

DEPOSITARY RECEIPTS DIVISION

September 26, 2001

RE: Formula Systems (1985) Ltd. "Formula" /
Cash Distribution from the Sale of Spin-off Shares

Level III CUSIP #: 346414105

Company: 8848

Issue: 1001

Formula announced a distribution to their shareholders resulting from a spin-off of shares. The terms of the spin-off were: 1.5 Mashov Computers Ltd shares for every one (1) Formula share held on the foreign record date of August 12, 2001.

The Mashov Computers Ltd "Mashov" shares were not registered under the United States Securities Act of 1933, we were not permitted to pass the shares on to the holders of American Depositary Receipts ("ADRs"). Therefore, the shares were sold in the Israel market and the proceeds from the sale of the shares will be distributed to the ADR holders of Formula.

The following dates have been established for this corporate action:

Books Closed Period: August 12, 2001 - August 29, 2001
(both days inclusive for all ordinary share transactions)

Foreign Record Date: August 12, 2001
ADR Ex-Date: **August 28, 2001**
ADR Record Date: August 29, 2001
ADR Payable Date: **October 4, 2001**

The final rate of distribution is:

Gross Rate per ADS:	\$0.6108
Fees:	<u>-0.0200</u>
Net Rate per ADS:	\$0.5908