



<b>B #:</b>	2233-14
<b>Date:</b>	November 19, 2014
<b>To:</b>	All Participants
<b>Category:</b>	Reorganization
<b>From:</b>	Mandatory Reorg Processing
<b>Attention:</b>	Operations, Reorg & Dividend Managers, Partners & Cashiers
<b>Subject:</b>	Tax Relief – Country: Israel Backweb Technologies Ltd. CUSIP: M15633106 Liquidation payable upon surrender Estimated Rate: \$0.207 per share OTC Effective Date: Opening of business November 7, 2014 Distribution Dates: Anticipated December 15, 2014 and February 15, 2015

### **Event Details**

Backweb Technologies Ltd. will be making two Liquidation payments on or about the anticipated payment dates listed below.

- December 15, 2014
- February 15, 2015

Backweb Technologies Ltd., acting as their own paying agent, will fund DTC the pro rata proceeds at the statutory rate for Israel 30%. Backweb will offer a refund process for eligible beneficial holders to reclaim funds.

### **Refund Process**

In order to receive the tax refund, eligible holders must deliver the appropriate Tax Declaration (see attached below) to Var Management. The refund will be calculated based on the difference between the 30% tax withheld and the actual withholding tax rate, of the USD-NIS exchange rate as of the close of trading at the date of distribution.

Beneficial owners receiving liquidation proceeds on or about December 15, 2014 are required to deliver the Tax Declaration by **December 30, 2014** in order to receive the refund.

Beneficial owners receiving liquidation proceeds on or about February 15, 2015 are required to deliver the Tax Declaration by **February 28, 2015** in order to receive the refund.

All refund checks will be mailed to the address noted on the Letter of Transmittal.

Beneficial Owners who fail to deliver the Tax Declaration to VAR Management by the aforementioned due dates, will need to request the tax refund directly from the Israeli Tax Authority (ITA).

To expedite this process and to ensure meeting deadlines in order to receive the tax refund directly from Var Management, email the signed Tax Declaration to Ronit Gerber at [ronit@var-management.com](mailto:ronit@var-management.com) or Itay Golan at [itay@neocraft.co.il](mailto:itay@neocraft.co.il)

**Important Legal Information:** *The Depository Trust Company ("DTC") does not represent or warrant the accuracy, adequacy, timeliness, completeness or fitness for any particular purpose of the information contained in this communication, which is based in part on information obtained from third parties and not independently verified by DTC and which is provided as is. The information contained in this communication is not intended to be a substitute for obtaining tax advice from an appropriate professional advisor. In providing this communication, DTC shall not be liable for (1) any loss resulting directly or indirectly from mistakes, errors, omissions, interruptions, delays or defects in such communication, unless caused directly by gross negligence or willful misconduct on the part of DTC, and (2) any special, consequential, exemplary, incidental or punitive damages.*

*To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that: (a) any discussion of federal tax issues contained or referred to herein is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; and (b) as a matter of policy, DTC does not provide tax, legal or accounting advice and accordingly, you should consult your own tax, legal and accounting advisor before engaging in any transaction.*

# **BACKWEB TECHNOLOGIES LTD.**

**(In Voluntary Liquidation)**

**Ella Valley 26. 99825. T: +972-2-9955666. F: +972-2-9955777.**

Backweb Technologies Ltd. (in voluntary liquidation)

Address: At VAR Management, Givat Yeshayahoo 26, D.N. Ella Valley, 99825, Israel

Attn: Yoav Kfir, Liquidator

## **Shareholder's Consent and Representations**

In connection with the cash distribution by the Company to its shareholders, the undersigned, being a shareholder of the Company, informs the Company that the undersigned consents to, and authorizes the Company, to pay the undersigned the Distribution proceeds as per this current First Distribution.

The undersigned is aware and agrees that this Distribution is based on the registrars' record as of the Effective date of November 7, 2014. The undersigned agrees that in case a signed Tax Declaration (which is part of the Package as defined in the Press Release) is not sent back to the company, maximum Israeli withholding tax of 30% will be deducted from Distribution proceeds.

The undersigned is aware and agrees that the proceeds in the First Distribution represents proceeds of \$0.207 per share (the "**Sum**").

The undersigned hereby represents to the Company that he:

1. Has all necessary power and authority to execute and deliver this form.
2. Understands that any costs incurred in connection with the payment to be made based and in reliance on the above will be borne by the undersigned.
3. Acknowledges that the Company, its liquidator, agents and/or employees shall not be liable, either in tort, contract or otherwise, for any direct, indirect, consequential, punitive, exemplary, or special damages related to or arising from the reliance and payment by the Company.
4. Undertakes to indemnify and hold the Company, its liquidator, agents and/or employees, harmless from any losses, damages, claims, causes of action, costs and expenses, including reasonable attorneys fees, that the Company, its agents and/or

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employees, may incur or become subject to by virtue or arising out of any false or inaccurate statement of the undersigned contained above.

5. Upon receipt of the Sum as specified above the following occur: the undersigned, on behalf of itself, its predecessors, successors, affiliates and assigns, as well as anyone claiming by or through the undersigned (“**The Undersigned & Affiliates**”), hereby irrevocably and unconditionally waives, releases and forever discharges the Company and its respective predecessors, successors, liquidator affiliates, assigns, and their respective past, present and future officers, employees, directors, owners, agents and representatives (“**Backweb & Affiliates**”), from any and all claims, complaints, demands, damages, costs, expenses, actions or causes of action or obligations of whatever kind or nature, whether known or unknown (collectively “**Claims**”), which The Undersigned & Affiliates has or had or may have, whether known or unknown. Without limitation of the foregoing, all agreements, undertakings, arrangements or instruments, written or oral, giving rise or that may give rise to any Claim against **Backweb & Affiliates** are hereby terminated, cancelled and revoked with no liability and shall have no further force and effect and shall not give rise to any such right or Claim in the future. The aforementioned waiver of any claim against Backweb & Affiliates does not impair any rights a shareholder may have for any future distribution the company may decide on based on future cash balances.

The shareholder acknowledges that deduction of Israeli withholding taxes is under the sole responsibility of Meitav Dash Trusts LTD which was approved by the ITA per the company's tax ruling as a tax trustee for this Distribution.

I declare that I read, understood and agree to the above

Date: \_\_\_\_\_

Shareholder's Name: \_\_\_\_\_

Shareholder's Signature: \_\_\_\_\_

# LETTER OF TRANSMITTAL

**BACKWEB TECHNOLOGIES LTD (in voluntary liquidation)**

**("The Company")**

Mail or deliver this Letter of Transmittal to :

Backweb Technologies Ltd.  
(In Voluntary Liquidation)  
At Var Management LTD  
Attn: Ronit Gerber  
26 Givat Yeshayahoo  
D.N. Ella Valley 99825  
Israel

*By Hand, Mail, Overnight Courier or  
other expedited service*

For assistance contact Ronit Gerber via email at [ronit@var-management.com](mailto:ronit@var-management.com) Or Itay Golan at [itay@neocraft.com](mailto:itay@neocraft.com)  
Or call the VAR Management office in Israel at +972-2-9955666 extension #105

Office Hours in Israel are:  
Sunday through Thursday  
9:00am to 6:00pm Israel Time  
2:00am to 11:00am Eastern Standard Time

IMPORTANT - PLEASE READ THE INSTRUCTIONS CONTAINED WITHIN THIS

LETTER OF TRANSMITTAL CAREFULLY BEFORE SIGNING

Ladies and Gentlemen:

This letter of transmittal is being delivered in connection with the upcoming Distributions in Voluntary Liquidation, being made by the liquidator of BackWeb Technologies Ltd. ("the "Company"). On March 6, 2014, the Company entered into voluntary liquidation. As the Company advised in its Press Release dated March 7, 2014: "At the Extraordinary General Meeting of Shareholders (EGM) held yesterday, shareholders overwhelmingly approved the Board's recommendation to liquidate the Company, cease operations and appoint Mr. Yoav Kfir as the liquidator who will wind up the Company and return all remaining cash, after expenses, to shareholders".

Each ordinary share of the Company, nominal value NIS 0.03 per share (the "Company Ordinary Shares"), has the right to receive its pro rata share of the upcoming Distributions in Voluntary Liquidation, in cash, without interest and less any applicable withholding tax and fees. The Distributions to shareholders will happen in two distributions. The 1<sup>st</sup> Distribution will be executed in two rounds by December 2014 and February 2015. The 2<sup>nd</sup> Distribution will be executed at an unspecified future date after the Company completes its formal liquidation process. If a check is not cashed within two months after the second and final distribution, the check is cancelled and the funds transferred to the Administrator General of the state of Israel. The shareholder can request the funds from the Administrator General.

The undersigned understands that the total gross amount to be distributed in the 1<sup>st</sup> Distribution in Voluntary Liquidation is \$9 million (\$0.207 per share) before any applicable withholding tax and fees. The aggregate amount to which the undersigned is entitled in the 1<sup>st</sup> Distribution in Voluntary Liquidation for the Company Ordinary Shares surrendered herewith, after deduction of any applicable withholding tax and fees, is referred to herein as the "1<sup>st</sup> Distribution Funds."

Unless otherwise requested below under Special Payment and Delivery Instructions, the undersigned requests that the check/wire for the upcoming Distribution Funds be issued in the name(s) and mailed to the name and address as appear in the registrar's records.

Upon confirmation by the shareholders brokers or registrars of the amount of shares the shareholder owns, the upcoming Distribution Funds payment will be promptly forwarded to the undersigned, unless otherwise indicated below under Special Payment and Delivery Instructions.

All authority herein conferred or agreed to be conferred is irrevocable and shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, estates, successors and assigns of the undersigned. The undersigned hereby represents and warrants that the undersigned has full power and authority to submit, sell, assign and transfer the Company Ordinary Shares and that the undersigned had good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claims.

The undersigned agrees that the sole right that the undersigned has in respect of the undersigned's ownership interest in the Company Ordinary Shares held by the undersigned set forth below, if any, shall be the undersigned's right to receive the upcoming 1<sup>st</sup> Distribution Funds and its pro rata share of any subsequent distribution of funds in voluntary liquidation. By delivery of this Letter of Transmittal, the undersigned accepts the upcoming 1<sup>st</sup> Distribution Funds and, subject to payment thereof, forever withdraws any claim with respect to the Company Ordinary Shares owned by the undersigned, other than the right to participate in subsequent distributions of funds in voluntary liquidation, if any.

**SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS**

Complete **ONLY** if the check/ wire is to be issued in a name and/or address which differ from the registrar's records. Issue to:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(Please see instructions regarding signature guarantee. *See Instructions 2,3*)

**SIGNATURE(S) REQUIRED**

Signature(s) of Registered Holder(s) or Agent

Must be signed by the registered holder(s) . If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer for a corporation acting in a fiduciary or representative capacity, or other person, please set forth full title.

\_\_\_\_\_

Registered Holder Name

\_\_\_\_\_

Registered Holder Signature

\_\_\_\_\_

Title, if any

Date: \_\_\_\_\_

Phone No.: \_\_\_\_\_

**Important Tax Information**

The Company will withhold Israeli tax at the maximum applicable rate under Israeli law from the upcoming Distribution Funds to be received by you unless you do one of the following:

(i) Complete and return the enclosed "Declaration Regarding Israeli Withholding" certifying that you (1) are not an Israeli resident and (2) acquired all the Company Ordinary Shares held by you on or after June 1999 (the date of the initial public offering of the Company) and (3) hold less than 5% of the company shares; or

(ii) Complete and return the enclosed "Declaration Regarding Israeli Withholding" certifying that you are an Israeli bank, broker or financial institution that is a member of the Tel Aviv Stock Exchange and that you (i) hold the shares solely on behalf of beneficial shareholders, and (ii) are subject to the provisions of the Israeli Tax Ordinance with respect to withholding and will be responsible for the withholding of Israeli tax; or

(iii) Provide a valid certificate from the Israeli Tax Authority providing full exemption from such withholding tax (or the right to a lower rate of withholding) that is reasonably satisfactory to Meitav Dash Trusts Ltd., the tax withholding agent approved by the Israel Tax Authority for this purpose. (See Instruction 5, "Important Israeli Tax Withholding Information")

If you are a U.S. Person (as defined in Instruction 4, "Important U.S. Tax Information for Shareholders"), you must also complete a Substitute Form W-9. If you are not a U.S. Person, you must provide an appropriate Form W-8. (See Instruction 4, "Important U.S. Tax Information for Shareholders").

(\* ) For Direct Shareholders (Not via brokers):

Please check this box to indicate that you are a US resident

We require submittal of W9 forms for every US resident

(\*\*) Please check this box to indicate that you hold directly and/ or indirectly less than 10% of the 43.4 million outstanding Backweb Technologies Ltd. Shares



## **INSTRUCTIONS**

*(Please read carefully the instructions below)*

1. **Method and Timing of Delivery:** Your Letter of Transmittal and relevant documents must arrive to the Company by Nov 30, 2014 in order to be paid by Dec 15, 2014, or by Jan 30, 2015 in order to be paid by Feb 15, 2015. The method of delivery at the address set forth on the front of this Letter of Transmittal is at the option and risk of the shareholder. Delivery will be deemed effective only when received. **If the Letter of Transmittal is sent by mail, registered mail with return receipt requested.** In any case of not receiving all the necessary and relevant forms on time or not properly, there will be full withholding by law at the maximum rate defined by Israel Tax Authority (30%).

2. **Payment in the Same Name:** If the check/wire is issued in the same name as appear in Registrar's files, the Letter of Transmittal should be completed accordingly. If any of the shares are represented by a book-entry statement, then the owner must sign this Letter of Transmittal exactly as such person's name appears on a security position listing as the owner of the shares. If any of the shares are owned by two or more joint owners, all such owners must sign this Letter of Transmittal. Letter of Transmittals executed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary capacity who are not identified as such in the registration must be accompanied by proper evidence of the signer's authority to act.

3. **Special Payment and Delivery Instructions:** Indicate the name of which and address to which the check is to be sent as well as bank account details (Including Beneficiary Account Name, Beneficiary Bank Account Name, Beneficiary Bank Account City/State/ Country, Bank account Number and Bank Address ,Bank Routing & Transit Number or Swift Code ,ABA/BIC) to which wire is to be transferred if different from the name and/or address of the person(s) signing this Letter of Transmittal. Relevant W-9 or W-8 must also be completed for the person named therein, and that person will be considered the record owner. Any Registered Holder who does not provide the bank information specified above will receive a check to the mailing address provided.

3. All questions as to the validity and eligibility of shareowners will be determined by the Company upon confirmation from the registrar and such determination shall be final and binding.

#### 4. **Important U.S. Tax Information for Shareholders:**

**To ensure compliance with Treasury Department Circular 230, you are hereby notified that any discussion of tax matters set forth in this Letter of Transmittal was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any person, for the purpose of avoiding tax-related penalties under U.S. federal, state, or local tax law. You should seek advice based on your particular circumstances from an independent tax advisor.**

To prevent backup withholding on any payment of cash made to a shareholder (or person acting on behalf of a shareholder), you are required, if you are a U.S. Person (as defined below), (i) to notify the Company of your current U.S. taxpayer identification number, or TIN, (or the TIN of the person on whose behalf you are acting) by completing the Substitute Form W-9 as described more fully below, or (ii) to otherwise establish a basis for exemption from backup withholding.

If backup withholding applies, the Company is required to withhold any necessary amount of any payments of cash made. Backup withholding is not an additional tax. Amounts withheld are creditable against the shareholder's regular United States federal income tax liability, and any amount over-withheld generally will be refundable to the shareholder if the shareholder properly files a United States federal income tax return.

Certain shareholders are exempt from backup withholding. If you are an exempt U.S. shareholder, you should furnish your TIN, check the "Exempt" box and otherwise comply with the instructions on the Substitute Form W-9.

**Each shareholder is urged to consult his or her own tax advisor to determine whether such shareholder is required to furnish the Substitute Form W-9, is exempt from backup withholding and information reporting, or is required to furnish the appropriate IRS Form W-8 (an IRS Form W-8BEN, an IRS Form W-8BEN-E, an IRS Form W-8ECI, an IRS Form W-8EXP or an IRS Form W-8IMY, as applicable).**

You are a U.S. person ("U.S. Person") if you are, for U.S. federal income tax purposes, (1) an individual citizen or a resident of the United States (including a U.S. resident alien), (2) a partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or any state thereof or the District of Columbia, (3) an estate whose income is subject to U.S. federal income tax regardless of its source, or (4) a trust if (i) such trust has validly elected to be treated as a U.S. Person for United States federal income tax purposes or (ii) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. Persons are authorized to control all substantial decisions of the trust.

Each U.S. Person that is not exempt from backup withholding is required to provide the Company with a correct TIN and with certain other information on the Substitute Form W-9, which is attached below, and to certify that the TIN provided is correct (or that such U.S. Person is awaiting a TIN) and that the U.S. Person is not subject to backup withholding.

The TIN is generally the U.S. Person's U.S. Social Security number or the U.S. federal employer identification number. The U.S. Person is required to furnish the TIN of the registered holder of the Company Ordinary Shares. The Substitute Form W-9 explains the proper certification to use if the Company Ordinary Shares are registered in more than one name or are not registered in the name of the actual owner. The U.S. shareholder may write "Applied For" on the Substitute Form W-9 if the tendering U.S. Person has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the U.S. shareholder writes "Applied For" on the TIN line of the Substitute Form W-9 and the Company is not provided with a TIN by the time of payment, the Company will backup withhold a portion of such payments. Certain U.S. Persons are not subject to these backup withholding and reporting requirements. See the enclosed Substitute Form W-9 for additional instructions.

Failure to provide the required information on the Substitute Form W-9 may subject a U.S. Person to a penalty imposed by the Internal Revenue Service and backup withholding on any payment of upcoming Distribution Funds. More serious penalties may be imposed for providing false information which, if willfully done, may result in fines and/or imprisonment.

In general, in order for a foreign shareholder to qualify as an exempt recipient that shareholder must submit an appropriate and properly completed Form W-8, signed under penalties of perjury, attesting to that shareholder's foreign status. Such Form W-8 is available from the IRS by calling 1-800-TAX-FORM (1-800-829-3676) or from the IRS website at <http://www.irs.gov>.

The tax information set forth above is for informational purposes only, shareholders are not entitled to (and should not) rely on such information and each shareholder should consult its, his or her tax advisor and/or consultant as such shareholder deems necessary. None of the Liquidator, the Company or any of their respective affiliates, subsidiaries, directors, officers, equity holders, members, managers, partners, employees and representatives shall have any liability to a shareholder with respect to any of the foregoing tax information.

#### **5. *Important Israeli Tax Withholding Information***

According to Israeli law, any shareholder, including a shareholder who is not a resident of the State of Israel, is subject to withholding at source of Israeli tax in accordance with the rates prescribed by Israeli law from the payment of the upcoming Distribution Funds. Said shareholder will be exempt from Israeli tax withholding if s/he provides the Company, prior to or concurrently with submitting this Letter of Transmittal in accordance with the terms hereof, with a valid certificate issued by the Israeli Tax Authority exempting such shareholder from Israeli withholding tax on the payments of upcoming Distribution Funds or entitling such shareholder to a reduced rate of Israeli withholding tax on such payment in form (a "Valid Certificate") and the "Declaration Regarding Israeli Withholding".

Please note that the withholding of tax at source, as relevant, shall be made in NIS and that Meitav Dash Trusts Ltd., acting as withholding agent, shall convert the relevant portion of US dollars according to the applicable USD/NIS exchange rate at the time of such conversion.

The Israeli Tax Authority issued a tax ruling providing that non-Israeli shareholders who purchased their Company Ordinary Shares on or after June 1999 (the date on which the Company first listed its shares on NASDAQ) and hold less than 5% of the Company shares will be exempt from withholding taxes to the extent that such shareholders will provide the Company with the "Declaration Regarding Israeli Withholding."

Withholding of taxes are under the full responsibility of the tax trustee (Meitav Dash Trusts LTD) as per the tax ruling.



## חטיבה מקצועית

נספח ב'

### DECLARATION OF STATUS FOR ISRAELI INCOME TAX PURPOSES

You are receiving this form "Declaration of Status For Israeli Income Tax Purposes" as a holder of ordinary shares, 0.03 NIS par value per share (the "Shares") of BackWeb Technologies Ltd., in connection with its liquidation.

By completing this form in a manner that would substantiate your eligibility for an exemption from Israeli withholding tax, you will allow the Purchaser, the Paying Agent, your broker or any other withholding agent, or their authorized representatives to exempt you from Israeli withholding tax.

<b>PART I: Identification and details of Shareholder (including Eligible Israeli Brokers) (see instructions)</b>	
<b>1. Name:</b>  (please print full name)	<b>2. Type of Shareholder (more than one box may be applicable):</b> <input type="checkbox"/> Corporation (or Limited Liability Company) <input type="checkbox"/> Individual <input type="checkbox"/> Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Other: _____
	<input type="checkbox"/> Bank <input type="checkbox"/> Broker <input type="checkbox"/> Financial Institution
<b>3. For individuals only:</b>	<b>4. For all other Shareholders:</b>
Date of birth: ____/____/____ month / day / year	Country of incorporation or organization:
Country of residence:	Registration number of corporation (if applicable):
Countries of citizenship (name all citizenships):	
Taxpayer Identification or Social Security No. (if applicable):	Country of residence:
<b>5. Permanent Address (state, city, zip or postal code, street, house number, apartment number):</b>  	
<b>6. Mailing Address (if different from above):</b>  	<b>7. Contact Details:</b> Name: _____ Capacity: _____ Telephone Number (country code, area code and number): _____



## חטיבה מקצועית

8. I hold the Shares of \_\_\_\_\_ (mark X in the appropriate place):

- directly, as a Registered Holder  
 through a Broker. If you marked this box, please state the name of your Broker: \_\_\_\_\_

9.  I am the beneficial owner (directly or indirectly) of less than 5% of the outstanding Shares.

**PART II** Declaration by Non-Israeli Residents (see instructions) ▶ Eligible Israeli Brokers should not complete this Part II

**A. To be completed only by Individuals.** I hereby declare that: (if the statement is correct, mark X in the following box)

A.1  I am NOT a "resident of Israel", which means, among other things, that:

- The State of Israel is not my permanent place of residence,
- The State of Israel is neither my place of residence nor that of my family,
- My ordinary or permanent place of activity is NOT in the State of Israel and I do NOT have a permanent establishment in the State of Israel,
- I do NOT engage in an occupation in the State of Israel,
- I do NOT own a business or part of a business in the State of Israel,
- I am NOT insured by the Israeli National Insurance Institution,
- I was NOT present (nor am I planning to be present) in Israel for 183 days or more during this tax year,
- I was NOT present (nor am I planning to be present) in Israel for 30 days or more during this tax year, and the total period of my presence in Israel during this tax year and the two previous tax years is less than 425 days in total;

A.2  I acquired the Shares on or after the initial public offering of BackWeb Technologies Ltd. on NASDAQ Stock Market (i.e., June, 1999).

A.3  I am the beneficial owner (directly or indirectly) of less than 5% of the outstanding Shares.

**B. To be completed by Corporations (except Partnerships and Trusts).** I hereby declare that: (if correct, mark X in the following box)

B.1  The corporation is NOT a "resident of Israel", which means, among other things, that:

- The corporation is NOT registered with the Registrar of Companies in Israel,
- The corporation is NOT registered with the Registrar of "Amutot" (non-profit organizations) in Israel,
- The control of the corporation is NOT located in Israel,
- The management of the corporation is NOT located in Israel,
- The corporation does NOT have a permanent establishment in Israel, and
- No Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25.0% or more of any "means of control" in the corporation as specified below:
  - The right to participate in profits;
  - The right to appoint a director;
  - The right to vote;
  - The right to share in the assets of the corporation at the time of its liquidation; and
  - The right to direct the manner of exercising one of the rights specified above;

B.2  The corporation acquired the Shares on or after the initial public offering of BackWeb Technologies Ltd. on NASDAQ Stock Market (i.e., June, 1999).



## חטיבה מקצועית

B.3  The corporation is the beneficial owner (directly or indirectly) of less than 5% of the outstanding Shares.

**C. To be completed by Partnerships.** I hereby declare that: (if correct, mark X in the following box)

C.1  The partnership is NOT an Israeli resident which means, among other things, that:

- The partnership is NOT registered with the Registrar of Partnerships in Israel,
- The control of the partnership is NOT located in Israel,
- The management of the partnership is NOT located in Israel,
- The partnership does NOT have a permanent establishment in Israel,
- NO Israeli resident holds, directly or indirectly via shares or through a trust or in any other manner or with another who is an Israeli resident, 25.0% or more of any right in the partnership or, of the right to direct the manner of exercising any of the rights in the partnership, and
- NO partner in the partnership is an Israeli resident;

C.2  The partnership acquired the Shares on or after the initial public offering of BackWeb Technologies Ltd. on NASDAQ Stock Market (i.e., June, 1999).

C.3  The partnership is the beneficial owner (directly or indirectly) of less than 5% of the outstanding Shares.

**D. To be completed by Trusts.** I hereby declare that: (if correct, mark X in the following box)

D.1  The trust is NOT an Israeli resident, and:

- All settlors of the trust are NOT Israeli residents,
- All beneficiaries of the trust are NOT Israeli residents, and

D.2  The trust acquired the Shares on or after the initial public offering of BackWeb Technologies Ltd. on NASDAQ Stock Market (i.e., June, 1999).

### PART III

**Declaration by Israeli Bank, Broker or Financial Institution (see instructions) ► Non-Israeli Residents should not complete this Part III**

I hereby declare that: (if correct, mark X in the following box)

- I am a bank, broker or financial institution that is a "resident of Israel" within the meaning of that term in Section 1 of the Ordinance (See Instruction II), I am holding the Shares solely on behalf of beneficial shareholder(s) and I am subject to the provisions of the Ordinance and the regulations promulgated thereunder relating to the withholding of Israeli tax, including with respect to the cash payment (if any) made by me to such beneficial shareholder(s) with respect to Shares in connection with the company liquidation.

### PART IV

**Certification.** By signing this form, I also declare that:



## חטיבה מקצועית

- I understood this form and completed it correctly and pursuant to the instructions.
- I provided accurate, full and complete details in this form.
- I am aware that providing false details constitutes criminal offense.
- I am aware that this form may be provided to the Israeli Tax Authority, in case the Israeli Tax Authority so requests, for purposes of audit or otherwise.

**SIGN HERE ►** \_\_\_\_\_

Signature of Shareholder

\_\_\_\_\_ Date

\_\_\_\_\_ Capacity in which acting

(or individual authorized to sign on your behalf)

November 10, 2014

Dear BackWeb Technologies Ltd. Shareholder:

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

BackWeb Technologies Ltd. is currently in a voluntary liquidation process in which it will fulfill its financial obligations, liquidate its Israel and U.S. entities, and distribute cash to its shareholders. You can read the Company's latest announcements in the "News" section of its website at [www.backweb.com](http://www.backweb.com). For an overview of the liquidation plans and cash distribution process, please see the Company's November 3, 2014, press release included with this cover letter. You may also see a list of frequently asked questions (FAQs) on a link from [www.backweb.com](http://www.backweb.com).

BackWeb Technologies Ltd., which is the parent company of BackWeb Technologies Inc., is an Israel-based company and the liquidation process is happening in Israel. The shareholder approved liquidator of the Company is Yoav Kfir and his firm VAR Management ("VAR") is managing the liquidation process and the distribution of cash to shareholders.

In order for you to receive any cash distribution from the Company for which you are 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.

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. Please note the following dates and deadlines:
  - a. To have your payment for the First Distribution processed by the Company on or before December 15, 2014, your "Package" (see # 13 below) must be delivered to VAR in Israel by November 30, 2014.
  - b. To have your payment for the First Distribution processed by the Company on or before February 15, 2015, your "Package" (see # 13 below) must be delivered to VAR in Israel by January 30, 2015.
  - c. If your "Package" is not delivered to VAR by January 30, 2015, you will receive your eligible payment sometime after February 15, 2015 and possibly as late as when the Second Distribution happens. There is currently no specific schedule for the Second Distribution but it will occur when the Company has completed the liquidation process, fulfilled its financial obligations and liquidated its US and Israel entities.
4. Read the Letter of Transmittal (LOT) document and note the instructions on pages 5-6 of the LOT that will specify what you need to do. Fill out the forms in the LOT.
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 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);
  - e. a Shareholders Consent Letter; and,
9. Before sending the Package, you should make a copy of all documents in the Package.
10. When you send the Package, 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 send the Package via international express mail 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 using your shipping company 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 deadlines 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 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.

Best regards,

VAR Management Ltd.



## הצהרת חברי בורסה

אני הח"מ \_\_\_\_\_ מצהיר בזאת בכתב כדלקמן:

בהתאם לסעיף 3.3.1 לרולינג מרשות המיסים לחברת בקווב טכנולוגיות בע"מ, ח.פ. 520044140, הריני מצהיר כי התמורה שהועברה אלי בעבור מניות החברה הרשומות בזירת המסחר על שמי, הועברה אליי ברוטו, ללא שנוכה ממנה מס במקור וכי אהיה אחראי על הניכוי במקור בעבור תמורה זו.

שם: \_\_\_\_\_

ת.ז/ח.פ.: \_\_\_\_\_

חתימה/חותמת החברה: \_\_\_\_\_

תאריך: \_\_\_\_\_

Declaration of TASE Members

I, the undersigned \_\_\_\_\_ hereby declare as follows:

In accordance with Section 3.3.1 of the ruling of the Israel Tax Authority issued to BackWeb Technologies Ltd. (the “**Company**”), ID 520044140, I hereby declare that the consideration which was transferred to me with respect to the shares of the Company registered in my name was in the gross amount. No tax was withheld at source and as such I shall be responsible for the payment of any withholding tax.

Name: \_\_\_\_\_

ID: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_



(In voluntary liquidation)

## **BackWeb Announces Initial Liquidation Distribution of Approximately \$0.207 per Share**

Trading of BWEBF Shares on the OTC Markets Group expected to stop on  
November 8, 2014

**Tel Aviv, Israel, November 3, 2014** — BackWeb Technologies Ltd. (the "Company" or "BackWeb", OTC Pink (BWEBF) (in voluntary liquidation), provided an update today on its pending liquidation and its process for distributing cash to shareholders. BackWeb expects that electronic trading in its shares via the Over-the-Counter (OTC) Markets Group will stop on November 8, 2014, after which BackWeb will begin a process to distribute the company's net cash to shareholders in two distributions ("the First Distribution" and "the Second Distribution"). The First Distribution will occur in two rounds, one in December 2014 and the second in February 2015. The Second Distribution will occur following the settlement of all financial obligations and the legal dissolution of the company's U.S. and Israeli entities. The Company cannot provide a precise timetable for the Second Distribution but generally expects it to occur during calendar year 2015.

The total cash to be distributed in the First Distribution and the Second Distribution is currently expected to range between \$9.7 million and \$10.2 million. The Company currently has approximately 43.4 million outstanding shares so the expected total distribution equates to \$0.22 to \$0.235 per share. In the First Distribution, \$9.0 million will be distributed to shareholders, or approximately \$0.207 per share (subject to rounding), which leaves an estimated \$0.7 million to \$1.2 million, or \$0.016 per share to \$0.027 per share, to be distributed in the Second Distribution. The Second Distribution will dispense the remaining cash balance, after the settlement of all financial obligations and the legal dissolution of the company's U.S. and Israeli entities. These amounts represent the best estimates of Yoav Kfir, the CEO of VAR Management ("VAR") and liquidator of BackWeb, at this time. However, a liquidation process involves some uncertainty and the actual amount of the Second Distribution could vary from these estimates due to unforeseen circumstances that may arise during the liquidation process.

Yoav Kfir, the CEO of VAR and liquidator of BackWeb, said, "We are making solid progress on BackWeb's liquidation program, enabling the company to make an initial distribution of approximately 90% of liquidation proceeds. We will keep shareholders informed of major milestones in the liquidation and cash distribution process."

**Backweb's Distribution Process:**

Backweb shares will stop trading on the OTC Markets Group (OTC Pink: BWEBF) five (5) business days after the publication of this press release, which is expected to be on November 8<sup>th</sup>. This date serves also as the record date of shareholders who will be eligible to receive their pro-rata share of the distribution's proceeds. By November 16, 2014, the Company will mail a package ("Mailing"), by way of registered mail, return receipt requested, to all registered shareholders and brokers (foreign and Israeli TASE members), which will include a Letter of Transmittal ("LOT"), Declaration Regarding Israeli Withholding Tax ("Tax Declaration"), Declaration of TASE members, and a Shareholders Consent and Representation form. The Mailing will also be available for download by shareholders at [www.backweb.com](http://www.backweb.com).

Each shareholder, or a securities broker on behalf of a shareholder, must complete the required documents contained in the Mailing and submit those documents as well as relevant tax forms specified in the LOT (collectively, the "Package") to VAR. Each Shareholder must submit a Package to VAR in order to receive its pro-rata share of liquidation proceeds in the First Distribution. **The distribution will be based on stockholder records as of the record date.**

For shareholders who return the Package to VAR by November 30, 2014, VAR expects to process First Distribution payments on or before December 15, 2014. For shareholders who return the Package to VAR after November 30, 2014 but no later than January 30, 2015, VAR expects to process First Distribution payments on or before February 15, 2015. Shareholders who do not return the package to VAR by January 30, 2015 will receive a check for the total amount due to them according to their pro-rata share ownership, based on the registrars' records as of the record date, with the maximum tax rate of 30% withheld from their proceeds, provided the Company has sufficient shareholder information to enable VAR to process a payment.

Shareholders are to specify payment instructions in the LOT as part of the Package. A shareholder who provides wire transfer information in the LOT will receive distribution proceeds payments via wire transfer directly to the shareholder's bank account. A shareholder who does not provide wire transfer information or provides different instructions in its LOT will receive distribution proceeds payment by check. Any payment that VAR attempts to make for shareholders who do not return a LOT will be made by check and mailed to the address that VAR has on file for each shareholder.

## Withholding Tax Issues

Liquidating distributions may be subject to Israeli withholding tax, however there are certain types of shareholders who will be exempt from Israeli withholding tax. These shareholders include those who are not Israeli residents and acquired their Company shares on or after June 1999 (the date of the initial public offering of the Company) and who own less than 5% of the total shares outstanding. Shareholders may determine their eligibility for exemption from Israeli withholding tax by reading the LOT. Shareholders may declare their eligibility for exemption in the Tax Declaration form included in the Mailing and to be returned with their Package. Please read the LOT for more details.

Backweb will withhold the maximum amount for Israeli tax liability (30%) for shareholders who do not return a relevant Tax Declaration with their Package. In accordance with a tax ruling dated from June 24, 2013 from the Israeli Tax Authority (ITA), the Company has engaged a tax trustee (Meitav Dash Trusts, Ltd.) which has the full responsibility for processing withholding tax for the ITA and will thus determine and withhold the appropriate taxes for the ITA. All shareholders are urged to consult with a local tax consultant when preparing the Package and selecting the relevant tax forms for their respective tax authority. Again, shareholders are urged to read the LOT for more details.

Below is a schedule of key dates over the next few months for informational purposes only.

### Schedule of First Distribution

<b>Item</b>	<b>Date</b>
Expected halt in trading of BWEBF shares in OTC / Effective date	On Nov 8, 2014
Expected Mailing of Package to Shareholders	By Nov 16, 2014
<b>First Distribution Payment: Round 1</b>	
Deadline for receiving Package from Shareholders	Nov 30, 2014
Expected date by which payments will be processed for shareholders whose package is received by the deadline	By Dec 15, 2014
<b>First Distribution Payment: Round 2</b>	
Deadline for receiving Package from Shareholders	Jan 30, 2015
Expected date by which payments will be processed for shareholders whose package is received by the deadline	By Feb 15, 2015

**About BackWeb:**

BackWeb ® Technologies Ltd. (in voluntary liquidation) ([www.backweb.com](http://www.backweb.com)) has suspended operations, divested its patents and is in a process of liquidation.

BackWeb's liquidator is Mr. Yoav Kfir, CPA, whose contact information is below.

Statements in this news release that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements of beliefs, plans, expectations or intentions regarding the future. Such forward-looking statements include, but are not limited to, comments concerning the timing of the liquidation process, the expected amount and timing of liquidating distributions, and other matters. Such statements reflect the Company's current estimate with respect to future events, therefore they are not promises or guaranties. BackWeb assumes no obligation to update any of the forward-looking statements in this release.

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