted).

A copy of the accompanying Proxy Statement, which includes the full version of the proposed resolutions, may be reviewed at the Company’s offices at the Advanced Technology Center, Haifa, Israel, after coordinating in advance with the Corporate Secretary (Tel: 972 4 8316632) between 9:00 a.m. and 4:00 p.m. Israel time, Sunday - Thursday and may also be reviewed at the distribution website of the ISA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il), on the website of the TASE at [www.maya.tase.co.il](http://www.maya.tase.co.il), on the website of the SEC at [www.sec.gov](http://www.sec.gov) and on the website of the Company at [www.elbitsystems.com](http://www.elbitsystems.com).

By Order of the Board of Directors,



MICHAEL FEDERMANN  
Chair of the Board of Directors



BEZHALEL MACHLIS  
President and Chief Executive Officer

**ELBIT SYSTEMS LTD.**  
**Advanced Technology Center**  
**P.O. Box 539**  
**Haifa 3100401, Israel**  
**PROXY STATEMENT**

This Proxy Statement is provided to the holders of ordinary shares, New Israeli Shekels ("NIS") 1.00 nominal value per share (the "Shares"), of Elbit Systems Ltd. (the "Company" or "Elbit Systems"), in connection with the solicitation by the Company's Board of Directors (the "Board") of proxies for use at the Shareholders' Extraordinary and Annual General Meeting to be held at the Company's offices at the Advanced Technology Center, Haifa, Israel, on Wednesday, November 20, 2019, at 1:00 p.m. Israel time (the "Meeting"), or at any adjournment of the Meeting, as specified in the accompanying Notice of Shareholders' Extraordinary and Annual General Meeting.

It is proposed that at the Meeting the shareholders adopt resolutions for the following purposes:

- (1) to re-elect to the Board seven members ("Directors") who are not "External Directors" as defined in the Israel Companies Law 5759-1999 (the "Companies Law"), to serve until the close of the next Shareholders' Annual General Meeting;
- (2) to elect Mrs. Bilha (Billy) Shapira for a first three-year term as an External Director; and
- (3) to re-appoint Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global, as the Company's independent auditor for the fiscal year 2019 and until the close of the next Shareholders' Annual General Meeting.

In addition, at the Meeting the Company will discuss or report on certain additional matters as noted below under "ADDITIONAL MATTERS TO BE REPORTED OR DISCUSSED".

Shares represented by properly signed and unrevoked proxies will be voted in the manner directed by the persons designated as proxies.

**QUORUM AND VOTING REQUIREMENTS**

Only shareholders of record at the close of business on Tuesday, October 15, 2019 (the "Record Date") have the right to receive notice and to vote at the Meeting, and any adjournments or postponements of the Meeting. Distribution of the Proxy Statement will be made following the Record Date.

On October 6, 2019, the Company had forty-four million one hundred sixty-two thousand one hundred and three (44,162,103) Shares outstanding, each giving a right of one vote for each of the matters to be presented at the Meeting.

The quorum at the Meeting will be at least two (2) shareholders present in person, by proxy or by a voting instrument, and holding or representing at least one-third (1/3) of the outstanding Shares.

If a quorum is not present within one-half (1/2) hour after the time set for the Meeting, the Meeting will be adjourned and will be reconvened one (1) week later at the same time and place unless other notice is given by the Board. If at such adjourned meeting a quorum is not present within one-half (1/2) hour of the time for the adjourned meeting, then any two (2) or more shareholders who together represent at least ten percent (10%) of the shareholders' voting power, present in person, by a proxy or by a voting instrument, will be considered a quorum.

Joint holders of Shares should note that according to the Company's Articles of Association the vote, whether in person, by proxy or by a voting instrument, of the senior of any joint holders of any voted Share will be accepted over vote(s) of the other joint holders of that Share. For this purpose seniority will be determined by the order the joint holders' names appear in the Company's Register of Shareholders.

In order to elect, under Item 1 of this Proxy Statement, each of the individuals nominated to be a Director and in order to re-appoint, under Item 3 of this Proxy Statement, the Company's independent auditor for the fiscal year 2019 and until the close of next Shareholders Annual General Meeting - a majority of the votes properly cast at the Meeting either in person, by proxy or by a voting instrument, is required.

In order to elect, under Item 2 of this Proxy Statement, Mrs. Shapira to a first three-year term as an External Director - a "Special Uninterested Majority" is required.

"Special Uninterested Majority" means the majority of the votes properly cast at the Meeting either in person, by proxy or by a voting instrument, provided that either:

- (i) such majority includes at least a majority of the total votes of shareholders who are not controlling shareholders of the Company and do not have a "personal interest" (as defined below) in the approval of the resolution, except for

- personal interest not resulting from the shareholder's connections with a controlling shareholder, who participate in the vote, in person, by proxy or by a voting instrument (abstentions will not be taken into account); or
- (ii) the total number of votes of the shareholders referred to in (i) above that are voted against the proposed resolution does not exceed two percent (2%) of the Company's total voting rights.

Under the Companies Law, a "personal interest" means a shareholder's personal interest in an act or a transaction of a company, including the personal interest of his or her Relatives (as defined below) or of an entity in which such shareholder or his or her Relative is an Interested Party (as defined below), excluding a personal interest arising solely from holding the company's shares and including a personal interest of any person voting by proxy with respect to the proposal, even if such person does not have a personal interest. The vote of such person who is voting by proxy on behalf of another who has a personal interest will also be seen as a vote of a person with a personal interest, whether the discretion to vote is in the hands of the voter or not.

"Relative" means such person's spouse, brother or sister, parent, grandparent, child, such persons spouse's child, brother, sister or parent or the spouse of any of the above.

"Interested Party" means any entity in which a shareholder or any of his or her Relatives either:

- (a) holds five percent (5%) or more of such entity's issued share capital or voting rights;
- (b) has the right to appoint a director to such entity's board of directors or the chief executive officer thereof; or
- (c) is a member of such entity's board of directors or serves as the chief executive officer thereof.

In connection with the above and for the purpose of the resolution described under Item 2 of this Proxy Statement, each shareholder who attends the Meeting in person, by proxy or by a voting instrument will advise the Company or indicate in the proxy card or the voting instrument, as the case may be, whether or not that shareholder is a controlling shareholder or has a "personal interest" in the approval of the resolution. Failure to advise or indicate as described above will render the respective Shares ineligible to be voted in connection with the respective proposal.

## **VOTING BY PROXY AND ELECTRONIC VOTING**

Shareholders may vote their Shares by attending the Meeting and voting their Shares in person, by completing the enclosed proxy card or by an electronic vote, as described below.

A proxy card for use at the Meeting and a return envelope for the proxy card are enclosed. In order to be counted for purposes of voting at the Meeting, a properly signed proxy card must be received by the Company at least four (4) hours before the Meeting.

Shareholders who hold their Shares in "street name", meaning in the name of a bank, broker or other record holder, may either direct the record holder of their Shares how to vote their Shares or obtain a legal proxy from the record holder to vote at the Meeting on behalf of the record holder together with proof of such record holder's Shares ownership on the record date. Shareholders who hold their Shares through a member of the Tel-Aviv Stock Exchange ("TASE") and intend to vote their Shares at the Meeting in person or by proxy must deliver to the Company, via messenger or registered mail, proof of ownership issued by the applicable bank or broker, confirming their ownership of the Shares as of the record date, as required by the Israeli Companies Regulations (Proof of Ownership of Shares for Voting at a General Meeting), 5760-2000.

The Israel Securities Authority ("ISA") has set up an electronic voting system for shareholders meetings of Israeli companies whose shares are listed on the TASE via its online platform. Shareholders are able to vote their Shares through the system, following a registration process, no later than six (6) hours before the Meeting.

Shareholders may revoke any proxy card or electronic vote prior to their exercise by filing with the Company a written notice of revocation or a properly signed proxy card of a later date, or by voting through the electronic voting system on a later date (in each case such later date must precede the date of the Meeting), or by voting in person at the Meeting.

Unless otherwise indicated on the proxy card or the electronic vote, and to the extent permitted by law and applicable stock exchange requirements, Shares represented by a properly signed and received proxy card in the enclosed form or in an electronic form will be voted in favor of each matter to be presented for voting at the Meeting. Abstentions will not be treated as either a vote "for" or "against" the matter, although they will be counted to determine if a quorum is present.

Proxy materials, including this Proxy Statement and the accompanying proxy card are being mailed to shareholders on or about Tuesday, October 15, 2019.

Solicitation of proxies will be made primarily by mail, however, in some cases proxies may be solicited by telephone or other personal contact. The Company will pay for the cost of the solicitation of proxies, including the cost of preparing, assembling

and mailing the proxy materials, and will reimburse the reasonable expenses of brokerage firms and others for forwarding proxy materials to shareholders.

This Proxy Statement and the accompanying proxy card also constitute a “voting deed” (Ktav Hatzba’a) for the purpose of Regulation 3(c) of the Israeli Companies Regulations (Alleviation for Public Companies Whose Shares are Listed on a Stock Exchange Outside of Israel) - 2000.

## POSITION STATEMENTS

Shareholders are permitted to express their position on the proposals on the agenda of this Meeting by submitting a written statement (a “Position Statement”), through the Company, to the other shareholders. Position Statements should be submitted to the Company at its registered offices, at Elbit Systems Ltd., Advanced Technology Center, Haifa, 3100401 Israel, to the attention of Mrs. Ronit Zmori, Corporate Secretary, no later than at the close of business on November 10, 2019. Reasonable costs incurred by the Company in dealing with a Position Statement will be borne by the submitting shareholder.

Currently, the Company is not aware of any other matters that will come before the Meeting. If any other matters properly come before the Meeting, the persons designated as proxies intend to vote in accordance with their best judgment on such matters. A shareholder who holds at least one percent (1%) of the Company’s total voting rights may present proposals for consideration at the Meeting by submitting its proposals to the Company at its registered offices, at Elbit Systems Ltd., Advanced Technology Center, Haifa, 3100401 Israel, to the attention of Mrs. Ronit Zmori, Corporate Secretary, no later than at the close of business on Thursday, October 17, 2019. If the Company determines that a shareholder’s proposal is appropriate for inclusion in the Meeting agenda, a revised agenda will be published by the Company.

## BENEFICIAL OWNERSHIP OF SECURITIES BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows, as of October 6, 2019, to the best of the Company’s knowledge, the number of Shares<sup>(1)</sup> owned by (i) all shareholders known by the Company to own 5% or more of the Company’s Shares and (ii) all directors and executive officers of the Company as a group

Federmann Enterprises Ltd. <sup>(2)</sup> 99 Hayarkon Street Tel-Aviv, Israel	19,580,342 <sup>(3)</sup>	44.34%
Heris Aktiengesellschaft c/o 99 Hayarkon Street Tel-Aviv, Israel	3,836,458 <sup>(3)</sup>	8.69%
All officers and directors as a group (24 persons)	6,075 <sup>(4)</sup>	0.01%

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- (1) Based on forty-four million one hundred sixty-two thousand one hundred and three (44,162,103) Shares outstanding as of October 6, 2019.
  - (2) Federmann Enterprises Ltd. (“FEL”) owns Shares of the Company directly and indirectly through Heris Aktiengesellschaft (“Heris”) which is controlled by FEL. FEL is controlled by Beit Federmann Ltd. (“BFL”). BFL is controlled by Beit Bella Ltd. (“BBL”) and Beit Yekutieli Ltd. (“BYL”). Michael Federmann is the controlling shareholder of BBL and BYL. He is also the Chair of the Company’s Board and the Chair of the Board and the Chief Executive Officer of FEL. Therefore, Mr. Federmann controls, directly and indirectly, the vote of Shares owned by Heris and FEL.  
In connection with FEL’s purchase of the Company’s ordinary shares in 2004 and 2006, FEL obtained loans from two Israeli banks. As security for the loans, FEL pledged an aggregate of three million (3,000,000) of the Company’s Shares to the banks.
  - (3) The nineteen million five hundred eighty thousand three hundred and forty-two (19,580,342) Shares held by FEL include the three million eight hundred thirty-six thousand four hundred and fifty-eight (3,836,458) Shares held by Heris.
  - (4) The amount does not include any Shares that may be deemed to be beneficially owned by Michael Federmann as described in footnote (2) above.

## **DIRECTOR INDEPENDENCE CRITERIA AND CORPORATE GOVERNANCE AND NOMINATING COMMITTEE**

Under the Nasdaq Marketplace Rules (the “Nasdaq Rules”) that are applicable to the Company, a majority of the members of the Board as well as all of the members of the Audit Committee of the Board (the “Audit Committee”) must meet certain independence criteria. In addition, in accordance with the Nasdaq Rules, the Company’s Corporate Governance and Nominating Committee of the Board (the “Corporate Governance and Nominating Committee”), consisting in its entirety of Directors meeting the independence criteria for directors as defined by the Nasdaq Rules, among other functions, makes recommendations to the Board of qualified candidates for election or appointment to the Board.

The Corporate Governance and Nominating Committee and the Board as a whole have determined that three of the nominees for election as members of Board (Mr. Yoram Ben-Zeev, Prof. Ehood (Udi) Nisan and Prof. Yuli Tamir) and both the current External Director, Dr. Yehoshua (Shuki) Gleitman, and Mrs. Bilha (Billy) Shapira, the nominee for election for a first three year term as an External Director, meet the board of directors’ independence criteria under the applicable Nasdaq Rules for independent directors and audit committee members.

In addition, in accordance with the Companies Law, a majority of the members of the Audit Committee must qualify as “Independent Directors” or “External Directors” in accordance with the criteria of the Companies Law. The Corporate Governance and Nominating Committee and the Board as a whole have determined that Mr. Ben-Zeev, Prof. Nisan and Prof. Tamir, meet the criteria of an “Independent Director” under the Companies Law and that the current External Director Dr. Gleitman, and Mrs. Shapira, the nominee for election for a first three-year term as an External Director, meet the independence criteria for External Directors under the Companies Law.

## ITEM 1 - RE-ELECTION OF DIRECTORS

At the Meeting, the following seven individuals, who are not External Directors, are nominated to be elected to the Board: Mr. Michael Federmann, Mrs. Rina Baum, Mr. Yoram Ben-Zeev, Mr. David Federmann, Mr. Dov Ninveh, Prof. Ehud (Udi) Nisan and Prof. Yuli Tamir. Also, if elected to another term as a Director, Michael Federmann will continue to serve as Chair of the Board.

The Companies Law requires that a person will not be elected and will not serve as a director in a public company if he or she does not have the required qualifications and the ability to dedicate an appropriate amount of time for the performance of his or her director position in the company, taking into consideration, among other factors, the special needs and size of the company.

In addition, the Companies Law specifies that a general shareholders meeting of a company whose shares are publicly traded, at which the appointment of a director is to be considered, will not be convened unless the nominee has declared to the company that he or she complies with the above-mentioned requirements and details of his or her applicable qualifications are provided to the company, and in case such nominee is an "Independent Director" as defined in the Companies Law - such nominee has also declared to the Company that he or she complies with the independence criteria under the Companies Law.

Each of the proposed nominees, Mr. M. Federmann, Mrs. Baum, Mr. Ben-Zeev, Mr. D. Federmann, Mr. Ninveh, Prof. Nisan and Prof. Tamir, has declared to the Company that he or she complies with the required qualifications under the Companies Law for appointment as a member of the Board, detailing his or her applicable qualifications, and that he or she is capable of dedicating the appropriate amount of time for the performance of his or her role as a member of the Board. In addition, Mr. Ben-Zeev, Prof. Nisan and Prof. Tamir each has also declared that he or she complies with the criteria of an Independent Director under the Companies Law.

As mentioned above under "DIRECTOR INDEPENDENCE CRITERIA AND CORPORATE GOVERNANCE AND NOMINATING COMMITTEE", three of these nominees (Mr. Ben-Zeev, Prof. Nisan and Prof. Tamir) meet the board of directors' independence criteria under the applicable Nasdaq Rules as well as the criteria of an Independent Director under the Companies Law.

Dr. Yehoshua (Shuki) Gleitman, who is not standing for election, will continue to serve as an External Director until March 31, 2020 and, as mentioned above under "DIRECTOR INDEPENDENCE CRITERIA AND CORPORATE GOVERNANCE AND NOMINATING COMMITTEE", meets the board of directors' independence criteria under the applicable Nasdaq Rules and also qualifies as "External Director" in accordance with the criteria of the Companies Law. (For details regarding Mrs. Bilha (Billy) Shapira, who stands for election as an External Director for a first three-year term - see Item 2 of this Proxy Statement).

The Corporate Governance and Nominating Committee has recommended to the Board that each of the above-named nominees be nominated for election to the Board.

The Board has approved the recommendation of the Corporate Governance and Nominating Committee with respect to the above list of nominees. Accordingly, the persons named in the proxy card distributed with this Proxy Statement intend to vote for the election of each of the above-named seven nominees.

Each nominee so elected as a Director will hold office until the close of the next Shareholders' Annual General Meeting and until his or her successor is elected and qualified, unless any Director's office is vacated earlier in accordance with the provisions of the Companies Law and the Company's Articles of Association.

In accordance with the Company's compensation policy (the "Compensation Policy"), and in accordance with the Israeli Companies Regulations (Relief from Related Parties' Transactions), 5760-2000 (the "Regulations"), the Company's Compensation Committee and the Board as a whole have approved, in respective meetings held in October 2019, payment to the Company's Directors (including Mr. Michael Federmann, who may be considered a direct or indirect controlling shareholder of the Company, and his son, Mr. David Federmann) of compensation for their service as Directors, in accordance with maximum regulatory rates payable to External Directors under Israeli law for companies similarly classified based on their shareholding equity.

As a result, each of the Company's Directors is and will be entitled, to an annual fee of NIS one hundred eleven thousand three hundred and forty-five (NIS 111,115) (equal to approximately \$31,884) and a per meeting fee of NIS four thousand two hundred and eighty-five (NIS 4,275) (equal to approximately \$1,227), which reflect the above mentioned fee level, linked to the increase in the Israeli consumer price index. Compensation payments to directors are made either directly to the director or to his or her employing company.

All nominees will continue to be covered by the indemnification letters as approved by the Company's shareholders. As required under the Companies Law, the granting of indemnification letters to Mr. M. Federmann, who may be considered a direct or indirect controlling shareholder of the Company, and his son, Mr. D. Federmann, must be re-approved by the Company's shareholders every three years. At the Company's Shareholders' Annual General Meeting held in November 2017, the Company's



shareholders re-approved the granting of indemnification letters to Messrs. M. Federmann and D. Federmann, for an additional period of three (3) years.

In addition, in accordance with the Compensation Policy, each of the Company's Directors (including Mr. M. Federmann, who may be considered a direct or indirect controlling shareholder of the Company, and his son, Mr. D. Federmann), is and will be covered by directors and officers (D&O) liability insurance policy, to be purchased from time to time by the Company in compliance with the provisions of the Compensation Policy and the Companies Law.

The nominees and the continuing External Director, their respective ages as of October 6, 2019 and the year in which they became Directors of the Company are as follows:

Board of Directors:

<u>Name</u>	<u>Age</u>	<u>Director Since</u>
Michael Federmann (Chair)	76	2000
Rina Baum	74	2001
Yoram Ben-Zeev	74	2014
David Federmann	44	2007
Yehoshua Gleitman (External Director)	69	2010
Dov Ninveh	72	2000*
Udi Nisan	52	2016
Yuli Tamir	65	2015

\* was not a member of the Board from April - October 2013

Background information on each of the seven nominees and Dr. Gleitman (the continuing External Director) is as follows:

**Michael Federmann.** Michael Federmann has served as chair of the Board since 2000. Since 2002 he has served as chair and CEO of Federmann Enterprises Ltd. ("FEL"), a privately-owned Israeli company in which Mr. Federmann has held managerial positions since 1969. FEL, directly and through subsidiaries, holds a diversified portfolio of investments, including ownership of approximately 44.34% of the Company's outstanding Shares. FEL also has ownership interests in Dan Hotels Ltd. ("Dan Hotels"), an Israeli hotel chain, in Freiburger Compound Materials GmbH ("Freiberger"), a German company engaged in the supply of materials for the semi-conductor industry, as well as in several financial, real estate and venture capital investments. Mr. Federmann serves as chair of the board of directors of Dan Hotels. He serves as the president of the German-Israeli Chamber of Industry and Commerce, was awarded the Order of Merit of the Federal Republic of Germany and is an Honorary Commander of the Order of the British Empire (CBE). Mr. Federmann holds a bachelor's degree in economics and political science from the Hebrew University of Jerusalem (the "Hebrew University"), which has also awarded him an honorary doctorate in philosophy.

**Rina Baum.** Rina Baum is vice president for investments of FEL and since 1986 has served as a director and as general manager of Unico Investment Company Ltd. She serves as a director of Dan Hotels and Etanit Building Products Ltd. ("Etanit") and holds other managerial positions with investee companies of FEL. Mrs. Baum holds an L.L.B. degree from the Hebrew University.

**Yoram Ben-Zeev.** Yoram Ben-Zeev serves as an External Director of Kardan Real Estate Ltd., as well as on the board of several non-profit organizations in Israel. He served as Israel's ambassador to the Federal Republic of Germany from 2007 until 2012. Prior to that, he served for 26 years in various senior positions in the Israel Ministry of Foreign Affairs' ("MFA"), including as deputy general director, head of the North America Division and senior member of the directorate. Among other positions held during his service in the MFA, Mr. Ben-Zeev served as Israel's Consul General to the West Coast in the United States, political advisor to the president of the State of Israel, special coordinator to the Middle East peace process, advisor to prime minister Ehud Barak for the Camp David Peace Conference, chair of the MFA's Steering Committee - Foreign Service Strategic and Functional Planning and of the Israel-Canada Annual Strategic Forum and member of the MFA's Nomination Committee. Mr. Ben-Zeev has been the recipient of special awards for his diplomatic service from both the U.S. House of Representatives and the president of the Federal Republic of Germany. Mr. Ben-Zeev holds a bachelor's degree in Middle Eastern studies, political science and international relations from the Hebrew University and a master's degree in Middle Eastern Studies from Tel Aviv University. Mr. Ben Zeev serves as the chair of the Corporate Governance and Nominating Committee of the Board and as a member of the Audit Committee, the Financial Statements Review Committee and the Compensation Committee of the Board.

**David Federmann.** David Federmann has served as vice chair of the Board since 2015. He has served in various management capacities in FEL since 2000. He currently serves as chair of the board of Freiburger and as a member of the boards of directors of Dan Hotels, BGN Technologies Ltd. (the technology transfer company of the Ben-Gurion University) and several other private companies. David Federmann is the son of Michael Federmann, chair of the Board. Mr. Federmann holds a bachelor's degree in mathematics and philosophy from New York University.

**Dr. Yehoshua (Shuki) Gleitman (External Director).** Dr. Yehoshua (Shuki) Gleitman has served since 2001 as the managing partner of Platinum VC, a venture capital firm. He currently serves as chair of the board of directors of Capital Point Ltd., of GLK Investment and Management Company Ltd. and of GIBF - Guangzhou Israel Bio Tech Fund and of Teuza - A Fairchild Technology Venture Ltd. and a member of the board of G Medical Innovations Holdings Ltd., a company incorporated in the Cayman Islands. From 2000 until 2005, he was the chief executive officer and a director of SFKT Ltd. From 1997 until 1999, Dr. Gleitman was the chief executive officer of Ampal-American Israel Corporation. Prior to that he served in various senior management positions in the Israeli government and in Israeli industry, including as director general and chief scientist of the Israel Ministry of Industry and Trade, chair of the U.S.-Israel Industrial R&D Foundation, joint chair of the U.S.-Israel Science and Technology Commission, managing director of AIMS Ltd., vice president and general manager of Elop Electro-Optic Industries Ltd.'s ("Elop") marine and aerial operations and head of the Laser Branch of the Israel Ministry of Defense. Dr. Gleitman serves as the honorary consul general of Singapore to Israel. Dr. Gleitman holds bachelor of science, master of science and PhD degrees in physical chemistry from the Hebrew University. Dr. Gleitman serves as the chair of the Audit Committee and the Financial Statements Review Committee of the Board and as a member of the Compensation Committee and the Corporate Governance and Nominating Committee of the Board. He is considered by the Board to have accounting and financial expertise under the Companies Law.

**Dov Ninveh.** Dov Ninveh has served as chief financial officer and a manager in FEL since 1994 and as the general manager of Heris Aktiengesellschaft since 2012. He serves as a member of the board of directors of Dan Hotels, Etanit and Freiburger. Mr. Ninveh served as a director of Elop from 1996 until 2000. From 1989 to 1994, he served as deputy general manager of Etanit. Mr. Ninveh holds a bachelors of science degree in economics and management from the Israel Institute of Technology (the "Technion").

**Professor Ehood (Udi) Nisan.** Prof. Ehood (Udi) Nisan is a professor in the School of Public Policy and Government of the Hebrew University. He is an External Director of Harel Insurance Finance Services Ltd., and Rekah Pharmaceutical Industry Ltd., and a member of the board of Bezalel Academy of Art and chair of its finance committee. From 2013 to 2016, he was the chair of the board of directors of Delek, The Israel Fuel Corporation Ltd. From 2009 to 2011, Prof. Nisan was the director of the budgets department of the Israeli Ministry of Finance, and from 2007 to 2009 he served as the director of the Government Companies Authority. Prior to that he served in various executive positions in the Israeli Ministry of Finance and served as a member and chair of several government and public committees, including from 1999 until 2002 as the CEO of the Jerusalem Development Authority. Prof. Nisan holds bachelor's and master's degrees in economics and business administration and a PhD in economics and public policy from the Hebrew University. Prof. Nisan serves as a member of the Audit Committee and the Financial Statements Review Committee of the Board. He is considered by the Board to have accounting and financial expertise under the Companies Law.

**Professor Yuli Tamir.** Prof. Yuli Tamir has served since 2010 as the President of Shenkar College, a public college in Ramat-Gan, Israel. Before that, from 2006 until 2009, she served as Israel's Minister of Education. Prof. Tamir also served as the Minister of Immigration from 1999 until 2001. She was a deputy speaker of the Knesset and a member of the Finance Committee, the Education Committee and the Security and Foreign Affairs Committee. Prof. Tamir is a founding member of the Israeli peace movement "Peace Now". She served as the chair of the Association of Civil Rights in Israel and was a member of the political committee of the Women's Lobby. She was a professor at Tel-Aviv University and a scholar-in-residence at Princeton University, Harvard University, the University of Pennsylvania, the European University in Florence, the Central European University in Budapest and the Blavatnik School of Government in Oxford. Prof. Tamir is the recipient of numerous academic awards. Prof. Tamir holds a bachelors of science degree in biology, a master's degree in political science from the Hebrew University and a PhD in political philosophy from Oxford University. Prof. Tamir serves as a member of the Audit Committee and the Financial Statements Review Committee of the Board.

At the Meeting, the Board will propose that the following resolution be adopted:

**"RESOLVED, that Mr. M. Federmann, Mrs. Baum, Mr. Ben-Zeev, Mr. D. Federmann, Mr. Ninveh, Prof. Nisan and Prof. Tamir are elected as Directors of the Company until the close of the next Shareholders' Annual General Meeting".**

The Board recommends a vote FOR all the nominees to the Board.

## **ITEM 2 -ELECTION OF MRS. BILHA (BILLY) SHAPIRA FOR A FIRST THREE-YEAR TERM AS AN EXTERNAL DIRECTOR**

Under the Companies Law:

- (1) (a) Each Israeli public company is required to appoint at least two External Directors. Among other requirements, a person may serve as an External Director if that person is not a Relative of the controlling shareholder of the company and if each of that person's Relatives, partners and employers, or any person to whom he or she is subordinated (directly or indirectly), or any entity controlled by that person, did not have, at any time during the two years preceding that person's appointment as an External Director, any affiliation (as defined in the Companies Law) with either the applicable company, the entities controlling the company, a Relative of the controlling shareholder or the entities controlled by the company or by the company's controlling shareholders.
  - (b) A person may not serve as an External Director if that person or that person's Relative, partner, employer, any person to whom he or she is subordinated (directly or indirectly), or any entity controlled by that person, has business or professional relationships with an entity with which an affiliation is prohibited (as stated in the Companies Law), even if such relationship is not on a regular basis (other than a negligible relationship). Furthermore, a person who received compensation for his or her service as a director of the respective company, other than the permitted compensation for an External Director under the Companies Law, may not serve as an External Director of that company.
  - (c) A person may serve as an External Director if and so long as no conflict of interest exists or may exist between his or her responsibilities as a member of the board of directors of the respective company and his or her other positions or business activities and so long as such positions or business activities do not impair his or her ability to serve as a director. External Directors serve for a three-year term following which they may stand for re-election to two additional terms of three years each.
- (2) Any committee of the Board must include at least one External Director, and all External Directors must be members of the Audit Committee, the Financial Statements Review Committee and the Compensation Committee.
- (3) In general, at least one External Director must have "accounting and financial expertise", and the other External Director(s) must have "professional competence". Under the regulations of the Companies Law, a director has "financial and accounting expertise" if he or she, based on his or her education, experience and qualifications, is highly skilled in respect of, and understands, business and accounting matters and financial statements, in a manner that enables him or her to have an in-depth understanding of the company's financial statements and to stimulate discussion in respect of the manner in which the financial data is presented. The evaluation of the accounting and financial skill of a director is to be made by the board of directors taking into account the parameters specified under the Companies Law. A director has "professional competence" if he or she has an academic degree in either economics, business administration, accounting, law or public administration or an academic degree in an area relevant to the company's business, or has at least five years' experience in a senior position in the business management of a corporation with a substantial scope of business, in a senior position in public service or in the field of the company's business. The evaluation of the professional competence of a director is to be made by the board of directors.
- (4) External Directors serve for a three-year term following which they may stand for re-election to up to two additional terms of three years each. In accordance with the Israeli regulations with respect to "dual listed" companies (companies whose shares are listed for trading on the TASE as well as on another stock exchange outside of Israel), dual listed companies, such as the Company, may have their External Directors elected for additional terms of up to three-years each, subject to fulfillment of certain conditions.

The third term of office of Mrs. Dalia Rabin as an External Director expires on November 22, 2019. The term of office as an External Director of Dr. Yehoshua Gleitman expires on March 31, 2020. Dr. Gleitman is considered by the Board of Directors to have "accounting and financial expertise" as described above. Mrs. Shapira, the nominee for election for a first three-year term as an External Director under this Item 2 of the Proxy Statement, is considered by the Board to have "professional competence" as described above.

The Companies Law requires that a person will not be elected and will not serve as a director, including as an External Director, in a public company if he or she does not have the required qualifications and the ability to dedicate an appropriate amount of time for the performance of his or her director position in the company, taking into consideration, among other factors, the special needs and size of the company. A general shareholders meeting of a company whose shares are publicly traded, at which

the appointment of a director, including an External Director, is to be considered, will not be convened unless the nominee has declared to the company that he or she complies with the above-mentioned requirements and details of his or her applicable qualifications are provided and, in case such nominee is an External Director - such nominee has also declared that he or she complies with the applicable independence criteria under the Companies Law to serve as an External Director.

Mrs. Shapira, the proposed nominee, has declared to the Company that she complies with the required qualifications under the Companies Law for election as an External Director, detailing her applicable qualifications and that she is capable of dedicating the appropriate amount of time for the performance of her role as a member of the Board.

In addition, the Corporate Governance and Nominating Committee has determined that Mrs. Shapira meets the applicable criteria for External Directors under the Companies Law and that, as mentioned above under “DIRECTOR INDEPENDENCE CRITERIA AND CORPORATE GOVERNANCE AND NOMINATING COMMITTEE”, she also meets the board of directors' independence criteria under the applicable Nasdaq Marketplace Rules. The Corporate Governance and Nominating Committee has recommended to the Board that Mrs. Shapira be nominated as an External Director for a three-year period.

The Board has approved the recommendation of the Corporate Governance and Nominating Committee and determined that Mrs. Shapira meets the applicable criteria for External Directors under the Companies Law as well as the directors' independence criteria under the applicable Nasdaq Marketplace Rules.

If elected as an External Director, Mrs. Shapira will hold office for a three-year period until and including November 20, 2022, unless her office is vacated earlier in accordance with the provisions of the Companies Law and the Company's Articles of Association. If for any reason she should be unable to serve, another person will be elected in accordance with applicable law.

In accordance with the Company's Compensation Policy and the Companies Law, the Company's Compensation Committee and the Board as a whole have approved that Mrs. Shapira will be entitled to payment in accordance with maximum regulatory rates payable to External Directors under Israeli law for companies similarly classified based on their shareholding equity as may be from time to time updated by the Israeli regulations. As a result, if elected for a first term as an External Director, Mrs. Shapira will be entitled to an annual fee of NIS 111,115 (equal to approximately \$31,884) and a per meeting fee of NIS 4,275 (equal to approximately \$1,227), which reflect the current fees levels mentioned above, linked to the Israeli consumer price index.

In addition, if elected as an External Director, Mrs. Shapira will be covered by any D&O liability insurance in effect as of the date of her election and thereafter purchased by the Company from time to time in accordance with the provision of the Company's Compensation Policy. Also, if elected as an External Director, she will be granted by the Company an indemnification letter in terms as approved by the Company's shareholders at the Shareholders Annual General Meeting held in November 2011.

Background information regarding Mrs. Bilha (Billy) Shapira, who is 66 years old on the date of this Proxy Statement, is as follows:

Mrs. Bilha (Billy) Shapira is the head of the Israeli branch of Helmholtz Association of German Research Centers (“Helmholtz”), a German association with centers worldwide for the promotion of research relationships and cooperation between the German government and other German institutions and industries, on one hand, and local academic institutions, industrial entities and governmental research bodies, on the other hand. Mrs. Shapira serves as a member of the Board of Governors and the audit committee of the Azrieli College of Engineering, as a member of the Jerusalem Transportation Master Plan Team and as member of the boards of several non-profit organizations in Israel. From 2009 until 2017, Mrs. Shapira served as Vice President and CEO of the Hebrew University and as the CEO of VERA - the Association of Heads of Universities in Israel. Prior to that, she served for 36 years in various management capacities in the Hebrew University. Mrs. Shapira holds a bachelor's degree in Russian Studies and International Relations and a master's degree in Administration and Public Policy from the Hebrew University. If elected, Mrs. Shapira will serve as a member of the Audit Committee, the Financial Statements Review Committee, the Compensation Committee and the Corporate Governance and Nominating Committee of the Board.

At the Meeting, the Board of Directors will propose that the following resolution be adopted:

**“RESOLVED, that Mrs. Bilha (Billy) Shapira be elected as an External Director of the Company for a first three-year term commencing on the close of this Shareholders' Extraordinary and Annual General Meeting and ending on November 20, 2022 (inclusive).”**

The Board of Directors recommends a vote FOR approval of this resolution.

**ITEM 3 - RE-APPOINTMENT OF THE COMPANY'S INDEPENDENT AUDITOR  
FOR THE FISCAL YEAR 2019 AND UNTIL THE CLOSE OF THE NEXT  
SHAREHOLDERS' ANNUAL GENERAL MEETING**

Following the recommendation by the Financial Statements Review Committee of the Board, it is proposed that Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global Certified Public Accountants, will be re-appointed as the independent auditor of the Company for the fiscal year 2019 and until the close of the next Shareholders' Annual General Meeting. A representative of the independent auditor will be present at the Meeting and will be available to respond to appropriate questions from shareholders. Such auditor served as the Company's auditor for the fiscal year 2018 and has no relationship with the Company, or with any affiliate of the Company, except as its auditor.

Under the Company's articles of association, the independent auditor's fees will be set and approved by the Board after receipt of the recommendations of the Audit Committee or the Financial Statements Review Committee of the Board.

At the Meeting, the Board will propose that the following resolution be adopted:

**“RESOLVED, that the Company's independent auditor, Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global, is appointed as the independent auditor of the Company for the fiscal year 2019 and until the close of the next Shareholders' Annual General Meeting”.**

The Board recommends a vote FOR approval of this resolution.

## EXECUTIVE COMPENSATION

For information regarding compensation paid to our five most highly compensated Office Holders (as defined in the Companies Law) in 2018, please see Item 6 of our annual report on Form 20-F (the “2018 Annual Report”) filed with the U.S. Securities and Exchange Commission (the “SEC”) and with the ISA on March 19, 2019, and which is accessible as mentioned below under “CONSIDERATION OF THE ANNUAL FINANCIAL STATEMENTS”.

## ADDITIONAL MATTERS TO BE REPORTED OR DISCUSSED

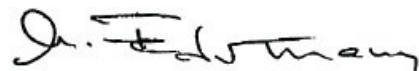
In addition, at the Meeting the Company will present or report on the following matters relating to fiscal year 2018:

- (a) its consolidated financial statements for the fiscal year ended December 31, 2018; which are included in the Company’s 2018 Annual Report, which is accessible as mentioned below under “CONSIDERATION OF THE ANNUAL FINANCIAL STATEMENTS”.
- (b) the dividend paid to its shareholders;
- (c) the compensation paid to the Company’s Directors; and
- (d) the compensation arrangement with the Company’s independent auditor.

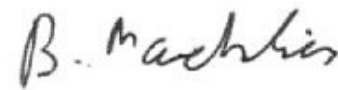
## CONSIDERATION OF THE ANNUAL FINANCIAL STATEMENTS

The Company’s audited consolidated financial statements for the fiscal year ended December 31, 2018, which will be presented for discussion at the Meeting, are included in the Company’s 2018 Annual Report. Shareholders may receive a paper copy of such 2018 Annual Report, free of charge, upon request to the Company’s Corporate Secretary, at the following e-mail address: [Corporate.Secretary@elbitsystems.com](mailto:Corporate.Secretary@elbitsystems.com). Such 2018 Annual Report (and the financial statements included therein) are not a part of this Proxy Statement. Shareholders may review a copy of the Company’s filings with the SEC, including exhibits and schedules, and obtain copies of such materials, at the SEC’s public reference room at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. Shareholders may call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information that the Company files electronically with the SEC. Shareholders may also review a copy of the Company’s filings with the ISA, including the Company’s 2018 Annual Report (and the financial statements included therein), on the website of the ISA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il), on the website of TASE at: [www.maya.tase.co.il](http://www.maya.tase.co.il) and on the website of the Company, at [www.elbitsystems.com](http://www.elbitsystems.com) (under “Investor Relations: Financial Reports: Annual Reports: Elbit Systems 2018 Annual Report (20F)”).

By Order of the Board



MICHAEL FEDERMANN  
Chair of the Board of Directors



BEZHAEL MACHLIS  
President and Chief Executive Officer

Date: October 10, 2019