

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 6, 2011**

AEROVIRONMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

001-33261

(Commission File Number)

95-2705790

(I.R.S. Employer Identification No.)

181 W. Huntington Drive, Suite 202

Monrovia, CA

(Address of Principal Executive Offices)

91016

(Zip Code)

Registrant's telephone number, including area code: **(626) 357-9983**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(B))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On December 6, 2011, AeroVironment, Inc. issued a press release announcing second quarter financial results for the period ended October 29, 2011, a copy of which is attached hereto as Exhibit 99.1.

The information in this Current Report on Form 8-K, including the exhibit, is furnished pursuant to Item 2.02 and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

In addition to historic information, this report, including the exhibit, contains forward-looking statements regarding events, performance and financial trends. Various factors could affect future results and could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Some of those factors are identified in the exhibit, and in our periodic reports filed with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

The following exhibits are filed herewith:

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | Press release issued by AeroVironment, Inc., dated December 6, 2011. |

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 hereunto duly authorized.

AEROVIRONMENT, INC.

Date: December 6, 2011

By: /s/ Timothy E. Conver

Timothy E. Conver

Chairman, President and Chief Executive Officer



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PRESS RELEASE

AeroVironment, Inc. Announces Fiscal 2012 Second Quarter Results

MONROVIA, Calif., Dec. 6, 2011 — AeroVironment, Inc. (NASDAQ: AVAV) today reported financial results for its second quarter ending October 29, 2011.

“Continued demand for our unmanned aircraft and efficient energy systems, combined with effective execution by our team, produced second quarter revenue of \$80.4 million, a year-over-year increase of 26%, and earnings per diluted share of \$0.30, up from \$0.01 a year ago,” said Tim Conver, AeroVironment chairman and chief executive officer. “Backlog of \$116.4 million is up 60% quarter-over-quarter and, combined with first half revenue of \$142 million, provides good visibility into 75% of our full year performance guidance,” said Tim Conver.

Conver added, “Our small unmanned aircraft systems remain high value tools that directly empower the warfighter at a fraction of the cost of larger systems. Continued expansion of our electric vehicle solutions rollout and the first announced deployment order for Switchblade agile munitions systems in September highlight the continued progress of two potentially significant long-term growth drivers for the business. Even with the funding uncertainty affecting U.S. government procurement today, I am excited about AeroVironment’s value proposition and our long-term growth prospects.”

FISCAL 2012 SECOND QUARTER RESULTS

Revenue for the second quarter of fiscal 2012 was \$80.4 million, up 26% over second quarter fiscal 2011 revenue of \$63.8 million. The increase in revenue resulted from increased sales in our Unmanned Aircraft Systems (UAS) segment of \$13.3 million and in our Efficient Energy Systems (EES) segment of \$3.3 million.

Income from operations for the second quarter of fiscal 2012 was \$9.6 million, an increase of \$9.2 million from second quarter fiscal 2011 income from operations of \$0.4 million. The increase in income from operations resulted from higher gross margin of \$8.9 million and lower selling, general and administrative (SG&A) expense of \$0.4 million, offset by higher research and development (R&D) expense of \$0.1 million.

Net income for the second quarter of fiscal 2012 was \$6.6 million, an increase of \$6.3 million from second quarter fiscal 2011 net income of \$0.3 million.

Earnings per diluted share for the second quarter of fiscal 2012 were \$0.30, an increase of \$0.29 from second quarter fiscal 2011 earnings per diluted share of \$0.01.

FISCAL 2012 YEAR-TO-DATE RESULTS

Revenue for the first six months of fiscal 2012 was \$142.4 million, up 40% from the first six months of fiscal 2011 revenue of \$102.0 million. The increase in revenue resulted from higher sales in our UAS segment of \$32.1 million and in our EES segment of \$8.3 million.

Income from operations for the first six months of fiscal 2012 was \$10.0 million, an increase of \$16.9 million from the first six months of fiscal 2011 loss from operations of \$6.9 million. The increase in income from operations resulted from higher gross margin of \$18.5 million and lower R&D expense of \$0.3 million, offset by higher SG&A expense of \$1.9 million.

Net income for the first six months of fiscal 2012 was \$6.9 million, an increase of \$10.1 million from the first six months of fiscal 2011 net loss of \$3.2 million.

Earnings per diluted share for the first six months of fiscal 2012 were \$0.31, an increase of \$0.46 from the first six months of fiscal 2011 loss per share of \$0.15.

BACKLOG

As of October 29, 2011, funded backlog (unfilled firm orders for which funding is currently appropriated to us under a customer contract) was \$116.4 million compared to \$82.9 million as of April 30, 2011.

FISCAL 2012 — OUTLOOK FOR THE CURRENT QUARTER AND FULL YEAR

For the third quarter of fiscal year 2012, the Company expects revenue of \$80 to \$90 million, and earnings per share of \$0.35 to \$0.45 on a fully diluted basis.

For fiscal year 2012, the Company reiterates its revenue guidance of \$321 million to \$336 million, and earnings per share of \$1.28 to \$1.35 on a fully diluted basis.

The foregoing estimates are forward looking and reflect management’s view of current and future market conditions, including certain assumptions with respect to our ability to obtain and retain government contracts, changes in the demand for our products and services, activities of competitors and changes in the regulatory environment, and general economic and business conditions in the United States and elsewhere in the world. Investors are reminded that actual results may differ materially from these estimates.

CONFERENCE CALL

In conjunction with this release, AeroVironment, Inc. will host a conference call today, Tuesday, December 6, 2011, at 1:30 pm Pacific Time that will be broadcast live over the Internet. Timothy E. Conner, chairman and chief executive officer, Jikun Kim, chief financial officer, and Steven A. Gitlin, vice president of investor relations, will host the call.

4:30 PM ET
3:30 PM CT
2:30 PM MT
1:30 PM PT

Investors may dial into the call at (877) 561-2749 (U.S.) or (678) 809-1029 (international) five to ten minutes prior to the start time to allow for registration.

Investors with Internet access may listen to the live audio webcast via the Investor Relations page of the AeroVironment, Inc. website, <http://investor.avinc.com>. Please allow 15 minutes prior to the call to download and install any necessary audio software.

Audio Replay Options

An audio replay of the event will be archived on the Investor Relations page of the Company's website, at <http://investor.avinc.com>. The audio replay will also be available via telephone from Tuesday, December 6, 2011, at approximately 4:30 p.m. Pacific Time through Tuesday, December 13, at 9:00 p.m. Pacific Time. Dial (855) 859-2056 and enter the passcode 25758255. International callers should dial (404) 537-3406 and enter the same passcode number to access the audio replay.

ABOUT AEROVIRONMENT, INC.

AeroVironment is a technology solutions provider that designs, develops, produces and supports an advanced portfolio of Unmanned Aircraft Systems (UAS) and electric transportation solutions. Agencies of the U.S. Department of Defense and allied military services use the company's battery-powered, hand-launched unmanned aircraft systems extensively to provide situational awareness to tactical operating units through real-time, airborne reconnaissance, surveillance and communication. AeroVironment's electric transportation solutions include a comprehensive suite of electric vehicle (EV) charging systems, installation and network services for consumers, automakers, utilities and government agencies, power cycling and test systems for EV developers and industrial electric vehicle charging systems for commercial fleets. More information about AeroVironment is available at www.avinc.com.

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FORWARD-LOOKING STATEMENTS

This press release contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as "believe," "anticipate," "expect," "estimate," "intend," "project," "plan," or words or phrases with similar meaning. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy or actual results to differ materially from the forward-looking statements. Factors that could cause actual results to differ materially from the forward-looking statements include, but are not limited to, reliance on sales to the U.S. government; changes in the supply and/or demand and/or prices for our products; the activities of competitors; failure of the markets in which we operate to grow; failure to expand into new markets; changes in significant operating expenses, including components and raw materials; failure to develop new products; changes in the regulatory environment; and general economic and business conditions in the United States and elsewhere in the world. For a further list and description of such risks and uncertainties, see the reports we file with the Securities and Exchange Commission. We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise.

- Financial Tables Follow -

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AeroVironment, Inc. Consolidated Statements of Operations (Unaudited) (In thousands except share and per share data)

| | Three Months Ended | | Six Months Ended | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | October 29, 2011 | October 30, 2010 | October 29, 2011 | October 30, 2010 |
| Revenue: | | | | |
| Product sales | \$ 47,858 | \$ 32,494 | \$ 77,157 | \$ 44,714 |
| Contract services | 32,514 | 31,287 | 65,212 | 57,295 |
| | 80,372 | 63,781 | 142,369 | 102,009 |
| Cost of sales: | | | | |
| Product sales | 28,499 | 20,646 | 46,371 | 29,332 |
| Contract services | 21,243 | 21,360 | 43,653 | 38,866 |
| | 49,742 | 42,006 | 90,024 | 68,198 |
| Gross margin | 30,630 | 21,775 | 52,345 | 33,811 |
| Selling, general and administrative | 12,240 | 12,685 | 25,940 | 24,056 |
| Research and development | 8,816 | 8,689 | 16,402 | 16,661 |
| Income (loss) from operations | 9,574 | 401 | 10,003 | (6,906) |

| | | | | |
|--------------------------------------|-----------------|---------------|-----------------|-------------------|
| Other income: | | | | |
| Interest income | 106 | 45 | 184 | 166 |
| Income (loss) before income taxes | 9,680 | 446 | 10,187 | (6,740) |
| Provision (benefit) for income taxes | 3,093 | 184 | 3,274 | (3,559) |
| Net income (loss) | <u>\$ 6,587</u> | <u>\$ 262</u> | <u>\$ 6,913</u> | <u>\$ (3,181)</u> |
| Earnings (loss) per share data: | | | | |
| Basic | \$ 0.30 | \$ 0.01 | \$ 0.32 | \$ (0.15) |
| Diluted | \$ 0.30 | \$ 0.01 | \$ 0.31 | \$ (0.15) |
| Weighted average shares outstanding: | | | | |
| Basic | 21,763,927 | 21,565,969 | 21,743,990 | 21,555,864 |
| Diluted | 22,255,943 | 22,027,155 | 22,244,697 | 21,555,864 |

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AeroVironment, Inc.
Consolidated Balance Sheets
(In thousands except share and per share data)

| | October 29, 2011 (Unaudited) | April 30, 2011 |
|--|------------------------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 98,589 | \$ 62,041 |
| Short-term investments | 78,782 | 126,839 |
| Accounts receivable, net of allowance for doubtful accounts of \$877 at October 29, 2011 and \$639 at April 30, 2011 | 25,571 | 44,376 |
| Unbilled receivables and retentions | 21,676 | 21,966 |
| Inventories, net | 41,435 | 38,137 |
| Deferred income taxes | 2,596 | 2,300 |
| Prepaid expenses and other current assets | 2,974 | 2,372 |
| Total current assets | <u>271,623</u> | <u>298,031</u> |
| Long-term investments | 22,556 | 6,275 |
| Property and equipment, net | 18,841 | 17,498 |
| Deferred income taxes | 9,733 | 9,762 |
| Other assets | 186 | 181 |
| Total assets | <u>\$ 322,939</u> | <u>\$ 331,747</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 19,617 | \$ 31,134 |
| Wages and related accruals | 12,831 | 15,458 |
| Income taxes payable | 2,372 | 7,404 |
| Other current liabilities | 8,343 | 7,384 |
| Liability for uncertain tax positions | 724 | 724 |
| Total current liabilities | <u>43,887</u> | <u>62,104</u> |
| Wages and other accruals | 981 | 762 |
| Deferred rent | 1,185 | 1,275 |
| Liability for uncertain tax positions | 4,138 | 4,138 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.0001 par value: | | |
| Authorized shares — 10,000,000 | | |
| None issued or outstanding | — | — |
| Common stock, \$0.0001 par value: | | |
| Authorized shares — 100,000,000 | | |
| Issued and outstanding shares — 22,098,896 at October 29, 2011 and 21,949,884 at April 30, 2011 | 2 | 2 |
| Additional paid-in capital | 122,089 | 119,765 |
| Accumulated other comprehensive loss | (741) | (784) |
| Retained earnings | 151,398 | 144,485 |
| Total stockholders' equity | <u>272,748</u> | <u>263,468</u> |
| Total liabilities and stockholders' equity | <u>\$ 322,939</u> | <u>\$ 331,747</u> |

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AeroVironment, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In thousands)

| | Six Months Ended | |
|-----------------------------|---------------------|---------------------|
| | October 29, 2011 | October 30, 2010 |
| Operating activities | | |
| Net income (loss) | \$ 6,913 | \$ (3,181) |

| | | |
|---|-----------|-----------|
| Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 4,141 | 5,493 |
| Provision for doubtful accounts | 246 | 248 |
| Deferred income taxes | (296) | (280) |
| Stock-based compensation | 1,535 | 1,077 |
| Tax benefit from exercise of stock options | 376 | 109 |
| Excess tax benefit from stock-based compensation | (90) | — |
| Gain on sale of property and equipment | — | (56) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 18,559 | 5,098 |
| Unbilled receivables and retentions | 290 | 2,133 |
| Inventories | (3,298) | (8,001) |
| Income tax receivable | — | (2,351) |
| Other assets | (607) | (400) |
| Accounts payable | (11,517) | 1,559 |
| Other liabilities | (6,481) | (5,463) |
| Net cash provided by (used in) operating activities | 9,771 | (4,015) |
| Investing activities | | |
| Acquisitions of property and equipment | (5,484) | (3,553) |
| Proceeds from the sale of property and equipment | — | 94 |
| Net sales of held-to-maturity investments | 31,623 | 55,093 |
| Net sales of available-for-sale investments | 225 | 200 |
| Net cash provided by investing activities | 26,364 | 51,834 |
| Financing activities | | |
| Excess tax benefit from stock-based compensation | 90 | — |
| Exercise of stock options | 323 | 180 |
| Net cash provided by financing activities | 413 | 180 |
| Net increase in cash and cash equivalents | 36,548 | 47,999 |
| Cash and cash equivalents at beginning of period | 62,041 | 28,665 |
| Cash and cash equivalents at end of period | \$ 98,589 | \$ 76,664 |
| Supplemental disclosure: | | |
| Unrealized gain (loss) on long-term investments recorded in other comprehensive income (loss), net of deferred taxes of \$30 and \$10, respectively | \$ 43 | \$ (15) |

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Reportable Segment Results are as Follows (Unaudited):
(In thousands)

| | Three Months Ended | | Six Months Ended | |
|-------------------------------------|--------------------|------------------|------------------|------------------|
| | October 29, 2011 | October 30, 2010 | October 29, 2011 | October 30, 2010 |
| Revenue: | | | | |
| UAS | \$ 66,931 | \$ 53,616 | \$ 119,136 | \$ 87,063 |
| EES | 13,441 | 10,165 | 23,233 | 14,946 |
| Total | 80,372 | 63,781 | 142,369 | 102,009 |
| Gross margin: | | | | |
| UAS | 27,224 | 17,434 | 47,429 | 27,804 |
| EES | 3,406 | 4,341 | 4,916 | 6,007 |
| Total | 30,630 | 21,775 | 52,345 | 33,811 |
| Selling, general and administrative | 12,240 | 12,685 | 25,940 | 24,056 |
| Research and development | 8,816 | 8,689 | 16,402 | 16,661 |
| Income (loss) from operations | 9,574 | 401 | 10,003 | (6,906) |
| Interest income | 106 | 45 | 184 | 166 |
| Income (loss) before income taxes | \$ 9,680 | \$ 446 | \$ 10,187 | \$ (6,740) |

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