

BluePhoenix Solutions Completes \$2.5 Million Share Transaction

Prescott Group increases holdings in Legacy Modernization leader.

BluePhoenix Solutions Ltd. (NASDAQ: BPHX), the leading provider of value driven legacy IT modernization solutions, today announced that it completed a transaction pursuant to which the Company issued to one of its major shareholders, Prescott Group Aggressive Small Cap Master Fund, G.P., ordinary shares for an aggregate consideration of \$2.5 million.

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About BluePhoenix Solutions

BluePhoenix Solutions Ltd. (NASDAQ: BPHX) is the leading provider of legacy application lifecycle solutions. The BluePhoenix portfolio includes a comprehensive suite of tools and services for automated database and application migration. Leveraging over 20 years of best-practice domain expertise, BluePhoenix works closely with its customers to minimize risk and provide a clear path from legacy platforms like COBOL, Natural/Adabas and others to modern solutions like SQL, DB2, Java and more. BluePhoenix customers come from diverse industries and vertical markets such as automotive, banking and financial services, insurance, manufacturing, and retail. BluePhoenix has 6 offices in the USA, UK, Italy, Romania, and Israel.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this release may be deemed forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and other Federal Securities laws. You can identify these and other forward-looking statements by the use of words such as "may," "will," "plans," "believes," "estimates," "expects," "predicts", "intends," the negative of such terms, or other comparable terminology. Because such statements deal with future events, plans, projections, or future performance of the Company, they are subject to various risks and uncertainties that could cause actual results to differ materially from the Company's current expectations. These risks and uncertainties include but are not limited to: the effects of the global economic and financial trends; market demand for the Company's products; successful implementation of the Company's products; changes in the competitive landscape, including new competitors or the impact of competitive pricing and products; and such other risks and uncertainties as identified in BluePhoenix's most recent Annual Report on Form 20-F and other reports filed by it with the SEC. Except as otherwise required by law, BluePhoenix undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. This press release is also available at www.bphx.com. All names and trademarks are their owners' property.