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AROTECH

Arotech Announces $1.6 Million in New Battery & Rechargeable Orders

Battery Backlog Reaches $13.0 Million and Corporate Backlog Surpasses $49.5 Million at End of December 2007

ANN ARBOR, MI -- (MARKET WIRE) -- 01/03/08 -- Arotech Corporation (NASDAQ: ARTX), a provider of quality defense and security products for the military, law enforcement and security markets, announced today that its Battery and Power Systems Division has received new orders totaling over $1.6 million for Lithium-Ion primary and rechargeable batteries. The batteries and chargers will be supplied to a number of Israeli and European customers to power various military applications.

As of the end of December 31, 2007, Arotech's backlog stood at $49.5 million, of which $13.0 million was attributable to the Battery and Power Systems Division.

"We are delighted with the continued demand for our Lithium Ion Batteries and Rechargeables from customers around the world," said Robert S. Ehrlich, Chairman and CEO of Arotech Corporation. "We believe our leading edge technology continues to drive battery demand world-wide and, looking forward, we anticipate 2008 being the best in the Battery and Power Systems Division's history."

Arotech's Battery and Power Systems Division is a leading provider of primary and rechargeable batteries and chargers for defense and other military applications. Arotech develops and produces high power zinc-air batteries and is believed to be the sole supplier of this technology to the US military. In addition, Arotech develops high-end primary and secondary batteries and associated chargers and has vast experience in working with government agencies, the military and large corporations.

The Battery and Power Systems Division consists of Electric Fuel Battery Corporation, Electric Fuel Ltd., and Epsilor Electronic Industries Ltd.

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 on Arotech, please visit Arotech's website at 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, 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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