



13 November, 2015

MTI Wireless Edge Ltd
(“MTI” or the “Company”)

Change to the articles of association, Special Bonus and notice of EGM

Scrip Dividend Approval

The Board of MTI (AIM: MWE) would like to recommend to the shareholders of the Company that the Company adopts the ability to pay dividends by way of scrip, meaning the board would be able to announce a dividend which could be paid in cash or through the issue of new shares in the Company (the "**Scrip Dividend Policy**").

Under the Scrip Dividend Policy, shareholders could, in the future, be given the option to elect to receive dividends in new shares of MTI rather than in cash. The default arrangement will be for the payment of dividends in cash, and if the shareholder prefers to receive their dividends in new shares in MTI, then they would have to make an election. There would be no ability to make mixed elections and each shareholder would be able to choose either cash or new shares but not both. The decision to offer shareholders a scrip dividend alternative for future dividend payments will be at the sole discretion of the Board.

In order to adopt the Scrip Dividend Policy a change to the articles of association of MTI is required to clearly state that scrip dividends are allowed. Such change requires the approval of the majority of the shareholders of the Company and therefore the issue is to be brought for shareholders' approval at an extraordinary general meeting ("**EGM**").

The Company's proposed updated articles of association, if approved at the EGM, a copy of this letter to shareholders, a form of direction (for Depositary Interest holders via CREST) and a form of proxy (for shareholders on the Company's registrar) for voting at the EGM will be available shortly for download from the Company's website, www.mtiwe.com, in accordance with Rule 20 of the AIM Rules for Companies.

Special Bonus

The Board would like to recommend, following the receipt of a recommendation from the Company's remuneration committee, that the Company pays Mr. Moshe Borovitz, the CFO of the Company a special bonus (the "**Special Bonus**") of 120,000 NIS (approx US \$31,000). This Special Bonus is equal to two months' of the management fee that the Company is paying to Mr. Borovitz for his services and is with respect to his efforts in managing the acquisition and integration of Mottech Water Solutions Ltd (“Mottech”).

The Board would like shareholders to note that such bonus is not part of Mr. Moshe Borovitz's remuneration plan, which was adopted by the Company in July 2013. Nevertheless, the remuneration plan adopted allows for Mr. Borovitz to receive bonuses up to 8 times his monthly management fee. This restriction, including the Special Bonus, will remain.



The Board would like to emphasize that the Special Bonus has been approved by the Board following the receipt of the remuneration committee's guidance. The approval was adopted according to sections 267b(a), 272c(2)a and 275(c1) to the Israeli Companies Law, as remuneration that is not in accordance with the remuneration plan adopted by the Company. By adopting this resolution the remuneration committee and the Board resolved that it was in the best interest of the Company to approve the Special Bonus. In reaching their decision, the Board has considered the following issues, as set out in the Israeli Companies Law: the education, qualifications, expertise, professional experience and achievements of Mr. Moshe Borovitz; his position in the Company; and his responsibilities.

Furthermore, the Board considered Mr. Moshe Borovitz's contribution to the execution of the acquisition and integration of Mottech, including: managing the due diligence process; the negotiations with the seller; and, following the completion of the purchase, the integration of Mottech into the Company.

In its considerations, the Board emphasized that the Special Bonus, though it is not in accordance to the current Company's remuneration plan it is still less than the maximum bonus Mr. Moshe Borovitz is entitled to receive according to the current Company's remuneration plan.

Related party transaction

As at the date of this announcement, Mr. Moshe Borovitz is a director of the Company and is also considered a controlling shareholder, as he and his family own 100% of Mokirei Aya Ltd. which is the controlling shareholder of MTI Computers and Software Services (1982) Ltd. ("**MTI Computers**") which holds 27,031,897 Ordinary Shares, representing approximately 52.4% of the issued share capital of the Company. Mr. Moshe Borovitz has an interest in 25% of the share capital of Mokirei Aya Ltd. which controls 43.2% of the issued share capital of MTI Computers. Accordingly, the matter contemplated by the Special Bonus resolution is classified as a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies.

The Company's directors (other than Mr. Zvi Borovitz and Mr. Moshe Borovitz) consider, having consulted with the Company's nominated adviser, Allenby Capital Limited, that the terms of the Special Bonus are fair and reasonable insofar as the Company's shareholders are concerned.

Under the Israeli Companies Law the Special Bonus resolution requires a special majority vote in favour in order for it to be validly passed. Under the Israeli Companies Law, a resolution concerning an exceptional transaction of a public company with its "controlling shareholder" or with another person in whom the controlling shareholder has a personal interest requires the approval of the company's audit and/or remuneration committee, its board of directors and its shareholders in general meeting provided that, in the case of the latter approval, either of the following conditions is satisfied:

- (a) the majority of votes in favour includes more than 50% of the shares shareholders who have no "personal interest" in the approval of the resolution and who vote on the resolution; or
- (b) the total number of shares of shareholders who have no "personal interest" and who vote against the resolution does not exceed 2% of the issued share capital of the Company



Notice of EGM

The Board announces that the Company's EGM will be held at 4.00 pm (London time) on Tuesday, 12 January 2016 at the offices of Allenby Capital Limited, 3 St Helen's Place, London, EC3A 6AB.

Shareholders appearing on the Company's registrar on 22 December 2015 are entitled to vote in the EGM in person or by proxy.

Following receipt of the recommendation of the Board, the Company wishes:

1. to adopt a Scrip Dividend Policy; and
2. to approve the Special Bonus for Mr. Moshe Borovitz.

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About MTI Wireless Edge

MTI is engaged in the development, production and marketing of High Quality, Low Cost, Flat Panel Antennas for Commercial & for Military applications. Commercial applications such as: WiMAX, Wireless Networking, RFID readers &, Broadband Wireless Access. With over 40 years experience, supplying antennas 100KHz to 90GHz including directional antennas and Omni directional for outdoor and indoor deployments including Smart Antennas for WiMAX, Wi-Fi, Public Safety, RFID and for Base Stations and Terminals - Utility Market. Military applications includes a wide range of broadband, tactical and specialized communications antennas, antenna systems and DF arrays installed on numerous airborne, ground and naval, including submarine, platforms worldwide.

Via its subsidiary, Mottech Water Solutions Ltd ("Mottech"), MTI is also a leading provider of remote control solutions for water and irrigation applications based on Motorola IRRInet state of the art control, monitoring and communication technologies. Mottech, headquartered in Israel, is the global prime distributor of Motorola for the IRRInet remote control solutions serving its customers worldwide through its subsidiaries and a global network of local distributors and representatives. It utilizes over 25 years of experience in providing its customers with remote control and management systems which ensure constant, reliable and accurate water usage, while reducing operational costs and maintenance costly expenses. Mottech activities are focused in the market segments of agriculture, water distribution, Municipal and Commercial Landscape and Wastewater and Storm water Reuse.