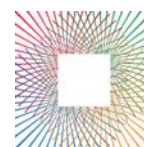


December 13, 2006



The **BANK**  
of **NEW YORK**

**A SECURITIES SERVICING  
DEPOSITARY RECEIPTS**

## Corporate Action

**ATTENTION: International Research, Sales, Trading and Operations Staff**

### CASH DISTRIBUTION

<b>Name:</b>	Formula Systems (1985)
<b>Country:</b>	ISRAEL
<b>Symbol:</b>	FORTY
<b>CUSIP Number:</b>	346414105
<b>Exchange:</b>	NASDAQ
<b>Ratio:</b>	1:1

Please be advised that Formula Systems Ltd. has announced a distribution of ordinary shares of Formula Vision Technology Ltd. ("F.V.T."). The shares will only be listed on the Tel Aviv Stock Exchange and will not be listed on NASDAQ or any other U.S. securities exchange or registered under the U.S. Securities Exchange Act of 1934. As a result, ADR holders of Formula Systems Ltd. will receive a cash distribution from the sale of F.V.T. shares in Israel.

The cash distribution will be based on the market value of F.V.T. ordinary shares as of close of business December 14, 2006 on the Tel Aviv Stock Exchange net of Israeli withholding taxes of 20% as well as the fees and expenses of the depositary bank.

The Bank of New York wishes to establish December 14, 2006 as the ADR record date with a payable date and rate to be announced at a later date. As it is the case that we are unable to provide a rate payable to ADR holders, we expect the placement of due bills upon trades of Formula Systems ADSs.

Gross Rate per ADS	TBD
Withholding Tax:	TBD
Depositary Fee:	TBD
Net Rate per ADS:	TBD
ADR Payable Date:	TBD

To learn more about ADRs and issuer programs, please call our marketing desks:

**New York**

Jason A. Smith  
Assistant Treasurer  
jasmith@bankofny.com  
212 815 3874 Telephone

**London**

Joseph Oakenfold  
Assistant Vice President  
joakenfold@bankofny.com  
44 207 964 6419 Telephone

This information and data is provided for general informational purposes only; it is not investment advice and should not be used for any investment decisions nor trading purposes. The Bank of New York does not warrant or guarantee the accuracy, timeliness or completeness of this announcement and shall have no liability for investment or other decisions based hereon, including market value loss on the sale or purchase of securities or other instruments or obligations. We do not undertake any obligation to update or amend this information or data. Nothing herein shall be deemed to constitute an offer to sell or a solicitation of an offer to buy securities. **Please also see "Terms of Use."**