

October 27, 2010



Arotech's IES Interactive Training Receives Award of Department of Homeland Security Blanket Purchase Agreement Valued at up to \$11 Million

ANN ARBOR, MI -- (MARKET WIRE) -- 10/27/10 -- Arotech Corporation (NASDAQ: ARTX) announced today that its Training and Simulation Division's IES Interactive Training unit was selected to supply interactive firearms training simulators to the U.S. Department of Homeland Security (DHS) under a five-year Blanket Purchase Agreement. The Government estimates the value of calls to be placed under the BPA to be up to \$11 million.

The comprehensive selection process included a thorough documentation of system capabilities and features, an evaluation of past performance, and a full demonstration of compliance with DHS requirements.

The BPA identifies IES as the source for interactive firearms training simulators to DHS and its component agencies, including Customs and Border Protection, Coast Guard, Federal Emergency Management Agency, Secret Service, Federal Law Enforcement Training Center (FLETC), Transportation Security Administration and Immigration and Customs Enforcement. All component agencies under DHS will be able to place delivery orders under this BPA for a period of five years. The first deliveries under this BPA will begin immediately and be installed over the next few months.

"We are pleased the IES team was selected to provide DHS and its various components with IES's best-in-class MILO firearms training solution," said Robert McCue, IES's General Manager. "IES has a long history with DHS and we are proud to continue that support. The MILO systems will enhance the training and readiness of DHS personnel as they confront increasing threats at home and abroad."

About Arotech's Training and Simulation Division

Arotech's Training and Simulation Division (ATSD) provides world-class simulation based training solutions. ATSD develops, manufactures, and markets advanced high-tech multimedia and interactive digital solutions for engineering, use-of-force, and driver training simulations for 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. The division's use-of-force training products and services allow organizations to train their personnel in safe, productive, and realistic environments. The division provides consulting and developmental support for engineering simulation solutions. The division also supplies pilot decision-making support software for the F-15, F-16, F-18, F-22, and F-35

aircraft, as well as simulation models for the ACMI/TACTS air combat training ranges.

Arotech's Training and Simulation Division consists of FAAC Incorporated (www.faac.com), IES Interactive Training (www.ies-usa.com), and Realtime Technologies (www.simcreator.com).

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 IES Interactive Training 1.800.344.1707 or visit our website at www.ies-usa.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. 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, 2009 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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