

(Updated April 12, 2018)

Dear Shareholder of BackWeb Technologies Ltd. (in voluntary liquidation),

You are receiving this mailing because the records of BackWeb Technologies Ltd. (in voluntary liquidation) ("BackWeb" or the "Company") show you may be a shareholder of BackWeb, and may therefore be eligible to receive a cash distribution from the Company based on the number of shares you own.

BackWeb commenced a voluntary liquidation process on March 6, 2014. Mr. Yoav Kfir of VAR Business Management Ltd. (VAR) was appointed as liquidator. while assuming, per the Israeli law, the powers of the Company's Board of Directors.

Since then, the Company and the liquidator have dealt with various issues, some of which are listed below:

- **Distribution** - the Company distributed to its shareholders the sum of about \$9M in December, 2014 representing \$0.207 per share.
- **Financial Statements** - the Company filed financial statements and a tax adjustment statement with the Israel Tax Authority up to and including 2014.
- **Israel Tax Authority** - The Company underwent an income tax assessment audit by the Israel Tax Authority for the years 2011-2014. As a result, an assessment agreement was signed with the Israel Tax Authority whereby the Company's carried forward tax losses were written off and in return no tax was assessed for the relevant years. The Company's liquidator continues to be in contact with the tax authorities in order to close the file, and in this framework unaudited trial balance sheets were filed for 2015-2016. No further demands were received from the Israel Tax Authority.
- **Lawsuit**- Migdal Insurance Company filed a lawsuit against the Company. The liquidator negotiated and settled the lawsuit with a payment of NIS 32,000. A copy of this agreement can be found on the Company's website in the news section (March 7, 2017).
- **The Chief Scientist [OCS]** - The liquidator managed a long process in order to close the file with the Temura Fund of the Office of the Chief Scientist in the Israeli Ministry of Economy. The OCS claimed around \$150,000. Following communication with the OCS, the liquidator succeeded in obtaining a waiver of the mentioned sum, with a closing certificate to be delivered to the Company upon the OCS's receipt of the final Liquidation Report.
- **Information Database** - the Company terminated the registration of its information database with the Ministry of Justice, and arranged for cancellation of the registration fees.
- **Subsidiaries** - The Company's wholly-owned Delaware, USA subsidiary filed final reports with the applicable authorities. The subsidiary filed a Certificate of Dissolution in the State of Delaware and withdrawals from the various states in which the Company operated - California, New York, Texas and New Jersey.

The Company's liquidator continues to be in contact with the various governmental authorities in order to close the VAT file and the Company's income tax file at the Israel Tax Authority.

- **VAT File** - The liquidator is working to make final payments to the Company's service providers, while receiving the full benefit of a VAT refund on these payments before the VAT file is closed. Accordingly, the liquidator is working with the Company's service providers to agree on fixed fees for their final services, to be paid prior to completion of the liquidation process. For service providers who do not finalize their fee arrangements, an estimated fee will be transferred to the liquidator's account, and the liquidator will make all payments directly to the service providers on behalf of the Company.
- **Income Tax File** – Once the VAT file is closed, the liquidator will apply for the Company's income tax file to be permanently closed, without the need to file financial statements and a tax adjustment statement for periods from 2015 on.

As soon as the above remaining issues with the authorities are finalized, and assuming no unexpected issues arise, the liquidator will start the distribution process to the shareholders.

Final distribution to the Company's shareholders is expected to take place starting September 2018. The Company currently has approximately 43.4 million outstanding shares, and expects to distribute in the final distribution an amount per share of approximately \$0.014. If the aggregate gross amount so calculated for all shares held by a shareholder would otherwise result in the shareholder being entitled to a fraction of a cent, before any applicable withholding tax and fees, the amount shall be rounded up to the next higher whole cent if the fraction is 0.5 or greater, and rounded down to the next lower whole cent if the fraction is less than 0.5. The approximate amount per share in the final distribution together with the past distribution of \$0.207 per share, the total distribution is expected to amount to \$0.221 per share.

A liquidation process involves some uncertainty and the actual amount of the final distribution may vary from these estimates due to unforeseen circumstances that may arise during the liquidation process.

In the final distribution, the liquidator will also distribute funds relating to the prior distribution to those shareholders that have not filed appropriate documentation for the prior distribution.

You can read the Company's latest announcements in the "News" section of its website at www.backwebtech.com . For an overview of the liquidation plans and cash distribution process and for a list of frequently asked questions, please see the Company's April 12, 2018 press release, the documents that will be mailed to shareholders, and an updated set of frequently asked questions in the "News" section on BackWeb's web site.

In order for you to receive any cash distribution from the Company for which you may be eligible, you are strongly advised to review the documents in this mailing and follow the instructions they contain. If you do not, the Company will still endeavor to use its records to distribute cash to you, but such records may not be up-to-date and the Company may not be able to successfully distribute cash to you. In such a case and in accordance with Section 69 of the Companies Regulations (Liquidation), 5747 - 1987 and Section 372 of the Israeli Companies Ordinance (New Version), the liquidator will send such undistributed funds to the Official Receiver of the State of Israel and dissolve the Company thereafter.

Please do the following:

1. Read the Press Release in the following pages for an overview.
2. Review all the contents of this mailing.
3. Your "Package" (see # 13 below) must be delivered to VAR in Israel by **July 1, 2018**.
4. Read the Letter of Transmittal (LOT) document and note the instructions on pages 5-6 of the LOT that specify what you need to do. Fill out the forms in the LOT. Please note that, although the SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS on page 3 of the LOT say "Complete ONLY if the check/ wire is to be issued in a name and/or address which differ from the registrar's records," **we strongly recommend** that you fill out your personal information along with your payment instructions and bank account information as mentioned on the instructions page.
5. Review the Important Tax Information on page 5 of the LOT and attach the appropriate tax-related documents according to the instructions on this page and the instruction pages.
6. Read the Shareholder's Consent and Representations document and sign.
7. If you have questions, please contact VAR using the information on page 1 of the LOT.
8. Prepare a "Package" to send to VAR that includes:
 - a. a Letter of Transmittal (LOT);
 - b. a U.S. IRS substitute Form W-9 for U.S. citizens or the appropriate version of form W-8 for non-U.S. citizens;
 - c. a Tax Declaration Regarding Israeli Withholding Tax (Tax Declaration);
 - d. a Declaration of TASE member (only for Tel Aviv Stock Exchange-TASE Members); and
 - e. a signed Shareholders Consent Letter.
9. Before sending the Package, you should make and retain a copy of all documents in the Package.
10. When you send the Package, you can either email the package to the follow email: general@var-management.com or follow the directions in #1 of the instructions in the LOT and send it to the address in Israel on the first page of the LOT.
11. We recommend that you email the package if you can. To email the package, please scan your Package documents, attach them to an email and send the email to the VAR contact email on the Letter of

Transmittal. If you mail the Package to VAR, we recommend you send the Package via international courier such as FedEx, UPS, DHL or other established international shipping company that can provide you with a tracking number and signature confirmation of delivery.

12. After mailing your Package, track it and keep a copy of the delivery confirmation report for your records. If it is not delivered when expected, contact your shipping company. If you determine the package was lost by the shipping company, notify VAR using the information on the first page of the LOT.

13. Note the date of delivery to VAR of your Package relative to the date listed in the attached press release and in #3 above. Monitor your bank account or mail for payment of your expected cash distribution around the corresponding payment dates. If you do not receive your expected payment or you have a question about the amount you received, please contact VAR.

This cover letter is intended to help you better understand this mailing you have received. If there is any conflict between the instructions in this cover letter and the instructions in the Letter of Transmittal or Shareholder's Consent and Representations document, the instructions in those documents should be followed, as they are the official documents governing this process.

Once again, if you have questions, please contact VAR in accordance with the information on the first page of the Letter of Transmittal. VAR is committed to executing the liquidation process as smoothly and efficiently as possible.

Sincerely,

VAR Management Ltd.