

The Depository Trust Company

IMPORTANT

B#: 4258

DATE: February 18, 2003

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Stock Dividend Department

ATTENTION: Dividend Managers, Cashiers & Reorganization Managers

SUBJECT: Rights: Medis Technologies Ltd.
Common CUSIP#: 58500P107 Rights Contra CUSIP#: 58500P891
R/D: 2/7/03 Expires: 3/11/03 5pm New York City time
Rate: 0.110180929 rights for each share of com. stock held

***** WARNING TIME CRITICAL *****

Medis Technologies Ltd. ("Medis") is distributing non-transferable subscription rights (the "Rights") to stockholders of its common stock ("Common Stock") as of the close of business on February 7, 2003 (the "Record Date").

Fractional Rights will not be issued. The number of Rights distributed to each holder (including beneficial owners) will be rounded upwards or downwards to the nearest whole number (**fractions are being rounded up at .50 or more only**).

The Depository Trust Company (DTC) credited Rights and an additional Right for fractions if applicable, due to the round up to the nearest whole number, to participants' accounts on **2/14/03**.

Participants may instruct DTC as to the aggregate number of additional Rights required to round up fractional entitlements of .50 or more on behalf of their beneficial owners. Participants must provide written representation on their firm's letterhead authorized by appropriate personnel. Participants must include on their instructions, a participant number, contact name and telephone number where they can be reached.

-Over-

B#:4258

The round up instruction must be received by DTC no later than **1:00 p.m. New York City time on February 25, 2003.**

Participants must "Fax" the round up instructions (via telephone facsimile) to DTC's Conversion area via fax#s (212) 855-5258/59, and call DTC's Conversion area via the Customer Service Center at (212) 855-7364, for confirmation of receipt of the round up instruction.

All round up requests received by DTC will be summarized and forwarded to the Subscription Agent, American Stock Transfer & Trust Company.

DTC anticipates crediting Rights, issued pursuant to a round up request, to participants on the day the round up instruction is received.

THE DIVIDEND POSITION AND ALLOCATION HISTORY (DPAL) OPTION, ACCESSED VIA THE PTS DIVIDEND ANNOUNCEMENTS INQUIRY (DIVA) FUNCTION, SHOULD BE USED TO CONFIRM YOUR RECORD DATE POSITION HISTORY AND PAYMENT INFORMATION.

IT IS IMPORTANT THAT PARTICIPANTS REFER TO THE DTC REORGANIZATION INQUIRY FOR PARTICIPANTS (RIPS CODE 59) FOR INFORMATION REGARDING THE SUBSCRIPTION PRIVILEGE AND ANY EXTENSION OF THE EXPIRATION DATE.

If participants have any questions concerning this Important Notice, please contact DTC's Stock Dividend Department via the Customer Service Center at (212) 855-7364.

If participants have any questions concerning the Rights Offering, they may contact Mr. Robert K. Lifton or Mr. Howard Weingrow of Medis at (212) 935-8484.