

June 18, 2012



Arotech's FAAC Incorporated Receives Contract for Air National Guard Boom Operator Simulator Systems Valued at up to \$25.3 Million

ANN ARBOR, MI -- (Marketwire) -- 06/18/12 -- FAAC Incorporated, part of Arotech Corporation's (NASDAQ: ARTX) Training and Simulation Division, has received a \$25.3 million contract award for the design, development, production, and delivery of 17 Boom Operator Simulator Systems. 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. The initial award has funded \$4.3M for design and development of a first article with the remaining \$21.0M in options expected to be exercised for the production of 16 additional units and up to four years of initial contractor logistical support of the installed systems. The period of performance for the production of the first article and 16 additional units including logistical support is estimated to be 60 months.

The Boom Operator Simulator System (BOSS) is a high fidelity trainer for the Air National Guard (ANG) boom operators that replicates the KC-135R Block 40 boom pod. The BOSS provides an immersive simulation environment that utilizes realistic computer generated images with an emulation of the actual aircraft boom controls. The BOSS is intended for squadron level training to be co-located with operational KC-135 air refueling wings.

"When Air National Guard Boom Operators leave their civilian jobs, don their uniforms and arrive at base for a training session, they need a system that is easy to power up, loaded with meaningful missions that are easily selectable, and has a reliability that produces the utmost confidence that they will receive effective training," said Kurt Flosky, FAAC Executive Vice President. "Our BOSS solution will provide a safe simulated environment designed for operators to learn and train proper procedures with the right fidelity to ensure their skills will transfer to the actual equipment," concluded Flosky.

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 and advanced zinc-air and lithium batteries and chargers. Arotech operates through two major business divisions: Training & Simulation and Battery & 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 any earnings guidance, 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, 2011 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.

Contact

For more information on FAAC Incorporated or its military products, please contact
Todd Glenn
1.352.343.6606
or visit our website at www.faac.com

For more information on Arotech or investor and public relations, please contact
Victor Allgeier
TTC Group
1.646.290.6400
Email Contact

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