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Arotech's FAAC Incorporated Expands USMC Operator Driving Simulator to Include Mine Resistant Ambush Protected (MRAP) Buffalo Vehicle Operator Training -- Contract Modification Valued at \$2.8M

ANN ARBOR, MI -- (MARKET WIRE) -- 06/12/08 -- FAAC Incorporated, part of Arotech Corporation's (NASDAQ: ARTX) Training and Simulation Division, has received a contract modification to add Buffalo vehicle driver training capability to the USMC Operator Driving Simulator System (USMC ODS). The modification, valued at \$2.8M, includes simulation of the Buffalo vehicle operations, kits to add Buffalo capability to 42 simulators, as well as funding for three additional dual-simulator trailer systems. A total of 21 systems have been procured as part of FAAC's contract with the U.S. Marine Corps Systems Command, Program Manager for Training Systems (PM TRASYS) for the development and acquisition of operator training systems.

The Buffalo is a mine-resistant, route clearance vehicle that is used to identify and help dispose of discovered mines and improvised explosive devices (IEDs). With this addition, the USMC ODS can be configured to train MRAP Buffalo, MRAP Cougar Cat I, MK-23 (with and without Armor kit), and up-armored HMMWV driving operations.

"The USMC ODS has been able to systematically address the urgent training requirements as they arise. This contract first addressed up-armored HMMWV operation, then Cougar MRAP vehicles, and now the Buffalo route clearance vehicle," stated Kurt Flosky, FAAC Executive Vice President. "The ability to easily and quickly add new training capability to the USMC ODS provides for a long-term training solution that adapts to meet changing training needs."

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, 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 (www.faac.com), IES Interactive Training (www.ies-usa.com), and Realtime Technologies, Inc. (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.

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; and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2007, 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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