



March 27, 2015

Dear Shareholder:

CyberArk Software Ltd. ("Parent") believes that Parent and Cyber-Ark Software GmbH (the "German Subsidiary" and, together with Parent, ("Company"), a wholly owned subsidiary of Parent, may be deemed to be passive foreign investment companies ("PFIC") for U.S. federal income tax purposes with respect to their taxable years ending December 31, 2014. As described in further detail in Parent's Annual Report on Form 20-F for the year ending December 31, 2014 (the "2014 Form 20-F"), which is available on the U.S. Securities and Exchange Commission's website at <http://www.sec.gov>, U.S. shareholders of Parent ("U.S. Shareholders") may make a qualified electing fund ("QEF") election with respect to the Company, which generally should be made with the filing of the U.S. Shareholder's U.S. federal income tax return for the first taxable year for which both (i) the U.S. Shareholder holds ordinary shares of Parent and (ii) Parent and/or German Subsidiary was a PFIC.

U.S. Shareholders who choose to make a QEF election in respect of the Company's 2014 taxable year must do so by filing U.S. Internal Revenue Service ("IRS") Form 8621, *Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund* ("Form 8621"). U.S. Shareholders who file (or who previously filed) a QEF election must report their pro rata share of the Companies' ordinary earnings and net capital gain for the Companies' taxable year, if any, on Form 8621. Each U.S. Shareholder's pro rata share of ordinary earnings and net capital gain for the Companies' 2014 taxable year may be calculated from the information contained in the PFIC Annual Information Statement attached hereto as Appendix A which refers to the Parent and Appendix B which refers to the German Subsidiary.

Please note that, as a shareholder of a PFIC, a U.S. Shareholder may be required to file Form 8621 with respect to the Company, whether or not a QEF election is made. For example, a U.S. Shareholder who first held ordinary shares of the Parent in 2014 but who does not make a QEF election is required to report certain distributions from, and dispositions of ordinary shares of, the Parent.

Blank copies of Form 8621, with instructions, may be obtained from the IRS website at <http://www.irs.gov/Forms-&-Pubs>.

**You are strongly urged to read the section headed "U.S. Federal Income Taxation" in the 2014 Form 20-F for further explanation of the U.S. federal income tax considerations that may apply to U.S. Shareholders that invest in ordinary shares of the Parent, including information about the QEF and other elections relevant to a holder of shares of a PFIC.**

**The information in this letter and the attached PFIC Annual Information Statement does not constitute tax advice and should be confirmed by your own tax advisor. You are strongly urged to consult your tax advisor regarding the application of the PFIC rules to you and the advisability of making a QEF election or any of the other elections available to a holder of shares of a PFIC.**

As the Companies' PFIC status for a given taxable year will not be determinable until the close of such year, no assurance can be given regarding the Companies' PFIC status in 2015 or any future year.

Yours very truly,

**CyberArk Software Ltd.**

Joshua Siegel  
Chief Financial Officer, CyberArk Software Ltd.



Attachment

APPENDIX A

**PFIC ANNUAL INFORMATION STATEMENT  
FOR CYBERARK SOFTWARE LTD. (the "Company")**

1. Taxable year January 1, 2014 to December 31, 2014
2. **Overall** amount of ordinary earnings of the Company for taxable year specified above USD 18,690,874
3. **Overall** amount of net capital gain of the Company for taxable year specified above. None
4. **Overall** amount of cash and the fair market value of other property distributed or deemed distributed to shareholder for taxable year specified above. None
5. To the extent necessary, to prevent a termination or invalidation of the shareholder's QEF election, the Company will permit any U.S. shareholder to inspect and copy the Company's permanent books of account, records and such other documents as may be maintained by the Company that are necessary to establish that the Company's ordinary earnings and net capital gain are computed in accordance with U.S. income tax principles and to verify these amounts and your pro rata shares thereof.
6. The Company was incorporated on February 28, 1996 in the State of Israel. The Company's address is:

94 Em-Ha'Moshavot Road  
Park Ofer, P.O. Box 3143  
Petach Tikva 4970602, Israel

