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Arotech's FAAC Incorporated Receives \$63.4 Million Order for U.S. Army Virtual Clearance Training Suites -- With Options, Up to \$94 Million

Arotech's Backlog Surpasses \$100 Million for First Time Ever

ANN ARBOR, MI -- (MARKET WIRE) -- 05/09/11 -- FAAC Incorporated, part of Arotech Corporation's (NASDAQ: ARTX) Training and Simulation Division, has received a \$63.4 million contract award for the design, development, production, and delivery of 28 Virtual Clearance Training Suites (VCTS). VCTS simulates the wide array of large and small technical devices, purpose-built mine-protected detection and clearing vehicles, and ever-evolving tactics and techniques used by the U.S. Army to combat improvised explosive devices.

This award, from the U.S. Army Program Executive Office for Simulation, Training & Instrumentation (PEO STRI), is a competitive small-business delivery order under the STRI Omnibus Contract known as STOC II. This base order for 28 systems is to be delivered incrementally over a 36-month period. Including all priced options this award is valued at up to \$93.9 million.

"The Virtual Route Clearance Training Suite provides a simulation-based solution to train Route Clearance Teams in coordinated operation for the set of Route Clearance equipment," said Kurt Flosky, FAAC Executive Vice President. "Our VCTS solution provides the Right Fidelity solution to satisfy the Army's urgent and long term need for training in an IED environment."

"This is a great win for FAAC and validates Arotech's commitment to the training and simulation market," noted Robert Ehrlich, Arotech's CEO. "We are proud that our training solutions are able to play a role in preparing our nation's Warfighters for their important mission," concluded Ehrlich.

Inclusive of this order, but not including the priced options, Arotech's backlog stands at a record \$105 million.

Arotech also noted that due primarily to delays in shipments of orders in its Armor Division to the Israeli Army, revenues (which Arotech records as orders are shipped) in the first quarter 2011 will be down approximately 37% from the corresponding period last year. However, since these armor orders are anticipated to be shipped later this year, Arotech continues to expect its full year's revenues to be comparable to those of 2010, without taking account of any impact the new Simulation Division order may have on Arotech's results during 2011, which management is currently evaluating.

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.

Except for the historical information herein, the matters discussed in this news release, including the earnings guidance for 2011, 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, 2010 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 websites above does not constitute incorporation of any of the information thereon into this press release.

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