22 January 2019

MTI Wireless Edge Ltd

(“**MTI**” or the “**Company**”)

Notice of General Meeting
and
Proposed changes in management roles

The board of MTI (the “**Board**”) announces that the Company’s annual general meeting (the “**AGM**”) and an extraordinary general meeting of the Company (the “**EGM**”; together the “**General Meeting**”) will be held at 14.00 hrs (London time) on 14 March 2019 at the offices of Allenby Capital Limited, 5 St Helen's Place, London, EC3A 6AB for the purpose of:

1. the presentation of the 2018 financial reports;
2. re-electing Mr. Zvi Borovitz as a non-executive chairman of the Company;
3. re-electing Mr. Dov Feiner, the Company’s current CEO, as a director of the Company;
4. re-electing Mr Moni Borovitz, the Company’s current CFO, as a director of the Company;
5. re-electing Mr David Yariv as a non-executive director of the Company;
6. electing Brigadier General (retired) Amnon Sofrin as a non-executive director of the Company;
7. approving the issue of an indemnification letter (as applicable to all directors and office holders) to Mr. Amnon Sofrin, with effect from the commencement date of his services to the Company; and
8. re-appointing BDO Israel LLP as the Company’s auditors for the year 2019 and to authorize the directors to determine the auditors’ remuneration for such year.

9. the reappointment of Mr. Richard Bennett as external director for 3 years;
10. the appointment of Mr. Moni Borovitz as the CEO of the Company. Mr. Dov Feiner (the Company’s current CEO) will remain a director of the Company and the general manager of the Company’s antenna division;
11. approving the updated policy for officers’ remuneration, as required under Amendment 20 to the Israeli Companies Law 1999 (attached to this announcement as schedule A);
12. subject to the approval of items 10 and 11 (the appointment of the Company’s CEO and approval of the updated policy for officers’ remuneration), certain amendments to the management services agreement (the “**Management Services Agreement**”), summarized in Schedule B to this announcement, between the Company and Mokirei Aya Management (2003) Ltd. (the “**Management Company**”) for the provision of the services of the Chairman and CEO (rather than CFO) of the Company and the consummation of the transactions contemplated under such agreement as well as to extend the term of the Management Services Agreement for further three years with effect from 1 March 2019 (the “**Amendments**”); and
13. certain amendments to the compensation package to Mr. Dov Feiner summarized in Schedule C to this announcement, as well as to extend the term of his agreement for a further three years with effect from 1 March 2019.

Shareholders should note that Mrs Lihi Elimelech Bechor will remain in her position as a non-executive external director as a result of the fact that her appointment was for three years from May 2018.

Shareholders should also note that the Company will not be posting hard copies of the annual report to its shareholders. Shareholders who require a hard copy of the annual report may download it from the Company's website at www.mtiwirelessedge.com or write to the Company at MTI Wireless Edge Ltd Headquarters,11 Hamelacha St. Afek Industrial Park, Rosh-Ha'Ayin, Israel requesting a hard copy. The notices of AGM and EGM will be posted to shareholders shortly.

Background

Appointment of Mr. Moni Borovitz as CEO of the Company

As a result of completion of the merger with MTI Computers & Software Services (1982) Ltd ("**MTIC**") the Company now has four operating divisions. Mr. Moni Borovitz is responsible for the overall group activity and strategy while each of the divisions is managed on the day to day by its general manager. Therefore, in order to manage the long-term strategy of the Company the Board believes that the appointment of Mr. Moni Borovitz as a CEO is essential. Mr. Feiner, the current CEO will remain with the Company as a board director and as the general manager of the Company's antenna division, which he has run for over 20 years. Following the appointment of Mr. Moni Borovitz as CEO the Company's existing financial controller (who has been employed by the Company for 20 years) will take charge on the financial management of the Company with the support of Mr. Moni Borovitz.

Pursuant to Sections 95(b) and 121(c) to the Israeli Companies Law 1999, in public companies an appointment of a CEO who is related to the chairman of the board requires the prior approval of the Company's board of directors and its shareholders in a general meeting held every 3 years. As Mr. Moni Borovitz is the son of Mr. Zvi Borovitz the approval for his nomination as CEO requires such approval. The terms of Mr. Moni Borovitz' appointment, which are included in Management Service Agreement, are set out below.

Approval of the updated policy for officers' remuneration as required under Amendment 20 to the Israeli Companies Law 1999

Pursuant to Amendment 20 to the Companies Law the Company's shareholders have to approve the remuneration policy for the Company's officers every three years. The last approval was received in July 2016 and as part of the merger agreement with MTIC and updates to the Israeli Companies Law 1999, the Company's needs and accumulated experience in the past period, it was concluded by the board that a new policy for the enlarged group would be adopted by the end of March 2019 and shall be valid for a period of three years or for a longer period, to the extent permitted in the provisions of the Israeli Companies Law (the **"Updated Policy**"). The Updated Policy is outlined in Schedule A to this announcement.

Pursuant to Section 267 to the Israeli Companies Law 1999, any remuneration policy for officers requires the prior approval of that company's board of directors, remuneration committee and at a general meeting of shareholders. Notwithstanding the aforesaid, since the Company is not a subsidiary of a public company, the Company's Board of Directors may approve the Updated Policy, despite the objection of the shareholders (if any), provided that the remuneration committee and thereafter the Board of Directors determine, following additional discussions and supported by detailed arguments, that it is for the benefit of the Company.

The Amendments to the Management Service Agreement

Subject to: (i) the approval of Mr. Moni Borovitz as CEO of the Company; and (ii) the adoption of the Updated Policy, the Company plans to make certain amendments to the Management Services Agreement. The Management Company is a wholly owned subsidiary of Mokirei Aya Ltd., which is the controlling shareholder of MTI, as a result of which, according to sections 270 and 275 to the Israeli Companies Law 1999 any amendments to the Management Services Agreement, including an extension of the said agreement beyond a period of 3 years, requires, every 3 years, the prior approval of the remuneration committee, the board of directors, and general meeting, of shareholders.

As a result of the aforesaid provisions to the Israeli Companies Law 1999, the Company (following receipt of approvals from the Audit Committee, the Remuneration Committee and the Board of Directors of the Company) wishes to amend the Management Services Agreement, as per the terms shown in Schedule B to this announcement, and to extend it for a 3 year term from 1 March 2019 (the "**Proposed Amendments To the Management Services Agreement**"). Other than as described above, the terms and conditions of the Management Services Agreement shall remain unchanged.

It should be noted that the Proposed Amendments to the Management Services Agreement are in line with the Updated Policy.

In addition, it should be noted that both the Company and the Management Company are Israeli companies and subject to the provisions of the Israeli Companies Law 1999.

Related party transactions

As at the date of this announcement, the Management Company is a wholly owned subsidiary of Mokirei Aya Ltd. a company controlled by members of the Borovitz family (including Zvi Borovitz, Chairman of the Board of Directors and Moni Borovitz, director and current CFO of the Company). Mokirei Aya Ltd is interested in a total of 28,833,508 Ordinary Shares, which represents 33.13% of the voting rights in the enlarged issued ordinary share capital of the Company. Zvi Borovitz and Moni Borovitz are also beneficially interested in 946,429 and 121,254 Ordinary Shares respectively, representing 1.09% and 0.14% of the voting rights in the issued ordinary share capital of the Company. Accordingly, the Proposed Amendments to the Management Services Agreement are classified as a transaction with a related party for the purposes of Rule 13 of the AIM Rules for Companies.

Jacques and Rina Beer with whom Mokirey Aya Ltd, has a joint control agreement, are collectively interested in a total of 9,876,760 Ordinary Shares, which represents 11.35% of the voting rights in the enlarged issued ordinary share capital of the Company. The Company's non-executive director, David Yariv is the son in-law of Jacques and Rina Beer and is appointed to the Company's Board as a representative director pursuant to the aforementioned joint control agreement.

The Company's directors (other than Zvi Borovitz, Moshe (Moni) Borovitz and David Yariv), having consulted with the Company's nominated adviser, Allenby Capital Limited, consider that the terms of the Proposed Amendments to the Management Services Agreement are fair and reasonable insofar as the Company's shareholders are concerned.

Notice to shareholders

The notices of the AGM and the EGM will be posted to shareholders shortly and will shortly be available on the Company's website at the following address: www.mtiwirelessedge.com

For further information please contact:

MTI Wireless Edge Ltd http://www.mtiwirelessedge.com/

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<u>Schedule A - Office Holders' Remuneration Policy Outline</u>

MTI Wireless Edge Ltd.

January 2019

The members of the Remuneration Committee of MTI Wireless Edge Ltd. are:

Lihi Elimelech Bechor – External director, Chairman of the committee

Richard Bennett – External director

Amnon Sofrin – Director

Chapter A – Background and Description of the current remuneration in the Company

1. The objective of this document and its content

The objective of this document is to define and describe the Company's 'Officer Compensation Policy' as required in Amendment 20 to the Companies Law-1999 (hereinafter: the "**Amendment**" and the "**Companies Law**", respectively), which came into force on December 2012. The Amendment concerns remuneration policy and the manner by which the remuneration of senior officers in public companies and companies with outstanding public debt is approved.

This document is intended to define, describe and detail the policy of the Company regarding the remuneration of the Company's officers, its components and the manner of its determination. The policy refers to the overall remuneration of officers in the Company in respect of their work and / or services provided by them to the Company or to it (i.e., including service and / or services provided by the officers of the Company to the Company's subsidiaries as part of the definition of the position of officers in the Company).

The Company's remuneration policy and its publication are intended to increase the transparency of the Company's decisions with respect to the remuneration of its officers and to improve the ability of all shareholders to express their opinions and to influence the Company's remuneration policy.

It is emphasized that this Updated Compensation Policy does not grant rights to the Company's officers, and the adoption of this Updated Compensation Policy in itself does not grant the right to any officer of the Company to receive any of the compensation components described in the Updated Compensation Policy. The compensation components that the officer will be entitled to receive will be only those that are specifically approved for the officer by the Company's authorized bodies, subject to the provisions of any applicable law.

2. **The Validity and Applicability of the Remuneration Policy**

2.1. In accordance with the provisions of the Companies Law, on July 2013, the General Shareholders Meeting approved the first Compensation Policy for a period of three (3) years, and on May 2016 the Compensation Policy was updated and approved at the General Shareholders Meeting (the "**Existing Compensation Policy**").

2.2. Following the structural change in the Company completed on August 20, 2018, the Remuneration Committee and the Board of Directors of the Company approved an updated compensation policy, which constitutes an update and addition to the Existing Compensation Policy deriving from, *inter alia*, updates and ease of legislation, the Company's needs and accumulated experience in the past period ("**Updated Compensation Policy**" or the "**Remuneration Policy**). The Updated Compensation Policy shall be valid for a period of three (3) years commencing on the date of its approval (as described in section 2.3 below) or for a longer period, to the extent prescribed in the provisions of the Companies Law.

2.3. This Updated Compensation Policy shall be approved at an Extraordinary Shareholders Meeting. Notwithstanding the aforesaid, since the Company is not a subsidiary of a public company, the Company's Board of Directors may approve the Updated Compensation Policy, despite the objection of the shareholders (if any), provided that the Compensation Committee and thereafter the Board of Directors determine, following additional discussions and supported by detailed arguments, that it is for the benefit of the Company.

2.4. This Updated Compensation Policy supersedes, cancels and replaces the Existing Compensation Policy and any previous policy that the Company had until the date of adoption of this policy and will apply to the terms of compensation of all officers in the Company, which as at the date of adoption of this policy include the Company's Chief Executive Officer ("**CEO**"), Division's GM And other office holders who are directly subordinate to the CEO (together: "Other officers"), Directors and Chairman of the board.

3. Guiding principles in the formulation of a remuneration policy

3.1. The Remuneration Policy, established in this document, reflects the promotion of the Company's goals and objectives in the long term – the variable component will be granted subject to meeting the Company's goals, both in the short run and the long run.

3.2. The Remuneration Policy, established in this document, reflects the Company's position concerning **risk management** in the Company. The policy defines the permitted ratio of the variable components included in the remuneration package, in order to protect the Company from taking unnecessary risks by senior office holders balanced against the need to preserve the Company's senior office holders.

4. Description of the Company – MTI Wireless Edge Ltd.

Category and sub-category	Technology, Electronics and Optics.
General Description of the Company's operations	The Company is engaged in (i) the development, manufacture and marketing of antennas (ii) distribution of control and management irrigation systems produced by Motorola (iii) Representation and consultation of RF&MW companies (iv) System engineering projects in tethered balloon applications
Variety of Products and activities	Development and production of antennas for military applications and for the commercial market especially in the areas of FBWA and RFID as well as distribution, integration and management services for Motorola

	irrigation solution and distribution of RF&MW components and sub systems and design integration and implementation services for tethered balloon projects
Company's Customers	The main customers of the Company are the security industry in Israel for military antennas and the manufacturers of wireless systems which sell the antennas as an integral part of a comprehensive system (OEM) and municipalities and agriculture farms. In the representation business the main customers are defense and high tech industries in Israel and for the system engineering division the MOD or system houses in various countries.
No. of employees in the organization	As of this date the Company employs about 200 employees.
Main financial data	As of the end of 2017 (in thousands of Dollars):

Market Value	Total Balance	Equity	Income	Operational profit	Net Profit
23,500	27,920	19,694	34,653	2,410	2,008

5. Company's Strategy – Goals and Objectives

Strategies

- Continue to control a main segment of antennas market in the FBWA area by the continued development of products for this market.
- Penetration into the PtP cellular backhaul antenna market with our new millimeter wave antenna solutions
- Strengthen the Company’s technological capabilities and deepen its operations in the military market and the security industry.
- Use the production line which was established in India to market various products in India and Asia.
- Continues growth of the wireless control business by strengthening its marketing and development capabilities
- Creation of larger recurring revenue business in the control segment
- Strengthen the representation business and increase it offering
- Establish the system engineering business as a long term operator for the Israeli MOD
- Continue to develop the business with external growth related to its core of communication

Measurable Goals

- Increase Company's earnings.

- Achieve minimum operational profitability, on consolidated basis, of 2 million USD , annually, and as follow:
  - 600,000 USD and more per annum in the antenna segment.
  - 800,000 USD and more in the control business
  - 400,000 USD and more in the representation business
  - 200,000 USD and more in the system engineering business
- Improve the Company's gross profitability
- Expand the manufacturing in India as part of the effort to increase profitability and maintain customer base.
- Improve working capital management (ratio between net working capital and earnings/credit days/inventory days/suppliers days).
- Establish a US facility to deal with FMS requirements
- **An optional pre-condition for personal goals**: register an operational profit and net profit.

6. Office Holders

An Office Holder is defined by the Companies Law as any one of the following: a director, general manager, chief business manager, deputy general manager, vice-general manager, any person filling any of these positions in a company even if he holds a different title, and any other manager directly subordinate to the general manager.

7. Expertise and Achievements of the Company's Office Holders

The Company takes into consideration the education, experience and expertise of the office holders, as they appear in the Company's reports, for the purpose of determining the remuneration package. The Company's remuneration policy established in this document provides that to the extent that in the future the Company requires the services of an additional or alternate office holder, all parameters specified above will be taken into account while engaging his/her services.

Chapter B – The Remuneration Policy

The Company aspires for a high correlation between the remuneration model of its office holders and the Company's strategy as reflected in the Company's goals and objectives specified in this document.

The remuneration committee, the Company's board of directors and the general meeting of shareholders will examine the correlation between the office holders' remuneration model and the Company's strategy taking into consideration the main quantitative and qualitative goals arising there-from.

From the effective date of this remuneration policy, a remuneration model of an office holder which does not correlate with the principles of the policy herein specified, will have to be approved as required, based on grounds which will be specified, all in accordance with the provisions set forth in the Amendment to the law.

The Remuneration Policy – Discussion of the Components of the Remuneration Packages

The following are guidelines for the Company's remuneration policy as approved by the remuneration committee and the Company's board of directors, concerning the components of the remuneration packages.

8. Fixed remuneration components

8.1. The monthly salary cost/monthly management fees of the office holders (including related benefits and excluding bonuses and equity compensation), for a full time position, shall not exceed the ceiling as specified below:

position	**Maximum monthly salary cost /management fees - (NIS)**
CEO	100,000 for 90% minimum
Chairman of the Board	72,000 for 50%
Other officers	92,000 for full time
Key person responsible for financials	35,000 for full time

- For the avoidance of doubt it is hereby clarified that the VAT amount is not included in the ceilings specified in the table above
- In the case of a lower than 100% position, the ceiling of the aforesaid salary cost will be calculated on a proportionate basis.

8.2. <u>Updating the terms of office holders</u>

8.3. Non- material changes, as such term is defined below, in the terms of service and employment of office holders who are directly subordinate to the Company's CEO (and is not a relative to the controlling shareholder) shall be approved by the Company's CEO only, provided that the new terms of such officer complies with the provisions of this Remuneration Policy.

" **Non-material changes**" - with regard to this section above, means a change in the remuneration of not more than 10% of the cost of the officer's salary each year, provided that it does not exceed the ceilings specified in this Remuneration Policy.

8.4. Linkage – Currently linkage applies to the salaries of most of the current office holders. According to the Company's Remuneration Policy as in this document there is no intention to link the components of the fixed salary/management fees of new office holders.

8.5. Expected changes in the ancillary components – the issue will be examined as part of the weight of the fixed component *vis-a-vis* the entire remuneration package.

8.6. Related benefits for officers and reimbursement of reasonable expenses

Office holders (excluding nonexecutive directors) shall be entitled to benefits as customary in the Company such as provisions for pension, severance pay, study fund, vacation and or sick days, car maintenance and etc., according to his seniority in the Company and in any event no less than that prescribed by law. In addition, the officers (including directors) will be entitled to a reimbursement of reasonable expenses they incur while performing their duties (such as cell phone, food and lodging).

9. Variable Component – Bonus

9.1. The variable component will reflect the contribution of the Company's office holder to the attainment of the Company's goals and objectives and to the increase of its profits, in the long run, in accordance with measurable criteria.

The variable component will be determined in correlation with the Company's achievements and the personal achievements of the office holder.

The rate of the variable component will be determined by a mechanism which will refer, *inter alia*, to the operational/net profit of the Company and to specific goals, if any (as specified below).

According to the Company's Remuneration Policy as established in this document, considerable weight should be attributed to the attainment of goals and objectives which are derived from the Company's strategy. The Company's goals reflect the Company's attainment, in general, of its goals and objectives and the general contribution of the office holders to the Company's success and the Company's intention to reward said office holders for the Company's general success.

In addition to the Company's goals and objectives, according to the Company's remuneration policy as established in this document, personal goals will be assigned to certain office holders, as the case may be, which goals are defined as individual goals the attainment of which is directly and materially affected by the office holder.

Each such goal will be deemed to have been attained and the variable component pertaining thereto will be calculated with respect thereto, only if certain minimum pre-conditions specifically defined for it were met.

Such goals will include **measurable goals** which will reflect the Company's objectives and its short and long-term strategy and derivatives of its annual and perennial work plans.

9.2. Pre-conditions for the grant of variable remuneration

9.2.1. Net profit (consolidated) during the calculation period.

9.2.2. The calculation will be based on accumulated profit commencing from 2017 (the previous year).

9.3. Target based remuneration model to Office Holders

Name and position of the Office Holder	Bonus component arising from profit	Bonus component arising from additional goals
Company's CEO	2.5% of the consolidated net profit exceeding the floor and before bonuses	Increase of 5% in the consolidated Company's sales relative to the previous year will entitle receipt of bonus in an amount equal to one monthly salary.
Chairman of the Board	2.5% of the consolidated net profit exceeding the floor and before bonuses	-
Division's GM	Each of the Division's GM - 2.5%[1] of the operational profit of the segment for which he is responsible exceeding the relevant segment floor + 0.5% of the consolidated net profit exceeding the Consolidate Net Profit Floor	Increase of 5% in the relevant segment sales relative to the previous year will entitle receipt of bonus in an amount equal to one monthly salary.
Key person responsible for financials	0.2% of the consolidated net profit exceeding the Consolidate Net Profit Floor	-

Operational Profit of the Segments Floor for Bonus purposes (before bonuses):

- Antenna – 300K $
- Controllers – 500K $
- Representation – 200K$
- System Engineering – 100K$

Consolidated Net Profit Floor for Bonus purposes (before bonuses) – 800K$

1 With regard to the GM of Representation division – 10% (and not 2.5%) of the operating profit of this segment exceeding the floor + 0.5% of the consolidated net profit exceeding the Consolidate Net Profit Floor

9.4. <u>Discretionary Bonus</u>

The Remuneration Committee and the Board of Directors of the Company will be entitled to determine to grant officers (with regard to Chairman of the Board and Directors - with the approval of General Shareholders Meeting), a Discretionary Bonus, based on qualitative criteria, regardless of compliance with the targets.

The amount of the Discretionary Bonus, in any calendar year, shall not exceed an amount equal to 3 monthly salaries (gross, without any related benefits) of that office holder, provided that in any event the total bonus granted to an officer in a calendar year shall not exceed the Bonus Ceilings to which the officer is entitled, as detailed in the table in section 9.5 below.

Notwithstanding the aforesaid, it is hereby clarified that with regard to the Company's CEO who also serves as a director of the Company, the Remuneration Committee and the Board of Directors may grant him a Discretionary Bonus as set out above and in accordance with the terms of his employment and services, provided that said employment terms (including the aforementioned Discretion Bonus) have been approved by the General Meeting in accordance with the provisions of the Companies Law.

9.5. <u>Bonus Ceilings (*):</u>

Position	**Bonus Ceiling**
CEO*	Up to 8 monthly salaries/management fees
Chairman of the Board	$100,000
Other officers (including GM)	Up to 8 monthly salaries/management fees
Key person responsible for financials	Up to 4 monthly salaries

(*) The bonus is in terms of base gross salary/absolute amount and with respect of the CEO in terms of monthly cost. It is clarified that the Bonus Ceiling does not include Equity component.

9.6. <u>Authority to reduce variable remuneration components (if any)</u>

After receiving the Compensation Committee’s recommendation, the Board of directors has the authority to reduce variable remuneration components to an office holder even if the Company's targets were met and/or a specific target which was assigned to him under the policy was achieved, if the members of the board of directors are of the opinion that the circumstances are found to justify such a reduction, or for example, he has not properly fulfilled his duties during the relevant period. The reduction rate will not exceed 10% of the variable remuneration as calculated in accordance with the remuneration formula under the policy.

9.7. Claw-Back

Provisions concerning repayment of the remuneration which was granted based on erroneous reports and/or data which were restated.

If an error is found in the calculation based on which the remuneration was calculated during the two-year period which followed the grant of the remuneration, the Company will amend the remuneration and will the take back the part of the remuneration which was mistakenly granted. After said two years the Company will not amend the remuneration which was granted and will not recover said amounts.

9.8. Other bonus related terms

Unless otherwise provided in the relevant employment agreement, the Compensation Committee and Board of Directors are permitted to approve a proportionate bonus when employment is terminated during the year, insofar as the officer was not dismissed under circumstances justifying the non-payment of severance pay.

10. Equity Component

10.1. It is customary for officers in public companies to be offered an equity component as a part of their total compensation which is intended on aligning the interests of the officers to those of the Company's shareholders.

Equity remuneration constitutes a proper mechanism to preserve senior office holders and provides an incentive to senior office holders properly balancing between short term and long-term considerations, inter alia, by providing for a vesting period.

In view of the advantages inherent in the equity remuneration as stated above, the Company reserves the right to adopt, subject to the approval of the Remuneration Committee and the Board, from time to time and subject to any relevant law, an options plan for Company shares ("**Options Plan**") and may offer to any of its officers (with regard to directors, Chairmen and controlling shareholders and their relatives- with the approval of the General Shareholders Meeting) participation in the Options Plan according to the rules detailed in section 10.2 below.

In this context, it is clarified that the aforesaid provisions will not apply to options granted to office holders according to previous option plans. The provisions of section 10.2 below will apply to a future option plan, if and to the extent that it is implemented.

10.2. The Options Plan (if adopted) shall include the following details:

10.2.1. The maximum number of units that can be issued and the dilution percentage resulting from such distribution;

10.2.2. The ceiling of the fair value of the equity component at the granting date shall not exceed the amount equal to 50% of the annual cost salary/management fees of each one of the office holders;

10.2.3. The exercise price of an option shall be determined according to the higher of the two: (1) the average closing price of the share during the 30 trading days preceding the date of the Board of Directors resolution on the grant; Or (2) the closing price of the share on the date of the Board of Directors resolution on the grant;

10.2.4. The vesting period of the option – this period shall not be less than two years until the full vesting of all of the issuance and to the extent possible split between two to four years;

10.2.5. The terms in the event of termination of employment (due to termination, resignation, death or disability) and the provisions for protecting offerees including in the event of dividend distribution, rights issuance, merger and acquisition transactions etc.;

The Company's Board may resolve that one or more offeree is entitled to exercise the options they were granted in such a manner that their exercise price shall not actually be paid to the Company, but should be taken into account when calculating the number of shares the offeree is actually entitled to from the exercise of the options (the "**Net Exercise**"). The shares issued from the Net Exercise shall reflect the gross benefit of the options to be exercised by the offeree at such date as calculated on the exercise date the Remuneration Committee and Board shall be entitled to set additional terms with respect to the options plan (if adopted), as well as update the terms and provisions from time to time, provided that such change or amendment, as said, does not deviate from the entitlement ceiling as described in section 10.2.2 above.

11. The Compensation Terms – Advance Notice and Severance Grant

11.1. Advance Notice

An office holder will be entitled to a period of notice according to the following table:

Position	**Maximum period of notice (Months)**
CEO	Up to 3 months
Chairman of the Board	Up to 3 months
Other officers (including GM)	Up to 3 months
Key person responsible for financials	Up to 2 months

11.2. Severance Grant

Currently, the employment agreements of senior officers do not include severance grants. The Company has no intention to give a severance grant to a senior officer who leaves the Company, in excess of the remuneration paid for the prior notice period.

12. The ratio between variable components and fixed components in the remuneration package

According to the Company's remuneration policy as established in this document the ratio between the variable components and the fixed component shall not exceed 45% for the CEO; 60% for the Chairman of the Board of Directors; and 45% for Division's GM.

13. The ratio between the terms of employment of an office holder and the terms of employment of all other Company employees in Israel

When determining the compensation terms of the Company's officers, one of the aspects that will be examined is the ratio between the terms of service of each of the Company's officers and the average and median cost of employment of the Company’s employees (including contract workers) while taking into consideration the nature of the officer’s position, his seniority, his level of responsibility and the number of the Company’s employees. Calculation is based on cost (based on average in 1-9/2018) without car allowances.

Position	According to the average employment cost of the Company’s other employees(*)	According to the median employment cost of the Company’s other employees(*)
CEO	3.95	5.25
Chairman of the Board (50%)	2.9	3.85
Other officers	3.45	4.57
Key person responsible for financials	1.24	1.63

The remuneration committee and the Company's board of directors are of the opinion that this ratio is reasonable and customary and that these gaps do not have any significant impact (if any) on the working relations.

14. Directors' Remuneration

14.1. Directors **-** Directors (except the Chairman of the Board and other directors who receive remuneration in respect of their service as Company's officers) are entitled to annual remuneration and participation remuneration in accordance with the Companies Regulations (Rules concerning Remuneration and Expenses for External Directors), 5760-2000 (the: "**Remuneration Regulations**") and as is customary in England. The directors' remuneration in the Company will not exceed the maximum remuneration due to an expert director, as established in the Remuneration Regulations, as may be from time to time.

A director who is not an office holder and is not an external director will receive annual remuneration similar to that of an external director.

In this context, the Company will be entitled to increase the amount of the annual remuneration and participation remuneration if a director meets the definition of "Expert Director" as this term is defined in the Remuneration Regulations and who has been assessed as such by the Board of Directors of the Company.

In fact, all of the Company's directors currently receive annual remuneration based on $18,000 per year (including participation remuneration).

14.2. Chairman of the Board**:**

- The non-executive chairman of the board may receive a fixed monthly salary which will not be lower than the annual remuneration and participation remuneration payable to a director in the Company. His salary will be determined based on the scope of his activity, areas under his responsibility in the Company and his experience and expertise.
- Regarding the remuneration of the Chairman of the Board of Directors (active) - see sections 8 and 9 above.

15. Waiver, Indemnification and Insurance

15.1. An office holder in the Company (including a director) may be entitled, in addition to the remuneration package as described in this remuneration policy, and subject to the approval of the authorized organs of the Company, to an office holder liability insurance ("**D&O Liability Insurance**") and indemnification and waiver arrangements, all subject to the provisions of the law.

15.2. Subject to the provisions of the Company's Law, the Company will be entitled, with the approval of the Remuneration Committee only, to enter into the D&O Liability Insurance for its officers (including directors and officers of the controlling shareholder or on its behalf), whose principal terms will not exceed the following:

- The limit of liability shall not be less than 6 million USD and shall not exceed 10 million USD per event and per period.
- The deductible amounts to be determined as part of any policy purchased as aforesaid shall not deviate from the accepted practice in the insurance market for policies of this type and scope as of the date of engagement of the policy.
- The premium shall be in accordance with the conditions that will be customary on the date of extension / renewal of the insurance policy provided that the limit of liability and the maximum annual insurance premium to be paid shall not exceed 25,000 USD ("**Annual Premium**").

15.3. In addition, The Company, with the approval of the Remuneration Committee only, may maintain the effectiveness and validity of its D&O Liability Insurance or may purchase a Run–Off coverage for a period of at least 7 years with respect to the liability of its office holders as directors and officers of the Company, all subject to the restrictions and consents required under the law, whose principal terms will not exceed the principal terms detailed in section 15.2 above except the Annual Premium to be paid that shall not exceed the amount of 30,000 USD for each year of the Run–Off coverage.

This section will also apply to directors, whether presiding on behalf of a controlling shareholder in the Company or not, as well as to external directors.

Schedule B

Chairman – Mr. Zvi Borovitz

Fixed component
The chairman shall be entitled to a management fee of 55K NIS per month (similar to the current fee) based on minimum 50% working time (rather the minimum 55% prior to this amendment). This fixed component shall be linked to the CPI increase per the existing terms of the Management Services Agreement.

In addition to the management fee the chairman is entitled to a car as per the existing terms of the Management Services Agreement.

Variable Component
Min - No bonus will be paid if the Company's net consolidated profit is below $800K (increased from $400K prior to this approval). A variable bonus of 2.5% of net consolidated profit above $800K, prior to the bonuses distributed by the Company to its managers under the remuneration policy, will be paid.
Max - Maximum Variable Compensation per annum - $100,000

Equity Compensation – No updates.

CEO – Mr. Moni Borovitz

Fixed component
The responsibility will change from CFO to CEO.
The CEO shall be entitled to a management fee of 77K NIS per month (increased from 67K NIS prior to this approval) based on minimum 90% working time (increased from minimum 80% prior to this approval). This fixed component shall be linked to the CPI increase per the existing terms of the Management Services Agreement.
In addition to the management fee the CEO is entitled to a car as per the existing terms of the Management Services Agreement.

Variable Component
Min for any bonus – Net Profit after payment of bonus.
Up to three monthly Salaries (monthly Salary = 77K NIS) by meeting certain goals presented by the remuneration committee at the beginning of each year or per the committee decision to give such for special performance. In addition, a variable bonus of (i) one monthly salary if the Company's consolidated revenue increased by more than 5% from previous year, and (ii) 2.5% of Net consolidated profit above $800K (increased from $400K prior to this approval) prior to bonuses distributed by the Company to its managers under the remuneration policy.
Max - Maximum Variable Compensation per annum – 8 X monthly Management Fee.

Equity Compensation – No updates.

For the avoidance of doubt, the indemnification and D&O insurance arrangements applicable to the Company's directors and officers and in accordance with the remuneration policy shall continue to apply to the Management Company, Mr. Zvi Borovitz and Mr. Moni Borovitz.

Schedule C
General Manager Antenna Division – Mr. Dov Feiner

Fixed component – No change from previously approved plan (18 May 2016).

Min for any bonus – Net Profit after payment of bonus.
Up to three monthly salaries by meeting certain goals presented by the remuneration committee at the beginning of each year or per the committee's decision to give such for special performance. In addition, a variable bonus of:

(i) one monthly salary if the Company's antenna division revenue increased by more than 5% from previous year (prior to this change – the target was 5% increase in consolidated revenue), and
(ii) 2.5% of the operational profit of the Company's antenna division exceeding $300K; and
(iii) 0.5% of net consolidated profit above $800K (increased from $400K prior to this approval and percentages reduced from 2.5%) prior to bonuses distributed by the Company to its managers under the remuneration policy.

Max - Maximum Variable Compensation per annum – 8 X monthly Salary.

Equity Compensation – No updates.

For the avoidance of doubt, the indemnification and D&O insurance arrangements applicable to the Company's directors and officers and in accordance with the remuneration policy shall continue to apply to the Mr. Dov Feiner.

About MTI Wireless Edge

Headquartered in Israel, MTI is a multi-faceted Group offering comprehensive technology solutions through four core divisions:

Antennas Division

MTI Wireless Edge is a world leader in the design, development and production of high quality, state-of-the-art, and cost-effective antenna solutions including Smart Antennas, MIMO Antennas and Dual Polarity Antennas for wireless applications. MTI supplies antennas for both military and commercial markets from 100 KHz to 90 GHz.

Internationally recognized as a producer of commercial off-the-Shelf and custom-developed antenna solutions in a broad frequency range, MTI Wireless Edge addresses both commercial and military applications.

MTI supplies directional and omnidirectional antennas for outdoor and indoor deployments, including smart antennas for WiMAX, Broadband access, public safety, RFID, base stations and terminals for the utility market.

Military applications include a wide range of broadband, tactical and specialized communication antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine platforms worldwide.

Aerostat Operation Division

Via its system engineering division, the Group offers design and integration of aerostat operation systems along with the ongoing operation of Platform subsystems, SIGINT, RADAR, communication and observation systems.

Water Control & Management Division

Via its subsidiary, Mottech Water Solutions Ltd ("Mottech"), the Group provides high-end remote-control solutions for water and irrigation applications based on Motorola's IRRInet state-of-the-art control, monitoring and communication technologies.

As Motorola's global prime-distributor Mottech serves its customers worldwide through its international subsidiaries and a global network of local distributors and representatives. With over 25 years of experience in providing customers with irrigation remote control and management, Mottech solutions ensure constant, reliable and accurate water usage, while reducing operational and maintenance costs. Mottech activities are focused in the market segments of agriculture, water distribution, municipal and commercial landscape as well as wastewater and storm-water reuse.

RF and Microwave Representative and Consultation Division

Via its subsidiary, MTI Summit Electronics Ltd. the group offers representative and expert consultation services specializing in RF and Microwave solutions and applications. It provides its services to international electronics suppliers operating in Israel, Eastern Europe, and Russia.