

December 15, 2006



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

**A SECURITIES SERVICING
DEPOSITARY RECEIPTS**

Corporate Action

ATTENTION: International Research, Sales, Trading and Operations Staff

CASH DISTRIBUTION

Name:	Formula Systems Ltd.
Country:	Israel
Symbol:	FORTY
CUSIP Number:	346414105
Exchange:	NASDAQ
Ratio:	1 ADR : 1 ORD

As a follow up to the announcement dated December 12, 2006 please find the rates for the cash distribution. 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:	\$1.43170
Withholding Tax:	\$0.28634
Depositary Fee:	<u>\$0.02000</u>
Net Rate per ADS:	\$1.12536
ADR Pay Date:	December 28, 2006

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

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