

**FORMULA SYSTEMS (1985) LTD.**  
5 HaPlada Street, Or Yehuda 6021805, Israel

November 30, 2018

**NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JANUARY 4, 2019**

---

Formula Systems (1985) Ltd. Shareholders:

We cordially invite you to attend a Special General Meeting of Shareholders, or the Meeting, of Formula Systems (1985) Ltd., or the Company, to be held at 2:00 p.m. (Israel time) on Friday, January 4, 2019 at our offices at 5 HaPlada Street, Or Yehuda 6021805, Israel, for the following purposes:

1. To elect Mr. Ohad Melnik to our Company's Board of Directors, or the Board, in replacement of Ms. Dafna Cohen, to hold office until our next annual general meeting of shareholders and until his successor is duly elected;
2. To re-elect Ms. Iris Yahal to the Board as an external director, for a term of three years from the date of the Meeting, subject to, and in accordance with, the provisions of the Israeli Companies Law, 5759-1999, or the Companies Law; and
3. To re-elect Mr. Eli Zamir to the Board as an external director, for a term of three years from the date of the Meeting, subject to, and in accordance with, the provisions of the Companies Law.

Our Board recommends that you vote in favor of the above proposals, which are described in the proxy statement attached to this notice. The proxy statement and a related proxy card are being furnished to the Securities and Exchange Commission, or SEC, in a report of foreign private issuer on Form 6-K, which may be obtained for free from the SEC's website at [www.sec.gov](http://www.sec.gov) or at the Company's website— at <http://www.formulasystems.com>. The full text of the proposed resolutions, together with the form of proxy card for the Meeting, may also be viewed beginning on Monday, December 10, 2018, at the registered office of the Company, 5 HaPlada Street, Or Yehuda 6021805, Israel, from Sunday to Thursday, 10:00 a.m. to 3:00 p.m. (Israel time). Our telephone number at our registered office is +972-3-538-9487. Holders of record of our ordinary shares (including ordinary shares represented by American Depositary Shares, or ADSs) at the close of business on Monday, December 3, 2018 are entitled to vote at the Meeting. All shareholders are cordially invited to attend the Meeting in person.

If voting by mail, the proxy must be received at our registered office at least six (6) hours prior to the appointed time of the Meeting to be validly included in the tally of ordinary shares voted at the Meeting. Your proxy, if properly executed, will be voted in the manner directed by you. If no direction is made, your proxy will be voted "FOR" each of the proposals described above (provided, that in the case of Proposals 2 and 3, you confirm on your proxy card that you do not have a conflict of interest with respect to the approval of those proposals, as described further in the accompanying proxy statement and proxy card). If you attend the Meeting, you may vote in person and your proxy will not be used. Detailed proxy voting instructions are provided both in the proxy statement and on the proxy card.

Beneficial owners who hold ordinary shares through members of the Tel Aviv Stock Exchange, or the TASE, may vote their shares in person at the Meeting, by presenting a certificate signed by the TASE Clearing House member through which the shares are held, which complies with the Israel Companies Regulations (Proof of Ownership for Voting in General Meetings)-2000 as proof of ownership of the shares, or they may send such certificate, along with a duly executed proxy (in the form filed by us on MAGNA, the distribution site of the Israeli Securities Authority, at [www.magna.isa.gov.il](http://www.magna.isa.gov.il)), to the Company at 5 HaPlada Street, Or Yehuda, 6021805, Israel, Attention: Chief Financial Officer. Alternatively, shares held through a member of the TASE may be voted by means of an electronic vote, through the electronic voting system of the Israel Securities Authority ([votes.isa.gov.il](http://votes.isa.gov.il)), subject to proof of ownership of the shares on the record date, as required by law. Voting through the electronic voting system will be allowed until 8:00 a.m., Israel time, on Friday, January 4, 2019 (that is six (6) hours before the Meeting). You may receive guidance on the use of the electronic voting system from the TASE member through which you hold your shares.

If your shares are represented by ADSs, you should complete the enclosed voting instruction form to direct the depository for the ADSs, BNY Mellon, to vote the number of shares represented by your ADSs in accordance with the instructions that you provide. If your ADSs are held in “street name”, through a bank, broker or other nominee, you should follow the instructions in the proxy statement as to how direct such bank, broker or other nominee to arrange for the depository to vote the ordinary shares represented by your ADSs in accordance with your voting instructions.

In accordance with the Companies Law and regulations promulgated thereunder, any shareholder of the Company may submit to the Company a position statement on its behalf, expressing its position on an agenda item for the Meeting to the Company’s offices, at 5 HaPlada Street, Or Yehuda, 6021805, Israel, Attention: Chief Financial Officer, email: [ir@formula.co.il](mailto:ir@formula.co.il) no later than December 24, 2018. Any position statement received will be furnished to the SEC on Form 6-K, and will be made available to the public on the SEC’s website at <http://www.sec.gov>.

Sincerely,

Guy Bernstein  
Chief Executive Officer