

The Depository Trust Company

IMPORTANT

B#: 3066

DATE: February 28, 2002

TO: All Participants

CATEGORY: Dividends

FROM: Nilesh Desai, Supervisor, Dividend Department

ATTENTION: Dividend Managers, Cashiers & Reorganization Managers

SUBJECT: Rights: Medis Technologies Ltd.
Common CUSIP#: 58500P107 Rights Contra-CUSIP#: 58500P990
R/D: 2/13/02 Expires: 3/18/02 (5:00 p.m. N.Y.C. time)
Rate: 0.199626083 rights for each sh. of common 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 13, 2002 (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**).

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 **2/27/02**.

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-

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The round up instruction must be received by DTC no later than **10:00 a.m. New York City time on March 7, 2002.**

Participants must "Fax" the round up instructions (via telephone facsimile) to the attention of Ms. Susan Alvino at DTC using only this phone number (212) 855-4545 and call (212) 855-4532 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 Mr. John McCarthy or Ms. Susan Alvino of DTC's Stock Dividend Department at (212) 855-4521/4532.

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.