

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

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents 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.

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**BATM Advanced Communications Ltd.**

(incorporated and registered in Israel under number 52-0042813)

**NOTICE OF ANNUAL GENERAL MEETING**

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## **NOTICE OF ANNUAL GENERAL MEETING OF BATM ADVANCED COMMUNICATIONS LTD.**

Notice is hereby given that the Annual General Meeting of BATM Advanced Communications Ltd. will be held at the offices of Singer Capital Markets Limited, One Hanover Street, London W1S 1YZ on 15 June 2011 at 11.00 to consider, and if thought fit, to pass the following ordinary resolutions:

### **Ordinary resolutions**

- 1 To receive, consider and adopt the Company's audited annual accounts for the financial year ended 31 December 2010 together with the last directors' report and the auditors' reports on those accounts.
2. To receive, consider and accept the report of the Company's remuneration committee for the financial year ended 31 December 2010 together with the auditors' reports on the auditable part of the remuneration report.
- 3 To accept the recommendation of the board of directors and approve the distribution of a dividend to shareholders of 0.80 pence sterling (gross) per share from permitted distributions out of the Company's profit for the financial year 2010 (Note 1)
- 4 To appoint the auditors of the Company (Brightman Almagor Zohar & Co., a member firm of Deloitte Touche Tohmatsu) as external auditors for the 2011 financial year and to authorise the board of directors to fix the auditors' remuneration for such period.
- 5 Election of directors (Note 2)

To re-elect the directors mentioned in section 5.1- 5.4 below for an additional term until the next Annual General Meeting of the Company:

5.1 Mr. Peter Sheldon

5.2 Dr. Zvi Marom;

5.3 Mr. Ofer Barner.

5.4 Dr. Gideon Chitayat

- 6 Any other business.

Note 1: The dividend, if approved, will be paid on 18 July 2011 to all eligible shareholders on the register as at 24 June 2011. The corresponding ex-dividend date will be 22 June 2011. Part of the dividends arises through profits created in the Company's wholly owned subsidiary Telco Systems Inc.

Note 2: Details of the current remuneration terms under which the above directors are engaged are contained in the Annual Report. In addition to the directors mentioned in sections 5.1-5.4, there are two external independent directors currently holding office for a term of three years pursuant to the provisions of the Israeli Companies Law, 1999.

Dated: 13 May 2011

By order of the board  
Dr Zvi Marom  
Chief Executive Officer

Company number: 52-0042813

Registered office: Industrial Center Kfar Netter  
PO Box 3737, Kfar Netter, Israel.

1. A Shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and on a poll to vote instead of that member. A proxy need not be a member of the Company. The completion of a Form of Proxy will not prevent a member from attending and voting at the meeting. **In order to be valid, proxy forms must be lodged at either Capita Registrars, The Registry, 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.**
2. 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).
3. 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.

Where you have appointed a proxy using the hard-copy proxy form, please contact Capita Registrars.

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.

4. 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.
5. Depositary Interest holders wishing to attend the meeting should contact the Depositary at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 3:00 pm on 13 June 2011.
6. As at 11.00 on 13 May 2011, the Company's issued share capital comprised 402,830,820 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 on 13 May 2011 is 402,830,820.

7. If you do not have a Form of Proxy 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.
8. You may not use any electronic address provided either:
  - 8.1 in this notice of annual general meeting; or
  - 8.2 any related documents (including the chairman's letter and proxy form)to communicate with the Company for any purposes other than those expressly stated

**Form of proxy  
For use at the 2011 Annual General Meeting  
of BATM Advanced Communications Ltd.**

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 Wednesday, 15 June 2011 at 11 a.m.]

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.

**ORDINARY RESOLUTIONS**

	<b>FOR</b>	<b>AGAINST</b>
1. Receipt of directors' report and annual accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Acceptance of report of the remuneration committee	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of dividend for year 2010	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-appointment of auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. Election of directors		
5.1 Re-appointment of Peter Sheldon	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Re-appointment of Dr.Zvi Marom	<input type="checkbox"/>	<input type="checkbox"/>
5.3 Re-appointment of Ofer Barner	<input type="checkbox"/>	<input type="checkbox"/>
5.4 Re-appointment of Dr Gideon Chitayat	<input type="checkbox"/>	<input type="checkbox"/>

Notes:

1. This form of proxy to be valid must be deposited with Capita Registrars, The Registry, 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.

## Form of direction

**For use by holders of depositary interests representing shares on a one for one basis in the Issuer Company in respect of the Annual General Meeting of BATM Advanced Communications Limited, convened for Wednesday, 15 June 2011 at 11 a.m.**

I/We .....

of .....

being a holder of Depositary Interests representing shares in the Issuer Company 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 the Issuer Company 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.**

### ORDINARY RESOLUTIONS

	FOR	AGAINST
1. Receipt of directors' report and annual accounts	<input type="checkbox"/>	<input type="checkbox"/>
2. Acceptance of report of the remuneration committee	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of dividend for year 2010	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-appointment of auditors	<input type="checkbox"/>	<input type="checkbox"/>
5. Re-election of directors		
5.1 Re-appointment of Peter Sheldon	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Re-appointment of Dr.Zvi Marom	<input type="checkbox"/>	<input type="checkbox"/>
5.3 Re-appointment of Ofer Barner	<input type="checkbox"/>	<input type="checkbox"/>
5.4 Re-appointment of Dr Gideon Chitayat	<input type="checkbox"/>	<input type="checkbox"/>

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 notarially or otherwise certified copy of such power of attorney, must be deposited at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 72 hours before the time appointed for holding the meeting.

2. Depository Interest holders wishing to attend the meeting should contact the Depository at Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 3:00 pm on 13 June 2011.
3. Any alterations made to this Form of Direction should be initialled.
4. 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.
5. In the case of joint holders of Depository Interests, a Form of Direction completed by the senior holder will be accepted to the exclusion of a form of direction completed by any of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of Depository Interests in respect of the joint holding.
6. Please indicate how you wish your votes to be cast by placing "X" in the box 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.
7. The Depository will appoint the Chairman of the meeting as its proxy to cast your votes. The person appointed proxy may also vote or abstain from voting as he or she thinks fit on any other business (including amendments to resolutions) which may properly come before the meeting.