

ESSES STEVEN D
Form 5
February 14, 2006

FORM 5

OMB APPROVAL

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

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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 *
ESSES STEVEN D

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

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

Director 10% Owner
 Officer (give title below) Other (specify below)
President and COO

C/O AROTECH CORPORATION, 334 INDUSTRY DRIVE

(Street)

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

6. Individual or Joint/Group Reporting

(check applicable line)

AUBURN, AL 36832

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

(City) (State) (Zip)

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| Common Stock | | | | (A) Amount (D) Price | 165,000 | D | |

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

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

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| 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 Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|---------|--|-----------------|---|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | |
| Stock Option (right to buy) | \$ 0.83 | 07/22/2002 | Â | I | 8,334 | Â | 07/22/2003 | 07/22/2012 | Common Stock |
| Stock Option (right to buy) | \$ 0.83 | 07/22/2002 | Â | I | 8,333 | Â | 07/22/2004 | 07/22/2012 | Common Stock |
| Stock Option (right to buy) | \$ 0.83 | 07/22/2002 | Â | I | 8,333 | Â | 07/22/2005 | 07/22/2012 | Common Stock |
| Stock Option (right to buy) | \$ 0.61 | 01/01/2003 | Â | I | 3,334 | Â | 07/22/2003 | 07/22/2012 | Common Stock |
| Stock Option (right to buy) | \$ 0.61 | 01/01/2003 | Â | I | 3,333 | Â | 07/22/2004 | 07/22/2012 | Common Stock |
| Stock Option (right to buy) | \$ 0.61 | 01/01/2003 | Â | I | 3,333 | Â | 07/22/2005 | 07/22/2012 | Common Stock |
| Stock Option (right to buy) | \$ 0.43 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 50,140 | 06/30/2003 | 02/24/2008 | Common Stock |
| Stock Option (right to buy) | \$ 0.43 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 200,000 | 01/01/2004 | 02/24/2008 | Common Stock |
| Stock Option (right to buy) | \$ 0.43 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 200,000 | 01/01/2005 | 02/24/2008 | Common Stock |
| Stock | \$ 0.85 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 16,667 | 12/30/2003 | 07/09/2013 | Common |

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| | | | | | | | | | | |
|--------------------------------------|---------|------------|---|---------------|---------|---------|------------|--------------|--|-----------------|
| Option (right to buy) | | | | | | | | | | Stock |
| Stock Option (right to buy) | \$ 0.85 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 16,667 | 07/09/2004 | 07/09/2013 | | Common Stock |
| Stock Option (right to buy) | \$ 0.85 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 16,666 | 07/09/2005 | 07/09/2013 | | Common Stock |
| Stock Option (right to buy) | \$ 0.85 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 16,667 | 07/09/2006 | 07/09/2013 | | Common Stock |
| Stock Option (right to buy) | \$ 0.85 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 16,667 | 07/09/2007 | 07/09/2013 | | Common Stock |
| Stock Option (right to buy) | \$ 0.85 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 16,666 | 07/09/2008 | 07/09/2013 | | Common Stock |
| Stock Option (right to buy) | \$ 1.28 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 300,000 | 10/13/2003 | 12/31/2008 | | Common Stock |
| Stock Option (right to buy) | \$ 1.28 | 12/29/2005 | Â | J4 <u>(1)</u> | Â | 35,000 | 01/31/2004 | 01/31/2013 | | Common Stock |
| Stock Option (right to buy) | \$ 0.39 | 12/29/2005 | Â | A4 <u>(1)</u> | 885,140 | Â | 12/29/2005 | Â <u>(2)</u> | | Common Stock |
| Stock Option (right to buy) | \$ 0.39 | 12/29/2005 | Â | A4 | 114,860 | Â | 12/29/2005 | 12/29/2010 | | Common Stock |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

ESSES STEVEN D
C/O AROTECH CORPORATION X President and COO
334 INDUSTRY DRIVE
AUBURN, AL 36832

Signatures

/s/ Steven Esses 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) 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.
 - (2) 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. 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 number.