

AROTECH CORP  
Form 8-K  
November 30, 2006

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OMB APPROVAL		
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report** November  
**(Date of earliest** 30, 2006  
**event reported):**

**AROTECH  
CORPORATION**

(Exact name of registrant as  
specified in its charter)

**Delaware**      **0-23336**      **95-4302784**  
(State or other (Commission (IRS  
jurisdiction      File Number)      Employer  
of      Identification  
incorporation)      No.)

**1229 Oak Valley Drive, Ann Arbor, Michigan 48108**

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(Address of Principal Executive Offices) (Zip Code)

**Registrant's telephone number, including area code: (800) 281-0356**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

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**Item 3.02 Unregistered Sales of Equity Securities.**

Pursuant to the terms of our senior secured notes due March 31, 2008 (the "Notes"), we are obligated to repay the principal amount of the Notes over the term of the Notes, with the principal amount being amortized in twelve payments payable at our option in cash and/or by requiring the conversion of a portion of the Notes into shares of our common stock, provided certain conditions are met.

In this connection, we elected on October 25, 2006 to make the scheduled payment of \$1,458,333.34, which is due on November 30, 2006, \$666,666.67 in cash and the remainder by requiring the conversion of a portion of the Notes into shares of our common stock.. Pursuant to the terms of the Notes, the price used to determine the number of shares to be issued upon such conversion will be calculated using an 8% discount to the average trading price of our common stock during 17 of the 20 consecutive trading days ending two days before the installment payment date. This calculation resulted in a volume weighted average price of \$1.6346, which after application of the 8% discount resulted in a discounted price of \$1.5038 per share (in respect of the \$791,666.67 being paid by requiring the conversion of the Notes into shares of our common stock, a total of 526,444 shares of our common stock after rounding).

The Notes further provide that within two trading days after we send notice of an election to convert a portion of the Notes into shares of our common stock, we must issue to the holders of our Notes a number of shares of our common stock equal to the quotient of (x) the amount of the Note being paid in stock, divided by (y) the conversion price of \$14.00 per share, rounded up to the nearest whole share of common stock. Accordingly, on October 27, 2006, we issued an aggregate of 56,548 shares of our common stock to the holders of the Notes.

The remaining shares issuable upon such conversion were required to be issued by the installment payment date of November 30, 2006. Accordingly, on November 30, 2006, we issued an aggregate of 469,896 additional shares of our common stock to the holders of the Notes. Subsequent to this issuance, we had 11,111,790 shares of common stock issued and outstanding.

We issued the above securities in reliance on the exemption from registration provided by Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering. The issuance of these securities was without the use of an underwriter.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AROTECH CORPORATION**  
**(Registrant)**

By: /s/ Robert S. Ehrlich  
Name: Robert S. Ehrlich  
Title: Chairman and CEO

Dated: November 30, 2006

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