

DATA SYSTEMS & SOFTWARE INC  
 Form 4  
 March 31, 2006

**FORM 4**

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

OMB APPROVAL

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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 OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 MOORE JOHN A

2. Issuer Name and Ticker or Trading Symbol  
 DATA SYSTEMS & SOFTWARE INC [DSSI.OB]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 403 MARSH LANE  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 03/27/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Chief Executive Officer

WILMINGTON, DE 19804  
 (City) (State) (Zip)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 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 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |     |       |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----|-------|
|                                 |                                      |  |                                | (A) or (D)  | Code  | V  | Amount                            | (D) | Price |

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

**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.**

SEC 1474  
 (9-02)

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

| 1. Title of Derivative Security | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount Underlying Security (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|--|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|------------------------------------|--|--|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | Code | V | (A) | (D) | Date Exercisable          | Expiration Date | Title        | Amount Number Shares |
|------------|------------------------------|------------------|------------|--|------|---|-----|-----|---------------------------|-----------------|--------------|----------------------|
| Option     | \$ 2                         | 03/27/2006       | A          | 200,000  |      |   |     |     | 09/30/2006                | 03/31/2011      | Common Stock | 200,000              |
| Option     | \$ 2.25                      | 03/27/2006       | A          | 200,000  |      |   |     |     | 03/30/2009 <sup>(1)</sup> | 03/31/2011      | Common Stock | 200,000              |

## Reporting Owners

| Reporting Owner Name / Address                         | Relationships |           |                         |       |
|--|---------------|-----------|-------------------------|-------|
|  | Director      | 10% Owner | Officer                 | Other |
| MOORE JOHN A<br>403 MARSH LANE<br>WILMINGTON, DE 19804 |               |           | Chief Executive Officer |       |

## Signatures

/s/ John A. Moore  
Date: 03/31/2006  
Signature of Reporting Person

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).  
Subject to accelerated vesting of: (a) 100,000 shares upon the Registrant's having raised \$1,000,000 in gross proceeds from the sale of equity, (b) 100,000 shares upon the Registrant's Common Stock achieving a five-day average closing market price of \$5.00 or greater per share or (c) accelerated vesting of all options upon the (i) termination of the Reporting Person's employment by the Registrant without Cause, (ii) termination of the Reporting Person's employment by the Reporting Person for Good Reason or (iii) a Change of Control of the Registrant (each as defined in the Reporting Person's Option Agreement with the Registrant).
- (2) This amount does not include 380,877 shares of Common Stock beneficially owned by the Reporting Person (as previously reported).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.