

**2016 ANNUAL GENERAL MEETING OF SHAREHOLDERS OF
FORMULA SYSTEMS (1985) LTD.**

December 21, 2016

**Please date, sign and mail
your proxy card in the
envelope provided as soon
as possible.**

↓Please detach along perforated line and mail in envelope.↓

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” EACH OF PROPOSALS 1 TO 5 BELOW
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK
AS SHOWN HERE S**

Important Instructions for Item 4A relating to Proposal 4

PLEASE BE CERTAIN TO FILL IN THE BOX “FOR” OPPOSITE ITEM 4A TO CONFIRM THAT YOU DO NOT HAVE A CONFLICT OF INTEREST IN THE APPROVAL OF PROPOSAL 4.

Under the Companies Law, you cannot be counted towards the special majority required for Proposal 4 unless you provide the foregoing important confirmation. If you actually do have a conflict of interest in the approval of Proposal 4, you may vote on that proposal by contacting the Company's Chief Financial Officer, Asaf Berenstein,, at +972-3-538-9487 or ir@formula.co.il who will provide to you a proxy card that is designed for you (and in that case, you should not vote under this proxy card with respect to Proposal 4 and should not fill in the box for Proposals/Item4A).

If you hold your securities via a broker or other nominee, please contact him, her or it, and inform such broker or other nominee that it should contact the Company as described above.

To change the address on your account, please check the box at the right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

| | | FOR | AGAINST | ABSTAIN |
|-----|--|--------------------------|--------------------------|--------------------------|
| 1. | To re-elect Mr. Marek Panek to our Company’s Board of Directors, for a term expiring at our next annual general meeting of shareholders. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | To re-elect Mr. Rafal Kozlowski to our Company’s Board of Directors, for a term expiring at our next annual general meeting of shareholders; | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | To re-elect Ms. Dafna Cohen to our Company’s Board of Directors, for a term expiring at our next annual general meeting of shareholders; | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | To approve an amended and restated compensation policy, subject to, and in accordance with, the provisions of the Israeli Companies Law, 5759-1999 (the “Companies Law”); | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4A. | The undersigned does not have a conflict of interest (referred to as a “personal interest” under the Israeli Companies Law, as described in the Proxy Statement) in the approval of Proposal 4; | <input type="checkbox"/> | | |
| 6. | To approve the re-appointment of Kost Forer Gabbay & Kasierer, registered public accounting firm, a member firm of Ernst & Young Global, as our independent registered public accounting firm for the year ending December 31, 2016 and until our next annual general meeting of shareholders, and to authorize our Company’s Board of Directors and/or its Audit Committee to fix such accounting firm’s annual compensation. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Signature of shareholder Date Signature of shareholder Date

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each owner should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by a duly

authorized officer, giving full title as such. If the signer is a partnership, please sign in partnership name by authorized person.
