

**TAT TECHNOLOGIES LTD.
P.O. BOX 80, GEDERA 70750
ISRAEL**

AT THE COMPANY

Mr. Israel Ofen
Executive Vice-President and Chief Financial Officer
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FOR IMMEDIATE RELEASE

**TAT TECHNOLOGIES LTD. ANNOUNCES THAT ITS BOARD
OF DIRECTORS HAS APPROVED THE
FORMATION OF A NEW SUBSIDIARY THAT WILL HOLD ALL
OF THE ASSETS OF ITS AVIATION EQUIPMENT
MANUFACTURING AND REPAIR BUSINESSES**

Gedera, Israel, March 18, 2008-- TAT Technologies Limited (NASDAQ: TATTF) today announced that on March 16, 2008, the Board of Directors of the Company approved the formation of a new wholly-owned subsidiary that will focus on the manufacture and repair of aviation related equipment and aircraft accessories. The Company will transfer all of its assets, rights, equipment, intangible assets, operations, liabilities and goodwill relating to this business activity to the new subsidiary. The completion of the transfer of assets will be contingent upon the transfer and assignment of key permits used by the Company in connection with its operations, as well as the procurement of certain approvals and permits from Israeli authorities with respect to the transfer of employees, and the transfer to the new subsidiary of the Company's existing tax benefits. The company expects that such transfer will be exempt from tax under the Israeli Tax Ordinance, as long as the Company and its new subsidiary will comply with the following requirements in connection with dispositions of the assets and issuances of the subsidiary's shares to third parties:

- (a) For two years from the consummation of the transfer the Company will not dispose of more than 10% of its holdings in the new subsidiary (subject to dilution of Company's holdings in the the subsidiary of up to 51% as a result of a public offering of the subsidiary taking into account dilution under sub-section (c) below));
- (b) For two years from the consummation of the transfer, the new subsidiary will not dispose of the assets transferred to it;
- (c) For two years from the consummation of the transfer the subsidiary will not issue shares to any third party such that such third party's holdings will exceed 25% of its outstanding share capital.

Mr. Israel Ofen, the Company's Chief Financial Officer stated in connection with the formation of the new subsidiary that: " we believe that the establishment of the new subsidiary is important to the Company as it will enable the Company in the future to concentrate its entire aviation operations in one entity."

Upon the execution of the agreement and fulfilling the various conditions precedent stated therein the Company will issue a press release.

About TAT Technologies Ltd.

TAT, together with its subsidiaries, is principally engaged in the manufacture, repair and overhaul of heat transfer equipment, such as heat exchangers, precoolers and oil/fuel hydraulic coolers used in aircraft, defense systems, electronic equipment and other applications. In addition the company manufactures and overhauls aircraft accessories and systems such as pumps, valves, power systems, turbines, etc.

Safe Harbor for Forward-Looking Statements

This press release contains forward-looking statements that are subject to risks and uncertainties. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, general business conditions in the airline industry, changes in demand for our services and products, the timing and amount or cancellation of orders, the price and continuity of supply of component parts used in our operations, and other risks detailed from time to time in its filings with the Securities and exchange Commission. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.

For further information, please contact:

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