

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services And Markets Act 2000.

If you have sold or transferred all of your shares in BATM Advanced Communications Ltd please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

**BATM ADVANCED COMMUNICATIONS LTD.**

**Notice of Annual General Meeting**

**16<sup>th</sup> August 2013**

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**International H.Q.**

Industrial Center Kfar Netter, P.O. Box 3737

**52-0042813 – Registered in Israel**

**Chairman's letter**

25 July 2013

Dear Shareholder

**Annual general meeting**

I am pleased to enclose the notice to the annual general meeting of the company to be held at the offices of finnCap Limited, 60 New Broad Street London, EC2M 1JJ, on 16 August 2013 at 11.00 am.

**Recommendation**

The directors of the company consider that all such proposals to be considered at the annual general meeting are in the best interests of the company and its members as a whole and are most likely to promote the success of the company for the benefit of its members as a whole.

The directors unanimously recommend that you vote in favour of all the proposed resolutions as they intend to do so in respect of their own beneficial holdings to the extent that they have any.

Yours sincerely,

Peter Sheldon

Chairman

Notice is hereby given that the Annual General Meeting of BATM Advanced Communications Ltd. will be held at the offices of finnCap Limited at 60 New Broad Street, London on 16<sup>th</sup> August 2013 at 11.00 a.m. to consider, and if thought fit, to pass the following Resolutions, of which Resolutions 1 to 7 inclusive will be proposed as ordinary resolutions and Resolution 8 will be proposed as a special resolution:

### **Ordinary Resolutions**

1. To receive, consider and adopt the Company's audited annual accounts for the financial year ended 31 December 2012 together with the directors' report and the auditors' reports on those accounts.
2. To approve the report of the Company's remuneration committee for the financial year ended 31 December 2012 together with the auditors' reports on the auditable part of the remuneration report.
3. To appoint the auditors of the Company (Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu) as external auditors for the 2013 financial year and to authorise the board of directors to fix the auditors' remuneration for such period.
4. Election of directors (Note 1)

To re-elect the directors mentioned in section 4.1- 4.4 below for an additional term until the next Annual General Meeting of the Company:

- 4.1 Mr. Peter Sheldon;
- 4.2 Dr. Zvi Marom;
- 4.3 Mr. Ofer Barner; and
- 4.4 Dr. Gideon Chitayat

To elect the individual set forth in section 4.5 below as a new external public director for a three year term (Note 2):

- 4.5 Mr. Gideon Barak
5. To approve the increase in remuneration of the Chairman of the Board, Peter Sheldon, as detailed in part 2 of the Appendix to this notice of the AGM.
6. To approve a one-time special bonus for his performance in year 2012 to the CFO of the company, Ofer Barner, as detailed in part 3 of the Appendix to this notice of the AGM.
7. To approve the Company's remuneration policy for senior executives, as detailed in part 4 of the Appendix to this notice of AGM. (Note 3)

### **Special Resolution**

8. To approve the amendment of Articles 7.1 and 68.3 of the Company's Articles of Association (as detailed in part 5 of the Appendix to this notice of the AGM), in

order to allow the Company to use a laser seal or laser signatures on its share certificates and save in administrative costs.

Note 1: Details of the current remuneration terms under which the above directors are engaged are contained in the Annual Report.

Note 2: Under section 245 of the Israeli Companies Law 1999, the initial term of an external director is three years which may be extended for two additional terms of three years each. The election of an external director requires a majority vote of the shareholders' meeting which complies with one of the following conditions: (a) In counting the votes of the majority shareholders at the general meeting only the votes of the majority which are not a controlling party or a shareholder having a personal interest in the appointment (except for a personal interest which is not as a result of a relationship with a controlling party) shall be counted; the votes of those abstaining will also not be counted; **and** (b) the aggregate number of those voting against the election of the nominee shall not exceed two per cent of the aggregate voting rights in the company. A summary of the nominee's resume is attached in part 1 of the Appendix to this notice of the AGM.

Note 3: Under recent amendments to the Israeli Companies Law and new regulations due to come into effect in the UK for publicly traded companies, a publicly traded company has to bring to the shareholders for their review and approval the remuneration policy to be in effect for senior executives of the company, every three years. The aim of such statutory regulations is to improve transparency and corporate governance in the company. The proposed Remuneration Policy is set forth in part 4 of the Appendix to this notice of the AGM.

Dated: 25<sup>th</sup> July 2013

By order of the board  
Dr Zvi Marom  
Chief Executive Officer

Company number: 52-0042813

Registered office: Neve Ne'eman Industrial Park 4, Ha'harash street

PO Box 7318, Hod Hasahron, 45240 Israel.

#### **Notes to the Notice of Annual General Meeting**

1. Only those members registered on the Company's register of members at:

- 1.1 6.00 pm on **14 August 2013** or
- 1.2 If this Meeting is adjourned, at 6.00 pm on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the Meeting.

2. Information regarding the Meeting is available at [www.Batm.com](http://www.Batm.com).
3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy are set out in the notes to the proxy form. **In order to be valid, proxy forms must be lodged at either Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or at the registered office of the Company in Israel marked for the attention of the CFO not less than 48 hours prior to the meeting.** A form of proxy appears on the following page. In the case of a member which is a corporation, the proxy (or any related document) should be given under its common seal or under the hand of an officer or attorney duly authorised in writing. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such party or authority) must be included with the proxy form.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

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If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

In order to revoke a proxy instruction, you will need to inform the Company by sending a hardy copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars at the address referred to in Note 3 above. The revocation notice must be received by Capita Registrars not less than 48 hours prior to the meeting.

6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
7. In the case of holders of depositary interests representing shares in the Company, a form of direction must be completed in order to direct Capita IRG Trustees Limited, the Depositary, to vote on the holder's behalf at the meeting (in person or by proxy) or, if the meeting is adjourned, at the adjourned meeting. **In order to be effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3**

**4TU by no later than 72 hours before the time fixed for the meeting or any adjourned meeting.** A form of direction appears on the penultimate page of this notice.

8. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
9. The Company will answer any question you ask relating to the business being dealt with at the meeting unless:
  - 9.1 answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - 9.2 the answer has already been given on a website in the form of an answer to a question; or
  - 9.3 it is undesirable in the interest of the Company or the good order of the meeting that the question be answered.
10. As at 11.00 a.m on 24 July 2013, the Company's issued share capital comprised 403,040,820 ordinary shares at 0.01 NIS each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.00 a.m. on 24 July 2013 is 403,040,820.
11. If you do not have a proxy form or form of direction and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 if calling from the UK (calls cost 10p per minute plus network extras) or +44 (0)208 639 3399 if calling from outside the UK.
12. You may not use any electronic address provided either:
  - 12.1 in this notice of annual general meeting; or
  - 12.2 any related documents (including the chairman's letter and proxy form) to communicate with the Company for any purposes other than those expressly stated.
13. The following documents will be available for inspection at **the registered office of the company** from 25 July 2013 unless the time of the Meeting and at the Meeting venue itself for at least 15 minutes prior to the Meeting until the end of the Meeting:
  - 13.1 copies of the service contracts of executive directors of the Company;
  - 13.2 copies of the letters of appointment of the non-executive directors of the Company;
  - 13.3 a copy of the proposed amendment to the articles of association of the Company together with a copy of the existing articles of association of the company marked to show the changes being proposed.

## Form of proxy

for use at the 2013 Annual General Meeting  
of BATM Advanced Communications Ltd. convened  
for 11.00 a.m. on 16<sup>th</sup> August 2013 at 60 New Broad St. London, England

I/We

.....

...

of

.....

.....

being a member of the Company hereby appoint

...../the Chairman of the meeting to act as my/our proxy and to vote for me/us as indicated below with an "X" at the Annual General Meeting of the Company convened for 16<sup>th</sup> August 2013 at 11.00 a.m. and at any adjournment.

Date .....

Signed .....

Please indicate how you wish to vote with an "X" in the appropriate box opposite each resolution. If no specific indication as to voting is given the proxy will vote or abstain in his direction as he will on any other matter arising at the meeting.

<b>Ordinary Resolutions</b>	<b>FOR</b>	<b>AGAINST</b>
1. Receipt of directors' report and annual accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of report of the remuneration committee	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appointment of auditors and fixing their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4. Election of directors		
4.1 Re-appointment of Peter Sheldon	<input type="checkbox"/>	<input type="checkbox"/>
4.2 Re-appointment of Dr. Zvi Marom	<input type="checkbox"/>	<input type="checkbox"/>
4.3 Re-appointment of Ofer Barner	<input type="checkbox"/>	<input type="checkbox"/>
4.4 Re-appointment of Dr. Gideon Chitayat	<input type="checkbox"/>	<input type="checkbox"/>
4.5 Election of Gideon Barak as external director for a term of three years	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of the increase in remuneration of the Chairman of the Board	<input type="checkbox"/>	<input type="checkbox"/>

6.	Approval of a one-time bonus for year 2012 to the company's Chief Financial Officer	<input type="checkbox"/>	<input type="checkbox"/>
7.	Approval of remuneration policy	<input type="checkbox"/>	<input type="checkbox"/>

**Special Resolution**

8.	Approval of proposed amendments to Articles 7.1 and 68.3 of the company's Articles of Association	<input type="checkbox"/>	<input type="checkbox"/>
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Notes:

1. This form of proxy to be valid must be completed and signed and must be deposited with Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or at the registered office of the Company not less than 48 hours before the time fixed for the meeting.
2. In the case of a corporation this proxy should be under its common seal, or if not so required under the hand of an officer duly authorised in writing.
3. In the case of joint holders the signature of any one of them will suffice but the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for the purposes seniority shall be determined by the order in which the names stand on the Company's register of members in respect of the joint holding.
4. Any alteration made in the form of proxy should be initialled.
5. You are referred to the Notes to the Notice of Annual General Meeting for further information.

## Form of direction

**For use by holders of depositary interests representing shares on a one for one basis in the BATM Advanced Communications Ltd (“BATM”) in respect of the Annual General Meeting of BATM convened for 16<sup>th</sup> August 2013 at 11.00 a.m. at 60 New Broad St . London, England**

I/We

.....

of

.....

being a holder of depositary interests representing shares in BATM hereby direct Capita IRG Trustees Limited, the Depositary, to vote for me/us and on my/our behalf in person or by proxy at the Annual General Meeting of BATM to be held on the above date (and at any adjournment thereof) as directed by an “X” in the appropriate box opposite each resolution. **If no indication is given, you will be deemed as instructing the Depositary to abstain from voting.**

<b>Ordinary Resolutions</b>	<b>FOR</b>	<b>AGAINST</b>
1. Receipt of directors' report and annual accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of report of the remuneration committee	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-appointment of auditors and fixing their remuneration	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of directors		
4.1    Re-appointment of Peter Sheldon	<input type="checkbox"/>	<input type="checkbox"/>
4.2    Re-appointment of Dr. Zvi Marom		
4.3    Re-appointment of Ofer Barner	<input type="checkbox"/>	<input type="checkbox"/>
4.4    Re-appointment of Dr. Gideon Chitayat	<input type="checkbox"/>	<input type="checkbox"/>
4.5    Election of Gideon Barak as external director for a term of three years	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of the increase in remuneration of the Chairman of the Board	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of a one-time bonus for year 2012 to the	<input type="checkbox"/>	<input type="checkbox"/>

company's Chief Financial Officer

7. Approval of remuneration policy

**Special Resolution**

8. Approval of proposed amendments to Articles 7.1 and 68.3 of the company's Articles of Association

Signature: ..... Date: .....

Notes:

1. To be effective, this form of direction and the power of attorney or other authority (if any) under which it is signed, or a notarised or otherwise certified copy of such power of attorney, must be deposited at Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 72 hours before the time appointed for holding the meeting.
2. Any alterations made to this form of direction should be initialled.
3. In the case of a corporation this proxy should be given under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. Please indicate how you wish your votes to be cast by placing "X" in the boxes provided. On receipt of this form duly signed, you will be deemed to have authorised Capita IRG Trustees Limited to vote, or to abstain from voting, as per your instructions.
5. If a depositary interest holder wishes to attend the Annual General Meeting they should notify Capital IRG Trustees Limited (the Depositary) accordingly who will issue a Letter of Representation to the depositary interest holder giving them authorisation to attend the Annual General Meeting. If any depositary interest holder attends the Annual General Meeting without a Letter of Representation, they will only be allowed to enter the Annual General Meeting as a guest. Requests for a Letter of Representation should be made to the Depositary no later than 72 hours prior to the meeting or any adjourned meeting.
6. You are referred to the Notes to the Notice of Annual General Meeting for further information.

## APPENDIX

### Part 1

#### **Summary of Mr. Gideon Barak's resume**

Since 1984 Mr. Barak has held senior executive positions in leading Israeli technology companies and has served as CEO, director and chairman of the Board in numerous technology companies. He has founded several companies which were later acquired by international leading corporations including Intel and Pixim/Sony. He currently holds the position of director and chairman of the Board in several telecom companies including Spikko Telecom Ltd. He has also served in the past as a venture partner in Benchmark Capital and Blue Run Venture Fund. Mr. Barak holds a BA degree in Economics and an MBA degree from Tel-Aviv University. His full resume and professional experience is available at the Company's offices.

### Part 2

#### **Details of increase in remuneration for the Chairman of the Board**

The Remuneration Committee recommended to the Board, which approved the payment of an increase in remuneration to Mr. Peter Sheldon Chairman of the Board as from 1 January 2013, so that his annual remuneration will now stand at USD 50,000 (previously GBP 25,000).. In determining this increase, the Board took into consideration that Mr. Sheldon's remuneration has remained at a relatively low level for some years having regard to his level of responsibility, the additional time required for his travel from overseas to Board meetings and the need to maintain appropriate differentials in the levels of remuneration paid to non-executive directors according to their individual responsibilities.

### Part 3

#### **Details of a one-time bonus for the Company's CFO and executive director**

The Remuneration Committee recommended to the Board, which approved the payment of a one-time bonus to the company's CFO for year 2012 in the amount of NIS 150,000 (approximately GBP 26,800) in recognition of his special efforts in two areas of the Company's business that were outside his normal duties and have been beneficial to the Company.

### Part 4

#### **Proposed Remuneration Policy for the Company's senior executives**

**Validity:** This Remuneration Policy and Guidelines (hereinafter – "Remuneration Policy") will come into effect after (a) it has been discussed and approved by the Board of Directors of the Company after considering the recommendations of the Remuneration Committee; **and** (b) its approval by the Shareholders' Meeting by a majority vote as prescribed in section 267A (b) of the Israeli Companies Law, 1999 (the "Law") and, subject always to the provisions of the Law, in accordance with the provisions of the

Listing Rules of the United Kingdom Listing Authority and relevant corporate governance codes.

**Objects of the Remuneration Policy:**

- a) To design appropriate remuneration packages to attract, retain and motivate senior executives and managers (including the CEO, CFO, executive and non-executive directors and others determined by the Board to fall within this category) of the quality required to run the Company successfully (without paying more than is necessary for this purpose) while considering and managing the business risks and linking such remuneration policy to the Company's long term strategy and performance and its sustainable financial health;
- b) To create long term performance-linked remuneration that will incentivize the senior executives to achieve those performance criteria and profits for the Company;
- c) To link rewards for senior executives of the Company to corporate and individual performance which will be measured by both quantitative and qualitative criteria, balancing reward in the short and long term and fixed and variable elements of reward packages;
- d) To control and position compensation for executive directors and senior executives in the Company in comparison with salaries and benefits of other employees in the Company, as well as senior executives in similar companies;
- e) To align the interests of executive directors and senior executives with the interests of shareholders; and
- f) To design remuneration packages that are flexible enough to cope with the Company's changing needs as it grows and its strategy evolves.

**Remuneration Principles**

- a) The remuneration of senior executives of the Company shall be comprised of:
  - (i) **fixed remuneration** (including pensions, social benefits and fringe benefits) that is commensurate with the individual executive's skills, experience, education, qualifications and responsibilities. Base salary, benefits and pension will be set at a broadly mid-market level (including with reference to the country in which an executive principally works), and reviewed annually taking account of individual responsibilities and performance;
  - (ii) **variable remuneration**, comprising:
    - (A) **Annual Bonus.** The level of the bonus paid to any executive director or senior executive, and its composition in cash and/or deferred payment (such as conditional share awards or options) will be established to link rewards with the Company's annual business targets, based on quantifiable measurements and targets set out at the start of the financial year by the Remuneration Committee. Up to half shall be based on the achievement of strategic or operational objectives and at least half of any annual bonus shall be referenced to financial performance or targets as will be determined by the Remuneration Committee and the Board of Directors. Annual bonuses may be withheld in whole or in part if the business has suffered an exceptional negative event, even if some specific targets have been met. The Remuneration Committee has overall

discretion to ensure that a payment that is inappropriate in all the Company's circumstances is not made. The maximum aggregate bonus shall be 100% of base salary and may be delivered in cash or partly in cash and partly in share options under the BATM Share Option Scheme ("Scheme") (or through another long term incentive mechanism) subject to appropriate vesting conditions, as the Remuneration Committee may determine.

**(B) Long-Term Incentives.** The Company's long-term incentive package for senior executives will be established to support the Company's strategy by incentivizing the delivery of growth, increase in profitability, superior shareholder returns and sustained financial performance. Long-term incentives are currently intended to be satisfied by the issue of options under the Scheme, although other incentive mechanisms may be established following appropriate Board, Remuneration Committee and shareholder approvals.

Any award shall be subject to:

- a minimum vesting period of three years (or, in exceptional cases and at the discretion of the Remuneration Committee, two years); and
- performance targets based on demanding and quantifiable financial metrics, subject to a three year performance period, intended to stimulate future growth with vesting on a sliding scale so that outstanding performance is required for 100% vesting.

The maximum annual long-term incentive award (which would be subject to vesting and performance conditions as above) is 150% of base salary.

- b) Variable remuneration will be subject to appropriate clawback provisions in circumstances of misstatement or misconduct, or an error in the calculation of the Company's financial performance of any target or threshold as well as subject to appropriate provisions as to lapse on cessation of employment.
- c) The Remuneration Committee shall have due regard to pay and conditions elsewhere within the BATM group and take them into account when determining executive remuneration.
- d) The Company's long-term incentive schemes, as applicable to directors and senior executives, should provide that commitments to issue BATM shares must not exceed (in aggregate across all schemes) 5% of the issued ordinary share capital (adjusted for share issuance and cancellation) in any rolling 10 year period.
- e) Notice or contract periods for the executive directors of the Company and senior managers should be set at 12 months or less, save where necessary in the short term to recruit individuals of the appropriate calibre. Compensation commitments for loss of office or early termination of an executive director or senior manager should not have the effect of rewarding poor performance and shall reflect the departing executive's obligations to mitigate loss.

## **Part 5**

### **Proposed amendments to articles 7.1 and 68.3 of the Company's articles**

To amend Article 7.1 as follows:

" The Company may issue share certificates which will bear the rubber stamp or printed name of the Company and shall bear the signatures of two directors or any other person or persons authorised thereto by the Board of Directors. The Company may also approve and authorise the use of a laser seal and electronic or laser signatures on share certificates in place of a rubber stamp or seal."

To amend Article 68.3 as follows:

" The Board of Directors may provide for a company seal. Such seal shall not be used except by the authority of the Board of Directors and by authorised signatories of the Company. The Board of Directors may also authorise the use of a laser seal or stamp in place of a rubber seal or stamp of the company on the company's documents and share certificates."



