

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant, bank manager or other financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriate independent financial adviser if you are resident in any territory outside the United Kingdom.

If you have sold or transferred, or sell or transfer prior to 6.00 p.m. (UK time) on 6 November 2008, your ordinary shares in Pilat Technologies International Ltd., please send this document, together with the related form of proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was effected, for onward transmission to the purchaser or transferee. If you have sold or transferred, or sell or transfer as above, part only of your holding of shares in Pilat Technologies International Ltd., please consult the stockbroker, bank or agent through whom the sale or transfer was effected.

Pilat Technologies International Ltd.

(Registered in Israel with number 520043001)

Proposed cancellation of admission to trading on AIM of Ordinary Shares

Proposals for the appointment and removal of certain Directors

Notice of General Meeting

Your attention is drawn to the letter from the Chairman set out on page 4 of this document which contains the unanimous recommendation of the Directors that you vote in favour of the Cancellation Resolution to be proposed at the General Meeting to be held at 9 Habarzel St., Tel Aviv 69710, Israel at 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 4 December 2008. The letter also provides details of the Requisition, the Director Resolutions and resolutions to be proposed at the General Meeting relating to the appointment of the Company's Chairman as General Manager and the appointment of auditors.

Notice of the General Meeting is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive at the office of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK as soon as possible and, in any event, not later than 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 2 December 2008 or 48 hours before the time for holding any adjourned meeting. Completion of a Form of Proxy will not preclude a Shareholder from attending and voting at the meeting in person.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication date of this document	3 November 2008
Determining date for the purpose of eligibility to vote at the General Meeting	6 November 2008
Latest time and date for receipt of Forms of Proxy	9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 2 December 2008
General Meeting	9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 4 December 2008
Cancellation of admission to trading on AIM of the Ordinary Shares	with effect from 8.00 a.m. (UK time) on 12 December 2008

DEFINITIONS

“AIM”	AIM, the market operated by the London Stock Exchange plc
“AIM Rules”	the London Stock Exchange AIM Rules for Companies
“Cancellation”	the proposed cancellation of admission to trading on AIM of the Ordinary Shares
“Cancellation Resolution”	the resolution numbered 1 set out in the Notice of General Meeting relating to the Cancellation
“Clal”	Clal Finance Ltd., a provider of financial services in Israel
“Company” or “Pilat”	Pilat Technologies International Ltd.
“Director Resolutions”	the resolutions numbered 2 to 7 set out in the Notice of General Meeting relating to the matters set out in the Requisition
“Directors” or “Board”	the board of directors of Pilat whose names appear on page 4 of this document
“Form of Proxy”	the form of proxy for use at the General Meeting or at any adjournment thereof
“General Meeting”	the General Meeting of the Company convened for 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 4 December 2008 and any adjournment thereof
“Notice of General Meeting”	the notice of General Meeting which is set out on page 8 of this document
“Ordinary Shares”	fully paid ordinary shares of NIS 0.01 each in the capital of the Company, and “Ordinary Share” means any one of them
“Requisition”	the requisition for a General Meeting received by the Company on 19 October 2008 from certain Shareholders relating to the proposed removal of three existing Directors and the appointment of three new directors to the Board
“Resolutions”	the Cancellation Resolution, the Director Resolutions and resolutions relating to the appointment of the Chairman as General Manager of the Company and the appointment of auditors to the Company
“Shareholders”	holders of the Ordinary Shares and “Shareholder” means any one of them
“TASE”	Tel Aviv Stock Exchange

LETTER FROM THE CHAIRMAN

Directors:

Michael Zuckerman, *Non-Executive Chairman*
David Sapiro, *Chief Executive Officer*
Chaim Helfgott, *Company Secretary and General Counsel*
Trevor Toolan, *Non-Executive Director*
Dr. Batami Sadan, *Independent, Non-Executive, External Director*
Amir Shomroni, *Independent, Non-Executive, External Director*

Registered Office:

9 Habarzel St.
Ramat Hachayal
Tel Aviv 69710
Israel

3 November 2008

Dear Shareholder

PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM AND OTHER RESOLUTIONS

Introduction

On 30 October 2008 the Company announced that it would seek Shareholder approval for the cancellation of the admission to trading on AIM of the Ordinary Shares. In addition, on 20 October 2008, the Company announced that certain Shareholders had submitted a requisition for a general meeting relating to the proposed removal of three existing Directors from the Board and the appointment of three new directors.

The Board has also decided to include in the agenda of the General Meeting two additional resolutions approving (a) Michael Zuckerman to act as the Company's General Manager simultaneously with his position as the Company's Chairman, which under Israeli law requires shareholders' approval; and (b) the appointment of Ovadia Wallenstein Pick to act alongside Troyaner, Gelber, Aloni as auditors to the Company replacing Oren Horowitz & Co. which has been dissolved.

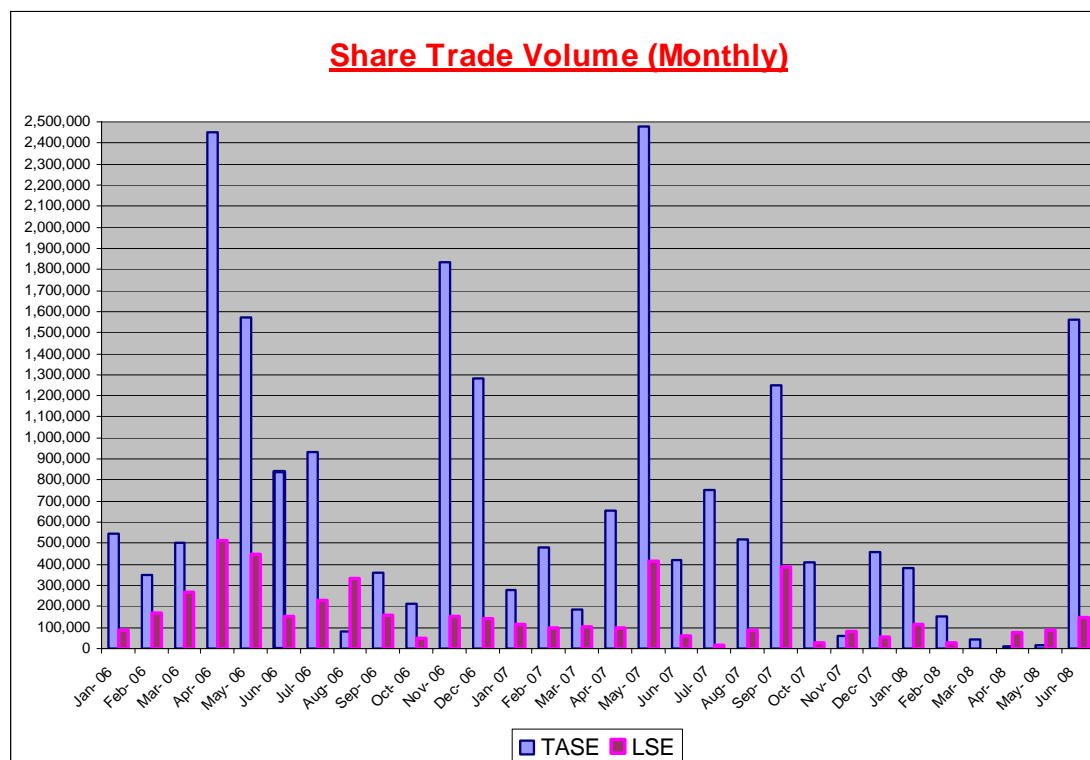
The purpose of this document is to explain the backgrounds to the Resolutions and to set out the reasons why the Board believes that the Resolutions (excluding the Director Resolutions) are in the best interests of the Company and its Shareholders and to convene the General Meeting to consider the Resolutions. Due to their subject matter, the Directors are not making any recommendation in respect of the Director Resolutions.

The Cancellation is conditional upon the approval of not less than 75 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the General Meeting. Each of the remaining Resolutions is conditional upon the approval of not less than 50 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the General Meeting. At the end of this document, there is a Notice of General Meeting which has been convened for 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 4 December 2008. Shareholders not intending to attend the General Meeting should complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon.

Background to the Cancellation

Pursuant to Rule 41 of the AIM Rules, the Directors have notified the London Stock Exchange of their intention to cancel (subject to the passing of the resolution at the General Meeting) the admission of the Ordinary Shares to trading on AIM.

In making this decision the Directors have considered the ongoing expense of maintaining a quotation on both AIM and the TASE and the current low volumes of trading in the Ordinary Shares on AIM. In recent years there has been only limited trading of Pilat's shares on AIM, whilst on the TASE the volume traded has been many times higher, perhaps reflecting Pilat's higher profile on the Israeli market. This is demonstrated by the following comparative graph:



In common with many smaller companies trading on AIM, Pilat has suffered from a lack of institutional investor interest, thin trading volumes and large spreads in the quoted share price.

The Directors also believe that the Company's listing on the TASE gives it adequate access to capital. In 2000, when the Company needed to raise funds, it did so by raising US\$6,000,000 via a private placing in Tel Aviv without AIM involvement.

Trading on AIM gives rise to a number of additional expenses including ongoing AIM fees, Nominated Adviser fees, CREST fees and the need to publish accounts in English. In addition, the dual listing increases the complexity of the Company's regulatory obligations which consumes management time.

Following the Cancellation, the Ordinary Shares will not be quoted on a market in the UK and the Ordinary Shares will cease to be registered with CREST. **However the Ordinary Shares will continue to be traded on the TASE.**

In order to enjoy the benefits of trading on the TASE, the holders of shares trading on AIM should transfer the registration of their shares from AIM to the TASE, by following the simple procedures listed below and on the Company's website at www.pilat.com/investors.

To facilitate the continual trading of the Ordinary Shares currently quoted on AIM:

1. Pilat will publish an extract of the Company's quarterly financial reports in English on its website, for at least two years following the Cancellation; and
2. Pilat has reached an agreement with Clal (www.clalfinance.com), the largest financial institution outside the banking system in Israel, which has agreed to open brokerage accounts and assist in registering Pilat shares on the TASE. Clal has agreed to make this process as simple as possible and Shareholders should contact Ms. Noya Amuyal (in English) by email, telephone or post as follows:

e-mail: noyaa@clal-fin.co.il

phone: +972 3 565 2598

post: Ms Noya Amuyal, Clal Finance, The Rubinstein Building, 37 Menachem Begin Street, Tel-Aviv 65220, Israel.

Following the initial contact, a representative of Clal will contact the Shareholder and explain the registration process. Upon completion of the process the Shareholder will hold Pilat shares freely tradable on the TASE and have an account with a broker who will be able to assist in trading these shares, as well as other stocks, bonds, mutual funds, option and other instruments available in the Israeli market.

The Company Secretary is also available to assist any Shareholder with registration.

Until such time as the Shareholders whose shares were trading on AIM have been registered for trading on the TASE, the Shareholders will:

1. continue enjoying all the rights of Shareholders, including the right to receive notices of, and participate at, Shareholders' meetings, rights to receive dividends and any and all rights of Shareholders; and
2. be able to sell shares through private sale, though not on an exchange.

The Cancellation should result in the Company achieving administrative cost savings, without adversely affecting the trading of its shares and the ability to raise funds on an exchange. The Cancellation will, however, affect certain Shareholder protections afforded by the AIM Rules which are not incorporated in the rules of the TASE, such as the AIM requirement for the prior approval of shareholders for any disposal resulting in fundamental change of business.

The Directors believe that it is in the best interests of Shareholders to seek the Cancellation at the earliest opportunity. The Company has, therefore, separately notified the London Stock Exchange of its preferred date for the Cancellation, being 12 December 2008.

Background to the Requisition and the Director Resolutions

On 19 October 2008 the Company received the Requisition from Go.D.M. and Alpha Fund, both shareholders in the Company.

The resolutions proposed in the Requisition relate to the removal of David Sapiro, Chief Executive Officer, Chaim Helfgott, Company Secretary and General Counsel and Trevor Toolan, Non-Executive Director as Directors and the appointment of David Johan, Dov Goldstein, Chairman and Chief Executive Officer of Go.D.M., and Gabby Dishy, Chief Executive Officer of Alpha Fund as directors of the Company. It should be noted that, as announced on 15 October 2008, David Sapiro has given notice of his resignation as a Director, which will take effect on 27 November 2008, prior to the date of the General Meeting.

Go.D.M. and Alpha Fund together hold approximately 14.5 per cent. of the issued share capital of the Company. Under Israeli company law, shareholders holding in excess of 10 per

cent. of the share capital can validly requisition a general meeting and the Directors therefore decided to include the Director Resolutions in the Notice of General Meeting.

The Requisition also stated that Go.D.M. and Alpha Fund have entered into an agreement pursuant to which each party has a right of first refusal on the sale of shares of the Company by the other party, as well as a right to participate in any sale of such shares by the other party.

Subsequent to the Requisition of the EGM and following the announcement of the resignation of Mr Sapiro as CEO and Director, Go.D.M. and Alpha Fund announced that they submitted the Requisition as a result of their opinion that the senior managers with executive responsibilities for running the business of the Company should not be members of the Board of the Company. However Mr Toolan is not an executive of the Company and this explanation was not given at the time of the Requisition.

Background to Additional Resolutions

Under Israeli company law, the agreement of the Shareholders is required for the same individual to hold the posts of Chairman of the Board and General Manager (Chief Executive) of the Company. Following the resignation of Mr Sapiro as CEO, which takes effect on the 27th November 2008, the Board has asked Mr Zuckerman, currently Chairman of the Board and one of the original founders of the Company, also to take on the General Manager roll on a part-time basis. This he has agreed to do for no additional remuneration. The resolution will be valid for a limited period of three years according to the Israeli company law.

The resolution concerning the Auditors results from the dissolution of Oren Horowitz & Co. who were appointed as joint Auditors at the previous General Meeting. The partners previously with Oren Horowitz & Co dealing with the Company are now part of Ovadia Wallenstein Pick. The resolution is to re-appoint Troyaner, Gelber, Aloni alongside Ovadia Wallenstein Pick as joint auditors.

General Meeting

At the end of this document, there is a notice convening a General Meeting of the Company to be held at 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 4 December 2008 at the registered office of the Company, 9 Habarzel St., Tel Aviv 69710, Israel. At this meeting, the Cancellation Resolution will be proposed as a special resolution and each of the other Resolutions will be proposed as ordinary resolutions.

To be effective, the Cancellation Resolution requires the approval of not less than 75 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the General Meeting. To be effective, each of the remaining Resolutions requires the approval of not less than 50 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the General Meeting

If the Cancellation Resolution is passed at the General Meeting, it is anticipated that the Cancellation will become effective from 8.00 a.m. (UK time) on 12 December 2008.

Action to be taken

Shareholders listed on the Company's register on 6 November 2008 shall be entitled to participate at the General Meeting and vote there in person or by a proxy.

Enclosed with this document is a Form of Proxy. Whether or not you propose to attend the General Meeting personally, you are urged to complete and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by the Company's registrars Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK by no later than 9.00 a.m. (Israeli time)/ 7.00 a.m. (UK time) on 2 December 2008. **Completion of a Form of Proxy**

will not preclude you from attending and voting at the General Meeting in person should you wish to do so.

Recommendation

The Directors consider that the proposed Resolutions (excluding the Director Resolutions) are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions (excluding the Director Resolutions) to be proposed at the General Meeting. Due to their subject matter the Directors are making no recommendation in respect of the Director Resolutions.

Yours faithfully

Michael Zuckerman
Non-Executive Chairman

Pilat Technologies International Ltd.

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held on 4 December 2008 at 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) at the registered office of the Company, 9 Habarzel Street., Tel Aviv 69710, Israel, to consider and, if thought fit, to pass the following resolutions:

SPECIAL RESOLUTION

1. That the admission to trading on AIM (a market operated by London Stock Exchange plc) of the issued ordinary shares of NIS 0.01 each in the capital of the Company be cancelled and that the directors of the Company be authorised to take all steps which are necessary or desirable in order to effect such cancellation.

ORDINARY RESOLUTIONS

2. That Dov Goldstein be appointed a director of the Company.
3. That David Johan be appointed a director of the Company.
4. That Gabby Dishy be appointed a director of the Company.
5. That David Sapiro be removed as a director of the Company.
6. That Chaim Helfgott be removed as a director of the Company.
7. That Trevor Toolan be removed as a director of the Company.
8. That Michael Zuckerman be authorised to act as the Company's General Manager simultaneously with his position as the Company's chairman, for no extra compensation, for a period up to three years.
9. That Ovadia Wallenstein Pick, Chartered Accountants, be elected as the auditors of the Company (together with Troyaner, Gelber, Aloni which has already been elected) until the next Annual Meeting of Shareholders, and to authorise the Company's Board of Directors to fix their remuneration.

By Order of the Board
Chaim Helfgott
Company Secretary

Registered Office:
9 Habarzel St.
Ramat Hachayal
Tel Aviv 69710
Israel

3 November 2008

next Annual Meeting of Shareholders, and to authorise the Company's Board of Directors to fix their remuneration.

FOR

AGAINST

ABSTAIN

In their discretion, the Proxies are authorised to vote upon such matters as may properly come before the General Meeting and any adjournment or postponement thereof.

When properly executed, this proxy will be voted in the manner directed herein by the undersigned. If no direction is made, this proxy will be voted "abstain".

Please mark, date, sign and return the Form of Proxy promptly to the Company's registrars Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK by no later than 9.00 a.m. (Israel time)/ 7.00 a.m. (UK time) on 2 December 2008. Completion of a Form of Proxy will not preclude you from attending and voting at the General Meeting in person should you wish to do so.

(Signature)

Dated this ____ day of _____ 2008

NOTES

1. A member entitled to attend and vote at the General Meeting is also entitled to appoint a proxy or proxies to attend, speak and vote instead of him. A member 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 member. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting in person at the General Meeting.
2. To be effective, the instrument appointing a proxy and any power of attorney or other authority under which it is executed must be received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, UK not less than 48 hours before the time for holding the General Meeting. A form of proxy is enclosed with this notice.
3. In the case of joint holders of a share the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names of the holders stand in the register of members in respect of the joint holding.
4. The time by which a person must be entered on the register of members in order to have the right to attend and vote at the General Meeting is the end of the business day on 6 November 2008. If the General Meeting is adjourned, the time by which a person must be entered on the register of members is 6.00 p.m. (UK time) six business days preceding the date fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the General Meeting.
5. In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the General Meeting so that:
 - (a) if a corporate shareholder has appointed the Chairman of the General Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the General Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (b) if more than one corporate representative for the same corporate shareholder attends the General Meeting but the corporate shareholder has not appointed the Chairman of the General Meeting as its corporate representative, a designated corporate representative will be nominated from those corporate

representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

6. Shareholders are requested to note that they may not use any electronic address in this notice of general meeting or in any related documents, such as the Chairman's letter or the form of proxy, to submit a proxy appointment.