

January 14, 2008



Air National Guard Contracts Arotech's FAAC Subsidiary to Upgrade F-16C Launch Envelope Software With FAAC's ZAP Technology

ANN ARBOR, MI -- (MARKET WIRE) -- 01/14/08 -- Arotech Corporation (NASDAQ: ARTX) announced today that its Training and Simulation Division's FAAC subsidiary has recently received a \$780K contract from the Air Force. The contract calls for FAAC to replace the existing launch envelope software currently on-board the F-16C Block 30 with its celebrated Zone Acquisition Process (ZAP) software currently prominent on the USAF F-15 and F/A-18 fleets.

FAAC's Zone Acquisition Process software has been providing F-15 Eagle pilots missile launch envelope information since the early 1990s. FAAC is also under contract to provide its ZAP software to the Joint Strike Fighter and USAF F-16C Block 50.

ZAP provides pre-launch and post-launch information to assist the pilot in evaluating their weapon's capability against threats, utilizing incredibly fast missile simulations that are highly responsive to the dynamic air combat arena. ZAP has been thoroughly evaluated by the operational test community for over a decade, who lauded its increase in accuracy and responsiveness to target maneuver. Further, ZAP has been battle tested in all air-to-air combat operations since 1996. With test validation and multiple engagements under its belt, ZAP represents a significant technological advantage for our warfighters.

"This software upgrade will bring us up to speed with the rest of USAF fighter community," says Lieutenant Colonel Bill 'Tree' Hargrove, an Instructor Pilot in the 107th Fighter Squadron of the Michigan Air National Guard. "Presently, we have to use rules of thumb to make up for limitations in our current software. ZAP will provide us accurate launch cues that are common to the Eagle (F-15) and Hornet (F/A-18) and better response to target maneuvers. With ZAP on-board the Air National Guard F-16C Block 30 has increased its platform effectiveness to carry out our mission."

About Arotech's Training and Simulation Division

Arotech's Training and Simulation 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 Training and Simulation 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: Training and Simulation, Armor, 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 on Arotech, please visit Arotech's website at www.arotech.com.

Contact

For more information on FAAC Incorporated or its products, please contact Todd Glenn at 1-734-761-5836 or visit FAAC's website at www.faac.com

For more information on Arotech or investor and public relations, please contact Victor Allgeier, TTC Group, 1.646.290.6400, vic@ttcominc.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; and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2006, 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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