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Arotech Training & Simulation Division's FAAC Subsidiary Records Over \$2.8 Million in Awards for Weapon Simulation Solutions

ANN ARBOR, MI -- (MARKET WIRE) -- 01/22/07 -- Arotech Corporation (NASDAQ: ARTX), a provider of quality defense and security products for the military, law enforcement and security markets, announced today that its Simulation and Training Division, through its FAAC Incorporated, has recently received contract awards totaling over \$2.8 million for weapon simulation solutions.

Under the new contracts, FAAC will deliver a variety of weapon simulation software products for multiple Air Combat Maneuvering Instrumentation (ACMI) systems used for live air combat training in both the United States and abroad. This includes multiple sales of FAAC's SimBuilder(TM) weapon simulation software to international customers, which is currently being used at six different ACMI training range facilities around the world.

"FAAC weapon simulations solutions are standard elements of the US Navy Tactical Aircrew Combat Training System (TACTS), US Air Force Air Combat Training System (ACTS), and the next generation US Air Force P5 Combat Training System," notes Sam Worrell, FAAC's Director of Military Business Development. FAAC Incorporated's contribution to these programs include embedded weapon simulations used in live training systems installed on-board fighter aircraft and at ground debriefing systems for the USN, USMC, and USAF. Currently this solution provides a common live air combat training environment for the US warfighter currently used by F/A-18, F-16 and F-15 squadrons and is intended to be used by future fighter aircraft when they enter service.

About Arotech's Simulation and Training Division

Arotech's Simulation and Training Division develops, manufactures, and markets advanced high-tech multimedia and interactive digital solutions for use-of-force and driver training of military, law enforcement, security, municipal and private industry personnel. The division's fully interactive driver-training systems feature state-of-the-art vehicle simulator technology enabling training in situation awareness, risk analysis and decision making, emergency reaction and avoidance procedures, and conscientious equipment operation. In addition, the division's use-of-force training products and services allow organizations to train their personnel in safe, productive, and realistic environments. The division also provides pilot decision-making support software for the F-15, F-16, F-18 and JSF aircraft, as well as simulation models for the ACMI/TACTS air combat training ranges.

Arotech's Simulation and Training Division consists of FAAC Incorporated and IES Interactive Training Inc.

About Arotech Corporation

Arotech Corporation is a leading provider of quality defense and security products for the military, law enforcement and homeland security markets, including multimedia interactive simulators/trainers, lightweight armoring and advanced zinc-air and lithium batteries and chargers. Arotech operates through three major business divisions: Armor, Simulation and Training, and Battery and Power Systems.

Arotech is incorporated in Delaware, with corporate offices in Ann Arbor, Michigan, and research, development and production subsidiaries in Alabama, Michigan and Israel.

For more information, please contact FAAC Incorporated at 1.734.761.5836 or visit our website at www.faac.com.

Except for the historical information herein, the matters discussed in this news release include forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, including the results of our restructuring program. Forward-looking statements reflect management's current knowledge, assumptions, judgment and expectations regarding future performance or events. Although management believes that the expectations reflected in such statements are reasonable, readers are cautioned not to place undue reliance on these forward-looking statements, as they are subject to various risks and uncertainties that may cause actual results to vary materially. These risks and uncertainties include, but are not limited to, risks relating to: product and technology development; the uncertainty of the market for Arotech's products; changing economic conditions; delay, cancellation or non-renewal, in whole or in part, of contracts or of purchase orders; dilution resulting from issuances of Arotech's common stock upon conversion or payment of its outstanding convertible debt, which would be increasingly dilutive if and to the extent that the market price of Arotech's stock decreases; and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2005, as amended, and other filings with the Securities and Exchange Commission. Arotech assumes no obligation to update the information in this release. Reference to the Company's website above does not constitute incorporation of any of the information thereon into this press release.

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