

28 January 2011

Dear Shareholder

Announcement of potential placing and acquisition by Telit Communications Plc (“Telit” or the “Company”)

Telit, a leading m2m wireless technology company, has this morning announced a conditional placing of 23,793,750 new Ordinary Shares at 80 pence per share to raise GBP19.0 million (before expenses) in order to finance the acquisition of the m2m business and assets of Motorola Israel Ltd., a wholly owned subsidiary of Motorola, Inc., for a sum of \$26.0 million.

Please find enclosed a shareholder circular setting out further details in relation to the above, and including a Notice of General Meeting which has been called in order to propose the resolutions required to approve the placing, as well as the Form of Proxy which you are required to complete and return to the Company’s registrars.

Yours sincerely,



Chicco Testa

Executive Chairman

The issue of this document has been approved by the directors of Telit. To the best of the knowledge and belief of the directors of Telit (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if you are resident outside the United Kingdom, another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your shares in Telit Communications Plc ("Telit" or the "Company"), you should send this document, together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom you sell or have sold or transferred your shares, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction where to do so might constitute a violation of local securities laws or regulation, including, but not limited to, the United States of America, Australia, Canada, the Republic of South Africa, the Republic of Ireland or Japan. If you sell or have sold or transferred only part of your holding of shares in Telit you should retain these documents and contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

This document does not constitute an offer of transferable securities to the public within the meaning of section 102B of FSMA. The issue of the Placing Shares pursuant to the Placing will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA and accordingly this document does not constitute a prospectus for those purposes.

The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Placing Shares will commence on AIM following receipt of Regulatory Approvals expected to be received on 8 March 2011 and no later than 31 March 2011.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made or will be made for admission of the Placing Shares to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Further, neither the UKLA nor the London Stock Exchange plc have examined or approved the contents of this document. Neither the Existing Ordinary Shares nor the Placing Shares are or will be traded on any other recognised investment exchange and no such applications have been or will be made for the Ordinary Shares or Placing Shares to be admitted to trading on any such exchange. Your attention is drawn to the Risk Factors set out in Part 2 of this document, notwithstanding this, recipients of this document should read the whole text of this document.

TELIT COMMUNICATIONS PLC

(Registered in England and Wales under the Companies Act 1985, number 05300693)

Proposed Placing of 23,793,750 new Ordinary Shares at 80 pence per Ordinary Share and Notice of General Meeting

Nominated adviser and broker



This document should be read in its entirety. Your attention is drawn to the letter from the Chairman which is set out on pages 9 to 16 of this document, and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.

Investec Investment Banking, a division of Investec Bank plc, which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company in connection with the Placing, and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Investec Investment Banking or for providing advice in relation to the proposals in this document or any other matter in relation to the contents of this document.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any Ordinary Shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on, in connection with any contract therefor. This document is not a prospectus for the purposes of compliance with the Prospectus Rules of the UKLA.

Set out at the end of this document is a Notice of a General Meeting of the Company, to be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX at 11.00 a.m. on 16 February 2011. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. To be valid the Form of Proxy should be signed and returned in accordance with the instructions printed thereon so as to be received by Capita Registrars PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR as soon as possible but in any event no later than 11.00 a.m. on 14 February 2011. Completion and posting of the Form of Proxy does not prevent a shareholder from attending and voting in person at the General Meeting.

A copy of this document will be available from the Company's website at www.telit.com. Notice of the General Meeting to be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX at 11.00 a.m. on 16 February 2011 is set out at the end of this document.

IMPORTANT INFORMATION

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in the United States, Canada, Australia, Japan, Republic of Ireland or Republic of South Africa or any jurisdiction in which such an offer or solicitation is unlawful. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended (the "US Securities Act"), or an exemption therefrom. The Existing Ordinary Shares have not been, and the Placing Shares will not be, registered under the US Securities Act, or under the laws of any state, district or other jurisdiction of the United States, Canada, Australia, Japan, Republic of Ireland or Republic of South Africa and no regulatory clearances in respect of the Placing Shares have been or will be applied for in any such jurisdiction and will not be offered or sold in the United States. No money, securities or other consideration is being solicited and, if sent in response to the information herein, will not be accepted.

The Placing Shares have not been and will not be registered under the US Securities Act and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Subject to certain exceptions, this document does not constitute an offer of Placing Shares to any person with a registered address, or who is resident, in the United States. There will be no public offer in the United States. Outside of the United States, the Placing Shares are being offered in reliance on Regulation S under the US Securities Act. The Placing Shares will not qualify for distribution under any of the relevant securities laws of Canada, Australia or Japan, nor has any prospectus in relation to the Placing Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the Placing Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in, into or from the United States, Canada, Australia or Japan. Overseas Shareholders and any person (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this document or confirmed the accuracy or adequacy of the information contained in this document. Any representation to the contrary is unlawful.

Members of the general public are not eligible to take part in the Placing. Shareholders who are not Relevant Persons are not entitled to participate. Only those persons (whether or not they are Shareholders) who are Relevant Persons have been invited to take part in the Placing.

Investec, which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser and broker to the Company. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, expressed or implied, is made by Investec or any of its directors, officers, employees or agents as to any of the contents of this document in connection with the Placing or any other matter referred to in the document. Investec will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

This document includes statements that are, or may be deemed to be, forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this document and include statements regarding the Directors' intentions, beliefs or current expectations concerning, amongst other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Any forward-looking statements contained in this document based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the AIM Rules or other applicable legislation or regulation, neither the Company nor Investec undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Undue reliance should not be placed on forward-looking statements, which speak only as of the date of this document. There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in expectations and assumptions used and changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.

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ADMISSION STATISTICS

Placing Price	80 pence per share
Number of Ordinary Shares in issue at the date of this Circular	77,169,734
Number of Placing Shares to be issued pursuant to the Placing	23,793,750
Number of Ordinary Shares in issue following the Placing	100,963,484
Percentage of Enlarged Issued Share Capital represented by the Placing Shares	23.6%
Gross Proceeds of the Placing	£19.0 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

This document posted to Shareholders (by first class post)	28 January 2011
Final time and date for receipt of forms of proxy in respect of the General Meeting	11.00 a.m. on 14 February 2011
General Meeting of the Company	11.00 a.m. on 16 February 2011
Expected date of Regulatory Approvals of Acquisition	on or before 8 March 2011
Admission expected to become effective and dealings in the Placing Shares expected to commence on AIM ³	11 March 2011
CREST accounts expected to be credited with Placing Shares ³	11 March 2011
Expected despatch of definitive share certificates for Placing Shares ³	11 March 2011
Expected date of Closing of Acquisition ³	14 March 2011

Notes:

1. If any of the details contained in the timetable above should change, the revised times and dates will be notified to Shareholders by means of an announcement through a Regulatory Information Service.
2. All references in this document are to London times.
3. These dates are indicative only. They depend, *inter alia*, on the date upon which the Asset Purchase Agreement becomes unconditional in all respects, in particular the receipt of the required Regulatory Approvals.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Enrico Testa (Executive Chairman) Oozi Cats (Chief Executive Officer) Yariv Dafna (Chief Financial Officer) Andrea Giorgio Mandel-Mantello (Independent Non-Executive Director) Alexander Sator (Non-Executive Director) Amir Scharf (Independent Non-Executive Director)
Company Secretary	Michael Galai
Registered Office	90 High Holborn London WC1V 6XX
Nominated Adviser and Broker	Investec Bank plc 2 Gresham Street London EC2V 7QP
Auditors	KPMG Audit Plc Altius House One North Fourth Street Milton Keynes MK9 1NE
Solicitors to the Company	Olswang LLP 90 High Holborn London WC1V 6XX
Solicitors to Investec	DLA Piper LLP 3 Noble Street London EC2V 7EE
Registrars	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA

DEFINITIONS

“Acquisition”	the acquisition, by Telit Israel, of Motorola m2m
“Act”	the Companies Act 2006
“Admission”	admission of the Placing Shares to trading on AIM and such admission becoming effective in accordance with Rule 6 of the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules governing the admission to and operation of AIM published by the London Stock Exchange from time to time
“APA” or “Asset Purchase Agreement”	the agreement dated 28 January 2011 between Telit Israel and Motorola relating to the purchase of the business, assets and certain liabilities of Motorola’s m2m modules division, based mainly in Israel
“Australia”	the Commonwealth of Australia, its states, territories and possessions
“Business Day”	a day (other than a Saturday or Sunday) when banks are usually open for business in London
“Canada”	Canada, its provinces, territories and all areas subject to its jurisdiction and any political sub-division thereof
“Capita”	the trading name of Capita Registrars Limited
“Code”	the City Code on Takeovers and Mergers
“Company” or “Telit”	Telit Communications Plc
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
“Directors” or the “Board”	the directors of the Company whose names appear on page 7 of this document
“Enlarged Issued Share Capital”	the Existing Ordinary Shares and the Placing Shares
“Euro”	the official currency of the European Union, introduced at the start of the third stage of European Economic and Monetary Union pursuant to the treaty establishing the European Community
“Existing Ordinary Shares”	the 77,169,734 Ordinary Shares in issue as at the date of this document
“FPO”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529)
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the General Meeting
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“GBP” or “£”	Pounds sterling
“General Meeting”	the general meeting of the Company, convened for 11.00 a.m. on 16 February 2011, and any adjournment thereof, notice of which is set out at the end of this document

“Group”	the Company and its subsidiary undertakings
“IFRS”	International Financial Reporting Standards
“Investec”	Investec Bank plc
“Japan”	Japan, its cities and prefectures, territories and possessions
“London Stock Exchange”	London Stock Exchange plc
“Motorola”	Motorola Israel Ltd., a wholly owned subsidiary of Motorola, Inc.
“Motorola m2m”	the business, assets and liabilities to be acquired by Telit Israel under the APA
“Notice of General Meeting”	the notice of General Meeting set out at the end of this document
“Ordinary Shares”	ordinary shares of 1p each in the capital of the Company
“Official List”	the official list of the UKLA
“Placing”	the placing of the Placing Shares at the Placing Price
“Placing Agreement”	the conditional agreement dated 28 January 2011 between the Company and Investec relating to the Placing
“Placing Price”	80 pence per Placing Share
“Placing Shares”	the 23,793,750 new Ordinary Shares to be issued pursuant to the Placing
“Proposals”	the Placing, Admission and the approval of the Resolutions
“Regulatory Approvals”	approvals from the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade & Labour as well as the Israeli Anti-Trust Authority
“Relevant Persons”	persons (i) who are investment professionals within Article 19(1) of the FPO; or (ii) who are persons falling within Article 49(1) of the FPO; or (iii) whom it may otherwise be lawful for the Company to communicate with in respect of the Placing and are persons who fall within section 86(7) of FSMA
“Resolutions”	the resolutions to be proposed at the General Meeting, set out in the Notice of General Meeting
“Shareholder”	a holder of Ordinary Shares
“Takeover Panel”	the Panel on Takeovers and Mergers
“Telit Israel”	Telit Wireless Solutions Ltd., a wholly-owned subsidiary of the Company
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the United Kingdom Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction
“US GAAP”	United States Generally Accepted Accounting Principles
“USD” or “\$”	United States dollars

TECHNICAL GLOSSARY

“CDMA”	Code Division Multiple Access, a “spread spectrum” technology, allowing several users to occupy the same time and frequency allocations in a given band/space
“GPRS”	General Packet Radio Service, a packet oriented mobile data service
“GSM”	Global System for Mobile communications, a digital mobile telephony system that is widely used in Europe and other parts of the world;
“HSDPA”	High-Speed Downlink Packet Access, an enhanced 3G mobile telephony communications protocol
“m2m”	Machine-to-Machine, referring to technologies that allow both wireless and wired systems to communicate with other devices of the same ability
“Protocol Stack”	a particular software implementation of network protocol layers that work together
“UMTS”	Universal Mobile Telecommunications Service, a 3G broadband, packet-based transmission of text, digitized voice, video, and multimedia
“WCDMA”	Wideband Code Division Multiple Access, a “spread spectrum” technology, allowing several users to occupy the same time and frequency allocations in a given band/space
“WiFi”	refers to wireless networking technology that allows computers and other devices to communicate over a wireless signal
“ZigBee”	a specification for a suite of high level communication protocols using small, low-power digital radios

PART 1

LETTER FROM THE CHAIRMAN



TELIT COMMUNICATIONS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with number 05300693)

Directors:

Enrico Testa *(Executive Chairman)*
Oozi Cats *(Chief Executive Officer)*
Yariv Dafna *(Chief Financial Officer)*
Andrea Giorgio Mandel-Mantello *(Independent Non-Executive Director)*
Alexander Sator *(Non-Executive Director)*
Amir Scharf *(Independent Non-Executive Director)*

Registered Office:

90 High Holborn
London
WC1V 6XX

28 January 2011

Dear Shareholder,

Proposed Placing and Notice of General Meeting

1. INTRODUCTION

The Company today announced its intention to raise £19.0 million (before expenses) by a proposed placing of 23,793,750 new Ordinary Shares at 80 pence per share in order to finance the acquisition of Motorola m2m from Motorola for a sum of \$26.0 million.

The purpose of this document is to provide you with details of the proposed Placing, to provide you with details of the Acquisition, to explain why the Directors consider the Placing to be in the best interests of the Company and its Shareholders, to seek your approval for the Resolutions at the General Meeting and to recommend that you vote in favour of the Resolutions which are necessary to approve and implement the Placing.

The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to grant the Board authority to allot the Placing Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares. Telit has received irrevocable undertakings to vote (or procure the vote) in favour of the Resolutions, in respect of 42,948,599 Ordinary Shares in aggregate representing approximately 55.7 per cent. of the Existing Ordinary Shares. The Placing, which has been fully underwritten by Investec, is also conditional upon Admission.

Set out at the end of this document is a notice convening a General Meeting for 11.00 a.m. on 16 February 2011 to be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX at which the Resolutions will be proposed.

2. REASONS FOR THE PROPOSED PLACING

General

The Company today announced its intention to raise £19.0 million (before expenses) in a proposed placing of 23,793,750 new Ordinary Shares at 80 pence per share with a number of institutional investors to finance, *inter alia*, the acquisition of Motorola m2m from Motorola for a sum of \$26.0 million.

Telit Israel entered into the APA on 27 January 2011. Pursuant to the APA, completion of the Acquisition is to occur two Business Days following Admission. Admission is conditional on, *inter alia*, shareholder

approval and receipt of Regulatory Approvals which include obtaining approvals from the Office of the Chief Scientist of the Israeli Ministry of Industry, Trade & Labour as well as the Israeli Anti-Trust Authority to the Acquisition. Approval is expected to be received within 30 to 35 days from the date of this document. As detailed in section 8 of this Part 1, the Company is in receipt of irrevocable undertakings to vote in favour of the Resolutions totalling 40,458,599 Ordinary Shares which represent 52.4% of the Existing Ordinary Shares.

Rationale for the Acquisition

The Directors believe that the benefits to Telit of acquiring Motorola m2m include:

- further expansion into the growing m2m market;
- opportunities for cross-selling of products and increased customer account development;
- enhanced research and development capabilities;
- a broadening of Telit's m2m product offering;
- enhancement of Motorola m2m's products through Telit's commitment to long-term product support; and
- other cost synergies (including through procurement efficiencies and utilisation of lower manufacturing costs).

Based on Telit's expected unaudited revenues for the year ended 31 December 2010 and information provided to the Directors by Motorola, the combined business would have had consolidated pro forma revenues of approximately \$180 million in 2010. Based on independent market forecasts, it is estimated that the combined business therefore would have had pro forma market share in excess of 20% for the year ended 31 December 2010.¹

The Directors believe that the Acquisition will be earnings enhancing to the Company in the first full year of ownership.

Risk factors in relation to the Company and the Acquisition are set out in Part 2 for consideration.

3. INFORMATION ON TELIT

Company overview

Telit is a wireless technology company which designs, develops, manufactures and markets internationally GSM, GPRS, UMTS, HSDPA, CDMA and short range RF (including WiFi and ZigBee) communication modules for m2m applications. The Company's technology and products enable other electronic devices and equipment manufacturers to utilise GSM and GPRS cellular infrastructure to relay and accept information without human intervention. m2m applications therefore enable machines, devices and vehicles to communicate via wireless networks.

Telit's m2m solutions utilise a proprietary Protocol Stack, the software for the cellular engine, that facilitates communication between industry vertical applications and a wireless network.

The Directors believe that Telit's ability to integrate its modules with a variety of different vertical applications on a highly-customised basis, combined with a lengthy period (typically 2-3 years) of tendering and then design work with a customer, assists it in developing strong relationships with its customers.

The Directors also believe that continued investment by Telit in its staff has enabled the Company to retain skill sets and domain experience throughout the economic downturn and has left Telit well positioned to take advantage of key growth drivers in the market. In particular, the Directors intend to focus on those sectors where growth is driven by regulatory change and where the Directors believe that m2m can deliver a strong return on investment to its customers. The Directors consider that the breadth of Telit's product portfolio, covering 2G, 2.5G and 3G cellular technologies as well as short range communication technologies, together with its strong brand and stable, experienced employee base leave the Company well positioned to capitalise on growing opportunities in an expanding market.

Telit sells its products both directly and through a global network of more than 30 distributors to approximately 1,000 customers, communications solution providers and systems integrators in more than 50 countries around the world.

¹ Beecham Research Market Brief: Worldwide Cellular M2M Modules Forecast, August 2010

Telit's headquarters are in Rome, Italy, with regional headquarters in Raleigh North Carolina, US and Seoul, Korea. Its research and development centres are in Trieste and Cagliari, Italy, Seoul, Korea and Sofia Antipolis, France, with regional sales offices in Brazil, China, Denmark, France, Germany, Israel, Italy, Korea, Russia, Spain, the Republic of South Africa, Taiwan, Turkey, the UK and the US. Telit currently employs approximately 350 employees worldwide.

Market overview

The m2m market is estimated to have been worth \$842 million in 2010 and to have grown by approximately 20% from the previous year. The market is forecast to grow at an average annual rate of approximately 17.0% during the period 2009-2014. The Directors believe that this growth will occur partly as a result of regulatory change, such as smart-metering programmes increasing demand for m2m applications, and partly due to the continued market expansion as unit prices decrease. It is estimated that the average m2m unit selling price decreased by over 26% between 2008 and 2010 and it is forecast that this trend will continue, albeit at a slower rate, but that this will be more than offset by growth in unit sales. The Directors believe that Telit is well positioned in the m2m market, and it is today considered to be the third largest global supplier of m2m modules by revenues.²

4. INFORMATION ON MOTOROLA M2M

Motorola m2m was established by Motorola in 2000 and specialises in the design, development, integration, evaluation and deployment of m2m applications worldwide and offers a variety of m2m modules for wireless technologies such as GSM, GPRS, CDMA and WCDMA.

Motorola m2m has more than 100 customers and distributors globally, and has developed partnerships with telecommunication carriers throughout the world.

Motorola m2m's headquarters are in Tel-Aviv, Israel, while manufacturing of its products is undertaken in Israel, China and Brazil. The majority of the relevant Motorola m2m employees are located in Israel, while others are located in the US, the UK, Germany, Brazil and Singapore. The business has not been operated as a standalone entity and has been dependent on the provision of centralised services from Motorola.

Unaudited accounting information provided by Motorola indicates that Motorola m2m's estimated financial performance on a standalone basis over the past three years is as stated below.

	Year to December 2007	Year to December 2008	Year to December 2009	Year to December 2010
<i>\$ million</i>				
Revenue	71.7	75.8	43.5	50.1
Gross profit	23.2	19.7	9.4	10.2

The Company's analysis of Motorola m2m's sales for the year ending 31 December 2010 indicates that the top ten customers contributed approximately 70% of revenues.

The decline in Motorola m2m's revenues from 2007 to 2009 was 39%, while the overall value of the m2m market fell by 29% over the same period. The Directors believe, based on discussions with and information provided by Motorola, that the additional decline in Motorola m2m revenues compared to the market in this period was principally the result of the loss of one major customer, following the termination of a significant project.

The financial information detailed above relating to Motorola m2m is based on US GAAP. The Directors do not believe that there will be any significant financial reporting adjustments and that Motorola m2m's financial performance would not materially differ if stated according to Telit's accounting policies under IFRS.

² Figures in this paragraph extracted from Beecham Research Market Brief: Worldwide Cellular M2M Modules Forecast, August 2010

5. TERMS OF THE ACQUISITION

Under the terms of the APA, Telit Israel has agreed to acquire Motorola m2m for an aggregate purchase price of \$26.0 million, subject to a post-completion adjustment based on the amounts of accounts receivable, inventory and tangible assets of Motorola m2m as at completion of the Acquisition. The assets and liabilities include:

- all rights relating to the existing product portfolio and customer database of the business;
- other assets related to the business including equipment, inventory and trade account receivables;
- warranty liability in relation to products already sold by the business (such warranties typically having a duration of 15 months);
- a perpetual licence of a certain Motorola software (known as P2K) used across some of the product portfolio; and
- approximately 40 employees.

Completion of the APA is conditional upon, *inter alia*, obtaining approvals from the office of the Chief Scientist of the Israeli Ministry of Industry, Trade and Labor as well as from the Israeli Anti-Trust Authority for the Acquisition and no material adverse change having occurred in relation to the business being acquired. Pursuant to the APA, it is provided that completion will occur two Business Days following Admission, and that Admission shall not occur until all other conditions to completion have been satisfied. Once Admission has occurred, the APA is not capable of termination or rescission by either party to it.

The APA contains warranties from Motorola in favour of Telit Israel in relation to, *inter alia*, the due preparation of financial information relating to the business, intellectual property, title to and condition of assets being acquired, compliance with law and employment matters. The APA contains warranties from Telit Israel to Motorola to the effect that, *inter alia*, it has due power and authority to enter into the APA, there is no current or pending litigation which would threaten Telit Israel's ability to complete the Acquisition and it has not relied upon any representations of Motorola in relation to the Acquisition, save for those expressly set out in the APA.

Telit has agreed to guarantee the obligations of Telit Israel under the APA. Pursuant to the terms of the guarantee, Telit agrees that if Telit Israel has defaulted in the performance of, or failed to adequately perform, any of its obligations or liabilities under the APA Telit agrees, upon demand, to unconditionally perform (or procure performance of) the relevant obligations or liabilities. Therefore if, for example, Telit Israel was found to be in breach of one of its warranties under the APA, Motorola could bring an action directly against Telit under the terms of the guarantee.

6. TRADING UPDATE

On 20 January 2011 the Directors announced that "the Company expects that unaudited revenues for the year ended 31 December 2010 will be at approximately \$132.0 million, an increase of 48% above revenues for the year to 31 December 2009 (2009: \$88.8m). Net debt is expected to be approximately \$7.8 million (2009: \$10.4m)."

Trading since 20 January 2011 has been in line with management expectations.

7. DETAILS OF THE PLACING

General

The Company proposes to raise £19.0 million (before expenses) through the issue of the Placing Shares at the Placing Price. The Placing is being carried out on a non-preemptive basis to institutional and other professional investors and has been fully underwritten by Investec, subject to the terms of the Placing Agreement. The expenses of the Placing are expected to be approximately £0.9 million. The Placing Price represents a premium of approximately 14.3 per cent. to the closing mid-market price of 70 pence per Ordinary Share on 27 January 2011, being the latest practicable dealing date prior to the date of this document. The Placing Shares will represent approximately 23.6 per cent. of the Enlarged Issued Share Capital.

The Placing Agreement

Pursuant to the terms of the Placing Agreement, Investec, as agent for the Company, has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. Investec has conditionally placed the Placing Shares with a number of institutional investors and other professional

investors at the Placing Price. The Placing has been fully underwritten by Investec, subject to the terms of the Placing Agreement.

The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed (without amendment) at the General Meeting, the APA having become unconditional in all respects (including receipt of Regulatory Approvals), the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms and Admission becoming effective on or before 8.00 a.m. on 11 March 2011 (or such later time and/or date as the Company and Investec may agree, but in any event by no later than 8.00 a.m. on 31 March 2011) (the “**Long Stop Date**”). The Company expects that the Regulatory Approvals shall be granted, and the APA shall otherwise become unconditional in all other respects within 30 to 35 days from the date of the APA. As such, if the Regulatory Approvals are granted later than 8 March 2011, then Admission accordingly will be delayed until after the receipt of the Regulatory Approvals. If the Regulatory Approvals are not granted by the Long Stop Date, Admission will not occur.

The Placing Agreement contains warranties from the Company in favour of Investec in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Investec in relation to certain liabilities it may incur in respect of the Placing. Investec has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a material breach of the warranties given to Investec in the Placing Agreement, the failure of the Company to comply in any material respect with any of their respective obligations under the Placing Agreement, the occurrence of a *force majeure* event or a material adverse change affecting the condition, or the earnings or business affairs or prospects of the Group as a whole, whether or not arising in the ordinary course of business.

Settlement and dealings

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares on AIM will commence at 8.00 a.m. on 11 March 2011.

The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. It is expected that CREST accounts will be credited with entitlements to Placing Shares as soon as possible after 8.00 a.m. on the day of Admission and that share certificates (where applicable) will be despatched by 11 March 2011.

The Company currently has 77,169,734 Ordinary Shares in issue. Immediately following Admission, the Company will have 100,963,484 Ordinary Shares in issue (subject to any issue of any Ordinary Shares pursuant to the Company’s share option schemes).

8. IRREVOCABLE UNDERTAKINGS

Telit has received irrevocable undertakings to vote (or procure the vote) in favour of the Resolutions at the General Meeting, from the following shareholders:

Name	Shares
Boostt B.V.	15,600,000
Algebris Global Financials Master Fund	14,812,500
SapfiKapitalmanagement GmbH	5,585,742
Oozi Cats	3,110,357
Kairos Partners SGR	2,490,000
Techvisory S.A.	750,000
Wireless Solutions Management S.r.l.	500,000
Dominikus Hierl	50,000
Yariv Dafna	50,000
Total	42,948,599

The Directors and connected persons have irrevocably undertaken to vote (or procure the vote) in favour of the Resolutions in respect of their entire beneficial shareholdings in the share capital of Telit, amounting in aggregate to 25,596,099 Ordinary Shares, representing approximately 33.2 per cent. of the Existing Ordinary Shares.

In total, therefore, Telit has received irrevocable undertakings to vote (or procure the vote) in favour of the Resolutions at the General Meeting, in respect of 42,948,599 Ordinary Shares in aggregate representing approximately 55.7 per cent. of the Existing Ordinary Shares.

9. RELATED PARTY TRANSACTION

Due to its holding of over 10 per cent. of the Existing Ordinary Shares, the participation in the Placing of Algebris Global Financials Master Fund (which currently has direct control over 19.2% of the Existing Ordinary Shares) is deemed to be a transaction with a related party under the AIM Rules. Algebris has conditionally subscribed for 7,500,000 Placing Shares which will result, following completion of the Placing, in the holding of Algebris Global Financials Master Fund representing approximately 22.1% of the Enlarged Issued Share Capital. Algebris Global Financials Master Fund has participated in the Placing on the same terms as all other places.

The Directors, having consulted with the Company's nominated adviser, Investec, consider that the related party transaction is fair and reasonable insofar as Shareholders are concerned.

10. ARRANGEMENTS RELATING TO SHARES HELD BY BOOSTT B.V.

Boostt B.V. ("**Boostt**") together with its connected persons are currently interested in 19,960,357 Ordinary Shares in aggregate (being approximately 25.9% of the Existing Ordinary Shares), and is controlled in equal 50 per cent. parts by, firstly, Wireless Solutions Management S.L. ("**WSM**") and its corporate parent Techvisory S.A. ("**Techvisory**") (and through which Enrico Testa holds an interest) and, secondly, by Oozi Cats, a director of the Company and its CEO. Boostt has entered into financing arrangements in relation to the Ordinary Shares held by it, such arrangements as at the date of this circular being as summarised below. Announcements will be made by the Company as appropriate when it is notified by Boostt of any change in these arrangements.

As previously announced by the Company, on 16 April 2007 Boostt entered into an agreement with Polar Investments Limited ("**Polar**") (the "**Boostt Share Purchase Agreement**") pursuant to which it purchased 12 million Ordinary Shares from Polar, which was at the time the controlling shareholder of the Company. Pursuant to the Boostt Share Purchase Agreement, 50% of the consideration was paid by Boostt immediately, and the remaining 50% was to be paid in six equal interest-bearing instalments beginning in November 2009 and every six months thereafter, with the interest being payable every six months beginning from 4 November 2007. 6 million Ordinary Shares were transferred to Boostt by Polar in May 2007 and 6 million were charged in favour of Polar and placed in escrow (the "**Escrow Shares**"), to be released to Boostt in proportion to the payment of the instalments or to Polar, in the event that the instalments were not paid. Subject to the escrow arrangements, and according to the provisions of the Boostt Share Purchase Agreement, Boostt has, from 16 April 2007, been entitled to exercise all rights attaching to all of the 12 million Ordinary Shares purchased, including but not limited to the rights to nominate directors, voting rights and the right to participate in dividends and other distributions.

Shares held in escrow

As at the date of this document, 6 million Ordinary Shares remain in escrow pursuant to these arrangements. In July 2010, Boostt and Polar agreed a change in the terms of payment under the Boostt Share Purchase Agreement, pursuant to which it is provided that the consideration due from Boostt is to be settled in full by no later than 1 July 2011 and that upon such settlement the Escrow Shares will be released from escrow. If settlement is not made by 1 July 2011, then Polar will be entitled to enforce its security and take a transfer of the Escrow Shares.

Shares charged to related parties of Boostt

Telit announced on 24 April 2009 that it had been notified that Boostt had granted a charge in favour of Boostt's shareholders over 6 million of the Ordinary Shares held by it (the "**Charged Shares**"). The charge was granted because Boostt's shareholders had financed the purchase of the Charged Shares.

Since 10 December 2010, Boostt has charged a further 3,000,000 of its Ordinary Shares to related parties of Boostt in order to secure certain funding used to repay part of the loan noted below.

Shares charged in favour of a third party finance provider

As previously announced by the Company, Boostt subscribed for, in aggregate, 3.5 million further Ordinary Shares in July 2009 and December 2009. Boostt has since notified Telit that it secured a bank loan of €0.9 million in order to fund these subscriptions, and secured this financing by charging 9.6 million

Ordinary Shares (being all of the Ordinary Shares (including the Charged Shares) held directly by Boostt except for the Escrow Shares) to the bank. This charge has since been partially released in relation to 3 million Ordinary Shares as a result of the part repayment noted above. 6.6 million of the Charged Shares accordingly remain subject to charges in favour of both the shareholders of Boostt and a third party lender.

11. APPLICABILITY OF THE TAKEOVER CODE

Although the Company has its registered office in England, the place of central management and control of the Company is currently located outside the UK, the Channel Islands and the Isle of Man. Accordingly, the Takeover Panel has confirmed that the Company is not subject to the Code and Shareholders will not be afforded any protections under the Code. The Company notes that this is contrary to certain statements contained in the Company's AIM admission document dated 30 March 2005.

If circumstances change, including if further changes to the Board are made, the Company will consult with the Takeover Panel to ascertain whether this will affect the place of central management and control of the Company. If the Takeover Panel determines that, as a result of such changes, the place of central management and control of the Company is located in the UK, the Channel Islands or the Isle of Man such that the Code then becomes applicable to the Company, an announcement will be made.

As Telit is not currently a company subject to the Code, Shareholders are currently able to increase their interests in voting rights in Telit to 30% or more without having to make a mandatory offer under the Code.

12. CORPORATE GOVERNANCE

Telit intends to strengthen its Board in the near future with the appointment of an additional experienced non-executive director to provide further guidance to the Company.

13. GENERAL MEETING

The proposed Placing is conditional upon, *inter alia*, the passing of the Resolutions at the General Meeting. You will find set out at the end of this document a notice convening the General Meeting for the purpose of considering and if thought fit approving the Resolutions.

The Resolutions to be proposed at the General Meeting are as follows:

Resolution 1 – authority to allot the Placing Shares

Resolution 1 is an ordinary resolution which will authorise the Directors to allot the Placing Shares. Unless revoked, varied or extended, such authority shall expire on the date of the next Annual General Meeting or 31 July 2011, whichever is the earlier.

Resolution 2 – disapplication of pre-emption rights in relation to the Placing Shares

Resolution 2 is a special resolution which will disapply statutory pre-emption rights in relation to the issue of the Placing Shares. Unless revoked, varied or extended, such resolution shall cease to have effect on the date of the next Annual General Meeting or 31 July 2011, whichever is the earlier.

In accordance with section 571(5) of the Act, the Directors believe that the proposed disapplication of pre-emption rights as detailed in Resolution 2 will be necessary in order to carry out the Placing, which is to be effected at the Placing Price.

Resolution 3 – general disapplication of pre-emption rights

Resolution 3 is a special resolution which, subject to the passing of resolutions 1 and 2, extends the authority previously granted to the Directors at the Company's 2010 Annual General Meeting to allot shares in the Company up to a nominal value of £100,963 as if statutory pre-emption rights did not apply (such that the Company may, in accordance with institutional investor guidelines, issue approximately 10% of the Enlarged Issued Share Capital without such pre-emption rights applying). Before any exercise of the authority sought under this resolution, the Company would consult its Nominated Adviser regarding the terms and conditions of any issue. Unless revoked, varied or extended, such resolution shall cease to have effect on the date of the next Annual General Meeting or 31 July 2011, whichever is the earlier.

Recommendation

The Directors believe that the proposed Placing is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions.

The Directors intend to vote in favour of the Resolutions at the General Meeting in respect of their own beneficial holdings which amount, in aggregate, to 25,596,099 Ordinary Shares, representing approximately 33.2 per cent. of the Existing Ordinary Shares.

Action to be taken

A Form of Proxy is enclosed with this document. Whether or not you intend to be present at the General Meeting, you are asked to complete and return it in accordance with the instructions printed thereon as soon as possible but in any event so as to arrive not later than 11.00 a.m. on 14 February 2011. Completion and return of the Form of Proxy does not preclude you from attending the General Meeting and voting in person, if you so wish. Accordingly, whether or Shareholders intend to attend the General Meeting they are asked to complete and return the enclosed Form of Proxy as soon as possible.

Yours faithfully

Enrico Testa
Executive Chairman

PART 2

RISK FACTORS

In addition to all of the other information set out in this document, the following specific factors should be considered carefully in evaluating whether to make an investment in the Company. If you are in any doubt about the action you should take, you should consult a personal adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Group's business, financial conditions, results or future operations could be materially adversely affected. In such cases, the market price of the Company could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial may also have an adverse effect upon the Company.

1. The Acquisition

There can be no guarantee that the Acquisition will be a success. As a result, resources may be expended on integration work without realising value for Shareholders.

2. Regulatory approval

If the Regulatory Approvals are not obtained, then the Acquisition will not complete and the Placing will not occur. In such circumstances, the fees and resources committed to the Placing and the Acquisition will not realise value for Shareholders, and the Company would need to consider alternative growth plans.

3. Ability to integrate Motorola m2m into the Group

The Acquisition is expected to place significant demands on management, support functions, accounting and financial control, sales and marketing and other resources and would involve a number of risks, including:

- the difficulty of assimilating operations and personnel of acquired companies into Telit's operations;
- the potential disruption of ongoing business and distraction of management;
- the difficulty of integrating acquired technology and rights into Telit's products and services and unanticipated expenses related to such integration;
- the potential for patent infringement claims;
- the impairment of relationships with customers and partners of Motorola m2m or in Telit's customers and partners as a result of the integration of the Acquisition;
- the impairment of relationships with employees as a result of integration of new employees;
- the difficulty of integrating Motorola m2m's accounting, management information, human resources and other administrative systems of acquired companies;
- manufacturer dependencies; and,
- shortage of stock.

The successful integration of Motorola m2m into the Group is critical to achieving many of the benefits that the Directors believe should result from the Acquisition. Delays or problems with this integration could result in the Group incurring significant costs and could adversely affect the business of the Group.

Although the Directors believe that this is unlikely, issues may come to light during the course of the integration that may have an adverse effect on the financial condition and results of operation of the Group.

The Company can offer no assurance that it will realise potential benefits of the Acquisition (including, without limitation, cost savings) to the extent and within the timeframe contemplated. If the Company is unable to manage Motorola m2m successfully, it could have a negative impact on the results of operations or financial condition of the Group.

4. Market growth

Telit's future success is dependent in a large part on the continued growth in the overall size of the m2m market which is, in turn, a product of the number of m2m modules sold and the average selling price of an m2m module. A decline in either (i) the average selling price or the number of units sold which is not matched by a proportionate increase in the other, or (ii) a decline in both the average selling price and the number of units sold, would decrease Telit's addressable market and its growth opportunities.

5. Successful growth management

Telit's future success will depend in part on its ability to manage its anticipated expansion. If Telit is unable to manage its expansion effectively, including through its control environment, then its business, financial condition and results of operations could suffer an adverse effect.

6. Telit's strategy

The Company's strategy carries inherent risks and there can be no guarantee that the objectives of the Company will be achieved.

7. Competition

Telit has experienced, and expects to continue to experience, strong competition from a number of companies. Telit's competitors may announce or develop new products, services or enhancements that better meet the needs of customers or changing industry standards. Further, new competitors or alliances among competitors could emerge. Increased competition may cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on Telit's business, financial condition and results of operations.

Some of Telit's competitors and potential competitors have significantly greater financial resources than Telit and have a larger installed base of products or longer operating histories. Telit's competitors may be able to respond more quickly than Telit can to changes in customer requirements and devote greater resources to the enhancement, promotion and sale of its products.

8. Key management

Telit depends on the services of its key technical, sales, marketing and management personnel. The loss of the services of any of these persons could have a material adverse effect on Telit's business, results of operations and financial condition. Telit's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel in its various geographical locations. Competition for such personnel can be intense, and Telit cannot give assurances that it will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. Telit's inability to attract and retain the necessary technical, sales, marketing and management personnel may adversely affect its future growth and profitability.

9. Tax

The Company is subject to the effect of future changes in tax legislation and practice in the United Kingdom and any other tax jurisdiction affecting the Company or any other company within its group and such changes could materially and adversely affect the the Company's ability to achieve its business objectives, decrease post-tax returns to Shareholders.

Further, and as announced on 15 November 2010, the Company's Italian subsidiary, Telit Communications SpA, has received an assessment from the Italian tax authorities in the amount of approximately €2.7 million in connection with the 2005 tax year. As disclosed in the Company's

2009 annual report, its Israeli subsidiary, Dai Telecom Limited, is subject to an assessment by the Israeli customs and sales tax authority in relation to custom duties payable in respect of imports into Israel. It is possible that any attempts to challenge these assessments will not prove successful, and that provisions made against the liabilities will prove to be insufficient, which in either case could have a material adverse effect on Telit's business, financial condition and results of operations.

10. Financing

Telit relies on recourse to advanced invoicing bank finance. There is a risk that this financing will cease to be available to the Company in the future, potentially at short notice. Should such finance cease to be available there is a risk that the Company may not be able to secure alternative financing. The lack of availability of such financing could have a material adverse effect on Telit's business, financial condition or results of operations.

11. Significant shareholder

Following the Placing, Algebris Global Financials Master Fund will increase its shareholding from approximately 19.2% to 22.1% of the Enlarged Share Capital. As a result, Algebris Global Financials Master Fund will be able to exert significant influence over the Company with respect to its corporate affairs without requiring shareholder approval.

12. Risk to share price caused by Boostt loans

There is a risk that Boostt may have to sell a number of shares in order to fulfil its loan obligations or as a result of the enforcement of the security arrangements summarised in Part 1 of this document, which could have a material impact on the Company's share price performance.

The market price of Ordinary Shares could decline significantly as a result of any sales of Ordinary Shares by significant shareholders, or the perception that these sales could occur.

13. Product lifespan, technological change and product development

The Company is in a market that sees continuous technological development. If competitors introduce new products that employ new technologies, or if new industry or government standards and practices emerge, Telit's existing technology and systems may become obsolete. The future success of the Company will depend, *inter alia*, on Telit's ability to:

- enhance its existing products and services;
- address the increasingly sophisticated and varied needs of its customers; and
- respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis.

Developing Telit's technology and product range entails significant technical and business risks. The Group may use or procure new technologies ineffectively or fail to adapt its systems to customer requirements or emerging industry standards. If Telit faces material delays in introducing new products, services or enhancements, it may be at a significant competitive disadvantage.

The markets for Telit's products and services are characterised by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. Changing customer requirements and the introduction of products embodying new technology and the emergence of new industry standards can render Telit's existing products obsolete and unmarketable and can exert downward pressures on the pricing of existing products. It is critical to the success of Telit to be able to anticipate changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. Telit cannot give assurances that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhancing existing products by others will not render Telit's products obsolete. Telit's inability to develop products that are competitive in technology and price and meet customer needs could have a material adverse effect on Telit's business, financial condition or results of operations.

The Group may need to incur substantial product development expenditure to keep pace and ensure compatibility with new technology in its target markets. If Telit fails to develop and introduce

new products, services or enhancements on a timely basis, its products and services may no longer be acceptable in the marketplace and Telit may be unable to attract new customers or retain existing customers.

Additionally, as is normal in the software and hardware industry, Telit has in the past experienced delays in the development, introduction and marketing of new or enhanced products, and there can be no assurance that Telit will not experience similar delays in the future. Any significant delays in product development or introduction could have a material adverse effect on Telit's business, financial condition and results of operations.

14. Dependence upon key intellectual property and risk of infringement

Telit's success depends in part on its ability to protect its rights in its intellectual property. Telit relies upon various intellectual property protections, including patents, copyright, trademarks, trade secrets and contractual provisions to preserve its intellectual property rights. Despite these precautions, it may be possible for third parties to obtain and use Telit's intellectual property without its authorisation.

Policing unauthorised use of intellectual property is difficult and some foreign laws do not protect proprietary rights to the same extent as the laws of the United Kingdom. To protect Telit's intellectual property, Telit may become involved in litigation, which could result in substantial expenses, divert the attention of its management, cause significant delays, materially disrupt the conduct of Telit's business or adversely affect its revenue, financial condition or results of operations.

The industry in which the Company operates has many participants that own, or claim to own, proprietary intellectual property. In the past the Company has received, and in the future may receive assertions or claims from third parties alleging that the Company's products violate or infringe their intellectual property rights. The Company may be subject to these claims directly or through indemnities against these claims which the Company has provided to certain customers. Rights to intellectual property can be difficult to verify and litigation may be necessary to establish whether or not we have infringed the intellectual property rights of others. In many cases, these third parties may be companies with substantially greater resources than the Company, and they may be able to, and may choose to, pursue complex litigation to a greater degree than the Company could. Regardless of whether these infringement claims have merit or not, the Company may be subject to the following:

- the Company may be liable for potentially substantial damages, liabilities and litigation costs, including legal fees;
- the Company may be prohibited from further use of the intellectual property and may be required to cease selling its products that are subject to the claim;
- the Company may have to license the third party intellectual property, incurring royalty fees that may or may not be on commercially reasonable terms. In addition, there is no assurance that the Company will be able to successfully negotiate and obtain such a license from the third party;
- the Company may have to develop a non-infringing alternative, which could be costly and delay or result in the loss of sales. In addition, there is no assurance that the Company will be able to develop such a non-infringing alternative;
- the diversion of management's attention and resources;
- the Company's relationships with customers may be adversely affected; and
- the Company may be required to indemnify its customers for certain costs and damages they incur in such a claim.

In the event of an unfavourable outcome in such a claim and the Company's inability to either obtain a license from the third party or develop a non-infringing alternative, then the Company's business, operating results and financial condition may be materially adversely affected and the Company may have to restructure its business.

15. Strategic partnerships

Part of Telit's strategy is to leverage its relationships with strategic and manufacturing partners. There can be no guarantee that Telit will be able to enter into further strategic alliances or

partnership arrangements, or that potential and existing partners will not enter into relationships with competitors. The Group's failure to establish further strategic alliances or the loss of existing partners could have a material adverse effect on its business and financial condition.

16. Government and legislative change

There may be changes in future government policy in relation to mobile and wireless telecommunications which may have a material effect on Telit's business.

17. Further issues of Ordinary Shares

It may be desirable for the Company to raise additional capital by way of the further issue of Ordinary Shares to enable the Company to progress through further stages of development. Any additional equity financing may be dilutive to Shareholders. There can be no assurance that such funding, if required, will be available to the Company.

18. Non-applicability of the Code

The Company is not subject to the Code as the place of central management and control of the Company is currently located outside of the UK, the Channel Islands and the Isle of Man. The Takeover Panel does not regard the Company as resident in the UK, the Channel Islands or the Isle of Man and therefore, Rule 9 of the Code (which requires a shareholder acquiring shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company to make a mandatory offer for all remaining equity capital of the company) does not apply. Accordingly, a takeover of the Company would not be regulated by the Takeover Panel.

19. System failures and breaches of security

The successful operation of Telit's business depends upon maintaining the integrity of Telit's computer, communication and information technology systems. However, these systems and operations are vulnerable to damage, breakdown or interruption from events which are beyond Telit's control. Any such damage or interruption could cause significant disruption to the operations of Telit. This could be harmful to Telit's business, financial condition and reputation and could deter current or potential customers from using its services. There can be no guarantee that Telit's security measures in relation to its computer, communication and information systems will protect it from all potential breaches of security, and any such breach of security could have an adverse effect on Telit's business, results of operations or financial condition.

20. Foreign Exchange

Part of Telit's revenue and expenses denominated in either USD or Euros. As a result, fluctuations in the exchange rate between either USD or the Euro can have a material impact on Telit's financial results.

21. Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, Telit's results of operations, financial condition, liquidity, prospects, growth, strategies and Telit's markets.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual results and developments could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to Telit's operations, results of operations,

growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

RISKS RELATING TO THE ORDINARY SHARES

1. Investment in unlisted securities

Investment in shares traded on AIM is perceived to involve a higher degree of risk and be less liquid than investment in companies whose shares are listed on the Official List. An investment in Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Company. Investors may therefore realise less than, or lose all of, their investment.

2. Suitability

An investment in the Ordinary Shares may not be suitable for all recipients of this document. Investors are accordingly advised to consult an appropriate person authorised under the FSMA before making their decision.

3. Share price volatility and liquidity

The share price of quoted emerging companies can be highly volatile and shareholdings illiquid. The price at which the Ordinary Shares are quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect quoted companies generally. These factors could include the performance of the Company, large purchases or sales of the Ordinary Shares, legislative changes and general economic, political or regulatory conditions.

TELIT COMMUNICATIONS PLC

(Incorporated in England and Wales under the Companies Act 1985 with Registered Number 05300693)

NOTICE OF GENERAL MEETING

NOTICE is hereby given that a General Meeting of the Company will be held at the offices of Olswang LLP, 90 High Holborn, London WC1V 6XX on 16 February 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following Resolutions, of which resolution 1 will be proposed as an ordinary resolution and resolutions 2 and 3 will be proposed as special resolutions:

ORDINARY RESOLUTION

1. THAT, without prejudice and in addition to any other authority conferred upon the directors under section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006, the directors be and are hereby generally and unconditionally authorised under section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares of the Company up to an aggregate nominal amount of £237,937.50 in connection with the Placing (as such term is defined in the circular sent to members of the Company dated 28 January 2011 (the “**Circular**”)) and unless previously renewed, revoked, varied or extended this authority shall expire on the date of the next Annual General Meeting or 31 July 2011 whichever is the earlier save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted after this authority expires and the directors may allot shares pursuant to such offer or agreement as if this authority had not expired.

SPECIAL RESOLUTIONS

2. THAT, conditional only upon the passing of resolution 1 and without prejudice and in addition to any other power conferred upon the directors under section 95 of the Companies Act 1985 or section 570 of the Companies Act 2006 the directors be and are hereby generally empowered, pursuant to section 570 of the Companies Act 2006, to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred by resolution 1, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £237,937.50 in connection with the Placing, and unless previously renewed, revoked, varied or extended this resolution shall cease to have effect on the date of the next Annual General Meeting or 31 July 2011 whichever is the earlier save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after that expiry and the directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired.
3. THAT, conditional only upon the passing of resolutions 1 and 2, the general power granted to the directors by special resolution passed at the Company’s Annual General Meeting held on 30 June 2010 in accordance with section 570 of the Companies Act 2006 be varied such that the directors are empowered to allot equity securities (as defined by section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by resolution passed at the Company’s Annual General Meeting held on 30 June 2010 or by way of a sale of treasury shares, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of treasury shares:
 - 3.1 in connection with an offer by way of a rights issue:
 - 3.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - 3.1.2 to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - 3.2 (otherwise than pursuant to paragraph 3.1 above) up to an aggregate nominal amount of £100,963.

The power granted by this resolution will expire on 31 July 2011 or, if earlier, the conclusion of the Company's next annual general meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

Dated 28 January 2011

By order of the Board

Michael Galai
Company Secretary

Registered Office:

90 High Holborn
London
WC1V 6XX

Notes:

1. Only those members registered in the Register of Members of the Company as at 11.00 a.m. on 14 February 2011 shall be entitled to attend and vote at the meeting convened above in respect of the number of shares registered in their names at that time. This time will still apply for the purpose of determining who is entitled to attend and vote if the General Meeting is adjourned from its scheduled time by 48 hours or less. If the General Meeting is adjourned for longer, members who wish to attend and vote must be on the Company's register of members by two days before the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting. Any such member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A proxy need not be a member of the Company. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman of the meeting) and give your instructions directly to them.
3. A form of appointment of proxy is enclosed. To appoint a proxy using this form, this form must be completed and signed, sent or delivered to Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney of the company. If you return more than one proxy appointment that received last by the registrar before the latest time for the receipt of proxies will take precedence.
4. The form of proxy includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any particular resolution.
5. The appointment of a proxy and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with the Company's registrar at the address shown on the form of proxy not later than 11.00 a.m. on 14 February 2011 or 48 hours before the time for holding any adjourned meeting or (in the case of a poll not taken on the same day as the meeting or adjourned meeting for the taking of the poll at which it is to be used).
6. A shareholder which is a corporation may authorise one of more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporate) the same powers as the corporate could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

TELIT COMMUNICATIONS PLC

Form of Proxy for use at General Meeting to be held on 16 February 2011

Please insert full name

I/We (please use block letters)

of

being (a) member(s) of Telit Communications Plc (the "Company") hereby appoint the Chairman of the meeting, or (see Note 3)

Number of shares in relation to which the proxy is authorised to act

(Insert name(s) here in block letters) as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at 7th Floor, 90 High Holborn, London WC1V 6XX on 16 February 2011 at 11.00 a.m. and at any adjournment of the meeting.

Signed (see Notes 4 and 5)

Dated 2011

<input type="checkbox"/>	Please tick here if this proxy appointment is one of multiple appointments being made (see Note 1)
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Please indicate with an X in the spaces below how you wish your votes to be cast (see Note 6)

ORDINARY RESOLUTION	For	Against	Vote Withheld
1 To grant the directors authority to allot shares pursuant to Section 551 Companies Act 2006, up to a nominal amount of £237,937.50 in connection with the Placing (as such term is defined in the circular to members of the Company dated 28 January 2011).			
SPECIAL RESOLUTIONS			
2 To disapply pre-emption rights in respect of allotments of equity securities made by the directors pursuant to the authority granted by resolution 1, pursuant to Section 571 Companies Act 2006.			
3 To extend the general power granted to the Directors at the Company's 2010 AGM to allot equity securities as if statutory pre-emption rights did not apply so that such power is (save for in certain circumstances) limited to an aggregate nominal amount of £100,963.			

- NOTES:
- 1 A member of the Company entitled to attend, speak and vote on the above General Meeting may appoint one or more proxies to attend, speak and vote instead of him. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.
 - 2 This form of proxy together with any power of attorney or other written authority under which it is signed, or a certified copy of such power or authority, must be deposited at Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before (i) the time of the meeting, being 11.00 a.m. on 14 February 2011; or (ii) any adjournment of the meeting.
 - 3 A person other than the Chairman of the meeting may be appointed by a member inserting the name and address in the space provided. The proxy need not be a member of the Company. To appoint more than one proxy you may photocopy this form. Please indicate in the box the number of shares in relation to which they are authorised to act as your proxy. Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope. If you sign and return the form and leave this box blank, your proxy will be deemed to be authorised to act in respect of your full voting entitlement (or if this form of proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
 - 4 In the case of a corporation, this form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation. If the appointor is not a corporation, this proxy must be executed under the hand of the appointor or of his duly authorised attorney.
 - 5 In the case of joint holders, 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 any joint holders. For these purposes, seniority shall be determined by the order of the names appearing in the Register of Shareholders in respect of the joint holding.
 - 6 Please indicate with an "X" in the appropriate box how you wish to vote. If this form of proxy is returned signed, but without indication in the manner provided for above, the proxy will vote or abstain as he thinks fit, in respect of the member's total holding.
 - 7 The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
 - 8 Shares held in an uncertified form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedure set out in the CREST manual.
 - 9 Any alteration made to this form of proxy should be initialled.
 - 10 Completion and return of a form of proxy will not affect the right of a member to attend and vote at the meeting.