

MORGENSTERN GEORGE  
Form 4  
November 01, 2002

UNITED STATES SECURITIES AND EXCHANGE  
COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

**FORM 4**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

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|  |  |   |  |  |  |  |  |
|--|--|---|--|--|--|--|--|
| 1. Name and Address of Reporting Person*<br><b>Morgenstern, George</b><br>(Last) (First) (Middle)<br><b>c/o Data Systems &amp; Software Inc.</b><br><b>200 Route 17</b><br><br>(Street)<br><b>Mahwah, NJ 07430</b> |  | 2. Issuer Name and Ticker or Trading Symbol<br><b>Data Systems &amp; Software Inc. (DSSI)</b> |  | 4. Statement for Month/Day/Year<br><b>October 31, 2002</b> |  | 6. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br><input checked="" type="checkbox"/> Director —<br><input type="checkbox"/> 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) —<br>Other (specify below)<br><b>President and Chief Executive Officer</b> |  |
|  |  | 3. I.R.S. Identification Number of Reporting Person, if an entity (voluntary)                 |  | 5. If Amendment, Date of Original (Month/Day/Year)         |  | 7. Individual or Joint/Group Filing (Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person   |  |

| 1. Title of Security (Instr. 3) |          |  | 2. Transaction Date (Month/Day/Year) |   | 2A. Deemed Execution Date, if any (Month/Day/Year) |            | 3. Transaction Code (Instr. 8) |  | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 & 5) |  |        | 5. Amount of Securities Beneficially Owned Following Reported Transactions(s) (Instr. 3 & 4) |   | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) |         | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|----------|--|--------------------------------------|---|--|------------|--------------------------------|--|---|--|--------|--|---|--|---------|-----------------------------------|
|                                 |          |  | Code                                 | V | Amount   | (A) or (D) | Price                          |  |   |  |        |  |   |  |         |                                   |
| Common Stock                    | 10/22/02 |  | P                                    |   | 1,000  | A          | \$1.0725                       |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/23/02 |  | P                                    |   | 1,000  | A          | \$0.975                        |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/24/02 |  | P                                    |   | 1,000  | A          | \$1.015                        |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/25/02 |  | P                                    |   | 1,000  | A          | \$1.08                         |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/28/02 |  | P                                    |   | 1,000  | A          | \$1.09                         |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/29/02 |  | P                                    |   | 1,000  | A          | \$1.11                         |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/30/02 |  | P                                    |   | 1,000  | A          | \$1.17                         |  |   |  |        |  | I |  | By Wife |                                   |
| Common Stock                    | 10/31/02 |  | P                                    |   | 500  | A          | \$1.224                        |  |   |  | 17,900 |  | I |  | By Wife |                                   |

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|              |  |  |  |  |  |  |  |         |   |  |
|--------------|--|--|--|--|--|--|--|---------|---|--|
| Common Stock |  |  |  |  |  |  |  | 261,854 | D |  |
|--------------|--|--|--|--|--|--|--|---------|---|--|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number**

**FORM 4 (continued) Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned  
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed Execution Date, if any<br>(Month/Day/Year) | 4. Transaction Code<br>(Instr. 8) | 5. Number of Derivative Securities |     | 6. Date Exercisable and Expiration Date<br>(Month/Day/Year) |                 | 7. Title and Amount of Underlying Securities<br>(Instr. 3 & 4) | 8. Price of Derivative Security<br>(Instr. 5) | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s)<br>(Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I)<br>(Instr. 4) | 11. Nature of Indirect Beneficial Ownership<br>(Instr. 4) |
|---|--|---|---|-----------------------------------|------------------------------------|-----|---|-----------------|--|---|---|---|---|
|   |  |   |   |                                   | (A)                                | (D) | Date Exercisable  | Expiration Date |  |   |   |   |   |
|   |  |   |   |                                   |                                    |     |   |                 |  |   |   |   |   |

Explanation of Responses:

By: /s/ **George Morgenstern**

**11/01/02**

Date

\*\*Signature of Reporting Person

\*\*Intentional misstatements or omissions of facts constitute Federal Criminal Violations.  
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed.  
If space is insufficient, See Instruction 6 for procedure.

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