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Arotech's IES Interactive Training Awarded Over \$3 Million in New Contracts From Federal Agencies for Its Use-of-Force Simulation Products

FBI Contract Award for 55 JSST (Judgmental Shooting Simulation Trainers) Adds to Record Simulator Orders for IES at End of U.S. Government's FY2009

ANN ARBOR, MI -- (MARKET WIRE) -- 01/07/10 -- Arotech Corporation (NASDAQ: ARTX) announced today that its Training and Simulation Division's IES Interactive Training unit received over \$3M in new federal contract awards in the final quarter of the U.S. Government's 2009 fiscal year.

The most significant award was from the Federal Bureau of Investigation for 55 Judgmental Shooting Simulation Trainers (JSST) systems, an award valued at \$1.6M. The FBI contract also includes options on the part of the FBI to purchase up to an additional \$2.9M worth of systems. Other orders included 25 IES Firearms Diagnostic Units (FDU) to the Drug Enforcement Administration, 14 upgraded MILO Range Pro HD use-of-force simulators for the Department of Health and Human Services, Office of Inspector General, and multiple simulation training systems to a wide number of other prominent agencies.

"We are honored that these highly-regarded federal law enforcement agencies have selected IES's best-in-class MILO Range interactive simulation training systems as the basis for their training programs," said Robert McCue, IES's General Manager. "We know that the agencies that have selected our systems rely heavily on them to enhance the readiness of their agents as they confront increasing threats at home and abroad. We are proud to support them in that mission."

This success concludes a year in which IES was selected to provide a record number of new simulation training systems to the law enforcement, public safety and military training markets.

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 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; dilution resulting from issuances of Arotech's common stock upon conversion or payment of its outstanding convertible debt, which would be increasingly dilutive if and to the extent that the market price of Arotech's stock decreases; and other risk factors detailed in Arotech's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 2008 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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