

POINTER TELOCATION LTD.
NOTICE OF AN ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 6, 2016

Notice is hereby given to the shareholders (the "**Shareholders**") of Pointer Telocation Ltd. (the "**Company**") that an Annual General Meeting of Shareholders will be held at the offices of Yigal Arnon & Co., 1 Azrieli Center, 46th Floor, Tel Aviv, on Thursday, October 6, 2016, at 2:00 P.M. (Israel time) (the "**Meeting**") for the following purposes:

1. **TO RE-ELECT** Mr. Yossi Ben Shalom, Mr. Barak Dotan, Mr. Nir Cohen, Mr. Jonathan Irroni as directors of the Company and Ms. Yehudit Rozenberg as an independent director of the Company for the coming year.
2. **TO APPOINT** Kost Forer Gabbay & Kasierer as the independent public accountants of the Company for the year ending December 31, 2016 and to authorize our Audit Committee to fix their remuneration in accordance with the volume and the nature of their services, as the Audit Committee may deem fit in their sole discretion.
3. **TO AMEND** the Articles of Association of the Company.
4. **TO APPROVE** the compensation policy for the Company's directors and officers, in accordance with the requirements of the Israeli Companies Law 5759-1999.
5. **TO APPROVE** the compensation terms of Mr. David Mahlab, the Chief Executive Officer of the Company.
6. **TO AUTHORIZE** the Company to procure Run-Off insurance for directors and officers of Shagrir Group Vehicle Services Ltd. and Car 2 Go Ltd., at no additional cost to the Company.
7. **TO RECEIVE** management's report on our business for the year ended December 31, 2015.

Shareholders of record at the close of business on Monday, August 29, 2016 (the "**Record Date**"), will be entitled to notice of, and to vote at, the Meeting.

Shareholders who do not plan to attend the Meeting in person are requested to mark, date, sign and mail the enclosed proxy in the enclosed envelope as promptly as possible.

The position notices on behalf of the shareholders shall be delivered to the Company within ten (10) days following the Record Date. The last date to provide the response of the Board of Directors to such position notices shall be within five (5) days following the last day for the submission of the position notices.

A copy of the declarations of the directors, being brought to election at the Meeting, as well as a copy of the full proxy statement, may be viewed at the Company's

offices at 14 Ha'Melacha Street, Park Afek, Rosh Ha'ayin, 4809133, Israel, Sunday through Thursday from 9:00 a.m. to 5:00 p.m.

The proxy statement and proxy card are available at

- (i) www.sec.gov
- (ii) www.magna.isa.gov.il
- (iii) www.maya.tase.co.il
- (iv) www.pointer.com/category/Calander_of_Events

By Order of the Board of Directors,

Pointer Telocation Ltd.

Date: August 22, 2016

PROXY STATEMENT

**POINTER TELOCATION LTD.
14 HA'MELACHA STREET
PARK AFEK, ROSH HA'AYIN 4809133
ISRAEL
+972-3-5723111**

**ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON OCTOBER 6, 2016**

The enclosed proxy is being solicited by the Board of Directors (the "**Board of Directors**") of Pointer Telocation Ltd. (the "**Company**", "**we**", "**our**", "**us**", and "**Pointer**") for use at our annual general meeting of shareholders to be held on Thursday October 6, 2016 at 2:00 P.M. or at any postponement or adjournment thereof (the "**Meeting**"). The record date for determining which of our shareholders (the "**Shareholders**") are entitled to notice of, and to vote at, the meeting is established as of the close of business on Monday, August 29, 2016 (the "**Record Date**").

As of August 22, 2016, we had 7,805,844 ordinary shares outstanding, each of nominal value New Israeli Shekels 3.00 (the "**Ordinary Shares**").

We expect to solicit proxies by mail and to mail this proxy statement and the accompanying proxy card to Shareholders on or about September 2, 2016. We will bear the cost of the preparation and mailing of these proxy materials and the solicitation of proxies. We will, upon request, reimburse banks, brokerage houses, other institutions, nominees, and fiduciaries for their reasonable expenses in forwarding solicitation materials to beneficial owners.

Upon the receipt of a properly executed proxy in the form enclosed, the persons named as proxies therein will vote the Ordinary Shares covered thereby in accordance with the instructions of the Shareholder executing the proxy. With respect to the proposals set forth in the accompanying Notice of Meeting, a Shareholder may vote in favor of the proposals or against them or may abstain from voting on the proposals. Shareholders should specify their choice on the accompanying proxy card. If no specific instructions are given with respect to the matter to be acted upon, the shares represented by a signed proxy will be voted FOR the proposals set forth in the accompanying Notice of Meeting, subject to the terms of applicable law.

Any Shareholder returning the accompanying proxy may revoke such proxy at any time prior to its exercise by (i) giving written notice to us of such revocation, (ii) voting in person at the meeting or requesting the return of the proxy at the meeting, or (iii) executing and delivering to us a later-dated proxy. Written revocations and later-dated proxies that were sent directly to the Company should also be sent to the Company at 14 Ha'Melacha Street, Park Afek, Rosh Ha'ayin, 4809133, Israel, Attention: Chief

Financial Officer. All proxies must be received by the Company's transfer agent or at the Company's mailing address listed above four hours prior to the Meeting to be validly included in the tally of Ordinary Shares voted at the Meeting.

Alternatively, shareholders who hold the Company's Ordinary Shares through members of the Tel Aviv Stock Exchange (the "TASE") may vote electronically via the electronic voting system of the Israeli Securities Authority (the "**Electronic System**"), up to six hours prior to the Meeting, after receiving a personal identifying number, an access code and additional information regarding the Meeting from the relevant member of the TASE and after carrying out a secured identification process.

Each Ordinary Share is entitled to one vote on each matter to be voted on at the Meeting. Subject to the terms of applicable law, two or more Shareholders present, personally or by proxy, who hold or represent together at least 25% of the voting rights of our issued share capital will constitute a quorum for the Meeting. If within half an hour from the time appointed for the Meeting a quorum is not present, the Meeting shall stand adjourned for one week, to Thursday, October 13, 2016, at the same hour and place, without it being necessary to notify our Shareholders. If a quorum is not present at the adjourned date of the meeting within half an hour of the time fixed for the commencement thereof, subject to the terms of applicable law, the persons present shall constitute a quorum.

Proposals 1, 2 and 3 to be presented at the Meeting require the affirmative vote of Shareholders present in person or by proxy and holding our Ordinary Shares amounting in the aggregate to at least a majority of the votes actually cast with respect to such proposals.

Proposals 4, 5 and 6 to be presented at the Meeting require the affirmative vote of Shareholders present in person or by proxy and holding our Ordinary Shares amounting in the aggregate to at least a majority of the votes actually cast with respect to such proposals, provided that one of the following shall apply: (i) the majority of the votes includes at least a majority of all the votes of Shareholders who are not controlling Shareholders and do not have a personal interest in the approval of the transaction and who are present at the Meeting; abstentions shall not be included in the total of the votes of the aforesaid Shareholders; or (ii) the total of opposing votes from among the Shareholders said in subsection (i) above does not exceed 2% of all the voting rights in the Company.

PRINCIPAL SHAREHOLDERS

The following table and notes thereto sets forth certain information, as of August 22, 2016, regarding beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), of our Ordinary Shares by each person who is known by us to own beneficially more than 5% of our outstanding Ordinary Shares. The voting rights of our major shareholders do not differ from the voting rights of other holders of our Ordinary Shares. On August 22, 2016, there were 7,805,844 Ordinary Shares of the Company issued and outstanding.

Name of Beneficial Owner	Number of Ordinary Shares Beneficially Owned*	Percent of Ownership
DBSI Investments Ltd.	2,371,150(1)	30.38%
Gandyr Investments Ltd.	793,790(2)	10.17%
The Phoenix Insurance Company Ltd.	1,403,851(3)	17.98%
Meitav Dash Investments Ltd.	505,858(4)	6.48%
Lazarus Management Company LLC	504,934(5)	6.47%
Yelin Lapidot Provident Funds Management Ltd. and Yelin Lapidot Mutual Funds Management Ltd.	426,521(6)	5.46%

* The percentage of outstanding Ordinary Shares beneficially owned is based on 7,805,844 Ordinary Shares outstanding as of August 22, 2016. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. The number of Ordinary Shares beneficially owned by a person includes Ordinary Shares subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of the Record Date. Such Ordinary Shares issuable pursuant to such options or warrants are deemed outstanding for computing the percentage ownership of the person holding such options but not deemed outstanding for the purposes of computing the percentage ownership of any other person. To our knowledge, the persons named in this table and the footnotes thereto have sole voting and investment power with respect to all Ordinary Shares shown as owned by them.

(1) As office holders of DBSI Investments Ltd. ("**DBSI**"), Messrs. Barak Dotan and Yossi Ben Shalom, who are candidates for re-election as directors, may be considered to be the beneficial holders of 30.38% of our outstanding Ordinary Shares held by DBSI. Messrs. Barak Dotan and Yossi Ben Shalom also control DBSI, and therefore, share the beneficial ownership of 2,371,150 Ordinary Shares of the Company. DBSI holds the sole right to vote 2,371,150 of such Ordinary Shares, which right is directed jointly by Messrs. Yossi Ben Shalom and Barak Dotan. The principal business address of each of these entities and individuals is 85 Medinat Hayehudim Street, Herzelia, 4676670, Israel. This disclosure is based on information disclosed by DBSI on Form 13D/A, filed on October 12, 2015, as well as information provided directly to the Company by DBSI.

- (2) Ms. Yudith Yoval Recanati, Gandyr Investments Ltd. ("**Gandyr Investments**") and Gandyr Ltd. ("**Gandyr**") jointly hold 793,790 of our Ordinary Shares, and they have joint power over such shares. Gandyr is wholly owned by Gandyr Investments. Gandyr Investments is wholly owned and controlled by Ms. Yudith Yoval Recanati. The principal business address of these entities and individual is 89 Medinat Hayehudim Street, Herzlia 4676672, Israel. This disclosure is based on information disclosed by Ms. Yudith Yoval Recanati, Gandyr Investments and Gandyr on Form 13D, filed on June 24, 2014.
- (3) The Phoenix Insurance Company Ltd. ("**Phoenix Insurance**") holds 1,403,851 of our Ordinary Shares. The principal business address of Phoenix Insurance is Derech HaShalom 53, Giv'atayim, 53454, Israel. This disclosure is based on information disclosed by Phoenix Insurance for publication on the Tel-Aviv Stock Exchange on April 10, 2016.
- (4) Meitav Dash Investments Ltd. ("**Meitav Dash Investments** ") holds 505,858 of our Ordinary Shares. The principal business address of Meitav Dash Investments is 30 Derekh Sheshet Ha-Yamim, Bene-Beraq, Israel. This disclosure is based on information disclosed by Meitav Dash Investments on Form 13G, filed on January 5, 2016.
- (5) Mr. Justin B. Brous, Lazarus Management Company LLC ("**Lazarus Management**"), Lazarus Israel Opportunities Fund LLP ("**Lazarus Israel I**") and Lazarus Israel Opportunities Fund II LLLP ("**Lazarus Israel II**", and together with Lazarus Management and Lazarus Israel I, "**Lazarus**") jointly may be deemed as the holders of 504,934 of our Ordinary Shares, and they have joint power over such shares. Mr. Justin B. Brous is the manager of Lazarus Management, the investment adviser and general partner of Lazarus Israel I and Lazarus Israel II, and consequently Mr. Justin B. Brous and Lazarus Management may be deemed to have voting control and investment discretion over the securities owned by Lazarus Israel I and Lazarus Israel II. The principal business address of these entities and individual is c/o Lazarus Management, 3200 Cherry Creek South Drive, Suite 670, Denver, Colorado 80209. This disclosure is based on information disclosed by Mr. Justin B. Brous and Lazarus on Form 13G/A, filed on January 27, 2016.
- (6) Mr. Dov Yelin, Mr. Yair Lapidot, Yelin Lapidot Provident Funds Management Ltd. and/or mutual funds managed by Yelin Lapidot Mutual Funds Management Ltd. (the "**Subsidiaries**"), each a wholly-owned subsidiary of Yelin Lapidot Holdings Management Ltd. ("**Yelin Lapidot Holdings**"), jointly hold 426,521 of our Ordinary Shares, and they have joint power over such shares. Messrs. Dov Yelin and Yair Lapidot each own 24.38% of the share capital and 25% of the voting rights of Yelin Lapidot Holdings, and are responsible for the day-to-day management of Yelin Lapidot Holdings. The principal business addresses of these entities and individuals is 50 Dizengoff St., Dizengoff Center, Gate 3, Top Tower, 13th floor, Tel Aviv 64332, Israel. This disclosure is based on information disclosed by Yelin Lapidot Holdings, Yelin Lapidot Mutual Funds Management Ltd. and Messrs. Dov Yelin and Yair Lapidot on Form 13G, filed on May 31, 2016.

MATTERS RELATING TO THE 2016 ANNUAL GENERAL MEETING

At the Meeting, the shareholders will be asked to vote on the following proposals:

PROPOSAL 1 RE-ELECTION OF DIRECTORS

The Company has nominated the persons named below who were elected as directors at the Annual General Meeting of Shareholders held on August 4, 2015 (except Ms. Yehudit Rozenberg who was nominated by the Board of Directors of the Company on January 24, 2016), for re-election as directors to serve for a period of one year until the next annual general meeting or until their respective successors are duly elected and qualified.

As required by Israeli law, each of the director nominees named below has declared in writing that: (i) he or she possess the requisite skills and expertise, as well as sufficient time, to perform his/her duties as a director of our company; (ii) he or she was not convicted by a conclusive judgment for one of the following offenses less than five years prior to the date of the judgment: (a) an offense under Sections 290 to 297, 392, 415, 418 to 420 and 422-428 of the Penal Law, 5737-1977, or under Sections 52C, 52D, 53(a) or 54 of the Israeli Securities Law, 5728-1968; (b) by a court outside Israel for bribery, deceit, fraud, an offense by a manager of a corporate body or an offense involving misuse of inside information; and (c) for any other offense in respect of which a court holds that, due to the substance, gravity or circumstances of such offense, such person is not fit to serve as director in a public company; (iii) he or she is not subject to a court or committee decision in an administrative enforcement proceeding pursuant to Section 226A of the Israeli Companies Law 5759-1999 (the "**Companies Law**") that prohibits him or her from serving as a director; and (iv) he or she has not been declared bankrupt or incompetent. Such declarations are available for review at our registered office.

The independent director nominee has also made additional declarations, as required under the Companies Law in respect of her independence.

Each of the nominees has consented to being named in this Proxy Statement and the Company is not aware of any reason why such person will not serve as a director. Information on each nominee for director is set forth below. The information is based upon the records of the Company and information provided by each nominee. If at the time of the Meeting, however, any of the below-named nominees should be unable or decline to serve as a director, the persons named as proxies herein will vote for such substitute nominee or nominees as the Board of Directors recommends, or will vote to allow the vacancy created thereby to remain open until filled by the Board of Directors.

The following table provides certain relevant information concerning the nominees, including their principal occupation during the past five years.

<u>Nominee</u>	<u>Age</u>	<u>Principal Occupation</u>
Yossi Ben Shalom	60	Yossi Ben Shalom , has served as our Chairman of the Board of Directors since April 2003. Mr. Ben Shalom was Executive Vice President and Chief Financial Officer of Koor Industries Ltd. (KOR) from 1998 through 2000. Before that, Mr. Ben-Shalom served as Chief Financial Officer of Tadiran Ltd. Mr. Ben-Shalom was an active director in numerous boards, such as at NICE Systems (NICE), (computer telephony), Machteshim Agan (chemistry), and Investec Bank, amongst others. Mr. Ben-Shalom was an active chairman in successful turnaround programs, such as Eurocar Israel, and American Express Israel. He participated in the creation of TDA VC fund (a joint venture between Tempelton and Tadiran). He was an active Chairman of Scopus - a technology company with sales of over \$30 million. Yossi is a co-founder of DBSI Investments Ltd. Mr. Ben Shalom holds BA in Economics and MA in Business Management from Tel Aviv University.
Barak Dotan	48	Barak Dotan , was appointed a director on our board in April 2003. Mr. Dotan is a co-founder of DBSI Investments Ltd., a private investment company that has made various investments in private and public companies. Before establishing DBSI Investments, Mr. Dotan worked as Product Manager for Jacada (Nasdaq: JCDA), formerly CST, a software company that provides a complete software infrastructure to transform legacy systems into e-business and wireless solutions, and thereafter managed private investments in high-tech and other areas. Mr. Dotan graduated from the Hebrew University of Jerusalem summa cum laude with a B.Sc. in Computer Science and Business Management.
Nir Cohen	43	Nir Cohen , was appointed a director on our board in June 2012. Currently Mr. Cohen serves as Chief Financial Officer of DBSI Investments Ltd. Before joining DBSI Investments, Mr. Cohen served as partner and CFO of Argoquest Holdings, LLC – a privately held US investment company specializing in high-tech investments. Prior to joining Argoquest, Mr. Cohen served as a senior associate at Kesselman & Kesselman, Israeli affiliate of the global accounting firm of PriceWaterhouseCoopers (PwC). Before joining PwC, Mr. Cohen worked as an auditor for the accounting firm of KPMG in Israel. Mr. Cohen holds a BA in Accounting and Business Management from the College of Management, and he is a Certified Public Accountant in

Israel.

- Jonathan Irroni 66 *Jonathan Irroni*, was appointed a director on our board in December 2014. He previously served as the Chief Executive Officer of Investec Bank Ltd. and as Managing Director and Chief Executive Officer of Ubank Ltd. (formerly Investec Bank (Israel) Limited), a subsidiary of Investec Group Limited and as Chairman of the Board of Directors in the Bank of Jerusalem Ltd. Additionally, Mr. Irroni has been a Director of N.R. Spuntech Industries Ltd. since 2009 and serves as a Director of the Bank of Jerusalem Ltd. He previously served as a Director at Adgar Investments and Development Ltd. and Ubank Ltd.
- Yehudit Rozenberg 56 *Ms. Yehudit Rozenberg*, was appointed a director on our board in January 2016. Since 2007, Ms. Rozenberg has served as the director of finance of Elbit Systems Ltd., an international defense company. From 2004 until 2006 she served as the VP finance and control of Tadiran Systems Ltd. and Tadiran Spectralink Ltd., a specialized developer and manufacturer of advanced wireless communications systems. Prior to that, Ms. Rozenberg served from 1996 until 2004 as the director of finance of Spectralink Ltd., a communications company. Ms. Rozenberg also served from 2000 until 2006 as an external director of the board of directors of Ubank Trust Funds Ltd. and from 2004-2009 as an external director and a member of the audit committee of the board of directors of Taldor Group. Ms. Rozenberg holds a M.A. in law from Bar Ilan University, Israel, M.B.A in business administration (magna cum laude) from Tel-Aviv University, Israel and B.A in economics from Bar Ilan University, Israel.

OUR BOARD OF DIRECTORS WILL PRESENT THE FOLLOWING RESOLUTION AT THE MEETING AND RECOMMENDS YOU VOTE *FOR* SUCH RESOLUTION:

“RESOLVED, that Mr. Yossi Ben Shalom, Mr. Barak Dotan, Mr. Nir Cohen and Mr. Jonathan Irroni are hereby re-elected to serve as directors of the Company for the coming year until the next annual meeting or until their respective successors are duly elected and qualified, and Ms. Yehudit Rozenberg is hereby re-elected to serve as an independent director of the Company for the coming year until the next annual meeting or until her respective successor is duly elected and qualified.”

Proposal 1 requires the affirmative vote of the holders of at least a majority of the voting power represented at the meeting in person or by proxy and voting thereon, in respect of each director.

Subject to the re-election of Mr. Jonathan Ironi and Ms. Yehudit Rozenberg as directors of the Company, each of them shall be entitled to: (i) an annual fee at the fixed amount rate as set forth in the Companies Regulations (Rules Regarding Compensation and Expenses of an External Director) – 2000; and (ii) a participation fee in the same amount as approved to them last year, which is under the range of the fixed amount and the maximum amount, under the aforementioned Regulations. In addition, all directors and officers of the Company are covered by a Directors and Officers insurance policy in accordance with the guidelines set in the Company's Compensation Policy.

PROPOSAL 2

TO APPOINT KOST FORER GABBAY & KASIERER AS THE INDEPENDENT PUBLIC ACCOUNTANTS OF THE COMPANY FOR THE YEAR ENDING DECEMBER 31, 2016 AND TO AUTHORIZE THE AUDIT COMMITTEE TO FIX THEIR REMUNERATION

The Companies Law requires shareholders approval of the appointment of the Company's independent public accountants for the fiscal year ending December 31, 2016. Our Board of Directors recommended and upon such recommendation, at the last annual meeting, the Company's shareholders appointed the accounting firm of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global, as our independent registered public accounting firm. The Board of Directors believes that the appointment of Kost Forer Gabbay & Kasierer as our independent registered public accounting firm to perform the audit of our consolidated financial statements for the fiscal year ending December 31, 2016 is appropriate and in the best interests of the Company and its shareholders. Subject to the approval of this proposal, the Audit Committee will fix the remuneration of Kost Forer Gabbay & Kasierer in accordance with the volume and nature of their services to the Company.

OUR BOARD OF DIRECTORS WILL PRESENT THE FOLLOWING RESOLUTION AT THE MEETING AND RECOMMENDS YOU VOTE *FOR* SUCH RESOLUTION:

“RESOLVED to appoint Kost Forer Gabbay & Kasierer as the independent public accountants of the Company for the year ending December 31, 2016 and to authorize the Audit Committee to fix their remuneration in accordance with the volume and the nature of their services, as the Audit Committee may deem fit in its sole discretion.”

Proposal 2 requires the affirmative vote of the holders of at least a majority of the voting power represented at the meeting in person or by proxy and voting thereon.

PROPOSAL 3

TO AMEND THE ARTICLES OF ASSOCIATION OF THE COMPANY

The current Articles of Association of the Company are those adopted by the Company in its shareholders meeting in August 1, 2011. The Board of Directors of the Company recommends that the shareholders amend the articles of association of the Company, in

the form attached hereto as **Annex A** (the "**Amended Articles**"). The amendments include: (i) waiver of the requirement to publish notices of shareholders' meetings in newspapers, and instead allowing for publication in the Company's website, all in accordance with the amendment to the Regulations promulgated under the Companies Law; (ii) amending the delivery period of the instrument of appointments to the Company, in accordance with the Regulations promulgated under the Companies Law; and (iii) adding reference to the Israeli Antitrust Law, 5748-1988 under the Indemnity, Insurance and Exemption Article.

OUR BOARD OF DIRECTORS WILL PRESENT THE FOLLOWING RESOLUTION AT THE MEETING AND RECOMMENDS YOU VOTE FOR SUCH RESOLUTION:

“RESOLVED to amend the Articles of Association of the Company. The Amended Articles of Association are attached hereto as Annex A.”

Approval of Proposal 3 requires the affirmative vote of the holders of at least a majority of the voting power represented at the meeting in person or by proxy.

PROPOSAL 4
APPROVAL OF OUR COMPENSATION POLICY FOR DIRECTORS AND OFFICERS

Under the Companies Law, companies incorporated under the laws of the State of Israel whose shares are listed for trade on a stock exchange or have been offered to the public in or outside of Israel are required to adopt a policy governing the compensation of "office holders", as defined in the Companies Law. In general, all office holders' terms of compensation – including fixed remuneration, bonuses, equity compensation, retirement or termination payments, indemnification, liability insurance and the grant of an exemption from liability – must comply with the Company's compensation policy, once adopted.

Pursuant to the Companies Law, the compensation policy must comply with specified criteria and guidelines and, in general, must take into consideration, among others, the following factors: (i) promoting the company's goals, its working plan and its long term policies; (ii) creating proper incentives for the Company's office holders taking into account, *inter alia*, the risk management policies of the Company; (iii) the company's size and nature of its operations; and (iv) with respect to variable elements of compensation taking into consideration, with a long term perspective and in light of the position of the office holder, the contribution of the office holder in achieving the Company's goals and profits.

Such compensation policy is required to be approved every three years by the Board of Directors, following the recommendation of the Audit Committee, and the shareholders by a special majority.

Our Board of Directors, based on the recommendation of our Audit Committee, has resolved to approve the Compensation Policy in the form attached as **Annex B** to this Proxy Statement. Our Audit Committee and our Board of Directors believe that the most effective executive compensation program is one that is designed to reward achievement and that aligns executives' interests with those of the Company and its shareholders by rewarding performance, with the ultimate objective of improving shareholder value and building a sustainable company. Our Board of Directors believes that the proposed Compensation Policy properly balances the requirements of the Companies Law and the philosophy and objectives described above.

OUR BOARD OF DIRECTORS WILL PRESENT THE FOLLOWING RESOLUTION AT THE MEETING AND RECOMMENDS YOU VOTE *FOR* SUCH RESOLUTION:

“RESOLVED to approve the Compensation Policy of the Company, in the form attached hereto as Annex B.”

Approval of Proposal 4 requires the affirmative vote of shareholders present in person or by proxy and holding our Ordinary Shares amounting in the aggregate to at least a majority of the votes actually cast with respect to such resolution, provided that one of the following shall apply: (i) the majority of the votes includes at least a majority of all the votes of shareholders that are not the controlling shareholders of the Company or who do not have a personal interest in the approval of the transaction and who are present at the Meeting; abstentions shall not be included in the total of the votes of the aforesaid shareholders; or (ii) the total of opposing votes from among the shareholders said in subsection (i) above does not exceed 2% of all the voting rights in the Company.

PROPOSAL 5

**APPROVAL OF THE COMPENSATION TERMS OF MR. DAVID MAHLAB,
CHIEF EXECUTIVE OFFICER OF COMPANY**

Under the Companies Law, arrangements regarding the compensation of a company's Chief Executive Officer require the approval of the Audit Committee, the Board of Directors and the Shareholders, in that order (except in certain specific cases referred to in the Companies Law).

Mr. David Mahlab has served as our Chief Executive Officer since February 1, 2011.

Our Audit Committee and Board of Directors have approved a bonus plan for a three year period to our Chief Executive Officer, as follows:

- i. The Chief Executive Officer shall be entitled to a gross cash bonus at a rate equal to 5% multiplied by the Number of Underlying Shares (as defined below) multiplied by the EPS during the Bonus Year (as defined below) after deducting \$ 0.3212 from the EPS during the Bonus Year.

For this purpose:

"Number of Underlying Shares" – means 7,784,270 Ordinary Shares of the Company.

"EPS during the Bonus Year" – means the average NON-GAAP EPS for the calendar year for which the bonus is granted and the year before, based on the consolidated financial statements of the Company, divided by the number of issued and outstanding Ordinary Shares of the Company, on a NON GAAP NET INCOME basis, under the consolidated financial statements of the Company.

The formula of the annual bonus can be expressed algebraically as follows:
 $5\% \times \text{Number of Underlying Shares} \times (\text{EPS during the Bonus Year} - \$ 0.3212)$.

The Chief Executive shall be entitled to an annual bonus, provided that the weighted average EPS during the Bonus Year shall not be less than NON-GAAP EPS of \$ 0.3212, based on the following calculation: $\text{USD } 0.3212 = 7,784,270 / \$ 2,500,000$.

The non GAAP net income, for the purpose of calculating the EPS during the Bonus Year, shall not include onetime profits/losses (including capital gains, revaluation gains, profits from sale of operations, etc). In the event of disagreement as to whether a profit or loss is deemed to be a onetime event, the determination of the Audit Committee shall bind the parties.

The Chairman of the Board of Directors has the discretion to reduce the annual bonus of the Chief Executive Officer, by up to 20%, should the Chief Executive Officer fail to meet certain discretionary non-measurable criteria, to be determined at the beginning of each year by the Audit Committee, together with the Chairman of the Board of Directors.

The annual bonus shall be paid within 30 days of the publication of the Company's consolidated financial statements. If the financial statements for a particular year shall be amended and re-released, the annual bonus shall also be re-calculated, and if necessary additional bonus shall be paid by the Company, or the Company shall be repaid the amount of bonus paid in excess.

The annual bonus shall not exceed NIS 1,440,000 per year.

The proposed bonus formula is submitted for approval for a period of three years, namely annual bonuses for the years 2016, 2017 and 2018.

The annual bonus, as described above, is in respect of a full year of work.

- ii. In addition, the Chief Executive Officer shall be granted options to purchase 175,000 of our Ordinary Shares, with an exercise price per share of \$5.94, reflecting the average closing price of the share as of June 7, 2016 and until the date of meeting of the Audit Committee, namely July 6, 2017. The options shall vest in four equal installments over a period of four years, such that at the end of each year from

the date of this Meeting, the Chief Executive Officer shall be entitled to 25% of the options.

In the event of the Chief Executive Officer's death, during the provision of services to the Company, then the unvested options, which would vest at the end of the year of death, shall be accelerated on a linear basis.

The proposed annual bonus and options grant are in accordance with the guidelines set in the Company's Compensation Policy.

OUR BOARD OF DIRECTORS WILL PRESENT THE FOLLOWING RESOLUTION AT THE MEETING AND RECOMMENDS YOU VOTE *FOR* SUCH RESOLUTION:

“RESOLVED to approve the annual bonus formula for the years 2016, 2017 and 2018 and the grant of options to purchase 175,000 Ordinary Shares of the Company to Mr. David Mahlab, the Company's Chief Executive Officer.”

Approval of Proposal 5 requires the affirmative vote of shareholders present in person or by proxy and holding our Ordinary Shares amounting in the aggregate to at least a majority of the votes actually cast with respect to such resolution, provided that one of the following shall apply: (i) the majority of the votes includes at least a majority of all the votes of shareholders that are not the controlling shareholders of the Company or who do not have a personal interest in the approval of the transaction and who are present at the Meeting; abstentions shall not be included in the total of the votes of the aforesaid shareholders; or (ii) the total of opposing votes from among the shareholders said in subsection (i) above does not exceed 2% of all the voting rights in the Company.

PROPOSAL 6 PROCUREMENT OF RUN-OFF INSURANCE

As part of the listing for trade of the shares of Shagrir Group Vehicle Services Ltd. ("Shagrir"), a former subsidiary of the Company, on the Tel-Aviv Stock Exchange on May 27, 2016, it was agreed that the Company shall procure, subject to the approval of the shareholders of the Company, Run-Off insurance for directors and officers of Shagrir and Car 2 Go Ltd. ("Car 2 Go"), at no additional cost to the Company. Shagrir undertook to bear any additional costs related to the procurement of the Run-Off insurance.

OUR BOARD OF DIRECTORS WILL PRESENT THE FOLLOWING RESOLUTION AT THE MEETING AND RECOMMENDS YOU VOTE *FOR* SUCH RESOLUTION:

“RESOLVED to authorize the Company to procure Run-Off insurance for directors and officers of Shagrir and Car 2 Go from the date of listing for trade of the shares of Shagrir on the Tel-Aviv Stock Exchange on May 27, 2016, at no additional cost to the Company.”

Approval of Proposal 6 requires the affirmative vote of shareholders present in person or by proxy and holding our Ordinary Shares amounting in the aggregate to at least a

majority of the votes actually cast with respect to such resolution, provided that one of the following shall apply: (i) the majority of the votes includes at least a majority of all the votes of shareholders that are not the controlling shareholders of the Company or who do not have a personal interest in the approval of the transaction and who are present at the Meeting; abstentions shall not be included in the total of the votes of the aforesaid shareholders; or (ii) the total of opposing votes from among the shareholders said in subsection (i) above does not exceed 2% of all the voting rights in the Company.

PRESENTATION OF FINANCIAL STATEMENTS

The Companies Law requires the presentation of the Consolidated Balance Sheets and related information of the Company to our Shareholders. The Company will present at the Meeting the Company's Consolidated Balance Sheets at December 31, 2015, and the Consolidated Statements of Income for the year then ended and will present to the Shareholders the management's report on the business of the Company for the year ended December 31, 2015.

REPORTING REQUIREMENTS

We are subject to the information reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), applicable to foreign private issuers and we fulfill the obligations with respect to those requirements by filing reports with the SEC. Our filings with the SEC may be inspected without charge at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings also are available to the public from the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements. The circulation of this proxy statement should not be taken as an admission that we are subject to those proxy rules.

Shareholders are urged to complete and return their proxies promptly in order to, among other things, ensure action by a quorum and to avoid the expense of additional solicitation. If the accompanying proxy is properly executed and returned in time for voting, and a choice is specified, the shares represented thereby will be voted as indicated thereon. If no specification is made, the proxy will be voted in favor of the proposals described in this proxy statement, subject to the terms of applicable law.

By Order of the Board of Directors
Pointer Telocation Ltd.
August 22, 2016