UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the Month of January 2019

Commission File Number 000-28998

ELBIT SYSTEMS LTD.

(Translation of Registrant's Name into English)

Advanced Technology Center, P.O.B. 539, Haifa 3100401, Israel

(Address of Principal Corporate Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

☒ Form 20-F ☐ Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: ☐

☐ Yes ☒ No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-______________

Attached hereto and incorporated herein by reference as Exhibits 1,2 and 3, respectively, are the Registrant's Press Release dated January 06, 2019, the Unofficial English Translation of Elbit Systems Ltd. Monitoring Report – January 2019 and the Consent of the Rating Agency dated January 06, 2019.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELBIT SYSTEMS LTD.

(Registrant)

By:	/s/ Ronit Zmiri
Name:	Ronit Zmiri
Title:	Corporate Secretary

Date: January 06, 2019

EXHIBIT INDEX

Exhibit No.	Description	
1.	Registrant's Press Release dated -	January 06, 2019
2.	Unofficial English Translation of Elbit Systems Ltd. Monitoring Report -	January 2019
3.	Consent of Rating Agency Dated -	January 06, 2019

Exhibit 1

ELBIT SYSTEMS LTD. ANNOUNCES MIDROOG LTD. RATING OF "Aa1.il" (LOCAL SCALE), WITH NEGATIVE OUTLOOK, FOR ELBIT SYSTEMS' SERIES "A" NOTES

Haifa, Israel, January 6, 2019 - Elbit Systems Ltd. (NASDAQ and TASE: ELST) ("Elbit Systems" or "the Company") announced today that following the closing of the transaction for the acquisition of IMI Systems Ltd. by the Company, Midroog Ltd., an Israeli rating agency ("Midroog"), issued its monitoring report regarding the Series "A" Notes issued by the Company in 2010 and in 2012 (the "Notes") and reaffirmed the Notes' "Aa1.il" (on a local scale) rating, while changing the rating outlook to negative.

Midroog's official monitoring report in Hebrew will be submitted to the Israel Securities Authority and the TASE. An unofficial English translation of Midroog's monitoring report will be submitted by the Company on Form 6-K to the U.S. Securities and Exchange Commission.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy any Series "A" Notes.

About Elbit Systems

Elbit Systems Ltd. is an international high technology company engaged in a wide range of defense, homeland security and commercial programs throughout the world. The Company, which includes Elbit Systems and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence surveillance and reconnaissance ("C4ISR"), unmanned aircraft systems, advanced electro-optics, electro-optic space systems, EW suites, signal intelligence systems, data links and communications systems, radios and cyber-based systems. The Company also focuses on the upgrading of existing platforms, developing new technologies for defense, homeland security and commercial applications and providing a range of support services, including training and simulation systems.

For additional information, visit: www.elbitsystems.com, follow us on Twitter or visit our official Youtube Channel

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This press release contains forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended) regarding Elbit Systems Ltd. and/or its subsidiaries (collectively the Company), to the extent such statements do not relate to historical or current fact. Forward-looking statements are based on management's expectations, estimates, projections and assumptions. Forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results, performance and trends may differ materially from these forward-looking statements due to a variety of factors, including, without limitation: scope and length of customer contracts; governmental regulations and approvals; changes in governmental budgeting priorities; general market, political and economic conditions in the countries in which the Company operates or sells, including Israel and the United States among others; differences in anticipated and actual program performance, including the ability to perform under long-term fixed-price contracts; and the outcome of legal and/or regulatory proceedings. The factors listed above are not all-inclusive, and further information is contained in Elbit Systems Ltd.'s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission. All forward-looking statements speak only as of the date of this release. The Company does not undertake to update its forward-looking statements.

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MIDROOG

Exhibit 2

Elbit Systems Ltd.

Monitoring | January 2019

(Unofficial English Translation)

This credit rating report is a translation of a report that was written in Hebrew for a debt issued in Israel. The binding version is the one in the origin language.

Contacts:

Sigal Issaschar, VP, Head of Corporate Financing Sector – Primary Rating Assessor
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Elbit Systems Ltd.

Series rating	Aa1.il	Rating outlook: Negative

Midroog is removing from credit review the rating of debentures (Series A) issued by Elbit Systems Ltd. ("Elbit" or "the Company"), and affirms its rating of Aa1.il, changing the rating outlook to Negative.

Outstanding debentures rated by Midroog:

Debenture series	Securities ID	Rating	Rating outlook	Final maturity
A	1119635	Aa1.il	Negative	June 30, 2020

Summary of rating rationale

The Negative rating outlook was specified due to expected erosion in the Company's financial profile, following the acquisition of Israel Military Industries ("IMI") in November 2018, since this significant transaction involves an increase in financial debt, including an increase in pension liabilities with regard to IMI employees, along with our estimate of the negative contribution by IMI to Elbit profitability and cash flows – at least over the coming year. Midroog estimates the increase in adjusted debt, due to the transaction and to consolidation of IMI, at USD 700 million, including liabilities with respect to an agreed retirement program at IMI, as noted above. In the base scenario, Midroog does not expect Elbit to significantly reduce its financial debt in 2019-2020 through free cash flow from its operations. In this scenario, Midroog expects in those years slower debt coverage ratios for Elbit (consolidated with IMI), to X3.0 for adjusted financial debt to EBITDA and to X3.6 for adjusted financial debt to FFO, compared to X1.8 and X2.3 as of September 30, 2018, prior to the acquisition. Midroog believes that under a more optimistic scenario with regard to Elbit success with improving IMI profitability, the coverage ratios may be in a faster range than in the base scenario, although we do not assume this will be the case prior to 2020. Future leverage would also be impacted by Elbit's financial policy with regard to other acquisitions and dividend policy, with Midroog's base scenario assuming continuation of the current dividend policy and only moderate further acquisitions. The Company rating may be lower over the next 12-24 months, should Midroog believe it to be highly likely that the Company would be unable to restore coverage ratios to a level lower than X2.5 for debt to EBITDA or, alternatively, should we believe that erosion in the Company's financial position is more significant than estimated.

The Company rating is re-affirmed given its leading business position in the defense industry in Israel and in niche defense segments around the world. The Company's position is supported by strong international reputation and extensive, diverse defense operations, with revenues of USD 3.6 billion in the four most recent quarters[1], across multiple product lines and geographic territories, which support revenue stability across cycles of global defense budgets. The Company's relative advantages derive from its ability to develop innovative and relevant technology solutions that are appropriate to changes in the global defense industry. Based on these attributes, Elbit has achieved in recent years significant growth in order backlog and in revenues. Over time, the Company's growth opportunities derive from acquisition of companies and operations that contribute to synergies and improve the added value to customers.

1 - The quantitative data herein refers to Elbit Systems' operations prior to the IMI acquisition, unless indicates that data is pro-forma for the acquisition or based on the forecast for the consolidated entity.

Midroog

The Company has a positive track record from M&A activity. Elbit's profitability is not favorable for the rating but is notably stable, with operating margins (before other income/expenses) ranging between 8.0%-9.0% over the past three years. Midroog believes that the Company's capacity to improve efficiency is limited, due to the need to maintain high quality technological advantages and leadership position, as well as high quality human resources. Midroog believes that competitive pressures in the international defense sector and Elbit's growth strategy would continue to exert pressure on profitability.

Midroog believes that the IMI acquisition is a proper fit for Elbit assets, complementing its capabilities in active defense systems and in precise rocket artillery as well as in improvement of armored military vehicles. Midroog believes that Elbit milestones in development and engineering of electronic warfare systems offer a potential for integration with and improvement of part of IMI's combat systems. Midroog's sees the potential for marketing synergy for IMI sales within Elbit, based on Elbit's extensive international presence and by joining forces in several territories. Moreover, Elbit's established presence in the US defense market may provide leverage for marketing of IMI products in this market. However, Midroog' is unable to quantitatively assess and establish the extent of marketing synergy between these two companies and the time required for achieving it – hence it is not included in Midroog’s base scenario. We believe that the IMI acquisition increases the strategic significance of Elbit for Israel's Ministry of Defense, with expected sales of USD 1.2-1.3 billion (proforma figures as estimated by Midroog) for the consolidated company to the local defense market.

Midroog sees organizational and financial challenges facing Elbit in this acquisition. IMI has struggled for many years with increasing its revenues and improving its profitability, due to low operating efficiency and to cash flow challenges. In recent years, IMI has taken a range of streamlining measures, but IMI still records high losses. The acquisition transaction includes an agreed retirement program for a significant number of IMI employees. Elbit is required to bear the cost of such retirement and to support IMI's working capital needs – which mean significant obligations for Elbit, in addition to the direct cost involved with the IMI acquisition, but this should result in an improved cost structure. Conversely, the transaction provides, over the medium to long term, potential for significant monetary compensation to IMI, payable by the State, upon vacating land in Ramat HaSharon and relocating its operations to Ramat Beka in the Negev region, with most of this compensation not expected to be received before 2023. The complexity of the transaction and the set of agreements, which present milestones for several years to come, increase the uncertainty in this preliminary stage with regard of this relocation effort. Midroog assumes that Elbit's successful track record with major M&A in the past would support such challenges.

In our assessment, the global defense industry is characterized by low-medium risk, especially in view of the long cycle of demand and high barriers to entry. The industry has started to post renewed growth over the past two years, with expected 3%-5% growth in defense expenditures world-wide in 2019, based on Moody's forecast[1], led by growth in the US defense budget.

Midroog's base scenario anticipates annual growth at 3%-4% in Elbit's order backlog in 2019-2020, to be supported, inter alia, by aforementioned growth in defense budgets and by the Company's product offering, which supports the needs in the present and future battle field. Consolidated with IMI revenues, we anticipate annual revenues for the consolidated company to range between USD 4.3-4.5 billion over the forecast period. We believe that Elbit's operating margin (excluding IMI and before other income/expenses) should remain within the 8%-9% range, but IMI consolidation should decrease operating margin to a lower 7%-8% range (before other income/expenses); this Midroog scenario includes an assumption with regard to improved gross margin at IMI, upon gradual implementation of the early retirement program and improved working capital management, as well as assuming limited operating synergy for Elbit-IMI over the short to medium term, following the acquisition by Elbit. Midroog's base scenario assumes Elbit EBITDA for 2018 would be USD 430 million (before IMI consolidation), and would range between USD 430-470 million in 2019-2020 (with IMI consolidation). The Company has reasonable liquidity, primarily based on significant available credit facilities, but liquidity is not favorable due to the high, volatile need for working capital and the need for significant debt re-financing in 2019-2020, along with negative to moderately positive free cash flow over the coming year.

Elbit Systems Ltd. (Consolidated) - Key Data (USD in millions):

	9M 2018	9M 2017	FY 2017	FY 2016	FY 2015	FY 2014
Revenues	2,606	2,368	3,378	3,260	3,108	2,958
Operating income (before others)	209	216	319	281	269	241
Operating margin	8.0%	9.1%	9.5%	8.6%	8.6%	8.1%
Adjusted financial debt* to CAP	29.2%	28.6%	24.2%	24.8%	30.5%	36.3%
Adjusted financial debt* to EBITDA	1.8	1.6	1.3	1.3	1.6	1.9
Adjusted financial debt* to FFO	2.3	1.8	1.4	1.6	1.7	2.8

* Adjusted financial debt includes the fair value of the hedging component in respect of NIS-denominated debt and total excess obligations to severance pay fund.

Detailed rating considerations

Low-medium industry risk, expectation of growth in global defense budgets over the short to medium term

The scope of activity in the defense industry sector is strongly correlated with government defense budgets, which typically have a relatively long cycle. Change in this trend may result from unexpected defense confrontations, as evident from time to time, as well as from severe economic crises that may impact government budgets as they were at the beginning of this decade. In recent years, defense threats in Western countries, geopolitical change, conflicts and tensions in various parts of the world have resulted in several countries increasing their defense budgets, in tandem with the global economic recovery. Consequently, according to Moody's forecasts[2], global defense spending is expected to increase in 2018-2019 by 3.0%-5.0%, following a moderate annual average increase of about 1.0% in 2015-2017, which followed a sustained slowdown in 2011-2014 (according to SIPRI data). The forecast increase in defense budgets worldwide is supported by the expectation of an increase in US defense spending, which constitutes 35%-40% of total global defense spending over time, with the recent approval of a higher budget basis by the Trump administration. Furthermore, this expected growth is based on increased spending by NATO members and other countries, as part of an effort to protect and maintain borders against geopolitical risks, ongoing military and defense conflicts and instability in various parts of the world. These include tensions between Russia and China and the West, terror attacks in various geographical regions and separatist trends in several key countries, mainly in the Middle East and Asia. Nevertheless, Moody's estimates that most of NATO countries would still fail to meet a spending target of 2.0% from GDP.

The industry is in relatively high competition, with defense budgets being focused , larger share of fixed-price contracts, mainly from the US Department of Defense, shorter time to market and compliance with schedule, and all this, following several years of slow-down, which resulted in large international companies entering developing markets, sale price pressures, as well as increasing demand from customers for increased R&D spending by the companies and for better financing terms, including longer customer credit days. The level of competition has resulted in a growing M&A trend in the industry in recent years, stemming from the desire to expand the range of solutions and products and to create more significant economies of scale, in order to compet for budgets of strategic customers.

2 - Aerospace and defense - Global: 2019 outlook positive on growth in commercial aircraft deliveries and strong defense spending, December 2018

The evolution of the defense concept, as reflected in priorities based on defense budgets of the US Department of Defense and of other developed nations (mainly in Western Europe), leads to budgets being shifted to aerial warfare at the expense of land warfare and a stronger emphasis being put on precise asymmetrical warfare in several arenas simultaneously, use of unmanned systems and tools, intelligence, surveillance and reconnaissance as well as cyber warfare. In general, these changes support the Israeli defense industry, which provides for these needs. Midroog estimates that demand for high-speed, technology-intensive systems, command and control systems, individual soldier protection, advanced electronic systems, homeland defense systems (HLS) and precision missile systems will continue to grow.

Other risk factors in the sector are: Dependence on prime contractors – most defense companies serve as sub-contractors, as second- and third-level suppliers. Sub-contractors are exposed to the competitive positioning of the prime contractors and typically have a lower price flexibility; Large, ongoing projects, most of them at fixed price, which generate exposure to unexpected changes in expenses and ability to manage projects closely; A large component of fixed payroll and overhead expenses, including an R&D component, which are onerous to profitability at times of reduced activity and which impact operating flexibility; Low credit risk, including in light of certain customer advances that contribute to liquidity features, high entry barriers that provide an advantage to legacy competitors; Strategic importance for base countries, stemming from the knowledge and technological capabilities inherent in their operations.

Elbit capabilities in engineering and integration of electronic warfare systems offer a potential for improvement of IMI combat systems and expansion of territorial penetration

Elbit Systems' business profile is supported by a significant business volume, with total sales of USD 3.6 billion in the four most recent quarters ended September 30, 2018 and in broad diversification across four key operating segments: airborne systems segment (39% of revenues for the period), C4ISR segment (33%), land vehicle systems segment (16%) and electro-optical systems segment (9%). Some 79% of Company revenues, on average over the past three years, are from exports which are highly diversified across geographical regions (26% of sales in the four quarters ended September 30, 2018 are from North America, 21% are from Asia Pacific, 20% from Europe and another 5% from Latin America). Midroog believes that the Company's broad business diversification across multiple geographic territories and many different projects and products within the defense industry, contributes to its revenue stability throughout the economic cycle and somewhat moderates the cyclical risk in the industry. On the other hand, strong price pressures in the industry and the fact that Elbit is a sub-contractor in many export projects, may impede its profitability, both in terms of pricing of future projects and in terms of product launch time and deviation from original schedules. Elbit's position is supported its product profile in the defense electronics segments, adapted for challenges of the future battle field, as set forth above, as well as by relevant solutions for emerging markets with strong potential growth. The Company has relatively high R&D expenses, which support continued maintenance of its technological edge and its ability to provide solutions appropriate for needs of military defense organizations, internal defense and civilian needs. The Company has proven experience in M&A resulting in synergy and business development of complementary technologies, while establishing a strategy of penetration into and focus on growing markets.

On November 25, 2018, Elbit closed the acquisition of 100% of IMI share capital, previously held by the State of Israel, for consideration amounting to USD 495 million (NIS 1.8 billion), in addition to future payment of USD 27 million (NIS 100 million) contingent on IMI performance, as set forth in the sale agreement. In Midroog's opinion, The IMI acquisition is a component of the Company's long-term strategy of expanding the range of products and systems offered by Elbit to its customers world-wide, as well as to Israel's Ministry of Defense. The transaction highlights integration of IMI products into Elbit's Land Systems Division and improvement of both companies' solutions in this field, through Elbit's strong integration capabilities in the field of advanced defense system engineering. Midroog believes that the potential for integration and improvement lies in these segments: active defense systems against rockets ("Iron Fist"), precise guided munitions (rocket and shell artillery products from IMI) and protection of armored military vehicles. Thus, for example, the "Iron Fist" active defense system, developed by IMI provides Elbit with business potential, to utilize the relative advantages of "Iron Fist " and to improve the solution, together with complementary Elbit solutions in command and control, electro-optic and electronics engineering. Moreover, IMI's shell artillery systems involve large projects integrating launchers, guided munition, precise rockets and integration with other command and control components required to provide a comprehensive solution. IMI has a strong position in the field of precise guided munitions for hitting stationary targets. IMI sales in this field are both for export and for the Ministry of Defense and are complementary to Elbit's product line. Both IMI and Elbit have a dominant position in the field of improving armored military vehicles for the IDF and their integration could result in business potential for Elbit in this area. Midroog sees the potential for marketing synergy of IMI sales within Elbit, based on Elbit's extensive marketing presence in international territories and given that currently, most IMI sales are targeted at the local market. Moreover, Elbit's established position in the US defense market may provide leverage for marketing of IMI products in this market. However, Midroog' is unable to quantitatively assess and establish the extent of marketing synergy between these two companies and the time required for achieving it – hence it is not included in Midroog’s base scenario.

Midroog believes that the IMI acquisition contributes to Elbit's strategic importance for Israel's Ministry of Defense, with expected sales of USD 1.2-1.3 billion for the consolidated company to the local defense market (proforma estimate), compared to USD 740 million in the four quarters ended September 30, 2018 – although we did originally estimate Elbit’s strategic importance as being high. Israel's Ministry of Defense is a material key customer of the Company, similar to other defense sector companies, and even prior to the IMI acquisition, Elbit enjoyed a strong reputation and strategic position in Israel's defense market, which is a proving ground for new products and technologies, contributing to qualifying its global product and service offering. Midroog believes that sales to the Israeli Ministry of Defense have lower margins than in some global territories, which adds to the pressure on profitability.

The IMI acquisition transaction is complex and includes long-term milestones which pose operating challenges to Elbit, along with high obligations

Midroog sees organizational and financial challenges facing Elbit in this acquisition, primarily in the following three areas: First, expected over the short to medium term, is integrating IMI and addressing IMI's extensive agreed retirement program for IMI employees, which has been signed with the employee union and with the General Workers' Union. This program should be gradually implemented over the coming years. The second area requires IMI to recover its current cash flow, to support sales growth, investment in R&D and improved profitability. IMI has struggled for many years with increasing its revenues and improving its profitability, due to low operating efficiency and to cash flow challenges. In recent years, IMI has taken a range of streamlining measures, but IMI is still recording high losses. Another area is Elbit's undertaking, in conjunction with this transaction, to vacate most of the area occupied by IMI in Ramat HaSharon and to relocate IMI operations to Ramat Beqa in the Negev Region – these are planned for the medium to long term, by 2025. On the other hand, the transaction provides long-term potential (mostly in 2023) for significant monetary compensation payable to IMI by the State, after vacating the land in Ramat HaSharon and relocating IMI operations to the Negev, as well as vacating other land currently used by IMI. The set of agreements between Elbit, IMI and State entities (Ministry of Defense, ILA and others) is complex, stipulating milestones over several years to come and may face hurdles which are not foreseeable at this preliminary stage. Midroog assumes that Elbit's successful track record with major M&A’s in the past would support such challenges.

The strong order backlog supports continued growth in Elbit revenues, along with erosion of profitability due to IMI consolidation

The Company's order backlog grew by a significant 6% in the most recent 4 quarters, to USD 8.1 billion as of September 30, 2018. The ratio of order backlog to revenues was 2.2, similar to the end of 2017 and higher than the average for previous years, due to longer contracts in the mix. The ratio of order backlog to revenues offers strong revenue visibility and good protection against unforeseen changes in the business environment over the short to medium term. Company profitability was eroded in 2018, due to its growth strategy in recent years, and is not favorable for the rating. Gross margin was at 28.4% of revenues for the first 9 months of 2018, compared to a three-year average of 29.3%; operating margin was at 8.0% of revenues, compared to a three-year average of 8.9%. In our opinion, the Company has relatively low operational flexibility. The Company's technological advantage and its ability to provide innovative and relevant solutions are based on R&D expenditure, which constitutes a major part of the Company's cost structure (net R&D rate, excluding external participation in R&D, is 8.9% on average over the past three years). Midroog estimates that R&D costs will remain high in the short and medium term, given the Company's strategy to maintain its industry positioning and its relative advantages. We believe that the Company's capacity to improve efficiency is relatively low, in light of the need to maintain high-quality human resources and technological innovation, which are part of its ability to compete in this industry, as well as the constant demand for flexibility and the capacity to provide dynamic solutions for evolving needs.

Midroog's base scenario with regard to Elbit operations, excluding IMI, assumes 3%-4% growth in the order backlog over the coming year. Midroog estimates that Company revenues would grow by 7% in 2018 and by 4% in 2019, primarily based on the increase in order backlog in the past year as well as the expectation of continued growth thereof. Midroog assumes continued pricing pressure, compliance with project budgets and shorter launch times, which would require continued investment in R&D and marketing, with operating margins (before other income/expenses) expected to range between 8.0% to 9.0%.

IMI revenues is expected to account for 12% of Elbit's consolidated revenues post-transaction, but this consolidation should, in our opinion, negatively impact the average profitability due to weak profitability at IMI, depending on the extent to which operating synergies are achieved. The potential for improved profitability at IMI, due its acquisition by Elbit, lies in implementing the agreed retirement program and streamlining of the work force, improved procurement and inventory management, increased sales and improved products. Over the short term, Midroog assumes implementation of a few streamlining measures, mostly with regard to payroll expenses and certain operating synergies. This assumption results in average operating margin of 6%-7% for the consolidated company.

Elbit faces the IMI transaction with a historically high debt level, due to a sharp increase in working capital and the significant acquisition of Universal. The Company's ability to reduce its debt is uncertain, and at this stage does not appear to be likely

Following several years of gradual decline in financial debt, due *inter alia* to the slower acquisition pace, the Company's financial debt and debt to CAP ratio have increased, starting in 2017, due to the sharply higher need for working capital and the Universal transaction (USD 120 million), with no change to the dividend policy to shareholders. The increase in working capital partially reflects the more competitive market conditions, with the Company required to offer longer credit days as part of its overall offering to customers. Moreover, working capital was influenced by adoption of accounting standard ASC 606, as from January 1, 2018, which resulted in the Company recognizing contracting revenues from customers sooner, consequently resulting in higher un-billed revenues. Midroog believes that the IMI transaction would impose on Elbit financial liabilities amounting to USD 700 million, including cash payment to the State of Israel upon closing, deferred payments to the State of Israel with respect to the transaction, liability with respect to agreed retirement of IMI employees and severance pay liabilities, as well as financing IMI's working capital and reducing IMI's borrowing from the banking system. This would be partially offset by a decrease in working capital needs of Elbit itself in the fourth quarter and a decrease in bank credit. The adjusted financial debt at end of 2018 (i.e. after closing of the transaction) should amount, in our opinion, to USD 1.4 billion (compared to USD 0.8 billion as of September 30, 2018 and to USD 0.55 billion as of December 31, 2017).

Midroog

Midroog's base scenario assumes Elbit EBITDA for 2018 would be USD 430 million (before IMI consolidation), and would range between USD 430-470 million in 2019-2020 (with IMI consolidation). Funds from operations (FFO) would be impacted by the increase in financial debt and should range between USD 350-380 million per year. Midroog assumes gradual return of working capital during 2019, due to expected growth in revenues and assuming no significant change to market conditions in this regard. Midroog further assumes continued capital investment in fixed assets, at USD 100-120 million per year (for the consolidated company), as well as investment in M&A at USD 20 million per year. We also assume that the Company would pursue its financial policy of dividend distribution of 30% of net earnings. Concurrently, Elbit is expected to pay for employee retirement pursuant to the agreed retirement outline for IMI employees. All of the foregoing results in a moderately negative free cash flow (FCF) for the Company in 2019-2020. Moreover, the Company is expected to receive certain cash flows in these years, with respect to start of the relocation process, which may result in a positive, although non-material free cash flow. Consequently, Midroog expects in 2019-2020 slower debt coverage ratios for Elbit (consolidated with IMI), to X3.0 for adjusted financial debt to EBITDA and to X4.0 for adjusted financial debt to FFO, compared to X1.8 and X2.3 as of September 30, 2018 (for the 4 most recent quarters). Midroog does not preclude the possibility of a more positive scenario, with stronger improvement in IMI profitability, also depending on the pace of departure of IMI employees and the increase in IMI revenues, which should positively affect profitability over the medium term. Under this scenario, better coverage ratios are likely – although not before the end of 2020.

The Company's shareholder equity and leverage ratio on the balance sheet, as measured by the ratio of adjusted debt to CAP, at a moderate and rating-appropriate 29% as of September 30, 2018, are expected to be affected by the IMI acquisition transaction structure, with provisions and liabilities to be recognized with respect to IMI and, on the other hand, compensation payable to the Company by the State of Israel. Midroog assumes higher leverage over the short term. Over the medium term, we assume that build-up of equity cushions would continue from accrued net earnings in excess of dividend distribution, based on the Company's conservative dividend policy.

The Company would be required to re-finance debt over the coming year, to re-finance the transaction and given the heavy repayment burden in 2020

The strong volatility of the Company's working capital needs over-shadows its liquidity, requiring the Company to maintain significant credit facilities. In the fourth quarter of 2018, the Company is expected to release part of the working capital financed during the year, at least until it would be re-allocated in 2019. Concurrently, the Company is preparing for the IMI transaction with significant increase in signed short-term credit facilities, along with a relatively light repayment schedule over the coming year. Midroog believes that upon closing of the transaction, the Company's short-term borrowing component has grown, but the Company may re-schedule this debt later in the year, in order to improve liquidity and to hedge the adjustable interest rate risk. As noted above, the Company is not expected to generate significant free cash flow in 2019-2020, under Midroog's base scenario; the Company also has a heavy repayment burden in 2020 (in excess of USD 500 million), mostly in long-term loans. We believe that the Company has high financial flexibility due to its strong operating sources, diversified financing sources, good access to financing sources, as well as its business positioning. The Company is sufficiently compliant with existing financial covenants with respect to Company debt.

Rating outlook

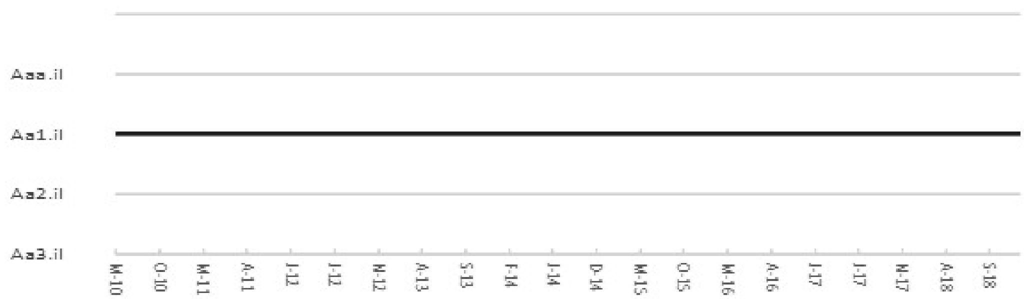
Factors that could lead to a rating downgrade:

- Erosion of Company profitability beyond Midroog's base scenario
- Ratio of adjusted financial debt to EBITDA higher than X2.5 over time

Company profile

Elbit Systems Ltd. is an international high technology Company based in Israel, engaged directly and through subsidiaries in development, manufacturing, integration and marketing of systems and products for defense, homeland security and commercial applications for use in air, sea and land. The Company is (indirectly) 45.8% owned by Mr. Michael Federmann and the remainder is owned by institutional investors and by the public. The Company CEO is Mr. Bezhalel Machlis.

Rating history



Related reports

Elbit Systems Ltd.
Rating of Defense Industry Companies –Methodology Report – February 2014
Midroog's rating scales and definitions
Table of Affinities and holdings
These reports are available on the Midroog website at: **www.midroog.co.il**

General information

Rating report date:	January 6, 2019
Most recent rating update date:	June 28, 2018
Initial rating issue date:	May 1, 2010
Rating initiated by:	Elbit Systems Ltd.
Rating paid for by:	Elbit Systems Ltd.

Information from the issuer

In its ratings, Midroog relies, inter alia, on information received from competent organs of the issuer.

Midroog

Long-Term Rating Scale

Aaa.il	Issuers or issues rated Aaa.il are those that, in Midroog judgment, have highest creditworthiness relative to other local issuers.
Aa.il	Issuers or issues rated Aa.il are those that, in Midroog judgment, have very strong creditworthiness relative to other local issuers.
A.il	Issuers or issues rated A.il are those that, in Midroog judgment, have relatively high creditworthiness relative to other local issuers.
Baa.il	Issuers or issues rated Baa.il are those that, in Midroog judgment, have relatively moderate credit risk relative to other local issuers, and could involve certain speculative characteristics.
Ba.il	Issuers or issues rated Ba.il are those that, in Midroog judgment, have relatively weak creditworthiness relative to other local issuers, and involve speculative characteristics.
B.il	Issuers or issues rated B.il are those that, in Midroog judgment, have relatively very weak creditworthiness relative to other local issuers, and involve significant speculative characteristics.
Caa.il	Issuers or issues rated Caa.il are those that, in Midroog judgment, have extremely weak creditworthiness relative to other local issuers, and involve very significant speculative characteristics.
Ca.il	Issuers or issues rated Ca.il are those that, in Midroog judgment, have extremely weak creditworthiness and very near default, with some prospect of recovery of principal and interest.
C.il	Issuers or issues rated C are those that, in Midroog judgment, have the weakest creditworthiness and are usually in a situation of default, with little prospect of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from Aa.il to Caa.il. The modifier '1' indicates that the obligation ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the obligation ranks in the lower end of that category, denoted by letters.

Caveat regarding the limitations of a rating and the risks of relying on a rating, and caveats and reservations in respect to the activity of Midroog Ltd. and the information appearing on its website

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Exhibit 3

CONSENT OF RATING AGENCY

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-139512 and 333-223785) pertaining to employee stock option plans of Elbit Systems Ltd. (the "Company") of the unofficial translation of our Monitoring Report dated January 06, 2019, with respect to the Series A Notes issued by the Company, included in this current report on Form 6-K.

/s/ *Eran Heimer*
Eran Heimer, CEO
Midroog Ltd

Tel-Aviv, Israel,
January 06, 2019