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Arotech Announces the Support of the Israel Office of the Chief Scientist for its Grid Storage Flow Battery

ANN ARBOR, Michigan, January 7, 2015 /PRNewswire/ --

Arotech Corporation (Nasdaq GM: ARTX), a provider of quality defense and security products for the military, law enforcement and homeland security markets, announced today that its Power Systems Division has received the support of the Israel Office of the Chief Scientist (OCS) for its Grid Storage Flow Battery Program. The non-dilutive OCS funding is for \$750,000 and is intended to cover thirty percent of the first year's budget.

The Iron/Iron flow battery is intended to create an affordable technology that delivers a reliable on-demand supply of stored energy that accommodates the highly variable nature of renewable energy sources, acts as a back-up during power disruptions and also as a load-leveler for conventional power sources balancing between supply and demand. The resultant product is expected to be very safe, have a long operating life and a very low system cost versus competing technologies at below \$250/kWh, due to its use of Iron, an abundant element.

"The program approval and financial support of the OCS is a solid endorsement from the highest levels for our novel Iron/Iron flow battery concept," **commented Arotech's President and Chief Executive Officer, Steven Esses.** "We have made great progress in our development since we initiated this program a year ago, and we are optimistic that this technology can be a key enabler for renewable energy. While we still have a number of years of development ahead, we very much believe that we are creating a game changing technology for the power generation markets, with massive potential."

"Given the novel nature of our technology as well the very significant market potential that our grid storage solution addresses, the Office of the Chief Scientist in Israel chose to fund our development," **commented Ronen Badichi, President of the Power Systems Division - Europe and Asia.** "Our development plans are progressing well and we continue to meet our interim development goals. We recently increased the energy density towards our end-target levels, while improving the overall efficiency of our technology. With the added support of the Chief Scientist in Israel, we are on track to demonstrating a full working lab model in the coming several months."

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 and advanced zinc-air and lithium batteries and chargers. Arotech operates two major business divisions: Training and Simulation, 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, South Carolina and Israel. For more information on Arotech, please visit Arotech's website at <http://www.arotech.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 (including as a result of budgetary cuts resulting from automatic sequestration under the Budget Control Act of 2011); and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K, as amended, for the fiscal year ended December 31, 2013 and in Exhibit 99.3 to Arotech's Current Report on 8-K, filed on April 1, 2014, 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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