

EHRlich ROBERT S
Form 5
February 14, 2006

FORM 5

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
EHRlich ROBERT S

(Last) (First) (Middle)

C/O AROTECH CORPORATION, 334 INDUSTRY DRIVE

(Street)

AUBURN, AL 36832

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
AROTECH CORP [ARTX]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2005

4. If Amendment, Date Original Filed (Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
Chairman and CEO

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|--------------------------------------|
| | | | | (A) or (D) Amount Price | | | |
| Common Stock | ^ | ^ | ^ | ^ ^ ^ | 618,165 | D | ^ |
| Common Stock | ^ | ^ | ^ | ^ ^ ^ | 50,000 | I | By Mr. Ehrlich's wife ⁽¹⁾ |
| Common Stock | ^ | ^ | ^ | ^ ^ ^ | 3,000 | I | As custodian for Mr. |

Ehrlich's
minor child
(2)

Common Stock Â Â Â Â Â Â 161,381 I

Pension Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Underlying (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|---------|--|-----------------|--|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | Title |
| Stock Option (right to buy) | \$ 0.46 | 03/14/2003 | Â | I | 500,000 | Â | 03/14/2003 | 03/14/2008 | Common Stock |
| Stock Option (right to buy) | \$ 0.46 | 03/14/2003 | Â | I | 500,000 | Â | 12/31/2003 | 03/14/2008 | Common Stock |
| Stock Option (right to buy) | \$ 0.46 | 03/14/2003 | Â | I | 500,000 | Â | 12/31/2004 | 03/14/2008 | Common Stock |
| Stock Option (right to buy) | \$ 0.81 | 06/26/2003 | Â | J4 ⁽⁴⁾ | Â | 500,000 | 12/31/2005 | 06/26/2008 | Common Stock |
| Stock Option (right to buy) | \$ 0.42 | 01/25/2003 | Â | J4 ⁽⁴⁾ | Â | 35,000 | 01/25/2003 | 01/25/2013 | Common Stock |
| Stock Option (right to buy) | \$ 1.375 | 12/29/2005 | Â | J4 ⁽⁵⁾ | Â | 14,250 | 07/26/2001 | 10/31/2009 | Common Stock |
| Stock Option | \$ 1.375 | 12/29/2005 | Â | J4 ⁽⁵⁾ | Â | 14,250 | 07/26/2002 | 10/31/2009 | Common Stock |

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| | | | | | | | | | | |
|-----------------------------|---------|------------|---|---------------|---|---------|------------|------------|--------------|--|
| (right to buy) | | | | | | | | | | |
| Stock Option (right to buy) | \$ 1.43 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 91,667 | 12/31/2001 | 10/23/2011 | Common Stock | |
| Stock Option (right to buy) | \$ 1.43 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 91,667 | 12/31/2002 | 10/23/2011 | Common Stock | |
| Stock Option (right to buy) | \$ 1.43 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 91,666 | 12/31/2003 | 10/23/2011 | Common Stock | |
| Stock Option (right to buy) | \$ 1.43 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 100,000 | 12/31/2001 | 08/24/2011 | Common Stock | |
| Stock Option (right to buy) | \$ 1.43 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 66,000 | 12/31/2002 | 08/24/2011 | Common Stock | |
| Stock Option (right to buy) | \$ 1.3 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 72,500 | 12/31/2001 | 12/31/2011 | Common Stock | |
| Stock Option (right to buy) | \$ 1.42 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 65,625 | 04/01/2002 | 04/01/2012 | Common Stock | |
| Stock Option (right to buy) | \$ 0.73 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 15,625 | 07/01/2002 | 07/01/2012 | Common Stock | |
| Stock Option (right to buy) | \$ 0.85 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 65,625 | 10/01/2002 | 10/01/2012 | Common Stock | |
| Stock Option (right to buy) | \$ 0.61 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 88,125 | 01/01/2003 | 01/01/2013 | Common Stock | |
| Stock Option (right to buy) | \$ 1.2 | 12/29/2005 | Â | J4 <u>(5)</u> | Â | 16,667 | 08/09/2005 | 08/09/2009 | Common Stock | |

buy)

Stock

Option
(right to
buy)

\$ 1.2

12/29/2005

Â

J4 ⁽⁵⁾

Â

16,667

08/09/2006 08/09/2009

Common
Stock

Stock

Option
(right to
buy)

\$ 1.2

12/29/2005

Â

J4 ⁽⁵⁾

Â

16,666

08/09/2007 08/09/2009

Common
Stock

Stock

Option
(right to
buy)

\$ 0.39

12/29/2005

Â

A4 ⁽⁵⁾

600,000

Â

12/29/2005 Â ⁽⁶⁾

Common
Stock

Stock

Option
(right to
buy)

\$ 0.46

12/29/2005

Â

A4

1,500,000

Â

12/29/2005 12/29/2010

Common
Stock

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------|-------|
| | Director | 10% Owner | Officer | Other |
| EHRLICH ROBERT S C/O AROTECH CORPORATION 334 INDUSTRY DRIVE AUBURN, AL 36832 | Â X | Â | Â Chairman and CEO | Â |

Signatures

/s/ Robert S.
Ehrlich

02/14/2006

**Signature of
Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Held by Mr. Ehrlich's wife. Mr. Ehrlich disclaims beneficial ownership of all of such securities.
- (2) Held by Mr. Ehrlich as custodian for a minor child of Mr. Ehrlich sharing the same household. Mr. Ehrlich disclaims beneficial ownership of all of such securities.
- (3) Between May 2001 and December 2002, Mr. Ehrlich agreed to forego, each month, part of his base salary in exchange for, each month, options to purchase stock of the issuer, at a rate of 2.5 options for each dollar of salary, on the terms specified above.
- (4) These options were abandoned by Mr. Ehrlich.
- (5) These options were repriced by replacing the options indicated as having been disposed of with an equal number of options indicated as having been acquired, except that Mr. Ehrlich abandoned a total of 227,000 of the options that were to expire on 10/23/11.
- (6) Expiration dates are per the options as they stood prior to repricing.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure.

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