



**OFFER TO PURCHASE FOR CASH
BY
ITEX CORPORATION
OF
UP TO 527,779 SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF \$4.30 PER SHARE**

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON March 29, 2019, UNLESS THE OFFER IS EXTENDED.

ITEX Corporation, a Nevada corporation (“ITEX” “we” or “us”), is offering to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which together with any amendments, supplements or modifications thereto, collectively constitute the “Offer”). Unless the context otherwise requires, all references to shares shall refer to the shares of common stock, par value \$0.01 per share, of ITEX.

Only shares properly tendered and not properly withdrawn pursuant to the Offer will be purchased, upon the terms and subject to the conditions of the Offer. However, because of the proration and conditional tender provisions described in this Offer to Purchase, we may not purchase all of the shares tendered if more than 527,779 shares are properly tendered and not properly withdrawn. Shares tendered but not purchased in the Offer will be returned to the tendering stockholders at our expense promptly after the expiration date. We reserve the right, in our sole discretion, to increase the number of shares accepted in the Offer, subject to applicable law, by no more than 2% of the outstanding shares without amending or extending the Offer. See Section 1.

The Offer is not conditioned upon obtaining financing or any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7.

Our shares are currently quoted on the OTC Pink Marketplace tier of the OTC Markets Group Inc. under the symbol “ITEX.” On March 1, 2019, the last trading day prior to the commencement of the Offer, the last sale price of our shares reported on the OTC Pink Marketplace was \$4.40 per share. **You are urged to obtain current market quotations for the shares before deciding whether to tender your shares. See Section 8.**

ITEX’s Board of Directors has approved the Offer. However, neither ITEX, the ITEX Board of Directors, nor the Depositary makes any recommendation to you as to whether to tender or refrain from tendering any shares. You should carefully evaluate all information in the Offer to Purchase and the related Letter of Transmittal, should consult with your own financial and tax advisors, and should make your own decisions about whether to tender shares, and, if so, how many shares to tender.

The following directors and executive officers of ITEX have indicated their non-binding intention to tender up to the following number of shares in the Offer: Eric Best, a director, up to 7,000 shares; John Wade, a director and our Chief Financial Officer, up to 17,700 shares; and Steven White, our Chairman of the Board of Directors and Chief Executive Officer, up to 161,798 shares. Neither the Lion Fund, LP, which beneficially owns approximately 16.1% of the shares outstanding, nor the Pagidipati Family LP, which beneficially owns approximately 8.7% of the shares outstanding, has indicated to us whether it intends to tender shares pursuant to the Offer. In the event that the Lion Fund, LP or the Pagidipati Family LP tenders all or a substantial portion of its shares, the likelihood of proration of the shares tendered by all stockholders in the Offer is significantly increased. See Sections 1 and 11.

Questions and requests for assistance may be directed to Corporate Communications at ITEX Corporation, at the address and telephone number set forth below and on the back cover page of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery, or any document incorporated herein by reference, may be directed to Corporate Communications at ITEX Corporation.

ITEX Corporation
Attn: Corporate Communications
15900 SE Eastgate Way, Suite 100
Bellevue, WA 98008
800-277-9722, extension 4003 (*Call Toll-Free*)
Email: feedback@itex.com

March 4, 2019

IMPORTANT

If you wish to tender all or any part of your shares, and:

(1) you are a record holder (i.e., a stock certificate or book entry has been issued to or entered for you and registered in your name), you must complete and sign the Letter of Transmittal, or a facsimile of it, according to the instructions in the Letter of Transmittal and mail or deliver it, together with any required signature guarantee and any other required documents, to OTR, Inc., the Depositary for the Offer, and mail or deliver the share certificates to the Depositary together with any other documents required by the Letter of Transmittal; or

(2) you hold your shares through a broker, dealer, commercial bank, trust company or other nominee (i.e., your shares are held in “street name”), you should request a broker, dealer, commercial bank, trust company or other nominee to effect the transaction for you. If your shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, you should promptly contact that person if you desire to tender your shares. Beneficial owners should be aware that their broker, dealer, commercial bank, trust company or other nominee may establish its own earlier deadline for participation in the Offer and, accordingly, beneficial owners wishing to participate in the Offer should contact the nominee as soon as possible in order to determine the times by which such owner must take action in order to participate in the Offer.

If you desire to tender shares pursuant to the Offer and the certificates for your shares are not immediately available or you cannot deliver certificates for your shares and all other required documents to the Depositary before the expiration of the Offer, you must tender your shares according to the guaranteed delivery procedure described in Section 3.

The Offer is not being made to (nor will any tender of shares be accepted from or on behalf of) holders in any U.S. jurisdiction in which the making of the Offer or the acceptance of any tender of shares therein would not be in compliance with the laws of such U.S. jurisdiction. However, we may, at our discretion, take such action as we may deem necessary for us to make the Offer in any such U.S. jurisdiction and extend the Offer to holders in such U.S. jurisdiction.

You should only rely on the information contained in this Offer to Purchase and the Letter of Transmittal. We have not authorized any person to make any recommendation on our behalf as to whether you should tender or refrain from tendering your shares in the Offer. We have not authorized any person to give any information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase or in the Letter of Transmittal. If given or made, any recommendation or any such information or representation must not be relied upon as having been authorized by us or the Depositary.

TABLE OF CONTENTS

<u>SUMMARY TERM SHEET</u>		1
<u>FORWARD-LOOKING STATEMENTS</u>		7
<u>INTRODUCTION</u>		8
<u>THE OFFER</u>		10
Section 1.	<u>Number Of Shares; Proration</u>	10
Section 2.	<u>Purpose of the Offer; Certain Effects of the Offer; Plans and Proposals</u>	12
Section 3.	<u>Procedures for Tendering Shares</u>	14
Section 4.	<u>Withdrawal Rights</u>	18
Section 5.	<u>Purchase of Shares and Payment of Purchase Price</u>	19
Section 6.	<u>Conditional Tender of Shares</u>	20
Section 7.	<u>Conditions of the Offer</u>	21
Section 8.	<u>Price Range of Shares; Dividends</u>	22
Section 9.	<u>Source and Amount of Funds</u>	23
Section 10.	<u>Certain Information Concerning ITEX</u>	23
Section 11.	<u>Interest of Directors and Executive Officers; Transactions and Arrangements Concerning Shares</u>	24
Section 12.	<u>Legal Matters; Regulatory Approvals</u>	28
Section 13.	<u>United States Federal Income Tax Consequences</u>	28
Section 14.	<u>Extension of the Offer; Termination; Amendment</u>	29
Section 15.	<u>Fees and Expenses</u>	30
Section 16.	<u>Miscellaneous</u>	31

SUMMARY TERM SHEET

We are providing this summary term sheet for your convenience. It highlights the most material information in this Offer to Purchase, but you should understand that it does not describe all of the details of the Offer to the same extent described in this Offer to Purchase. We urge you to read the entire Offer to Purchase and the related Letter of Transmittal because they contain the full details of the Offer. We have included references to the sections of this Offer to Purchase where you will find a more complete discussion.

Who is offering to purchase my shares?

ITEX Corporation, which we refer to as “ITEX,” “we” or “us,” is offering to purchase shares of our common stock, par value \$0.01 per share, in a tender offer.

What will the purchase price for the shares be and what will be the form of payment?

We are offering to purchase your shares at a price of \$4.30 per share. If your shares are purchased in the Offer, you will be paid the purchase price in cash, without interest, promptly after the expiration of the Offer. Under no circumstances will we pay interest on the purchase price, even if there is a delay in making payment. See Section 1.

How many shares will ITEX purchase?

We are offering to purchase 527,779 shares validly tendered in the Offer, or such fewer number of shares as are properly tendered and not properly withdrawn prior to the expiration date (as defined below). 527,779 shares represent approximately 25% of our outstanding common stock as of March 4, 2019. As of March 4, 2019, there were 2,111,114 shares issued and outstanding (including shares of unvested restricted stock). See Section 11. The Offer is not conditioned on any minimum number of shares being tendered. See Section 7.

We may increase the number of shares accepted in the Offer by no more than 2% of the outstanding shares without amending or extending the Offer. See Section 1.

Why is ITEX making the Offer?

We believe the Offer is a suitable use of our capital and that investing in our own shares is an efficient and equitable way to return capital and provide value to our stockholders. The Offer provides stockholders (particularly those who, because of the size of their shareholdings, might not be able to sell their shares without disruption to the trading of the shares on the OTC Pink Marketplace) with an opportunity to obtain liquidity with respect to all or a portion of their shares without potential disruption to the share price. Conversely, the Offer also affords stockholders the option not to participate and, thereby, to increase their relative percentage interest in ITEX and its future results. We believe that the Offer represents an efficient mechanism to provide our stockholders with the opportunity to tender all or a portion of their shares, allowing stockholders increased liquidity and the opportunity for holders to sell shares without the usual transaction costs associated with open market sales. On February 18, 2019, the ITEX board of directors authorized ITEX to enter into this Offer. See Section 2.

How will ITEX pay for the

Assuming we purchase 570,001 shares in the Offer (including an

shares? additional number of shares not to exceed 2% of the outstanding shares), approximately \$2.451 million will be required to purchase the shares. We currently possess the cash funds necessary to purchase shares tendered in the Offer and to pay related fees and expenses. The Offer is not conditioned upon the receipt of financing. See Sections 7 and 9.

How long do I have to tender my shares? You may tender your shares until the Offer expires. The Offer will expire on March 29, 2019 at Midnight (one minute after 11:59 p.m.), New York City time, unless we extend it. If a broker, dealer, commercial bank, trust company or other nominee holds your shares, it is likely that they will have an earlier deadline for you to act to instruct them to accept the Offer on your behalf. We urge you to immediately contact your broker, dealer, commercial bank, trust company or other nominee to find out their deadline. See Section 1.

We may choose to extend the Offer for any reason, subject to applicable laws. We cannot assure you, however, that we will extend the Offer or, if we extend it, for how long. If we extend the Offer, we will delay the acceptance of any shares that have been tendered. See Section 14.

How will I be notified if ITEX extends the Offer? We will issue a press release by 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date if we decide to extend the Offer. See Section 14.

What will happen if I do not tender my shares? Upon the completion of the Offer, non-tendering stockholders will realize a proportionate increase in their relative ownership interest in ITEX, subject to our right to issue additional shares of common stock and other equity securities in the future. These stockholders will also continue to bear the risks associated with owning the shares, including risks resulting from our purchase of shares in the Offer. Stockholders may be able to sell non-tendered shares in the future in market transactions or otherwise, at a net price higher or lower than the purchase price in the Offer. However, the shares held by non-tendering stockholders may be affected by the limited trading volume of our shares on the OTC Pink Marketplace. See Sections 2 and 10.

Are there any conditions to the Offer? Yes. Our obligation to accept and pay for your tendered shares depends upon a number of conditions, including:

- No legal action shall have been proposed, instituted or pending, nor shall we have received notice of such action that challenges or otherwise relates to the Offer or the availability of funds we intend to use to purchase shares in the Offer.
- No general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter markets in the United States, declaration of a banking moratorium or any suspension of payment in respect of banks in the United States, or any governmental or regulatory limitation or

any event or adverse change in the financial or capital markets generally, that, in our reasonable judgment, might affect the extension of credit by banks or other lending institutions in the United States, shall have occurred.

- No changes in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect on our business, financial condition, income, operations or business or financial prospects shall have occurred.
- No commencement or escalation of war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any of its territories, including, but not limited to, an act of terrorism, shall have occurred.
- No person shall have proposed, announced or made a tender or exchange offer for any or all of our shares (other than the Offer), or any merger, acquisition, business combination or other similar transaction with or involving us nor shall we have entered into a definitive agreement or an agreement in principle with any person with respect to a merger, business combination or other similar transaction.
- No person, including a “group” as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), shall have acquired, or proposed to acquire, beneficial ownership of more than 5% of our outstanding shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than as and to the extent disclosed in a Schedule 13D or Schedule 13G filed with the SEC on or before March 4, 2019). In addition, no new group shall have been formed that beneficially owns (as a group) more than 5% of our outstanding shares.
- No change, condition or event (or any condition or event involving a prospective change) shall have occurred in our business, condition (financial or otherwise), assets, income, operations or financial prospects that, in our reasonable judgment, has, or could reasonably be expected to have, a material adverse effect on ITEX, on the value of or trading in our common stock, on our ability to consummate the Offer or on the benefits of the Offer to ITEX.

The Offer is subject to these conditions and a number of other conditions. See Section 7.

How do I tender my shares?

To tender your shares, prior to Midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019 (unless the Offer is extended):

- you must deliver your share certificate(s) and a properly completed and duly executed Letter of Transmittal to the Depositary at its address appearing on the back cover page of this

Offer to Purchase;

- the Depositary must receive a confirmation of receipt of your shares by book-entry transfer and a properly completed and duly executed Letter of Transmittal or “agent’s message”; or
- you must comply with the guaranteed delivery procedure.

If your shares are held through a broker, dealer, commercial bank or other nominee, you must request such broker, dealer, commercial bank or other nominee to effect the transaction for you. You may also contact Corporate Communications at ITEX Corporation for assistance.

See Section 3 and the instructions to the Letter of Transmittal.

Once I have tendered shares in the Offer, can I withdraw my tender?

You may withdraw any shares you have tendered at any time before Midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless we extend the Offer, in which case you may withdraw tendered shares until the Offer, as so extended, expires. If we have not accepted for payment the shares you have tendered to us, you may also withdraw your shares after April 26, 2019. See Section 4.

How do I withdraw shares I previously tendered?

You must deliver, on a timely basis, a written or facsimile notice of your withdrawal to the Depositary at its addresses appearing on the back cover page of this Offer to Purchase. Your notice of withdrawal must specify your name, the number of shares to be withdrawn and the name of the registered holder of these shares. Some additional requirements apply if the share certificates to be withdrawn have been delivered to the Depositary or if your shares have been tendered under the procedure for book-entry transfer set forth in Section 3. If you have tendered shares by giving instructions to a bank, broker, dealer, trust company or other nominee, you must instruct that person to arrange for withdrawal of your shares.

Has ITEX or our board of directors adopted a position on the Offer?

Our board of directors has approved the Offer. However, neither we nor our board of directors makes any recommendation to you as to whether you should tender or refrain from tendering your shares. You must make your own decision as to whether to tender your shares and, if so, how many shares to tender. See Sections 2 and 11. In doing so, you should read carefully the information in this Offer to Purchase and in the Letter of Transmittal.

Will ITEX’s significant stockholders, directors and officers tender shares in the Offer?

The following directors and executive officers of ITEX have indicated their non-binding intention to tender up to the following number of shares in the Offer: Eric Best, a director, up to 7,000 shares; John Wade, a director and our Chief Financial Officer, up to 17,700 shares; and Steven White, our Chairman of the Board of Directors and Chief Executive Officer, up to 161,798 shares. Neither the Lion Fund, LP, which beneficially owns approximately 16.1% of the shares outstanding, nor the Pagidipati

Family LP, which beneficially owns approximately 8.7% of the shares outstanding, has indicated to us whether it intends to tender shares pursuant to the Offer. In the event that the Lion Fund, LP or the Pagidipati Family LP tenders all or a substantial portion of its shares, the likelihood of proration of the shares tendered by all stockholders in the Offer is significantly increased. See Sections 1 and 11.

Following the Offer, will ITEX continue to be traded as a public company?

Yes. We intend that our shares will continue to be quoted on the OTC Pink Marketplace tier of the OTC Markets and we will continue to post information on the OTC Disclosure and News Service. However, we do not file reports with the Securities and Exchange Commission (“SEC”) and are not subject to the periodic reporting requirements of the Exchange Act.

What happens if the Offer is oversubscribed ?

If more than 527,779 shares are validly tendered and not properly withdrawn prior to the expiration of the Offer (or such greater number of shares as we may elect to purchase in the Offer), we will purchase shares:

- first, from all stockholders who properly tender shares and who do not properly withdraw them before the expiration date, on a pro rata basis, subject to the conditional tender provisions described in Section 6, with appropriate adjustments to avoid purchases of fractional shares until we have purchased 527,779 shares. No preference or priority is given to “odd lots” of less than 100 shares in this Offer.; and
- second, only if necessary to permit us to purchase 527,779 shares, from holders who have tendered shares subject to the condition that a specified minimum number of the holder’s shares be purchased if any shares are purchased in the Offer as described in Section 6 (for which the condition was not initially satisfied) and not properly withdrawn before the expiration date by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares. Therefore, all of the shares that you tender on a conditional basis in the Offer may not be purchased. See Section 1.

When will ITEX pay for the shares I tender?

We will pay the purchase price, net to you in cash, without interest, for the shares we purchase promptly after the expiration of the Offer and the acceptance of the shares for payment. See Sections 1 and 5.

What is the recent market price of my ITEX shares?

On March 1, 2019, the last trading day prior to the commencement of the Offer, the last reported sales price for our shares reported on the OTC Marketplace was \$4.40 per share. The 52-week range was between \$3.15 and \$4.50 with total volume of approximately 152,000 shares. You are urged to obtain current market quotations for the shares before deciding whether to tender your shares. Since January 1, 2019, our common stock has traded at prices higher than \$4.30 per share. As a result, it is possible that

you may receive less for your shares if you tender them than you would receive in a market sale. See Section 8.

Will I have to pay brokerage commissions if I tender my shares?

If you are a registered stockholder and you tender your shares directly to the Depositary, you will not incur any brokerage commissions. If you hold shares through a broker or bank, we urge you to consult your broker or bank to determine whether transaction costs are applicable. See Sections 1 and 3.

What are the United States federal income tax consequences if I tender my shares?

Generally, you will be subject to United States federal income taxation when you receive cash from us in exchange for the shares you tender. In addition, the receipt of cash for your tendered shares will be treated either as (1) a sale or exchange eligible for capital gains treatment, or (2) a dividend. Non-United States holders are urged to consult their tax advisors regarding the application of U.S. federal income tax withholding and backup withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure. See Sections 3 and 13. **All stockholders should review the discussion in Sections 3 and 13 regarding material United States federal income tax issues and consult their own tax advisor regarding the tax consequences of the Offer.**

Will I have to pay any stock transfer tax if I tender my shares?

We will pay all stock transfer taxes unless payment is made to, or if shares not tendered or accepted for payment are to be registered in the name of, someone other than the registered holder, or tendered certificates are registered in the name of someone other than the person signing the letter of transmittal. See Section 5.

To whom can I talk if I have questions?

The Corporate Communications department at ITEX Corporation can help answer your questions. Contact information is set forth on the back cover page of this Offer to Purchase.

FORWARD-LOOKING STATEMENTS

This Offer to Purchase, the other documents we post with the OTC Disclosure and News Service and oral statements made from time to time by ITEX may contain forward-looking statements. These statements may relate to our future operations, prospects, potential products, services, developments, business strategies or our future financial performance. These statements are based on the current expectations and beliefs of our management and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “intend,” “potential” or “continue” or the negative of these terms or other comparable terminology. In any forward-looking statement in which ITEX expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished. Forward-looking statements involve a number of risks, uncertainties and assumptions that are difficult to predict. We have included a discussion of certain risks, uncertainties and important factors that could cause actual results and events to differ materially from our forward-looking statements in the “Risk Factors” section of our Annual Report posted with the OTC Disclosure and News Service for the fiscal year ended July 31, 2018. We have based our forward-looking statements on our management’s beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecast by our forward-looking statements.

INTRODUCTION

To the stockholders of ITEX Corporation:

ITEX Corporation, a Nevada corporation (“ITEX”), is offering to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which, together with any amendments, supplements or modifications thereto, collectively constitute the “Offer”). Unless the context otherwise requires, all references to shares shall refer to the shares of common stock, par value \$0.01 per share, of ITEX.

Only shares properly tendered and not properly withdrawn pursuant to the Offer will be purchased, upon the terms and subject to the conditions of the Offer. However, because of the proration and conditional tender provisions described in this Offer to Purchase, all of the shares tendered may not be purchased if more than the number of shares we seek are properly tendered. Shares tendered but not purchased pursuant to the Offer will be returned at our expense promptly after the expiration date. See Section 1. ITEX reserves the right, in its sole discretion, to purchase more than 527,779 shares in the Offer, subject to applicable law.

The Offer will expire at Midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless the Offer is extended.

The Offer is not conditioned upon obtaining financing or any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7.

ITEX’s Board of Directors has approved the Offer. However, neither ITEX, the ITEX Board of Directors, nor the Depositary makes any recommendation to you as to whether to tender or refrain from tendering any shares. ITEX has not authorized any person to make any recommendation. You should carefully evaluate all information in this Offer to Purchase and the related Letter of Transmittal, should consult with your own financial and tax advisors, and should make your own decision about whether to tender shares, and, if so, how many shares to tender.

The following directors and executive officers of ITEX have indicated their non-binding intention to tender up to the following number of shares in the Offer: Eric Best, a director, up to 7,000 shares; John Wade, a director and our Chief Financial Officer, up to 17,700 shares; and Steven White, our Chairman of the Board of Directors and Chief Executive Officer, up to 161,798 shares. Neither the Lion Fund, LP, which beneficially owns approximately 16.1% of the shares outstanding, nor the Pagidipati Family LP, which beneficially owns approximately 8.7% of the shares outstanding, has indicated to us whether it intends to tender shares pursuant to the Offer. In the event that the Lion Fund, LP or the Pagidipati Family LP tenders all or a substantial portion of its shares, the likelihood of proration of the shares tendered by all stockholders in the Offer is significantly increased. See Sections 1 and 11.

The purchase price will be paid net to the tendering stockholder in cash, without interest, for all the shares purchased. Tendering stockholders who hold shares registered in their own name and who tender their shares directly to the Depositary will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of shares in the Offer. Stockholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs may apply if stockholders tender shares through the brokers or banks and not directly to the Depositary. Also, any tendering stockholder or other payee who fails to complete, sign and return to the Depositary the Substitute Form W-9 that is included as

part of the Letter of Transmittal or Form W-8BEN obtained from the Depositary may be subject to required United States federal income tax backup withholding equal to 24% of the gross proceeds payable to the tendering stockholder or other payee pursuant to the Offer. See Section 3.

As of March 4, 2019, we had 2,111,114 issued and outstanding shares of common stock (including shares of unvested restricted stock). The 527,779 shares that ITEX is offering to purchase represent approximately 25.0% of the shares outstanding on March 4, 2019. On March 1, 2019, the last reported sale price of the shares on the OTC Marketplace was \$4.40 per share. **Stockholders are urged to obtain current market quotations for their shares before deciding whether to tender shares pursuant to the Offer. See Section 8.**

THE OFFER

SECTION 1. NUMBER OF SHARES; PRORATION

General. Upon the terms and subject to the conditions of the Offer, ITEX will purchase 527,779 shares, or such fewer number of shares as are properly tendered and not properly withdrawn in accordance with Section 4, before the scheduled expiration date of the Offer, at a price of \$4.30 per share, net to the seller in cash, without interest.

The term “expiration date” means Midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless and until ITEX, in its sole discretion, shall have extended the period of time during which the Offer will remain open, in which event the term “expiration date” shall refer to the latest time and date at which the Offer, as so extended by ITEX, shall expire. See Section 14 for a description of ITEX’s right to extend, delay, terminate or amend the Offer. ITEX expressly reserves the right to purchase pursuant to the Offer an additional number of shares not to exceed 2% of the outstanding shares without amending or extending the Offer. See Section 14. In the event of an over-subscription of the Offer as described below, all shares tendered will be subject to proration, including odd lots. Except as described herein, withdrawal rights expire on the expiration date.

If (1)(a) ITEX increases or decreases the price to be paid for shares or (b) ITEX increases the number of shares being sought in the Offer and the increase exceeds 2% of the outstanding shares, or (c) ITEX decreases the number of shares being sought, and (2) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of any increase or decrease is first published, sent or given in the manner specified in Section 14, the Offer will be extended until the expiration of ten business days from the date that notice of any increase or decrease is first published. For the purposes of the Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 Midnight, New York City time.

The Offer is not conditioned upon obtaining financing or on any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7.

Only shares properly tendered and not properly withdrawn will be purchased, upon the terms and subject to the conditions of the Offer. However, because of the proration and conditional tender provisions of the Offer, all of the shares tendered will not be purchased if more than the number of shares ITEX seeks are properly tendered. All shares tendered and not purchased pursuant to the Offer, including shares not purchased because of proration or conditional tenders, will be returned at ITEX’s expense promptly after the expiration date. Stockholders also can specify the order in which the specified portions will be purchased in the event that, as a result of the proration provisions or otherwise, some but not all of the tendered shares are purchased pursuant to the Offer. In the event a stockholder does not designate the order and fewer than all shares are purchased due to proration, the order of shares purchased will be selected by the Depositary.

If the number of shares properly tendered and not properly withdrawn prior to the expiration date is fewer than or equal to 527,779 shares, or such greater number of shares as ITEX may elect to purchase, subject to applicable law, ITEX will, upon the terms and subject to the conditions of the Offer, purchase all such shares.

Priority of Purchases. Upon the terms and subject to the conditions of the Offer, if greater than 527,779 shares, or such greater number of shares as ITEX may elect to purchase, subject to applicable law, have been properly tendered and not properly withdrawn prior to the expiration date, ITEX will

purchase properly tendered shares on the basis set forth below:

(1) First, subject to the conditional tender provisions described in Section 6, ITEX will purchase all shares properly tendered and not properly withdrawn prior to the expiration date, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional shares, until ITEX has purchased 527,779 shares (or such greater number of shares as ITEX may elect to purchase). No preference or priority is given to “odd lots” of less than 100 shares in this Offer.

(2) Second, only if necessary to permit ITEX to purchase 527,779 shares (or such greater number of shares as ITEX may elect to purchase), ITEX will purchase shares conditionally tendered (for which the condition was not initially satisfied) and not properly withdrawn prior to the expiration date, by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

As a result of the foregoing priorities applicable to the purchase of shares tendered, it is possible that fewer than all shares tendered by a stockholder will be purchased or that, if a tender is conditioned upon the purchase of a specified number of shares, none of those shares will be purchased.

Odd Lots. No preference or priority is given to odd lots in this Offer. For purposes of the Offer, the term “odd lots” shall mean all shares properly tendered prior to the expiration date and not properly withdrawn by any person referred to as an “odd lot holder” who owns beneficially or of record an aggregate of fewer than 100 shares. Odd lots will be accepted for payment and will be subject to proration together with the purchase of other tendered shares. Any odd lot holder wishing to tender any or all of its shares pursuant to the Offer should follow the procedures specified in the Letter of Transmittal applicable to all stockholders. See Section 3.

Proration. If proration of tendered shares is required, ITEX will determine the final proration factor and commence payment for any shares purchased pursuant to the Offer promptly after the expiration date. Subject to adjustment to avoid the purchase of fractional shares, proration for each stockholder tendering shares shall be based on the ratio of the number of shares properly tendered and not properly withdrawn by the stockholder to the total number of shares properly tendered and not properly withdrawn by all stockholders, subject to conditional tenders. In the event that the Lion Group, LP tenders all or a substantial portion of its 340,840 shares, or the Pagidipati Family LP tenders all or a substantial portion of its 183,478 shares, the proration factor in the Offer could be substantially impacted. As a result, a more limited number of shares properly tendered by shareholders would be purchased. See Section 11.

As described in Section 13, the number of shares that ITEX will purchase from a shareholder pursuant to the Offer may affect the U.S. federal income tax consequences to that shareholder and, therefore, may be relevant to that shareholder’s decision whether or not to tender shares and whether or not to condition any tender upon the purchase of a minimum number of shares held by such shareholder. The Letter of Transmittal affords each stockholder who tenders shares registered in such stockholder’s name directly to the Depositary the opportunity to designate the order of priority in which shares tendered are to be purchased in the event of proration as well as the ability to condition such tender on a minimum number of shares being purchased. See Section 6.

This Offer to Purchase and the Letter of Transmittal will be mailed to record holders of shares and will be furnished to brokers, dealers, commercial banks, trust companies and other nominee stockholders and similar persons whose names, or the names of whose nominees, appear on ITEX’s stockholder list or, if applicable, that are listed as participants in a clearing agency’s security position listing for subsequent transmittal to beneficial owners of shares.

SECTION 2. PURPOSE OF THE OFFER; CERTAIN EFFECTS OF THE OFFER; PLANS AND PROPOSALS

Purpose of the Offer. Our board of directors believes that the Offer is an efficient and equitable way to return capital and provide value to our stockholders. ITEX believes that the Offer set forth herein represents a mechanism to provide all stockholders (particularly those who, because of the size of their shareholdings, might not be able to sell their shares without disruption to the trading of the shares on the OTC Pink Marketplace) with an opportunity to obtain liquidity with respect to all or a portion of their shares without potential disruption to the share price. Conversely, the Offer also affords stockholders the option not to participate and, thereby, to increase their relative percentage interest in ITEX and its future results. We believe that the Offer represents an efficient mechanism to provide our stockholders with the opportunity to tender all or a portion of their shares, allowing stockholders increased liquidity and the opportunity for holders to sell shares without the usual transaction costs associated with open market sales.

On February 18, 2019, the ITEX board of directors authorized ITEX to enter into this Offer and approved spending approximately \$2.5 million to repurchase the shares tendered. Prior to the authorization of this Offer, ITEX had authorization to repurchase up to \$2.0 million of common stock under its previously announced share repurchase program, which will remain available for repurchases of common stock under the share repurchase program after the consummation of the Offer. The number of shares repurchased under the stock repurchase program has been limited by the limited trading volume of our shares on the OTC Marketplace. As of January 31, 2019, we had expended a total of \$1.37 million to repurchase shares in market or private transactions under our stock repurchase program. On April 13, 2012, we completed a tender offer to purchase our shares and accepted for purchase 1,072,817 shares of our common stock at a purchase price of \$4.20 per share, for an aggregate cost of \$4,505,831. On April 15, 2015, we completed a tender offer to purchase our shares and accepted for purchase 750,032 shares of our common stock at a purchase price of \$4.00 per share, for an aggregate cost of \$3,000,128.

In considering the Offer, the board took into account its expected financial impact, and concluded that the Offer is a suitable use of our financial resources given our business profile, cash flow, assets and the current market price of the shares. As of January 31, 2019, ITEX had approximately \$6.3 million in current assets. After the Offer is completed, ITEX believes that its anticipated cash flow from operations will be adequate to meet its cash needs for normal operations and anticipated capital expenditures. However, ITEX does from time to time evaluate potential acquisition opportunities, which in some cases may involve a significant amount of cash consideration, and which, as a result of the purchase of shares in the Offer, could result in an increase in the amount of ITEX's indebtedness and leverage or future ability to pay dividends.

Following the completion or termination of the Offer, we intend to continue our previously authorized repurchase program and, from time to time, repurchase shares on the open market or through privately negotiated transactions in accordance with applicable law, provided however, that neither ITEX nor its affiliates will purchase any shares, other than in the Offer, until at least ten business days after the expiration date.

ITEX's board of directors has approved the Offer. However, neither ITEX, its board of directors, nor the Depositary makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares. ITEX has not authorized any person to make any recommendation. Stockholders should carefully evaluate all information in this Offer to Purchase and the related Letter of Transmittal, should consult their own financial and tax advisors, and should make their own decisions about whether to tender shares, and, if so, how many shares to tender.

The following directors and executive officers of ITEX have indicated their non-binding intention to tender up to the following number of shares in the Offer: Eric Best, a director, up to 7,000 shares; John Wade, a director and our Chief Financial Officer, up to 17,700 shares; and Steven White, our Chairman of the Board of Directors and Chief Executive Officer, up to 161,798 shares. Neither the Lion Fund, LP, which beneficially owns approximately 16.1% of the shares outstanding, nor the Pagidipati Family LP, which beneficially owns approximately 8.7% of the shares outstanding, has indicated to us whether it intends to tender shares pursuant to the Offer. In the event that the Lion Fund, LP or the Pagidipati Family LP tenders all or a substantial portion of its shares, the likelihood of proration of the shares tendered by all stockholders in the Offer is significantly increased. See Sections 1 and 11.

Certain Effects of the Offer. Upon the completion of the Offer, non-tendering stockholders will realize a proportionate increase in their relative ownership interest in ITEX and thus in ITEX's future earnings and assets, subject to ITEX's right to issue additional shares of common stock and other equity securities in the future. Although Steven White, our Chief Executive Officer, has indicated his non-binding intention to tender up to 161,798 shares, assuming 527,779 shares are acquired by ITEX in the Offer and neither Mr. White nor our other major shareholders tender pursuant to the offer, the relative ownership interest and voting power of Steven White would increase from 30.3% to 40.4% (30.2% if he tenders 161,798 shares), the Lion Fund, LP from 16.1% to 21.5%, and the Pagidipati Family, LP from 8.7% to 11.6%. All non-tendering stockholders will continue to participate in the future performance of ITEX and to bear the attendant risks associated with owning the shares, including risks resulting from our use of cash to purchase shares in the Offer. Stockholders may be able to sell their shares in the future in market transactions or otherwise, at a net price higher or lower than the purchase price in the Offer. However, the shares held by non-tendering stockholders may be affected by the limited trading volume of the shares on the OTC Marketplace. ITEX can give no assurance as to the price at which a stockholder may be able to sell his or her shares in the future, which price may be higher or lower than the purchase price paid in the Offer.

Shares that ITEX acquires pursuant to the Offer will be canceled and will have the status of authorized but unissued shares.

The purchase of shares in the Offer will reduce ITEX's "public float" (the number of shares owned by non-affiliate stockholders and available for trading in the securities markets) and is likely to reduce the number of ITEX stockholders. As of March 4, 2019, there were 2,111,114 shares issued and outstanding (including shares of unvested restricted stock). Assuming ITEX acquires 527,779 shares in the Offer, approximately 1,583,335 shares will be outstanding immediately after the Offer. This may reduce the already limited volume of trading in the shares and make it more difficult to buy or sell significant amounts of the shares without materially affecting the market price.

ITEX's shares are currently quoted on the OTC Pink Marketplace tier of the OTC Markets Group Inc. ITEX currently does not file reports with the SEC and the shares are currently not registered under the Exchange Act, which requires, among other things, that ITEX furnish information to its stockholders and to the SEC and comply with the SEC's proxy rules in connection with meetings of stockholders. After the Offer, we intend to continue to post our periodic reports with the OTC Disclosure and News Service, including our annual and quarterly reports.

Plans and Proposals. Except as disclosed elsewhere in this Offer to Purchase, or as may occur in the ordinary course of its business, ITEX currently has no plans, proposals or negotiations that relate to or would result in:

- an extraordinary transaction, such as a merger, reorganization or liquidation, involving ITEX or any of its subsidiaries;
- any purchase, sale or transfer of a material amount of ITEX's assets or any of its subsidiaries'

assets;

- any material change in ITEX's present dividend rate or policy, indebtedness or capitalization;
- any change in ITEX's present board of directors or management, including, but not limited to, any plans or proposals to change the number or the term of directors, or to fill any existing vacancies on the board or to change any material term of the employment contract of any executive officer;
- any other material change in ITEX's corporate structure or business;
- the acquisition by any person of additional securities of ITEX, or the disposition by any person of securities of ITEX; or
- any changes in ITEX's charter, bylaws or other governing instruments or other actions that could impede the acquisition of control of ITEX.

ITEX reserves the right to change its plans and intentions at any time, as it deems appropriate.

[Back to Contents](#)

SECTION 3. PROCEDURES FOR TENDERING SHARES

Proper Tender of Shares. For shares to be tendered properly pursuant to the Offer, (1) the share certificates (or confirmation of receipt of such shares under the procedure for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, including any required signature guarantees, or an "agent's message" (as defined below) in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal, must be received prior to the expiration date by the Depositary at one of its addresses set forth on the back cover page of this Offer to Purchase, or (2) the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

Brokers, dealers, commercial banks, trust companies or other nominee holders of shares likely will have an earlier deadline for stockholders to act to instruct them to accept the Offer on a their behalf. Stockholders who hold shares through nominee holders are urged immediately contact the nominee holder of their shares to determine the applicable deadline.

Stockholders may tender shares subject to the condition that all or a specified minimum number of their shares be purchased. Any stockholder desiring to make such a conditional tender should so indicate in the box entitled "Conditional Tender" on the Letter of Transmittal, and, if appropriate, the Notice of Guaranteed Delivery. It is the tendering stockholder's responsibility to determine the minimum number of shares to be purchased. **SHAREHOLDERS SHOULD CONSULT THEIR OWN FINANCIAL OR TAX ADVISOR WITH RESPECT TO THE EFFECT OF PRORATION OF THE OFFER AND THE ADVISABILITY OF MAKING A CONDITIONAL TENDER.** See Sections 6 and 13.

Stockholders who hold shares through a broker, dealer, commercial bank, trust company or other nominee, must contact their broker, dealer, commercial bank, trust company or other nominee in order to tender their shares. Stockholders who hold their shares through nominee holders are urged to consult the nominee holders of their shares to determine whether transaction costs are applicable if they tender shares through the brokers or banks and not directly to the Depositary.

Signature Guarantees and Method of Delivery. No signature guarantee is required: (1) if the

Letter of Transmittal is signed by the registered holder of the shares (which term, for purposes of this Section 3, shall include any participant in The Depository Trust Company, referred to as the “book-entry transfer facility,” whose name appears on a security position listing as the owner of the shares) tendered therewith and such holder has not completed either the box entitled “Special Delivery Instructions” or the box entitled “Special Payment Instructions” in the Letter of Transmittal, or (2) if shares are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an “eligible guarantor institution,” as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing is referred to as an “Eligible Institution”). See Instruction 1 of the Letter of Transmittal. In all other cases, all signatures on any Letter of Transmittal for shares tendered thereby must be guaranteed by an Eligible Institution. If a certificate for shares tendered is registered in the name of a person other than the person executing the Letter of Transmittal, or if payment is to be made to, or certificates for shares not tendered or not accepted for payment are to be registered in the name of, a person other than the registered holder of the certificates surrendered, then the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holders or owners appear on the certificates, with the signature guaranteed by an Eligible Institution.

In all cases, payment for shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of share certificates or a timely confirmation of the book-entry transfer of the shares into the Depository’s account at the book-entry transfer facility as described above, a properly completed and duly executed Letter of Transmittal or a manually signed facsimile thereof including any required signature guarantees, or an agent’s message in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal.

The method of delivery of all documents, including share certificates, the Letter of Transmittal and any other required documents, is at the election and risk of the tendering stockholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Book-Entry Delivery. The Depository will establish an account with respect to the shares for purposes of the Offer at the book-entry transfer facility within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in the book-entry transfer facility’s system may make book-entry delivery of the shares by causing the book-entry transfer facility to transfer shares into the Depository’s account in accordance with the book-entry transfer facility’s procedure for transfer. Although delivery of shares may be effected through a book-entry transfer into the Depository’s account at the book-entry transfer facility, either (1) a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, including any required signature guarantees, or an agent’s message, and any other required documents must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover page of this Offer to Purchase before the expiration date, or (2) the guaranteed delivery procedure described below must be followed. **Delivery of the Letter of Transmittal and any other required documents to the book-entry transfer facility does not constitute delivery to the Depository.**

The term “agent’s message” means a message transmitted by the book-entry transfer facility to, and received by, the Depository, which states that the book-entry transfer facility has received an express acknowledgment from the participant in the book-entry transfer facility tendering the shares that the participant has received and agrees to be bound by the terms of the Letter of Transmittal and that ITEX may enforce such agreement against such participant.

Federal Backup Withholding Tax. Under the United States federal backup withholding tax rules, 24% of the gross proceeds payable to a stockholder or other payee pursuant to the Offer must be

withheld and remitted to the United States Treasury, unless the stockholder or other payee provides such person's taxpayer identification number (employer identification number or social security number) to the Depository and certifies under penalties of perjury that such number is correct or otherwise establishes an exemption. If the Depository is not provided with the correct taxpayer identification number or another adequate basis for exemption, the holder may be subject to certain penalties imposed by the Internal Revenue Service. Therefore, each tendering stockholder should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal in order to provide the information and certification necessary to avoid backup withholding, unless such stockholder otherwise establishes to the satisfaction of the Depository that the stockholder is not subject to backup withholding. Specified shareholders (including, among others, all corporations and certain foreign shareholders (in addition to foreign corporations)) are exempted from the backup withholding and reporting requirements rules. In order for a foreign shareholder to qualify as an exempt recipient, that shareholder must submit the applicable IRS Form W-8, signed under penalties of perjury, attesting to that shareholder's exempt status. The applicable form can be obtained from the Depository. See Instructions 9 and 10 of the Letter of Transmittal.

To prevent federal backup withholding tax equal to 24% of the gross payments made to stockholders for shares purchased pursuant to the Offer, each stockholder who does not otherwise establish an exemption from such withholding must provide the Depository with the stockholder's correct taxpayer identification number and provide other information by completing the substitute Form W-9 included with the Letter of Transmittal.

For a discussion of the material United States federal income tax consequences to tendering U.S. stockholders, *see Section 13*.

Federal Income Tax Withholding on Foreign Shareholders. Even if a foreign shareholder has provided the required certification as described in the preceding paragraph to avoid backup withholding, the Depository will withhold United States federal income taxes at a rate of 30% of the gross payment payable to a foreign shareholder or his or her agent unless the Depository determines that an exemption from, or a reduced rate of, withholding tax is available under a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the conduct of a trade or business of the foreign shareholder within the United States or that such proceeds are subject to capital gains treatment. For this purpose, a foreign shareholder is any shareholder that is not a "United States holder" (as defined in Section 13). In order to obtain a reduced rate of withholding under a tax treaty, a foreign shareholder must deliver to the Depository before the payment the applicable completed and executed IRS Form W-8. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign shareholder must deliver to the Depository before the payment a properly completed and executed IRS Form W-8ECI or any other equivalent form. A foreign shareholder may be eligible to obtain a refund of all or a portion of any tax withheld if such shareholder satisfies one of the "Section 302 tests" for capital gain treatment described in Section 13 or is otherwise able to establish that no withholding or a reduced amount of withholding is due. Federal backup withholding generally will not apply to amounts subject to the 30% or a treaty-reduced rate of federal income tax withholding.

Foreign shareholders are urged to consult their tax advisors regarding the application of U.S. federal income tax withholding, including eligibility for a reduction of or an exemption from withholding tax, and the refund procedure. See Instructions 9 and 10 of the Letter of Transmittal.

Guaranteed Delivery. If a stockholder desires to tender shares pursuant to the Offer and the certificates for the stockholder's shares are not immediately available or the stockholder cannot deliver certificates for its shares and all other required documents to the Depository before the expiration date, or the shareholder's shares cannot be delivered before the expiration date under the procedure for book-entry

transfer, the shares may nevertheless be tendered, provided that all of the following conditions are satisfied:

- the tender is made by or through an Eligible Institution;
- the Depository receives by mail, overnight courier or facsimile transmission, before the expiration date, a properly completed and duly executed Notice of Guaranteed Delivery in the form ITEX has provided with this Offer to Purchase, including (where required) a signature guarantee by an eligible guarantor institution in the form set forth in such Notice of Guaranteed Delivery; and
- the share certificates, in proper form for transfer, or confirmation of book-entry transfer of the shares into the Depository's account at the book-entry transfer facility, together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, and including any required signature guarantees, or an agent's message, in the case of a book-entry transfer, and any other documents required by the Letter of Transmittal, are received by the Depository within three business days after the date of receipt by the Depository of the Notice of Guaranteed Delivery.

Return of Unpurchased Shares. If any tendered shares are not purchased pursuant to the Offer or are properly withdrawn before the expiration date, or if fewer than all shares evidenced by share certificates are tendered, certificates for unpurchased shares will be returned promptly after the expiration or termination of the Offer or the proper withdrawal of the shares, as applicable, or, in the case of shares tendered by book-entry transfer at the book-entry transfer facility, the shares will be credited to the appropriate account maintained by the tendering shareholder at the book-entry transfer facility, in each case without expense to the stockholder.

Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of shares to be accepted, the price to be paid for shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by ITEX, in its sole discretion, and ITEX's determination will be final and binding on all parties, subject to a court of law having jurisdiction regarding such matters. ITEX reserves the absolute right to reject any or all tenders of any shares that it determines are not in proper form or the acceptance for payment of or payment for which ITEX determines may be unlawful. ITEX also reserves the absolute right to waive any of the conditions of the Offer prior to the expiration of the Offer or any defect or irregularity in any tender with respect to any particular shares or any particular stockholder, whether or not ITEX waives similar defects or irregularities in the case of any other stockholder, and ITEX's interpretation of the terms of the Offer will be final and binding on all parties, subject to a court of law having jurisdiction regarding such matters. In the event a condition to the Offer is waived with respect to any particular stockholder prior to the expiration of the Offer, the same condition will be waived with respect to all stockholders. No tender of shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by ITEX. None of ITEX, the Depository or any other person will be obligated to give notice of any defects or irregularities in any tender, nor will any of them incur any liability for failure to give this notice.

Tendering Stockholder's Representation and Warranty; ITEX's Acceptance Constitutes an Agreement. A tender of shares under any of the procedures described above will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer, as well as the tendering stockholder's representation and warranty to ITEX that (1) the stockholder has a net long position in the shares or equivalent securities at least equal to the shares tendered within the meaning of Rule 14e-4 promulgated by the SEC under the Exchange Act, and (2) the tender of shares complies with Rule 14e-4. It is a violation of Rule 14e-4 for a person, directly or indirectly, to tender shares for that person's own account unless, at the time of tender and at the end of the period during which shares are accepted by lot (including any extensions thereof), the person so tendering (1) has a net long position equal to or greater

than the amount tendered in (a) the subject securities, or (b) securities immediately convertible into, or exchangeable or exercisable for, the subject securities, and (2) will deliver or cause to be delivered the shares in accordance with the terms of the Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. ITEX's acceptance for payment of shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and ITEX upon the terms and conditions of the Offer.

Lost or Destroyed Certificates. Stockholders whose share certificate for part or all of their shares has been lost, stolen, destroyed or mutilated may contact the Depository at (503) 225-0375 for instructions as to obtaining the necessary documents. Those documents will then be required to be submitted together with the Letter of Transmittal in order to receive payment for shares that are tendered and accepted for payment. A bond may be required to be posted by the stockholder to secure against the risk that the share certificates may be subsequently recirculated. Stockholders are urged to contact the Depository immediately in order to permit timely processing of this documentation.

Share certificates, together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, including any signature guarantees, and any other required documents must be delivered to the Depository and not to ITEX. Any such documents delivered to ITEX will not be forwarded to the Depository and, therefore, will not be deemed to be properly tendered.

[Back to Contents](#)

SECTION 4. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section 4, tenders of shares pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the expiration date and, unless previously accepted for payment by ITEX pursuant to the Offer, also may be withdrawn at any time after April 26, 2019. Stockholders who tendered their shares by giving instructions to a bank, broker, dealer, trust company or other nominee must instruct that person to arrange for the withdrawal of their shares.

For a withdrawal to be effective, a written or facsimile notice of withdrawal must be timely received by the Depository at one of its addresses set forth on the back cover page of this Offer to Purchase. Any such notice of withdrawal must specify the name of the tendering stockholder, the number of shares to be withdrawn and the name of the registered holder of the shares. If the share certificates to be withdrawn have been delivered or otherwise identified to the Depository, then, before the release of the share certificates, the tendering stockholder also must submit the serial numbers shown on the share certificates for those shares to be withdrawn to the Depository and the signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution, unless the shares have been tendered for the account of an Eligible Institution. If shares have been tendered under the procedure for book-entry transfer set forth in Section 3, any notice of withdrawal also must specify the name and the number of the account at the book-entry transfer facility to be credited with the withdrawn shares and must otherwise comply with the book-entry transfer facility's procedure.

All questions as to the form and validity (including the time of receipt) of any notice of withdrawal will be determined by ITEX, in its sole discretion, and our determination will be final and binding, subject to a court of law having jurisdiction regarding such matters. We reserve the absolute right to waive any defect or irregularity in the notice of withdrawal or method of withdrawal of shares by any stockholder, whether or not we waive similar defects or irregularities in the case of any other stockholder. None of ITEX, the Depository or any other person will be obligated to give notice of any defects or irregularities in any notice of withdrawal, nor will any of them incur any liability for failure to

give any such notice.

Withdrawals may not be rescinded and any shares properly withdrawn thereafter will be deemed not properly tendered for purposes of the Offer, unless the withdrawn shares are properly re-tendered before the expiration date by following one of the procedures described in Section 3.

If we extend the Offer, are delayed in our purchase of shares or are unable to purchase shares pursuant to the Offer for any reason, then, without prejudice to our rights under the Offer, the Depositary may, subject to applicable law, retain tendered shares on our behalf, and these shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in this Section 4. The right to retain shares is subject to our legal obligation to pay for shares properly tendered and not properly withdrawn promptly following the expiration date (subject to the terms and conditions of the Offer) or to return the tendered securities promptly after the termination of the Offer.

[Back to Contents](#)

SECTION 5. PURCHASE OF SHARES AND PAYMENT OF PURCHASE PRICE

Upon the terms and subject to the conditions of the Offer, promptly following the expiration date, ITEX will accept for payment and pay for, and thereby purchase, shares properly tendered and not properly withdrawn prior to the expiration date. We may increase the number of shares accepted for payment in the Offer by no more than 2% of the outstanding shares without amending or extending the Offer.

For purposes of the Offer, we will be deemed to have accepted for payment, and therefore purchased shares, that are properly tendered and not properly withdrawn, subject to the proration and conditional tender provisions of the Offer, only when, as and if we give oral or written notice to the Depositary of our acceptance of the shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, promptly after the expiration date, we will accept for payment and pay the per share purchase price of \$4.30 for 527,779 shares, subject to increase or decrease as provided in Section 14, if properly tendered and not properly withdrawn, or such fewer number of shares as are properly tendered and not properly withdrawn. In all cases, payment for shares tendered and accepted for payment pursuant to the Offer will be made promptly, but only after timely receipt by the Depositary of:

- certificates for shares or a timely book-entry confirmation of shares into the Depositary's account at the book-entry transfer facility;
- a properly completed and duly executed Letter of Transmittal, or manually signed facsimile of the Letter of Transmittal, including any required signature guarantees, or an agent's message, in the case of a book-entry transfer; and
- any other required documents.

ITEX will pay for shares purchased pursuant to the Offer by depositing the aggregate purchase price for these shares with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from us and transmitting payment to the tendering stockholders.

In the event of proration, we will determine the proration factor and pay for those tendered shares accepted for payment promptly after the expiration date. Certificates for all shares tendered and not purchased, including shares not purchased due to proration or conditional tenders, will be returned, or, in

the case of shares tendered by book-entry transfer, will be credited to the account maintained with the book-entry transfer facility by the participant therein who so delivered the shares, at our expense promptly after the expiration date or termination of the Offer.

Under no circumstances will interest on the purchase price be paid by ITEX regardless of any delay in making the payment. In addition, if certain events occur, we may not be obligated to purchase shares pursuant to the Offer. See Section 7.

We will pay all stock transfer taxes, if any, payable on the transfer to us of shares purchased pursuant to the Offer. If, however, payment of the purchase price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased shares are to be registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or the other person), payable on account of the transfer to the person will be deducted from the purchase price unless satisfactory evidence of the payment of the stock transfer taxes, or exemption therefrom, is submitted. See Instruction 6 of the Letter of Transmittal.

[Back to Contents](#)

SECTION 6. CONDITIONAL TENDER OF SHARES

In the event of an over-subscription of the Offer, shares tendered prior to the expiration date will be subject to proration. See Section 1. As discussed in Section 13, the number of shares to be purchased from a particular stockholder may affect the tax treatment of the purchase to the stockholder and the stockholder's decision whether to tender. Accordingly, a stockholder may tender shares subject to the condition that a specified minimum number of the stockholder's shares tendered must be purchased if any shares tendered by such stockholder are purchased. Any stockholder desiring to make a conditional tender must so indicate in the box entitled "Conditional Tender" in the Letter of Transmittal, and if applicable, the Notice of Guaranteed Delivery. It is the tendering stockholder's responsibility to determine the number of shares to be purchased. Each stockholder is urged to consult with his or her own financial or tax advisor.

After the Offer expires, if more than 527,779 shares (or such greater number of shares as ITEX may elect to purchase) are properly tendered and not properly withdrawn and ITEX must prorate its acceptance of and payment for tendered shares, we will calculate a preliminary proration percentage, based upon all shares properly tendered, conditionally or unconditionally, and not properly withdrawn. If the effect of this preliminary proration would be to reduce the number of shares to be purchased from any stockholder below the minimum number specified by that stockholder, the tender will automatically be regarded as withdrawn (except as provided in the next paragraph). All shares tendered by a stockholder subject to a conditional tender and regarded as withdrawn as a result of proration will be returned promptly after the expiration date at our expense.

After giving effect to these withdrawals, we will accept the remaining shares properly tendered, conditionally or unconditionally, on a pro rata basis, if necessary. If conditional tenders would otherwise be regarded as withdrawn and would cause the total number of shares to be purchased to fall below 527,779 (or such greater number of shares as ITEX may elect to purchase) then, to the extent feasible, we will select enough of the conditional tenders that would otherwise have been withdrawn to permit us to purchase 527,779 shares (or such greater number of shares as ITEX may elect to purchase). In selecting among the conditional tenders, we will select by random lot treating all tenders by a particular stockholder as a single lot and will limit our purchase in each case to the designated minimum of shares to be purchased. Conditional tenders will be selected by lot only from stockholders who tender all of their shares.

SECTION 7. CONDITIONS OF THE OFFER

Notwithstanding any other provision of the Offer, we will not be required to accept for payment, purchase or pay for any shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, or the purchase of or the payment for shares tendered, if any of the following events or circumstance shall have occurred (or shall have been determined by us in our reasonable judgment to have occurred):

(1) there shall have been proposed, instituted or pending, or we shall have received notice of, any legal action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or any other person, domestic or foreign, before any court, authority, agency, tribunal or arbitrator or arbitral panel that directly or indirectly (a) challenges or seeks to challenge the making of the Offer or the acquisition of some or all of the shares pursuant to the Offer, (b) delays or restricts or seeks to delay or restrict our ability to, or renders or seeks to render us unable to, accept for payment some or all of the shares pursuant to the Offer, (c) relates to or attempts to restrict the availability of funds we intend to use to purchase shares in the Offer, or (d) otherwise relates in any manner to the Offer or seeks to obtain material damages in respect of the Offer;

(2) there shall have been any action threatened, pending or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offeror ITEX or any of its subsidiaries, by any court or any authority, agency, tribunal or arbitrator or arbitral panel that, in our reasonable judgment, would or might, directly or indirectly, (a) make the acceptance for payment of, or payment for, some or all of the shares illegal or otherwise restrict or prohibit completion of the Offer, or (b) delay or restrict our ability, or render us unable, to accept for payment or pay for some or all of the shares under the Offer;

(3) there shall have occurred (a) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States, (b) the declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, whether or not mandatory, (c) the commencement or escalation of a war, armed hostilities or other international or national calamity directly or indirectly involving the United States or any of its territories, including, but not limited to, an act of terrorism, (d) any change in the general political, market, economic or financial conditions in the United States or abroad that could, in the reasonable judgment of ITEX, have a material adverse effect on the business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, results of operations or business or financial prospects of ITEX, or (e) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(4) a tender or exchange offer for any or all of our shares (other than the Offer), or any merger, acquisition, business combination or other similar transaction with or involving us or any subsidiary, has been proposed, announced or made by any person or has been publicly disclosed or we have entered into a definitive agreement or an agreement in principle with any person with respect to a merger, business combination or other similar transaction;

(5) we learn that (a) any entity, "group" (as that term is used in Section 13(d)(3) of the Exchange Act) or person has acquired or proposes to acquire beneficial ownership of more than 5% of the outstanding shares, whether through the acquisition of stock, the formation of a group, the grant of any option or right, or otherwise (other than as and to the extent disclosed in a Schedule 13D or

Schedule 13G filed with the SEC on or before March 4, 2019), or (b) any new group has been formed that beneficially owns more than 5% of our outstanding shares (options for and other rights to acquire shares that are acquired or proposed to be acquired being deemed to be immediately exercisable or convertible for purposes of this clause;

(6) any change, condition, event or development (or any condition, event or development involving a prospective change) shall have occurred (or we learn of any such condition, event or development), in our business, properties, assets, liabilities, capitalization, stockholders' equity, financial condition, operations, licenses, franchises, permits, permit applications, results of operations or business or our financial prospects or any of our subsidiaries that, in our reasonable judgment, has, or could reasonably be expected to have, a material adverse effect on ITEX and its subsidiaries, taken as a whole, on the value of or trading in the shares, on our ability to consummate the Offer or on the benefits of the Offer to ITEX; or

The foregoing conditions are for our sole benefit, and we may assert them, and waive them, in whole or in part, at any time and from time to time in our sole discretion prior to the expiration of the Offer. Our failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any of these rights, and each of these rights shall be deemed an ongoing right that may be asserted at any time and from time to time prior to the expiration of the Offer. In certain circumstances, if we waive any of the conditions described above, we may be required to extend the expiration date. Any determination or judgment by us concerning the events described above will be final and binding on all parties, subject to a court of law having jurisdiction regarding such matters.

[Back to Contents](#)

SECTION 8. PRICE RANGE OF SHARES; DIVIDENDS

The shares are quoted on the OTC Pink Marketplace tier of the OTC Markets Group Inc. under the symbol "ITEX". The following table sets forth the range of high and low closing bid prices for our common stock for each of the fiscal periods indicated.

	High	Low
Year Ended July 31, 2019		
First Quarter	\$ 4.35	\$ 4.05
Second Quarter	\$ 4.31	\$ 4.00
Year Ended July 31, 2018		
First Quarter	\$ 3.81	\$ 3.62
Second Quarter	\$ 3.90	\$ 3.00
Third Quarter	\$ 3.90	\$ 3.30
Fourth Quarter	\$ 4.40	\$ 3.90
Year Ended July 31, 2017		
First Quarter	\$ 4.19	\$ 3.80
Second Quarter	\$ 4.18	\$ 3.42
Third Quarter	\$ 3.81	\$ 3.45
Fourth Quarter	\$ 3.91	\$ 3.55

This table reflects the range of high and low closing bid prices for our common stock during the indicated periods, as compiled by the OTC Markets Group Inc. based on trading information reported by the FINRA Composite Feed or other qualified interdealer quotation medium. The quotations merely reflect the prices at which transactions were proposed and do not necessarily represent actual transactions. Prices do not include retail markup, markdown or commissions.

On March 1, 2019, the last trading day prior to the commencement of the Offer, the last reported

sale price of the shares on the OTC Pink Marketplace was \$4.40 per share. As shown in the table, during 2018 and 2019 the common stock has traded at prices higher than \$4.30 per share. As a result, it is possible that you may receive less for your shares if you tender them than you would receive in a market sale of your shares. **Stockholders are urged to obtain current market quotations for their shares before deciding whether to tender shares pursuant to the Offer.**

We have paid cash dividends since June 2010. Since the third quarter of fiscal 2013, we have paid quarterly dividends of \$0.05 per share, or semi-annual dividends of \$0.10 per share, totaling \$0.20 per fiscal year. The declaration and payment of future dividends on our common stock will be at the sole discretion of our board of directors.

[Back to Contents](#)

SECTION 9. SOURCE AND AMOUNT OF FUNDS

Assuming ITEX purchases 570,001 shares in the Offer (including an additional number of shares not to exceed 2% of the outstanding shares), approximately \$2.451 million will be required to purchase such shares. ITEX currently possesses the cash funds necessary to purchase shares tendered in the Offer, as well as to pay related fees and expenses. The Offer is not conditioned upon the receipt of financing. See Section 7. ITEX does not have any alternative financing plans for this tender, including any borrowings.

[Back to Contents](#)

SECTION 10. CERTAIN INFORMATION CONCERNING ITEX

We operate a marketplace in which products and services are exchanged by marketplace members utilizing ITEX dollars. ITEX dollars are only usable in the marketplace and allow thousands of member businesses to acquire products and services without exchanging cash. We service our member businesses through our independent licensed brokers and franchise network in the United States and Canada. We administer the marketplace and provide record-keeping and payment transaction processing services for our members.

Available Information. Our shares are currently quoted on the on the OTC Pink Marketplace tier of the OTC Markets Group Inc. We are subject to the information requirements of the OTC Pink Marketplace, and, in accordance therewith, post periodic reports and other information with the OTC Disclosure and News Service relating to our business, financial condition and other matters which are available at www.otcmarkets.com. We currently do not file reports with the SEC and are not subject to the periodic reporting requirements of the Exchange Act.

Incorporation by Reference. The following documents available at www.otcmarkets.com contain important information about ITEX and we incorporate them herein by reference:

- Annual Report posted with the OTC Disclosure and News Service on October 19, 2018, for the fiscal year ended July 31, 2019
- Quarterly Reports for the fiscal quarters ended October 31, 2018, and January 31, 2019, posted with the OTC Disclosure and News Service on November 30, 2018, and February 28, 2019, respectively; and
- All news releases posted with the OTC Disclosure and News Service subsequent to July 31, 2018

Any statement contained in any document incorporated by reference into this Offer to Purchase shall be deemed to be modified or superseded to the extent that an inconsistent statement is made in this Offer to Purchase or any subsequently filed document referenced above. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offer to Purchase.

Prior to August 2, 2017, we were subject to the information requirements of the Exchange Act, and, in accordance therewith, filed periodic reports and other information with the SEC relating to our business, financial condition and other matters. This historical material and other information can be reviewed at the SEC's website at www.sec.gov.

[Back to Contents](#)

SECTION 11. INTEREST OF DIRECTORS AND EXECUTIVE OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING SHARES.

As of March 4, 2019, we had 2,111,114 issued and outstanding shares, including shares of unvested restricted stock, but excluding 208,714 shares of common stock currently reserved for issuance under our equity incentive plan. We have no outstanding stock options or warrants. The 527,779 shares that ITEX is offering to purchase represent approximately 25.0% of the shares outstanding on March 4, 2019.

ITEX's directors and executive officers are entitled to participate in the Offer on the same basis as other stockholders. The following directors and executive officers of ITEX have indicated their non-binding intention to tender up to the following number of shares in the Offer: Eric Best, a director, up to 7,000 shares; John Wade, a director and our Chief Financial Officer, up to 17,700 shares; and Steven White, our Chairman of the Board of Directors and Chief Executive Officer, up to 161,798 shares. Neither the Lion Fund, LP, which beneficially owns approximately 16.1% of the shares outstanding, nor the Pagidipati Family LP, which beneficially owns approximately 8.7% of the shares outstanding, has indicated to us whether it intends to tender shares pursuant to the Offer. In the event that the Lion Fund, LP or the Pagidipati Family LP tenders all or a substantial portion of its shares, the likelihood of proration of the shares tendered by all stockholders in the Offer is significantly increased.

As of March 4, 2019, the directors and executive officers of ITEX as a group (3 persons) beneficially owned 685,130 shares (which number includes 76,000 unvested restricted stock awards), or 32.5% of the total outstanding shares on that date. Depending on the results of the Offer, including the effects of proration, the percentage of outstanding shares beneficially owned by ITEX's directors and officers who tender shares in the Offer may decrease. ITEX's directors and officers who do not tender shares in the Offer will realize an increase in the percentage of outstanding shares that they beneficially own.

The following table sets forth, as to each director or executive officer and their associates, all of the executive officers and their associates as a group and each person or entity known by us to beneficially own more than 5% of the outstanding shares of common stock, the number of shares and percentage beneficially owned as of March 4, 2019 (except where otherwise indicated). The address of the listed directors and officers is c/o ITEX Corporation, 15900 SE Eastgate Way, Suite 100, Bellevue, WA 98008.

<u>Name and Address</u> ⁽¹⁾ <u>Of Beneficial Owner</u>	<u>Shares</u> ⁽²⁾ <u>Beneficially</u> <u>Owned</u>	<u>Percent</u> ⁽³⁾ <u>of Voting</u> <u>Shares</u>
<i>Directors and Executive Officers:</i>		
Steven White ⁽⁴⁾	640,430	30.3%
Eric Best	17,000	*
<i>Other Beneficial Owners:</i>		
John Wade	27,700	1.3%
All directors and executive officers as a group (5 persons)	685,130	32.5%
The Lion Fund, L.P. ⁽⁵⁾	340,840	16.1%
Pagidipati Family, L.P. ⁽⁶⁾	183,478	8.7%

* Less than one percent.

- (1) Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned and the percentage ownership of an individual or group, any shares that the individual or group may acquire within 60 days, including through the exercise of stock options or vesting of restricted stock, are deemed outstanding. These shares, however, are not deemed outstanding for purposes of computing the ownership of any other person. To our knowledge, except as indicated in the footnotes to this table and subject to applicable community property laws, the stockholders named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.
- (2) Percentage of beneficial ownership is based upon 2,111,114 voting shares outstanding as of March 4, 2019 (including shares of unvested restricted stock).
- (3) Mr. White has 76,000 unvested restricted stock awards outstanding.
- (4) The latest Schedule 13D filed by the beneficial owners on April 24, 2015, indicated that 340,840 shares are held by The Lion Fund, L.P., Biglari Capital Corp. and Sardar Biglari. The principal business address of each of the Lion Fund, Biglari Capital Corp. and Sardar Biglari is 17802 IH 10 West, Suite 400, San Antonio, Texas 78257.
- (5) Based on beneficial ownership information dated as of October 28, 2016. Includes shares beneficially owned by Rahul Pagidipati and Dr. Devaiah Pagidipati, who have voting and investment power with respect to the Pagidipati Family, L.P.

[Back to Contents](#)

AGREEMENTS, ARRANGEMENTS OR UNDERSTANDINGS

Neither ITEX, nor any of its officers or directors have engaged in any transaction in ITEX stock within the 60 days prior to March 4, 2019.

Equity Incentive Plan

In December 2013, stockholders approved the adoption of the ITEX Corporation 2014 Equity Incentive Plan (the “2014 Plan”), pursuant to which 400,000 shares of common stock were authorized for issuance. The 2014 Plan provides for the awards of restricted stock, restricted stock units, and other awards including unrestricted stock awards, stock bonuses, or the payment of cash for bonuses or in settlement of restricted stock unit awards to the employees, directors, officers and consultants of ITEX or any of its subsidiaries. The 2014 Plan will remain in effect until its termination by the Compensation Committee, provided, however, that, all awards must be granted, if at all, within ten (10) years from the date the 2014 Plan was approved by stockholders. During the 2018 fiscal year, we issued 25,000 shares to our CEO as compensation. 208,714 shares remained available for future grants under the 2014 Plan as of March 4, 2019.

The 2014 Plan replaced the ITEX Corporation 2004 Equity Incentive Plan (the “2004 Plan”), which expired on March 14, 2014. At March 4, 2019, 76,000 shares of common stock granted under the 2004 Plan remained unvested, consisting of restricted common stock issued to our CEO with a service-based vesting period extending through October 2022, of which 19,000 vest annually.

Unless otherwise provided by the Compensation Committee, the award agreement utilized for employees under the plan provides that in the event that a plan participant’s employment is terminated by reason of the participant’s death or disability, or in the event of a “change in control” of ITEX, any shares of restricted stock outstanding as of the date of termination or date of a the change in control which are not then vested will become fully vested. For purposes of the award agreement, a “change in control” is defined as an event involving one transaction or a related series of transactions in which one of the following occurs: (i) the Company issues securities equal to 50% or more of the Company’s issued and outstanding voting securities, determined as a single class, to any individual, firm, partnership or other entity, including a “group” within the meaning of section 13(d)(3) of the Securities Exchange Act of 1934; (ii) the Company issues securities equal to 50% or more of the issued and outstanding common stock of the Company in connection with a merger, consolidation or other business combination; (iii) the Company is acquired in a merger or other business combination transaction in which the Company is not the surviving company; (iv) all or substantially all of the Company’s assets are sold or transferred; or (v) there is a change in the majority of the members of the Board of Directors as a result of one or more contested elections for board membership.

Specific Agreements with Executive Officers.

Steven White. In February 2008, we entered into a Change of Control Agreement with Mr. White, our CEO. The Change in Control Agreement defines the benefits Mr. White would receive in connection with a “change of control,” (as defined below), or change in control events coupled with the loss of his employment. Upon a change of control Mr. White would receive a lump sum payment equal to one times his base salary and immediate vesting of all equity-based compensation.

If Mr. White were terminated as CEO, either by the Company without “cause,” or by Mr. White for “good reason” (as defined below) after a change in control occurs, Mr. White would receive a severance payment equal to two times his base salary. He would also receive a continuation of health and insurance benefits if the severance payment is made over a severance period rather than as a lump sum payment. The severance payment may be reduced if it would otherwise be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code or any similar tax. Under the agreement, Mr. White is subject to certain non-competition and non-solicitation provisions for one year after termination, and payment of severance benefits is conditioned upon his execution of a release of claims in favor of the Company.

A “change in control” generally is defined as any of the following events: the incumbent directors cease to constitute a majority of the members of the board; the consummation of a consolidation or merger of ITEX with another business entity; any person becomes a beneficial owner, directly or indirectly, of 30 percent or more of the combined voting power of ITEX; the disposition of all or substantially all of the assets of ITEX; the closure and winding up of ITEX’s business and related affairs or the approval by stockholders of a plan of complete liquidation or dissolution of ITEX. “Good reason” for termination by the executive of his employment generally means the occurrence (without the executive’s consent) of any one of the following acts: the assignment to Mr. White of diminished duties or responsibilities; a reduction in his annual base compensation; a failure of the board to nominate him as a director of the Company; the relocation of his principal place of employment to a location outside of a 25-mile radius; the failure by the Company to pay him any portion of his current compensation or provide him substantially similar benefits; or any purported termination of his employment without specified notice.

In addition to vesting by reason of death or disability or in the event of a “change in control” of ITEX, the restricted stock award agreement for Mr. White provides that any shares of restricted stock outstanding as of the date of his termination by the Company other than for “good cause” will become fully vested. For purposes of the award agreement, the term “good cause” means that the participant is terminated by majority vote of (excluding participant) the board of directors as a result of (1) the occurrence of one of the following: (i) serious misconduct, dishonesty or disloyalty, directly related to the performance of duties for the Company, which results from a willful act or omission or from gross negligence, and which is materially or potentially materially injurious to the operations, financial condition or business reputation of the Company or any significant subsidiary thereof; (ii) participant being convicted (or entering into a plea bargain admitting criminal guilt) in any criminal proceeding that may have a material adverse impact on the Company’s reputation and standing in the community; (iii) drug or alcohol abuse, but only to the extent that such abuse has an obvious and material effect on the Company’s reputation and/or on the performance of Participant’s duties and responsibilities; or (iv) willful and continued failure to substantially perform Participant’s duties; and (2) such event, conduct or condition that may result in termination for good cause is not cured within thirty days after written notice is delivered to participant from the Company. For these purposes, no act or failure to act shall be considered “willful” unless it is done, or omitted to be done, in bad faith without reasonable belief that the action or omission was in the best interest of the Company.

Board Composition

On March 27, 2018, based on the recommendation of the Nominating and Governance Committee, the Board resolved that the size of the Board be reduced to three, beginning with the next annual meeting. At the annual meeting held on February 28, 2019, stockholders voted to elect directors Eric Best, John Wade and Steven White.

Except as otherwise described or incorporated by reference in this Offer to Purchase or as described or incorporated by reference in ITEX’s Annual Report for the year ended July 31, 2018, neither we nor, to the best of our knowledge, any of our affiliates, directors or executive officers, is a party to any contract, agreement, arrangement, understanding or relationship, whether or not legally enforceable, with any other person, relating, directly or indirectly, to the Offer or with respect to any of our securities, including, without limitation, any contract, arrangement, understanding or relationship concerning the transfer or the voting of the securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations.

[Back to Contents](#)

SECTION 12. LEGAL MATTERS; REGULATORY APPROVALS

We are not aware of any license or regulatory permit material to our business that might be adversely affected by our acquisition of shares as contemplated by the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for our acquisition or ownership of shares as contemplated by the Offer. Should any approval or other action be required, we presently contemplate that we will seek that approval or other action. We are unable to predict whether we will be required to delay the acceptance for payment of or payment for shares tendered pursuant to the Offer pending the outcome of any such matter. We cannot assure you that any approval or other action, if needed, would be obtained or would be obtained without substantial cost or conditions or that the failure to obtain the approval or other action might not result in adverse consequences to our business and financial condition. Our obligations under the Offer to accept shares for payment and pay for shares is subject to conditions. See Section 7.

[Back to Contents](#)

SECTION 13. UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following summary describes material U.S. federal income tax consequences to holders of shares with respect to the disposition of shares pursuant to the Offer. It addresses only holders that hold shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). The following summary does not purport to be a complete analysis of all of the potential U.S. federal income tax considerations that may be relevant to particular holders in light of their particular circumstances nor does it deal with persons that are subject to special tax rules, such as brokers, dealers in securities or currencies, financial institutions, mutual funds, insurance companies, tax-exempt entities, qualified retirement plans or other tax deferred accounts, Non-U.S. Holders (as defined below) that own or have owned more than 5% of any class of ITEX stock by vote or value (whether such stock is or was actually or constructively owned), regulated investment companies, common trust funds, holders subject to the alternative minimum tax, corporations that accumulate earnings to avoid U.S. federal income tax, persons holding shares as part of a straddle, hedge or conversion transaction or as part of a synthetic security or other integrated transaction, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, holders that have a “functional currency” other than the U.S. dollar, U.S. expatriates, and persons that acquired shares in a compensation transaction. In addition, this summary does not address persons that hold an interest in a partnership or other pass-through entity that holds shares, or tax considerations arising under the laws of any state, local or non-U.S. jurisdiction or other U.S. federal tax considerations (e.g., estate or gift tax) other than those pertaining to the income tax.

The following is based on the Code, Treasury regulations promulgated thereunder (“**Treasury Regulations**”), and administrative rulings and court decisions, in each case as in effect on the date hereof, all of which are subject to change, possibly with retroactive effect.

As used herein, the term “**U.S. Holder**” means a beneficial owner of Shares that is (i) a citizen or individual resident of the U.S., (ii) a corporation (or an entity classified as a corporation for U.S. federal tax purposes) created or organized in or under the laws of the U.S. or any political subdivision thereof, (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (a) a U.S. court is able to exercise primary supervision over its administration and one or more U.S. persons, within the meaning of Section 7701(a)(30) of the Code, have authority to control all of its substantial decisions or (b) it has properly elected under applicable Treasury Regulations to be

treated as a U.S. person. A “**Non-U.S. Holder**” is a beneficial owner of shares that is not a U.S. Holder and is not an entity classified as a partnership for U.S. federal tax purposes.

The tax treatment of a partner in a partnership (or other entity classified as a partnership for U.S. federal tax purposes) may depend on both the partnership’s and the partner’s status. Partnerships that are beneficial owners of shares, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax considerations applicable to them with respect to the disposition of shares pursuant to the Offer.

This summary is of a general nature only. It is not intended to constitute, and should not be construed to constitute, legal or tax advice to any particular holder. Holders should consult their own tax advisors regarding the tax considerations applicable to them in their particular circumstances.

U.S. Holders. A U.S. Holder that disposes of shares pursuant to the Offer generally will recognize capital gain or loss equal to the difference between the amount of cash that the U.S. Holder is entitled to receive pursuant to the Offer and the U.S. Holder’s adjusted tax basis in the shares disposed of pursuant to the Offer. Gain or loss must be determined separately for each block of shares (i.e., shares acquired at the same cost in a single transaction) disposed of pursuant to the Offer. Capital gain of a non-corporate U.S. Holder derived with respect to a disposition of shares in which the U.S. Holder has a holding period exceeding one year generally will be long-term capital gain. The deductibility of capital loss is subject to limitations. U.S. Holders should consult their own tax advisors regarding such limitations.

Non-U.S. Holders. A Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on the disposition of shares pursuant to the Offer *provided*, that (i) the gain is not effectively connected with the conduct of a trade or business by the Non-U.S. Holder in the U.S. (or, under any applicable income tax treaty, the gain is not attributable to the Non-U.S. Holder’s U.S. permanent establishment) and (ii) in the case of a Non-U.S. Holder that is an individual, such Non-U.S. Holder is not present in the U.S. for 183 days or more in the taxable year of the disposition.

Information Reporting and Backup Withholding Tax. If certain information reporting requirements are not met, a holder may be subject to backup withholding tax (currently at a rate of 24%) on proceeds received on the disposition of shares pursuant to the Offer. Backup withholding tax is not an additional tax. A holder subject to the backup withholding tax rules will be allowed a credit of the amount withheld against such holder’s U.S. federal income tax liability and, if backup withholding tax results in an overpayment of U.S. federal income tax, such holder may be entitled to a refund, *provided*, that the requisite information is correctly furnished to the Internal Revenue Service in a timely manner. Holders should consult their own tax advisors regarding the information reporting and backup withholding tax rules.

The above summary is not intended to constitute a complete analysis of all tax consequences to holders of shares with respect to the disposition of shares pursuant to the Offer. Holders should consult their own tax advisors regarding the tax consequences applicable to them in their particular circumstances.

[Back to Contents](#)

SECTION 14. EXTENSION OF THE OFFER; TERMINATION; AMENDMENT

We expressly reserve the right, in our sole discretion, at any time and from time to time, and regardless of whether or not any of the events set forth in Section 7 shall have occurred or shall be

deemed by us to have occurred, to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and payment for, any shares by giving oral or written notice of the extension to the Depositary and making a public announcement of the extension. We also expressly reserve the right, in our sole discretion, to terminate the Offer and not accept for payment or pay for any shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for shares upon the occurrence of any of the conditions specified in Section 7 by giving oral or written notice of termination or postponement to the Depositary and making a public announcement of termination or postponement. Our reservation of the right to delay payment for shares that we have accepted for payment is limited by Rule 14e-1(c) promulgated under the Exchange Act, which requires that we must pay the consideration offered or return the shares tendered promptly after termination or withdrawal of a tender offer. We further expressly reserve the right, in our sole discretion, and regardless of whether any of the events set forth in Section 7 shall have occurred or shall be deemed by us to have occurred, to amend the Offer in any respect, including, without limitation, by decreasing or increasing the consideration offered in the Offer to holders of shares or by decreasing the number of shares being sought in the Offer.

Amendments to the Offer may be made at any time and from time to time effected by public announcement, the announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled or announced expiration date. Any public announcement made under the Offer will be disseminated promptly to stockholders in a manner reasonably designed to inform stockholders of the change. Without limiting the manner in which we may choose to make a public announcement, except as required by applicable law, we shall have no obligation to publish, advertise or otherwise communicate any public announcement other than by issuing a news release on the OTC Disclosure and News Service, a press release through PR Newswire or another comparable service.

If we materially change the terms of the Offer or the information concerning the Offer, we will extend the Offer to the extent required by Rule 14e-1(b) promulgated under the Exchange Act. The SEC has stated that a tender offer subject only to Regulation 14E must remain open for a minimum of five business days for any material change to the offer or waiver of a material condition, other than the changes described below. If (1) we increase or decrease the price to be paid for shares or increase or decrease the number of shares being sought in the Offer, and, if an increase in the number of shares being sought, such increase exceeds 2% of the outstanding shares, and (2) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that the notice of an increase or decrease is first published, sent or given to security holders in the manner specified in this Section 14, the Offer will be extended until the expiration of such ten business day period.

If we increase the value of shares purchased in the Offer such that the additional amount of shares accepted for payment in the Offer does not exceed 2% of the outstanding shares, this will not be deemed a material change to the terms of the Offer and we will not be required to amend or extend the Offer. See Section 1.

[Back to Contents](#)

SECTION 15. FEES AND EXPENSES

We have retained OTR, Inc. to act as Depositary in connection with the Offer. We have not retained an Information Agent. We intend to use our directors, officers and regular employees to contact holders of shares, who will not be additionally compensated for any such services. The Depositary will receive reasonable and customary compensation for its services as Depositary. The Depositary will also be reimbursed by us for specified reasonable out-of-pocket expenses, and will be indemnified against

certain liabilities in connection with the Offer, including certain liabilities under United States federal securities laws.

No fees or commissions will be payable by us to brokers, dealers, commercial banks or trust companies (other than fees to the Depositary) for soliciting tenders of shares pursuant to the Offer. Stockholders holding shares through brokers or banks are urged to consult the brokers or banks to determine whether transaction costs are applicable if stockholders tender shares through such brokers or banks and not directly to the Depositary. We will, however, upon request, reimburse brokers, dealers, commercial banks, trust companies and other nominees for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of shares held by them as a nominee or in a fiduciary capacity. No broker, dealer, commercial bank or trust company has been authorized to act as our agent or agent of the Depositary for purposes of the Offer. We will pay or cause to be paid all stock transfer taxes, if any, on its purchase of shares, except as otherwise provided in this Offer to Purchase and Instruction 6 in the Letter of Transmittal.

[Back to Contents](#)

SECTION 16. MISCELLANEOUS

The Offer is not being made to (nor will any tender of shares be accepted from or on behalf of) holders in any U.S. jurisdiction in which the making of the Offer or the acceptance of any tender of shares therein would not be in compliance with the laws of such U.S. jurisdiction. If we become aware of any U.S. jurisdiction where the making of the Offer or the acceptance of shares pursuant thereto is not in compliance with applicable law, we may, at our discretion, take such action as we may deem necessary for us to make the Offer in any such U.S. jurisdiction and extend the Offer to holders in such U.S. jurisdiction. If we cannot comply with the applicable law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of shares residing in that U.S. jurisdiction.

We may post news releases or other material which contains additional information with respect to the Offer on the OTC Disclosure and News Service. This information, including any exhibits, amendments or supplements thereto, may be examined, in the same manner as is set forth in Section 10 with respect to information concerning our company.

Tendering stockholders should rely only on the information contained in this Offer to Purchase and the Letter of Transmittal. We have not authorized any person to make any recommendation on our behalf as to whether shareholders should tender or refrain from tendering shares in the Offer. We have not authorized any person to give any information or to make any representation in connection with the Offer other than those contained in this Offer to Purchase or in the Letter of Transmittal. If given or made, any recommendation or any such information or representation must not be relied upon as having been authorized by us, any member of the Board of Directors or the Depositary.

March 4, 2019

The Letter of Transmittal and share certificates and any other required documents should be sent or delivered by each stockholder, or that stockholder's broker, dealer, commercial bank, trust company or nominee, to the Depository at one of its addresses set forth below.

The Depository for the Offer is:

OTR, Inc.

By Mail, Overnight or Hand Delivery:

OTR, Inc.
1001 SW 5th Ave.
Ste 1550
Portland, OR 97204-1143
Phone: (503) 225-0375
Fax: (503) 273-9168

Delivery of the letter of transmittal to an address other than as set forth above will not constitute a valid delivery to the Depository.

Questions or requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to ITEX at its address and telephone number set forth below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning the Offer.

ITEX Corporation
Attn: Corporate Communications
3326 160th Avenue SE, Suite 100
Bellevue, WA 98008
800-277-9722, extension 4003 (*Call Toll-Free*)
Email: feedback@itex.com

LETTER OF TRANSMITTAL
To tender shares of common stock
Pursuant to the Offer to Purchase for cash dated March 4, 2019
BY
ITEX CORPORATION
OF
UP TO 527,779 SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF \$4.30 PER SHARE

<p>THE OFFER, PRORATION PERIOD, AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON March 29, 2019, UNLESS THE OFFER IS EXTENDED.</p>
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The Depositary for the Tender Offer is:

OTR, Inc.

By Mail, Overnight or Hand Delivery:

OTR, Inc.
1001 SW 5th Ave.
Ste 1550
Portland, OR 97204-1143

By Facsimile Transmission:

For Eligible Institutions Only:
(503) 273-9168
Confirm Facsimile Receipt by telephone:
(503) 225-0375

Delivery of this letter of transmittal to an address other than as set forth above or by facsimile to a number other than as set forth above will not constitute a valid delivery. You must sign this letter of transmittal where indicated below and complete either the substitute Form W-9 set forth below if you are a U. S. Holder (as defined in the Offer to Purchase), and submit a properly completed Form W-8 if you are a non-U. S. Holder (as defined in the Offer to Purchase). See instructions 9 and 10 below.

You should read carefully this letter of transmittal, including the accompanying instructions, before you complete it.

DESCRIPTION OF SHARES TENDERED (see Instructions 3 and 4)			
Name(s) and Address(es) of Registered Holder(s) (Please Fill in, if Blank, Exactly as Name(s) Appear(s) on Certificate(s))	Shares of Common Stock Tendered (Attach Additional Signed List if Necessary)		
	Certificate Number(s)*	Total Number of Shares Represented by Certificate(s)	Number of Shares Tendered**
	Total Shares Tendered:		

* Need not be completed by book-entry stockholders.

** Unless otherwise indicated, it will be assumed that all shares described above are being tendered See Instruction 4.

Indicate below the order (by certificate number) in which shares are to be purchased in the event of proration (attach additional signed list if necessary). If you do not designate an order, if less than all shares tendered are purchased due to proration, shares will be selected for purchase by the Depository. See Instruction 15.

1st: _____ 2nd: _____ 3rd: _____
4th: _____ 5th: _____ 6th: _____

Lost Certificates. My certificate(s) for _____ shares have been lost, stolen, destroyed or mutilated, and I require assistance in replacing the shares (See Instruction 12).

You have received this Letter of Transmittal in connection with the offer by ITEX Corporation, a Nevada corporation (“ITEX” “we” or “us”), to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated March 4, 2019 (as amended, supplemented or otherwise modified from time to time, the “**Offer to Purchase**”) and this related Letter of Transmittal (as amended, supplemented or otherwise modified from time to time, the “**Letter of Transmittal**”), which collectively constitute the “**Offer**.”

You should use this Letter of Transmittal to deliver to the Depository your shares that are represented by stock certificates. If you are delivering your shares by book-entry transfer to an account maintained by the Depository at The Depository Trust Company (“**DTC**”), you may use this Letter of Transmittal or you may use an “agent’s message” (as defined in Instruction 2 below).

If certificates for your shares are not immediately available or you cannot deliver your certificates and all other required documents to the Depository on or prior to the expiration date (as defined in Section 1 of the Offer to Purchase), or you cannot comply with the book-entry transfer procedures on a timely basis, you may nevertheless tender your shares according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2. **Delivery of documents to DTC will not constitute delivery to the Depository.**

THE INSTRUCTIONS INCLUDED WITH THIS LETTER OF TRANSMITTAL MUST BE FOLLOWED. QUESTIONS AND REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE OFFER TO PURCHASE OR THIS LETTER OF TRANSMITTAL MAY BE DIRECTED TO ITEX AT THE ADDRESS OR TOLL-FREE NUMBER INDICATED ON THE BACK COVER OF THIS LETTER OF TRANSMITTAL.

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH THE DTC AND COMPLETE THE FOLLOWING (ONLY FINANCIAL INSTITUTIONS THAT ARE PARTICIPANTS IN DTC MAY DELIVER SHARES BY BOOK-ENTRY TRANSFER):

Name of Tendering Institution: _____

DTC Participant Number:

Transaction Code Number: _____

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY. ENCLOSE A PHOTOCOPY OF THE NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Owner(s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

If delivery is by book-entry transfer:

Name of Tendering Institution: _____

DTC Participant Number: _____

Transaction Code Number: _____

NOTE: SIGNATURES MUST BE PROVIDED ON PAGE 8 BELOW. PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

The undersigned hereby tenders to ITEX Corporation, a Nevada corporation (“ITEX”), the above-described shares of ITEX common stock, par value \$0.01 per share, at a price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in ITEX’s Offer to Purchase, dated March 4, 2019 (as amended, supplemented or otherwise modified from time to time, the “**Offer to Purchase**”), receipt of which is hereby acknowledged, and in this related Letter of Transmittal (as amended, supplemented or otherwise modified from time to time, the “**Letter of Transmittal**”), which collectively constitute the “**Offer**.”

Subject to and effective on acceptance for payment of the shares tendered hereby in accordance with the terms of and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to, or upon the order of, ITEX all right, title and interest in and to all shares tendered hereby and orders the registration of all such shares if tendered by book-entry transfer that are purchased pursuant to the Offer to or upon the order of ITEX and hereby irrevocably constitutes and appoints the Depository (as defined in the Offer to Purchase) as the true and lawful agent and attorney-in-fact of the undersigned with respect to such shares (with the full knowledge that the Depository also acts as the agent of ITEX), with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to:

- (a) deliver certificates representing such shares, or transfer ownership of such shares on the account books maintained by the book-entry transfer facility (as defined in the Offer to Purchase), together, in either such case, with all accompanying evidences of transfer and authenticity, to or upon the order of ITEX, upon receipt by the Depository, as the undersigned’s agent, of the purchase price with respect to such shares;
- (b) present certificates for such shares for cancellation and transfer on ITEX’s books; and
- (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such shares, subject to the next paragraph, all in accordance with the terms and subject to the conditions of the Offer.

The undersigned hereby covenants, represents and warrants that (a) the undersigned has full power and authority to tender, sell, assign and transfer the shares tendered and that, when and to the extent the same are accepted for purchase by ITEX, ITEX will acquire good, marketable and unencumbered title thereto, free and clear of all security interests, liens, restrictions, claims, charges, encumbrances and other obligations relating to the sale or transfer of the shares, and the same will not be subject to any adverse claim or right; (b) the undersigned will, on request by the Depository or ITEX, execute and deliver any additional documents deemed by the Depository or ITEX to be necessary or desirable to complete the sale, assignment and transfer of the shares tendered, all in accordance with the terms of the Offer; and (c) the undersigned understands that tendering shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute the undersigned’s acceptance of the terms and conditions of the Offer, including the undersigned’s representation and warranty that:

- (i) the undersigned has a net long position in shares or equivalent securities at least equal to the shares tendered within the meaning of Rule 14e-4 under the Exchange Act (as defined in the Offer to Purchase) and
- (ii) such tender of shares complies with Rule 14e-4 promulgated under the Exchange Act.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding on the successors, assigns, heirs, personal representatives, executors, administrators and other legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of

the undersigned. Except as stated in the Offer to Purchase and this Letter of Transmittal, this tender is irrevocable.

The undersigned understands that the acceptance for payment by ITEX of shares tendered pursuant to any of the procedures described in Section 3 of the Offer to Purchase and in the instructions to this Letter of Transmittal will constitute a binding agreement between the undersigned and ITEX upon the terms and subject to the conditions of the Offer.

The undersigned understands that only shares properly tendered and not properly withdrawn will be purchased upon the terms and subject to the conditions of the Offer, including its proration and conditional tender provisions, and that ITEX will return all other shares, including shares not purchased because of proration or conditional tenders, promptly following the expiration date.

Unless otherwise indicated herein under “Special Payment Instructions,” please issue the check for payment of the purchase price and/or return any certificates for shares not tendered or accepted for payment in the name(s) of the registered holder(s) appearing under “Description of Shares Tendered.” Similarly, unless otherwise indicated under “Special Delivery Instructions,” please mail the check for payment of the purchase price and/or return any certificates for shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under “Description of Shares Tendered.” In the event that both the “Special Delivery Instructions” and the “Special Payment Instructions” are completed, please issue the check for payment of the purchase price and/or return any certificates for shares not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name(s) of, and deliver such check and/or return such certificates (and any accompanying documents, as appropriate) to, the person or persons so indicated. Please credit any shares tendered herewith by book-entry transfer that are not accepted for payment by crediting the account at the book-entry transfer facility designated above. The undersigned recognizes that ITEX has no obligation pursuant to the “Special Payment Instructions” to transfer any shares from the name of the registered holder(s) thereof if ITEX does not accept for payment any of the shares so tendered.

Note: In lieu of issuing a certificate for any shares not tendered or accepted for payment (either to the undersigned or, as otherwise specified in “Special Delivery Instructions” or “Special Payment Instructions” in accordance with this Letter of Transmittal), ITEX may, at its option, cause such shares to be issued under the direct registration system of ITEX’s transfer agent. In such an event, a statement of holdings or other appropriate statement will be issued with respect to such shares by ITEX’s transfer agent.

SIGNATURE MUST BE PROVIDED ON PAGE 8 BELOW.

CONDITIONAL TENDER

(See Instruction 13)

A stockholder may tender shares subject to the condition that a specified minimum number of the stockholder's shares tendered pursuant to this Letter of Transmittal must be purchased if any shares tendered are purchased from such stockholder, all as described in the Offer to Purchase, particularly in Section 6 thereof. Any stockholder desiring to make a conditional tender must so indicate by checking the box below. Unless the minimum number of shares indicated below is purchased by ITEX in the Offer, none of the shares tendered by such stockholder will be purchased. **It is the stockholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased and each stockholder is urged to consult his or her own tax advisor before completing this section.** Unless this box has been checked and a minimum specified, the stockholder's tender will be deemed unconditional.

- The minimum number of shares that must be purchased from the undersigned, if any are purchased from the undersigned, is: _____ shares.

If, because of proration, the minimum number of shares designated will not be purchased, ITEX may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares and checked this box:

- The number of tendered shares that must be purchased set forth above represent all shares held by the undersigned.

SPECIAL PAYMENT INSTRUCTIONS

(See Instructions 1, 5, 6 and 7)

To be completed ONLY if certificates for shares not tendered or not accepted for payment and/or the check for payment of the purchase price of shares accepted for payment are to be issued in the name of someone other than the undersigned or if shares tendered by book-entry transfer which are not accepted for payment are to be returned by credit to an account maintained at DTC other than that designated above.

Issue: Check Certificate(s) to:

Name: _____

(Please Print)

Address: _____

(Include Zip Code)

(Taxpayer Identification or Social Security Number)

(See Form W-9 Included Herewith)

Credit shares tendered by book-entry transfer that are not accepted for payment to the DTC account set forth below.

(DTC Account Number)

SPECIAL DELIVERY INSTRUCTIONS

(See Instructions 1, 5, 6 and 7)

To be completed ONLY if certificates for shares not tendered or not accepted for payment and/or the check for payment of the purchase price of shares accepted for payment are to be sent to someone other than the undersigned or to the undersigned at an address other than that shown in the box titled "Description of Shares Tendered" above.

Mail: Check Certificate(s) to:

Name: _____

(Please Print)

Address: _____

(Include Zip Code)

SIGN HERE
(ALSO COMPLETE ACCOMPANYING FORM W-9 on Page 13)

(Signature(s) of Stockholder(s))

Dated: _____, 2019

(Must be signed by the registered holder(s) exactly as the name(s) of such holder(s) appear(s) on stock certificate(s) for the shares or on a security position listing or by person(s) authorized to become registered holder(s) thereof by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or other person acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5).

Name(s): _____
(Please Print)

Capacity (full title): _____

Address: _____

(Include Zip Code)

Daytime Area Code and Telephone Number: _____

Taxpayer Identification or
Social Security Number: _____
(Complete Accompanying Form W-9)

GUARANTEE OF SIGNATURE(S)
(IF REQUIRED — SEE INSTRUCTIONS 1 AND 5)

Authorized Signature: _____

Name(s): _____
(Please Print)

Name of Firm: _____

Title: _____

Address: _____
(Include Zip Code)

Daytime Area Code and Telephone Number: _____

Dated: _____, 2019

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Tender Offer

1. *Guarantee of Signatures.* No signature guarantee is required on this Letter of Transmittal: (1) if this Letter of Transmittal is signed by the registered holder(s) of the shares (which term, for purposes of this document, shall include any participant in the book-entry transfer facility, whose name appears on a security position listing as the owner of the shares) tendered herewith and such registered holder(s) have not completed either the box entitled “Special Delivery Instructions” or the box entitled “Special Payment Instructions” in this Letter of Transmittal, or (2) if the shares tendered herewith are tendered for the account of a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an “eligible guarantor institution,” as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing is referred to as an “Eligible Institution”). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. Stockholders may also need to have any certificates they deliver endorsed or accompanied by a stock power, and the signatures on these documents also may need to be guaranteed. See Instruction 5.

2. *Requirements of Tender.* This Letter of Transmittal is to be completed by stockholders either if certificates are to be forwarded herewith or, unless an agent’s message (as defined in the Offer to Purchase) is utilized, if delivery of shares is to be made pursuant to the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase. For a stockholder to properly tender shares pursuant to the Offer, (1) the share certificates (or confirmation of receipt of such shares under the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, including any required signature guarantees, or an agent’s message in the case of a book-entry transfer, and any other documents required by this Letter of Transmittal, must be received prior to the expiration date by the Depository at one of its addresses set forth on the back cover of this Letter of Transmittal, or (2) the tendering stockholder must comply with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

Stockholders whose certificates for shares are not immediately available or who cannot deliver certificates for their shares and all other required documents to the Depository before the expiration date, or whose shares cannot be delivered before the expiration date under the procedure for book-entry transfer, may tender their shares by properly completing and duly executing and delivering a Notice of Guaranteed Delivery, or facsimile of it, and by otherwise complying with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Under such procedure, (a) the tender must be made by or through an Eligible Institution, (b) the Depository must receive, before the expiration date, a properly completed and duly executed Notice of Guaranteed Delivery in the form ITEX has provided, including (where required) a signature guarantee by an Eligible Institution in the form set forth in such Notice of Guaranteed Delivery and (c) the share certificates, in proper form for transfer, or confirmation of book-entry transfer of the shares into the Depository’s account at the book-entry transfer facility, together with a properly completed and duly executed Letter of Transmittal, or a manually signed facsimile thereof, and including any required signature guarantees, or an agent’s message, in the case of a book-entry transfer, and any other documents required by this Letter of Transmittal, must be received by the Depository within three business days after the date of receipt by the Depository of the Notice of Guaranteed Delivery.

The method of delivery of all documents, including share certificates, this Letter of Transmittal and any other required documents, is at the election and risk of the tendering stockholder. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Except as specifically provided by the Offer to Purchase, no alternative, conditional or contingent tenders will be accepted. No fractional shares will be purchased. All tendering stockholders, by execution of this Letter of Transmittal, or a facsimile hereof, waive any right to receive any notice of the acceptance for

payment of their shares.

3. *Inadequate Space.* If the space provided in the box entitled “Description of Shares Tendered” in this Letter of Transmittal is inadequate, the certificate numbers and/or the number of shares should be listed on a separate signed schedule attached hereto.

4. *Partial Tenders.* If fewer than all of the shares represented by any certificate submitted to the Depository are to be tendered, fill in the number of shares that are to be tendered in the box entitled “Number of Shares Tendered.” In such case, if any tendered shares are purchased, new certificate(s) for the remainder of the shares that were evidenced by the old certificate(s) will be issued and sent to the registered holder(s), unless otherwise provided in the appropriate box on this Letter of Transmittal, promptly after the expiration date. All shares represented by certificate(s) delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

5. *Signatures on Letter of Transmittal, Stock Powers and Endorsements.* If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If the shares tendered hereby are registered in the names of two or more joint holders, each such holder must sign this Letter of Transmittal.

If any shares tendered hereby are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal is signed by the registered holder(s) of the shares tendered hereby, no endorsements of certificate(s) representing such shares or separate stock powers are required unless payment is to be made to, or the certificates for shares not tendered or not accepted for payment are to be registered in the name of, a person other than the registered holder(s). If this Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) tendered hereby, the certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s). Signature(s) on such certificate(s) or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificate(s) or stock power(s) are signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation or any other person acting in a fiduciary or representative capacity, such person should so indicate when signing and must submit proper evidence to the Depository that is satisfactory to ITEX of their authority so to act.

6. *Stock Transfer Taxes.* Except as otherwise provided in this Instruction 6, ITEX will pay any stock transfer taxes with respect to the transfer and sale of shares to it pursuant to the Offer. If, however, payment of the purchase price is to be made to, or if shares not tendered or accepted for payment are to be registered in the name of, any person(s) other than the registered owner(s), or if shares tendered hereby are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered owner(s), such person(s)) or otherwise payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted with this Letter of Transmittal.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the certificates listed in this Letter of Transmittal.

7. *Special Payment and Delivery Instructions.* If a check for the purchase price of any shares accepted for payment is to be issued in the name of, and/or certificates for any shares not accepted for payment or not tendered are to be registered in the name of, a person other than the signer of this Letter of

Transmittal or if a check is to be sent, and/or such certificates are to be returned, to a person other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed and signatures must be guaranteed as described in Instructions 1 and 5.

8. *Irregularities.* All questions as to the number of shares to be accepted, the price to be paid for shares to be accepted and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of shares will be determined by ITEX (which may delegate power in whole or in part to the Depositary) in its sole discretion, and ITEX's determination will be final and binding on all parties, subject to a court of law having jurisdiction regarding such matters. ITEX reserves the absolute right to reject any or all tenders of any shares that it determines are not in proper form or the acceptance for payment of or payment for which ITEX determines may be unlawful. ITEX also reserves the absolute right to waive any of the conditions of the Offer prior to the expiration of the Offer or any defect or irregularity in any tender with respect to any particular shares or any particular stockholder, whether or not ITEX waives similar defects or irregularities in the case of any other stockholder, and ITEX's interpretation of the terms of the Offer will be final and binding on all parties, subject to a court of law having jurisdiction regarding such matters. In the event a condition to the Offer is waived with respect to any particular stockholder prior to the expiration of the Offer, the same condition will be waived with respect to all stockholders. No tender of shares will be deemed to have been properly made until all defects or irregularities have been cured by the tendering stockholder or waived by ITEX. None of ITEX, the Depositary, or any other person will be obligated to give notice of any defects or irregularities in any tender, nor will any of them incur any liability for failure to give this notice.

9. *Tax Identification Number and Backup Withholding.* Under the U.S. federal income tax backup withholding rules, unless an exemption applies under the applicable law and regulations, payments made to a U.S. Holder (defined below) in connection with the Offer will be subject to information reporting and U.S. federal backup withholding (currently at a rate of 24%) unless the stockholder or other payee provides its taxpayer identification number ("TIN") (employer identification number or social security number) to the Depositary (as payer) and certifies under penalty of perjury that such number is correct. Therefore, each tendering stockholder should complete and sign the Substitute Form W-9 included as part of this Letter of Transmittal so as to provide the information and certification necessary to avoid backup withholding, unless such stockholder otherwise establishes to the satisfaction of the Depositary that it is not subject to backup withholding. If the Depositary is not provided with the correct TIN, the tendering stockholder also may be subject to penalties imposed by the IRS. The box in Part 3 of the form should be checked if the tendering stockholder 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 box in Part 3 is checked and the Depositary is not provided with a TIN prior to payment, the Depositary will withhold 24% on all such payments. If withholding results in an overpayment of taxes, a refund may be obtained. Certain "exempt recipients" (including, among others, certain Non-U.S. Holders (as defined below) and some corporations) are not subject to these backup withholding requirements. In order for a Non-U.S. Holder to qualify as an exempt recipient, that stockholder must submit an IRS Form W-8BEN (or other applicable IRS Form), signed under penalties of perjury, attesting to that stockholder's exempt status. Such statement can be obtained from the Depositary.

10. *Withholding on Non-U.S. Holders.* Even if a Non-U.S. Holder has provided the required certification to avoid backup withholding, the Depositary will withhold United States federal income taxes equal to 30% of the gross payments payable to a Non-U.S. Holder or such holder's agent unless the Depositary determines that a reduced rate of withholding is available pursuant to a tax treaty or that an exemption from withholding is applicable because such gross proceeds are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States. For this purpose, a "Non-U.S. Holder" is any shareholder that for United States federal income tax purposes is not (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organized in or under the laws of the United States or any State or division thereof (including the District of Columbia), (iii) an estate the income of which is subject to United States federal income taxation regardless of the source of such income, or (iv) a trust (a) if a court within the United States is able to exercise primary supervision over the administration of

the trust and (b) one or more U.S. persons, have the authority to control all of the substantial decisions of the trust, or certain trusts considered U.S. persons for federal income tax purposes. In order to obtain a reduced rate of withholding pursuant to a tax treaty, a Non-U.S. Holder must deliver to the Depository before the payment a properly completed and executed IRS Form W-8BEN (or other applicable IRS Form). In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a Non-U.S. Holder must deliver to the Depository before the payment a properly completed and executed IRS Form W-8ECI. The Depository will determine a shareholder's status as a Non-U.S. Holder and eligibility for a reduced rate of, or an exemption from, withholding by reference to outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (e.g., IRS Form W-8BEN or IRS Form W-8ECI) unless facts and circumstances indicate that such reliance is not warranted. A Non-U.S. Holder may be eligible to obtain a refund of all or a portion of any tax withheld if such Non-U.S. Holder is otherwise able to establish that no tax or a reduced amount of tax is due.

Non-U.S. Holders are urged to consult their own tax advisors regarding the application of United States federal income tax withholding, including eligibility for a withholding tax reduction or exemption, and the refund procedure.

11. *Requests for Assistance or Additional Copies.* Any questions or requests for assistance or for additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery and other related materials may be directed to ITEX at the telephone number and address set forth on the back cover of this Letter of Transmittal. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

12. *Lost, Destroyed or Stolen Certificates.* If any certificate(s) for part or all of your shares has been lost, stolen, destroyed or mutilated, you should contact the Depository at (503) 225-0375 for instructions as to obtaining the necessary documents. This should occur promptly so that you can timely deliver your Letter of Transmittal and the required documents to the Depository. This Letter of Transmittal and related documents cannot be processed until the procedure for replacing lost, stolen, destroyed or mutilated certificates has been followed.

13. *Conditional Tenders.* As described in Sections 1 and 6 of the Offer to Purchase, stockholders may condition their tenders on all or a minimum number of their tendered shares being purchased.

If you wish to make a conditional tender, you must indicate this in the box entitled "Conditional Tender" in this Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery. In the box entitled "Conditional Tender" in this Letter of Transmittal and, if applicable, in the Notice of Guaranteed Delivery, you must also calculate and appropriately indicate the minimum number of shares that must be purchased from you if any are to be purchased from you.

As discussed in Sections 1 and 6 of the Offer to Purchase, proration may affect whether ITEX accepts conditional tenders and may result in shares tendered pursuant to a conditional tender being deemed withdrawn if the required minimum number of shares would not be purchased. If, because of proration, the minimum number of shares that you designate will not be purchased, ITEX may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all your shares of common stock and checked the box so indicating. Upon selection by lot, if any, ITEX will limit its purchase in each case to the designated minimum number of shares of common stock. All tendered shares of common stock will be deemed unconditionally tendered unless the "Conditional Tender" box is completed.

14. *Odd Lots.* As described in Section 1 of the Offer to Purchase, no preference or priority is given to odd lots in this Offer. All shares properly tendered by any stockholder who owned, beneficially or of record, an aggregate of fewer than 100 shares, will be accepted for payment and will be subject to proration together with the purchase of other tendered shares. Any odd lot holder wishing to tender any or all of its

shares must follow the procedures specified in this Letter of Transmittal.

15. *Order of Purchase in Event of Proration.* As described in Section 1 of the Offer to Purchase, stockholders may designate the order in which their shares are to be purchased in the event of proration. The order of purchase may have an effect on the U.S. federal income tax classification of any gain or loss on the shares purchased. See Sections 1 and 13 of the Offer to Purchase.

***IMPORTANT.* This Letter of Transmittal (or a manually signed facsimile hereof), together with any required signature guarantees, or, in the case of a book-entry transfer, an agent's message, and any other required documents, must be received by the Depository prior to the expiration date and either certificates for tendered shares must be received by the Depository or shares must be delivered pursuant to the procedure for book-entry transfer, in each case prior to the expiration date, or the tendering stockholder must comply with the procedure for guaranteed delivery.**

This Letter of Transmittal, certificates for shares and any other required documents should be sent or delivered by each stockholder of ITEX or such stockholder's bank, broker, dealer, trust company or other nominee to the Depository at the address set forth below.

IMPORTANT TAX INFORMATION

To ensure compliance with Treasury Department Circular 230, you are hereby notified that: (a) any federal tax advice contained herein is not intended or written to be used, and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code; (b) the advice is written in connection with the promotion or marketing of the transaction or the matters addressed herein; and (c) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

If payments are to be made to anyone other than the registered holder, or if the payments are to be paid to anyone other than the person signing this letter or if shares not tendered or not accepted for payment are to be registered in the name of any person other than the registered holder, all transfer taxes (whether imposed on the registered holder or on any other person) will be payable by the tendering holder. Payments may not be paid to such a holder unless the holder has provided satisfactory evidence of the payment of any such transfer taxes or an exemption from such transfer taxes.

To prevent backup withholding, each U.S. Holder (as defined below) should either (x) provide his, her or its correct taxpayer identification number ("TIN") by completing the copy of the substitute IRS Form W-9 attached to this Letter of Transmittal, certifying that (1) he, she or it is a "United States person" (as defined in section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (the "Code")), (2) the TIN provided is correct (or that such U.S. Holder is awaiting a TIN) and (3) that the U.S. Holder is exempt from backup withholding because (i) the holder has not been notified by the Internal Revenue Service (the "IRS") that he, she or it is subject to backup withholding as a result of a failure to report all interest or dividends, or (ii) the IRS has notified the U.S. Holder that he, she or it is no longer subject to backup withholding or (y) otherwise establish an exemption. If you do not provide a completed Substitute Form W-9 to the Depository, backup withholding may begin and continue until you furnish your TIN. If you do not provide the Depository with the correct TIN or an adequate basis for exemption, you may be subject to a \$50 penalty imposed by the IRS, and payments may be subject to backup withholding (currently at a rate of 24%). If withholding results in an overpayment of taxes, a refund may be obtained.

To prevent backup withholding, a Non-U.S. Holder (as defined below) should (i) submit a properly completed IRS Form W-8BEN or other Form W-8 to the Depository, certifying under penalties of perjury to the holder's foreign status or (ii) otherwise establish an exemption. IRS Forms W-8 may be obtained from the Depository or on the IRS website at www.irs.gov.

Certain holders (including, among others, corporations) are exempt recipients generally not subject to these backup withholding requirements. See the enclosed copy of the IRS Substitute Form W-9 and Guidelines for Request for Taxpayer Identification Number on Substitute Form W-9. To avoid possible erroneous backup withholding, exempt U.S. Holders should complete and return the Substitute Form W-9 and check the box marked "Exempt."

For the purposes of these instructions, a "U.S. Holder" is (i) an individual who is a citizen or resident alien of the United States, (ii) a corporation (including an entity taxable as a corporation) created under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. A "Non-U.S. Holder" is any holder (other than a holder that is, or holds its shares through, a partnership or other pass-through entity) that is not a U.S. Holder. The U.S. federal income tax treatment of a partner or other beneficial owner in a partnership or other flow-through entity generally will depend on the status of the partner and the activities of such partnership. Partners and partnerships (including beneficial owners of pass-through entities and such entities themselves) should consult their own tax advisors as to the particular U.S. federal income tax consequences applicable to them.

See Part I of enclosed Instructions for completing Form W-9 for additional information and instructions.

REQUESTER'S NAME: OTR, Inc.

**SUBSTITUTE
FORM W-9**

Department of the Treasury
Internal Revenue Service (IRS)

Payer's Request for Taxpayer
Identification Number (TIN)
Please fill in your name and
address below.

Name

Business Name

Address (number and street)

City, State and Zip Code

Part 1 — PLEASE PROVIDE YOUR TIN IN THE BOX AT THE RIGHT OR, IF YOU DO NOT HAVE A TIN, WRITE "APPLIED FOR" AND SIGN THE CERTIFICATION BELOW.

Social Security Number
OR

Taxpayer Identification Number

Exempt

Check appropriate box: **Disregarded Entity** **Individual/Sole Proprietor**

Corporation **Partnership** **Other** _____

(If you are an LLC, check the box marked "Other", write "LLC", and also check one of the other boxes to indicate your tax status (e.g., disregarded entity, individual/sole proprietor, corporation, partnership).

Part 2 — Certification — Under penalties of perjury, I certify that:

- (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me),
- (2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, (b) I have not been notified by the IRS that I am subject to backup withholding as a result of failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- (3) I am a U.S. person (as defined for U.S. federal income tax purposes).

Certification Instructions — You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of under reporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). If you are exempt from backup withholding, check the box in Part 1 and see the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9."

Signature: _____ Date: _____

**YOU MUST COMPLETE THE FOLLOWING CERTIFICATION IF YOU WROTE
“APPLIED FOR” ON SUBSTITUTE FORM W-9.**

CERTIFICATE OF A WAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that until I provide a taxpayer identification number, all reportable payments made to me will be subject to backup withholding, but will be refunded if I provide a certified taxpayer identification number within 60 days.

Signature: _____ Date: _____

THE IRS DOES NOT REQUIRE YOUR CONSENT TO ANY PROVISION OF THIS DOCUMENT OTHER THAN THE CERTIFICATIONS REQUIRED TO AVOID BACKUP WITHHOLDING.

General Instructions. All section references are to the Internal Revenue Code unless otherwise stated.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

For federal tax purposes you are considered a U.S. person if you are:

1. An individual who is a citizen or resident of the United States,
2. A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
3. Any estate (other than a foreign estate) or domestic trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Partners and partnerships must consult their own tax advisors regarding the application of these rules to them.

Foreign person. If you are a foreign person, do not use Substitute Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a “saving clause.” Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes. If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Substitute Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Substitute Form W-9 a statement that includes the information described above to support that exemption. If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester the appropriate completed Form W-8.

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called “backup withholding.” Payments that may be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. You do not certify your TIN when required (see the Part II instructions below for details), or
3. The IRS tells the requester that you furnished an incorrect TIN, or
4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only). Certain payees and payments are exempt from backup withholding. See the instructions below and the separate Instructions for the Requester of Form W-9.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name

If you are an individual, you must generally enter the name shown on your income tax return. However, if you have changed your last name, for instance, due to marriage without informing the Social Security Administration of the name change, enter your first name, the last name shown on your social security card, and your new last name. If the account is in joint names, list first, and then circle, the name of the person or entity whose number you entered in Part I of the form.

Sole proprietor. Enter your individual name as shown on your income tax return on the “Name” line. You may enter your business, trade, or “doing business as (DBA)” name on the “Business name” line.

Limited liability company (LLC). If you are a single-member LLC (including a foreign LLC with a domestic owner) that is disregarded as an entity separate from its owner under Treasury regulations section 301.7701-3, enter the owner's name on the "Name" line. Enter the LLC's name on the "Business name" line. Check the appropriate box for your filing status (sole proprietor, corporation, etc.), then check the box for "Other" and enter "LLC" in the space provided.

Other entities. Enter your business name as shown on required Federal tax documents on the "Name" line. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on the "Business name" line. Note: Check the appropriate box for your status (individual/ sole proprietor, corporation, etc.).

Exempt From Backup Withholding

If you are exempt, enter your name as described above and check the appropriate box for your status, then check the "Exempt" box under the taxpayer identification number and sign and date the form.

Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends.

Note: If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.

Exempt payees. Backup withholding is not required on any payments made to the following payees:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2),
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a),
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4947.

The chart below shows types of payments that may be exempt from backup withholding. The chart applies to the exempt recipients listed above, 1 through 15.

IF the Payment is for . . .	THEN the Payment is Exempt for . . .
Interest and dividend payments	All exempt recipients except for 9
Broker transactions	Exempt recipients 1 through 13. Also, a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker
Barter exchange transactions and patronage dividends	Exempt recipients 1 through 5
Payments over \$600 required to be reported and direct sales over \$5,000 (1)	Generally, exempt recipients 1 through 7 (2)

- (1) See Form 1099-MISC, Miscellaneous Income, and its instructions.
- (2) However, the following payments made to a corporation (including gross proceeds paid to an attorney under section 6045(f), even if the attorney is a corporation) and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments; attorneys' fees; and payments for services paid by a Federal executive agency.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see How to get a TIN below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-owner LLC that is disregarded as an entity separate from its owner, enter your SSN (or EIN, if the owner has one). If the LLC is a corporation, partnership, etc., enter the entity's EIN.

Note. See the chart below for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local Social Security Administration office or get this form online at www.socialsecurity.gov/online/ss-5.pdf. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses/ and clicking on Employer Identification Numbers (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting www.irs.gov or by calling 1-800-TAX-FORM (1-800-829-3676). If you are asked to complete Substitute Form W-9 but do not have a TIN, fill out the box entitled "CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER."

Caution: A disregarded domestic entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Substitute Form W-9. For a joint account, only the person whose TIN is shown in Part I should sign (when required). Exempt recipients, see Exempt From Backup Withholding above.

Signature requirements. Complete the certification as indicated in 1 through 4 below.

1. *Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.* You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

2. *Real estate transactions.* You must sign the certification. You may cross out item 2 of the certification.

3. *Other payments.* You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. “Other payments” include payments made in the course of the requester’s trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

4. *Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.* You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:		Give name and SSN of:
1.	Individual	The individual
2.	Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account (1)
3.	Custodian account of a minor (Uniform Gift to Minors Act)	The minor (2)
4.	a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee (1)
	b. So-called trust account that is not a legal or valid trust under state law	The actual owner (1)
5.	Sole proprietorship or single-owner LLC	The owner (3)
For this type of account:		Give name and EIN of:
6.	Sole proprietorship or single-owner LLC	The owner (3)
7.	A valid trust, estate, or pension trust	Legal entity (4)
8.	Corporate or LLC electing corporate status on Form 8832	The corporation
9.	Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10.	Partnership or multi-member LLC	The partnership
11.	A broker or registered nominee	The broker or nominee
12.	Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person’s number must be furnished.
- (2) Circle the minor’s name and furnish the minor’s SSN.
- (3) You must show your individual name and you may also enter your business or “DBA” name on the second name line. You may use either your SSN or EIN (if you have one). If you are a sole proprietor, IRS encourages you to use your SSN.
- (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA, or Archer MSA or HSA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 28% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

The Depositary for the Tender Offer is:

OTR, Inc.

By Mail, Overnight or Hand Delivery:

OTR, Inc.
1001 SW 5th Ave.
Ste 1550
Portland, OR 97204-1143

By Facsimile Transmission:

For Eligible Institutions Only:
(503) 273-9168
Confirm Facsimile Receipt by telephone:
(503) 225-0375

Delivery of the letter of transmittal to an address other than as set forth above will not constitute a valid delivery to the Depositary.

Questions or requests for assistance or additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be directed to ITEX at its address and telephone number set forth below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning the Offer.

ITEX Corporation
Attn: Corporate Communications
15900 SE Eastgate Way, Suite 100
Bellevue, WA 98008
800-277-9722, extension 4003 (*Call Toll-Free*)
Email: feedback@itex.com



**OFFER TO PURCHASE FOR CASH
BY
ITEX CORPORATION**

**OF
UP TO 527,779 SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF \$4.30 PER SHARE**

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON March 29, 2019, UNLESS THE OFFER IS EXTENDED.

March 4, 2019

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

ITEX Corporation, a Nevada corporation (“ITEX” or “we”), is proposing to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a purchase price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in its Offer to Purchase, dated March 4, 2019, and in the related Letter of Transmittal, (which together with any amendments, supplements or modifications thereto, collectively constitute the “Offer”).

Only shares properly tendered and not properly withdrawn will be purchased, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions thereof. Shares tendered but not purchased pursuant to the Offer will be returned at our expense promptly after the expiration date. We reserve the right, in our sole discretion, to purchase more than 527,779 shares in the Offer, subject to applicable law. See Section 1 of the Offer to Purchase. If the number of shares properly tendered and not properly withdrawn prior to the expiration date is fewer than or equal to 527,779 shares, or such greater number of shares as we may elect to purchase, subject to applicable law, we will, upon the terms and subject to the conditions of the Offer, purchase all such shares.

Upon the terms and subject to the conditions of the Offer, if greater than 527,779 shares, or such greater number of shares as we may elect to purchase, subject to applicable law, have been properly tendered and not properly withdrawn prior to the expiration date, we will purchase properly tendered shares on the following basis. First, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase, we will purchase all other shares properly tendered and not properly withdrawn prior to the expiration date, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional shares, until we have purchased 527,779 shares (or such greater number of shares as we may elect to purchase). Second, only if necessary to permit us to purchase 527,779 shares (or such greater number of shares as we may elect to purchase), we will purchase shares conditionally tendered (for which the condition was not initially satisfied) and not properly withdrawn prior to the expiration date, by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

The Offer is not conditioned upon obtaining financing or on any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7 of the Offer to Purchase.

For your information and for forwarding to those of your clients for whom you hold shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Offer to Purchase, dated March 4, 2019;
2. The Letter of Transmittal to be used by stockholders of ITEX in accepting the Offer and tendering shares, including guidelines for certification of Taxpayer Identification Number on Form W-9);
3. A letter that may be sent to your clients for whose accounts you hold shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;
4. A Notice of Guaranteed Delivery to be used to accept the Offer if the shares and all other required documents cannot be delivered to the Depository by the expiration date; and
5. A return envelope addressed to the Depository.

Your prompt action is required. We urge you to contact your clients as promptly as possible to obtain their instructions. Please note that the Offer and withdrawal rights will expire at midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless the Offer is extended. Under no circumstances will interest on the purchase price be paid by ITEX regardless of any delay in making payment.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), we will be deemed to have accepted for payment tendered shares, and thereby purchased shares validly tendered and not properly withdrawn by the expiration date, if and when we give oral or written notice to the Depository of our acceptance of payment of such shares pursuant to the Offer. Payment for shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (a) certificates for such shares or a book-entry confirmation with respect to such shares pursuant to the procedures set forth in the Offer to Purchase, (b) a Letter of Transmittal, properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an agent's message in lieu of the Letter of Transmittal), and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when certificates for shares or book-entry confirmations with respect to shares are actually received by the Depository. Under no circumstances will interest be paid on the purchase price for shares, regardless of any extension of the Offer or any delay in payment for shares.

We expressly reserve the right to purchase pursuant to the Offer an additional number of shares not to exceed 2% of the outstanding shares without amending or extending the Offer. See Section 16.

In the event the Offer is oversubscribed, shares tendered will be subject to proration upon the terms and subject to the conditions of the Offer. If any tendered shares are not purchased pursuant to the Offer for any reason, including as a result of proration or conditional tenders, or if certificates are submitted for more shares than are accepted for purchase, certificates for such unpurchased or untendered shares will be returned (or, in the case of shares tendered by book-entry transfer, such shares will be credited to an account maintained at The Depository Trust Company), at our expense, promptly following the expiration or termination of the Offer.

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, we may, in our sole discretion, take such action as we may deem

necessary to make the Offer in any such jurisdiction and extend the Offer to holders of shares in such jurisdiction.

We will not pay any fees or commissions to any broker, dealer or other person (other than fees to Depository as described in Section 15 of the Offer to Purchase) for soliciting tenders of shares pursuant to the Offer. We will, however, upon request, reimburse brokers, dealers, banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of ITEX or the Depository for purposes of the Offer. We will pay all stock transfer taxes, if any, applicable to our purchase of shares pursuant to the Offer, subject to Instruction 6 of the Letter of Transmittal.

In order to accept the Offer, a duly executed and properly completed Letter of Transmittal and any required signature guarantees, or an “agent’s message” (as defined in the Letter of Transmittal) in connection with a book-entry delivery of shares, and any other required documents, should be sent to the Depository by the expiration date (as defined in the Offer to Purchase).

If holders wish to tender their shares, but it is impracticable for them to deliver their certificates representing tendered shares or other required documents or to complete the procedures for delivery by book-entry transfer prior to the expiration date, a tender may be effected by following the guaranteed delivery procedures specified in the Offer to Purchase and the Letter of Transmittal.

Neither ITEX, its board of directors, nor the Depository makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares. Stockholders should carefully evaluate all information in the Offer to Purchase and the related Letter of Transmittal, should consult with their own financial and tax advisors, and should make their own decisions about whether to tender shares, and, if so, how many shares to tender.

Any inquiries you may have with respect to the Offer should be addressed to, and additional copies of the enclosed materials may be obtained from, ITEX at our address and telephone number set forth on the back cover page of the Offer to Purchase and below.

WE REQUEST THAT YOU CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, MARCH 29, 2019, UNLESS THE OFFER IS EXTENDED.

Very truly yours,

ITEX CORPORATION

Nothing contained herein or in the enclosed documents shall constitute you or any other person as an agent of ITEX or the Depository, or any affiliate of the foregoing, or authorize you or any other person to use any document or make any statement on behalf of any of them in connection with the offer other than the documents enclosed herewith and the statements contained therein.

ITEX Corporation
Attn: Corporate Communications
3326 160th Avenue SE, Suite 100
Bellevue, WA 98008
800-277-9722, extension 4003 (*Call Toll-Free*)
Email: feedback@itex.com



**OFFER TO PURCHASE FOR CASH
BY
ITEX CORPORATION**

**OF
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AT A PURCHASE PRICE OF \$4.30 PER SHARE**

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March 4, 2019

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

ITEX Corporation, a Nevada corporation (“ITEX” or “we”), is proposing to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a purchase price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in its Offer to Purchase, dated March 4, 2019, and in the related Letter of Transmittal, (which together with any amendments, supplements or modifications thereto, collectively constitute the “Offer”).

Only shares properly tendered and not properly withdrawn will be purchased, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions thereof. Shares tendered but not purchased pursuant to the Offer will be returned at our expense promptly after the expiration date. We reserve the right, in our sole discretion, to purchase more than 527,779 shares in the Offer, subject to applicable law. See Section 1 of the Offer to Purchase. If the number of shares properly tendered and not properly withdrawn prior to the expiration date is fewer than or equal to 527,779 shares, or such greater number of shares as we may elect to purchase, subject to applicable law, we will, upon the terms and subject to the conditions of the Offer, purchase all such shares.

Upon the terms and subject to the conditions of the Offer, if greater than 527,779 shares, or such greater number of shares as we may elect to purchase, subject to applicable law, have been properly tendered and not properly withdrawn prior to the expiration date, we will purchase properly tendered shares on the following basis. First, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase, we will purchase all other shares properly tendered and not properly withdrawn prior to the expiration date, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional shares, until we have purchased 527,779 shares (or such greater number of shares as we may elect to purchase). Second, only if necessary to permit us to purchase 527,779 shares (or such greater number of shares as we may elect to purchase), we will purchase shares conditionally tendered (for which the condition was not initially satisfied) and not properly withdrawn prior to the expiration date, by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

The Offer is not conditioned upon obtaining financing or on any minimum number of shares being tendered. The Offer is, however, subject to other conditions. See Section 7 of the Offer to Purchase.

For your information and for forwarding to those of your clients for whom you hold shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. The Offer to Purchase, dated March 4, 2019;
2. The Letter of Transmittal to be used by stockholders of ITEX in accepting the Offer and tendering shares, including guidelines for certification of Taxpayer Identification Number on Form W-9);
3. A letter that may be sent to your clients for whose accounts you hold shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;
4. A Notice of Guaranteed Delivery to be used to accept the Offer if the shares and all other required documents cannot be delivered to the Depository by the expiration date; and
5. A return envelope addressed to the Depository.

Your prompt action is required. We urge you to contact your clients as promptly as possible to obtain their instructions. Please note that the Offer and withdrawal rights will expire at midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless the Offer is extended. Under no circumstances will interest on the purchase price be paid by ITEX regardless of any delay in making payment.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), we will be deemed to have accepted for payment tendered shares, and thereby purchased shares validly tendered and not properly withdrawn by the expiration date, if and when we give oral or written notice to the Depository of our acceptance of payment of such shares pursuant to the Offer. Payment for shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (a) certificates for such shares or a book-entry confirmation with respect to such shares pursuant to the procedures set forth in the Offer to Purchase, (b) a Letter of Transmittal, properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an agent's message in lieu of the Letter of Transmittal), and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when certificates for shares or book-entry confirmations with respect to shares are actually received by the Depository. Under no circumstances will interest be paid on the purchase price for shares, regardless of any extension of the Offer or any delay in payment for shares.

We expressly reserve the right to purchase pursuant to the Offer an additional number of shares not to exceed 2% of the outstanding shares without amending or extending the Offer. See Section 16.

In the event the Offer is oversubscribed, shares tendered will be subject to proration upon the terms and subject to the conditions of the Offer. If any tendered shares are not purchased pursuant to the Offer for any reason, including as a result of proration or conditional tenders, or if certificates are submitted for more shares than are accepted for purchase, certificates for such unpurchased or untendered shares will be returned (or, in the case of shares tendered by book-entry transfer, such shares will be credited to an account maintained at The Depository Trust Company), at our expense, promptly following the expiration or termination of the Offer.

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, we may, in our sole discretion, take such action as we may deem

necessary to make the Offer in any such jurisdiction and extend the Offer to holders of shares in such jurisdiction.

We will not pay any fees or commissions to any broker, dealer or other person (other than fees to Depository as described in Section 15 of the Offer to Purchase) for soliciting tenders of shares pursuant to the Offer. We will, however, upon request, reimburse brokers, dealers, banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers. No broker, dealer, commercial bank or trust company has been authorized to act as the agent of ITEX or the Depository for purposes of the Offer. We will pay all stock transfer taxes, if any, applicable to our purchase of shares pursuant to the Offer, subject to Instruction 6 of the Letter of Transmittal.

In order to accept the Offer, a duly executed and properly completed Letter of Transmittal and any required signature guarantees, or an “agent’s message” (as defined in the Letter of Transmittal) in connection with a book-entry delivery of shares, and any other required documents, should be sent to the Depository by the expiration date (as defined in the Offer to Purchase).

If holders wish to tender their shares, but it is impracticable for them to deliver their certificates representing tendered shares or other required documents or to complete the procedures for delivery by book-entry transfer prior to the expiration date, a tender may be effected by following the guaranteed delivery procedures specified in the Offer to Purchase and the Letter of Transmittal.

Neither ITEX, its board of directors, nor the Depository makes any recommendation to any stockholder as to whether to tender or refrain from tendering any shares. Stockholders should carefully evaluate all information in the Offer to Purchase and the related Letter of Transmittal, should consult with their own financial and tax advisors, and should make their own decisions about whether to tender shares, and, if so, how many shares to tender.

Any inquiries you may have with respect to the Offer should be addressed to, and additional copies of the enclosed materials may be obtained from, ITEX at our address and telephone number set forth on the back cover page of the Offer to Purchase and below.

WE REQUEST THAT YOU CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, MARCH 29, 2019, UNLESS THE OFFER IS EXTENDED.

Very truly yours,

ITEX CORPORATION

Nothing contained herein or in the enclosed documents shall constitute you or any other person as an agent of ITEX or the Depository, or any affiliate of the foregoing, or authorize you or any other person to use any document or make any statement on behalf of any of them in connection with the offer other than the documents enclosed herewith and the statements contained therein.

ITEX Corporation
Attn: Corporate Communications
3326 160th Avenue SE, Suite 100
Bellevue, WA 98008
800-277-9722, extension 4003 (*Call Toll-Free*)
Email: feedback@itex.com

**OFFER TO PURCHASE FOR CASH
BY**



ITEX CORPORATION

**OF
UP TO 527,779 SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF \$4.30 PER SHARE**

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON March 29, 2019, UNLESS THE OFFER IS EXTENDED.

March 4, 2019

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated March 4, 2019, and the related Letter of Transmittal, in connection with the tender offer by ITEX Corporation, a Nevada corporation ("ITEX"), to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a purchase price of \$4.30 per share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal (which together with any amendments, supplements or modifications thereto, collectively constitute the "Offer").

Only shares properly tendered and not properly withdrawn will be purchased, upon the terms and subject to the conditions of the Offer, including the proration and conditional tender provisions thereof. Shares tendered but not purchased pursuant to the Offer will be returned at ITEX's expense promptly after the expiration date. ITEX reserves the right, in its sole discretion, to purchase more than 527,779 shares in the Offer, subject to applicable law. See Section 1 of the Offer to Purchase.

If the number of shares properly tendered and not properly withdrawn prior to the expiration date is fewer than or equal to 527,779 shares, or such greater number of shares as ITEX may elect to purchase, subject to applicable law, ITEX will, upon the terms and subject to the conditions of the Offer, purchase all such shares.

Upon the terms and subject to the conditions of the Offer, if greater than 527,779 shares, or such greater number of shares as ITEX may elect to purchase, subject to applicable law, have been properly tendered and not properly withdrawn prior to the expiration date, ITEX will purchase properly tendered shares on the following basis. *First*, subject to the conditional tender provisions described in Section 6 of the Offer to Purchase, ITEX will purchase all other shares properly tendered and not properly withdrawn prior to the expiration date, on a pro rata basis, with appropriate adjustments to avoid purchases of fractional shares, until ITEX has purchased 527,779 shares (or such greater number of shares as ITEX may elect to purchase). *Second*, only if necessary to permit ITEX to purchase 527,779 shares (or such greater number of shares as ITEX may elect to purchase), ITEX will purchase shares conditionally tendered (for which the condition was not initially satisfied) and not properly withdrawn prior to the expiration date, by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered

must have tendered all of their shares.

We are the owner of record of shares held for your account. As such, we are the only ones who can tender your shares, and then only pursuant to your instructions. **We are sending you the Letter of Transmittal for your information only; you cannot use it to tender shares we hold for your account.**

Please instruct us as to whether you wish us to tender any or all of the shares we hold for your account upon the terms and subject to the conditions of the Offer.

We call your attention to the following:

1. The offer price is \$4.30 per share, net to you in cash, without interest and less applicable withholding taxes, upon the terms and subject to the conditions of the Offer.

2. If the Offer is oversubscribed, shares tendered will be subject to proration upon the terms and subject to the conditions of the Offer. See Section 2 of the Offer to Purchase. You should consult with your broker or other financial or tax advisor on the possibility of designating the priority in which your shares will be purchased in the event of proration.

3. The Offer is not conditioned upon obtaining financing or any minimum number of shares being tendered. The Offer is, however, subject to certain other conditions set forth in Section 7 of the Offer to Purchase.

4. The Offer, the proration period, and withdrawal rights with respect to the Offer will expire at Midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless the tender offer is extended.

5. The Offer is for 527,779 shares of common stock, constituting approximately 25.0% of ITEX's outstanding common stock as of March 4, 2019. ITEX reserves the right to purchase an additional number of shares not to exceed 2% of the outstanding shares without amending or extending the Offer;

6. Tendering stockholders who are registered stockholders or who tender their shares directly to OTR, Inc., the Depository for the Offer, will not be obligated to pay any brokerage commissions, solicitation fees, or, except as set forth in the Offer to Purchase and the Letter of Transmittal, stock transfer taxes with respect to the transfer and sale of shares to ITEX pursuant to the Offer.

7. If you own beneficially or of record an aggregate of fewer than 100 shares, please be advised that no preference or priority is given to odd lots in this Offer.

8. If you wish to condition your tender on all or a minimum number of your shares being purchased by ITEX, you may elect to do so by completing the section captioned "Conditional Tender" in the attached Instruction Form. If, because of proration, the minimum number of shares designated will not be purchased, ITEX may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, you must have tendered all of your shares of common stock and checked the box so indicating.

9. The ITEX board of directors has approved the Offer. However, neither ITEX, its board of directors, nor the Depository makes any recommendation to you as to whether to tender or refrain from tendering any shares. You should carefully evaluate all information in the Offer to Purchase and the related Letter of Transmittal, should consult with your own financial and tax advisors, and should make your own decisions about whether to tender shares, and, if so, how many shares to tender.

10. The following directors and executive officers of ITEX have indicated their non-binding intention to tender up to the following number of shares in the Offer: Eric Best, a director, up to 7,000 shares; John Wade, a director and ITEX's Chief Financial Officer, up to 17,700 shares; and Steven White, ITEX's Chairman of the Board of Directors and Chief Executive Officer, up to 161,798 shares. Neither the Lion Fund, LP, which beneficially owns approximately 16.1% of the shares outstanding, nor the Pagidipati Family LP, which beneficially owns approximately 8.7% of the shares outstanding, has indicated to ITEX whether it intends to tender shares pursuant to the Offer. In the event that the Lion Fund, LP or the Pagidipati Family LP tenders all or a substantial portion of its shares, the likelihood of proration of the shares tendered by all stockholders in the Offer is significantly increased. See Sections 1 and 11 of the Offer to Purchase.

If you wish to have us tender any or all of your shares, please so instruct us by completing, executing, detaching and returning to us the attached Instruction Form as promptly as possible. If you authorize us to tender your shares, we will tender all such shares unless you specify otherwise on the attached Instruction Form.

All capitalized terms used and not defined herein shall have the same meanings as in the Offer to Purchase.

Your prompt action is requested. Your Instruction Form should be forwarded to us in ample time to permit us to submit a tender on your behalf before the expiration date of the Offer. Please note that the Offer and withdrawal rights will expire at midnight (one minute after 11:59 p.m.), New York City time, on March 29, 2019, unless ITEX extends the Offer.

The Offer is being made solely under the Offer to Purchase and the related Letter of Transmittal and is being made to all record holders of shares. Payment for shares tendered and accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by OTR, Inc. (the "**Depository**") of (a) certificates for such shares or a book-entry confirmation with respect to such shares pursuant to the procedures set forth in the Offer to Purchase, (b) a Letter of Transmittal, properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an agent's message in lieu of the Letter of Transmittal), and (c) any other documents required by the Letter of Transmittal. Accordingly, tendering stockholders may be paid at different times depending upon when certificates for shares or book-entry confirmations with respect to shares are actually received by the Depository.

If any tendered shares are not purchased pursuant to the Offer for any reason, including the terms of the Offer or as a result of proration or conditional tenders, or if certificates are submitted for more shares than are accepted for purchase, certificates for such unpurchased or untendered shares will be returned (or, in the case of shares tendered by book-entry transfer, such shares will be credited to an account maintained at DTC), at the expense of ITEX, promptly following the expiration or termination of the Offer.

The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of shares residing in any U.S. jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the applicable laws of such jurisdiction. However, ITEX may, in its sole discretion, take such action as ITEX may deem necessary to make the Offer in any such jurisdiction and extend the Offer to holders of shares in such jurisdiction.

**INSTRUCTION FORM WITH RESPECT TO THE
OFFER TO PURCHASE FOR CASH
BY**



ITEX CORPORATION

**OF
UP TO 527,779 SHARES OF ITS COMMON STOCK
AT A PURCHASE PRICE OF \$4.30 PER SHARE**

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated March 4, 2019, and the related Letter of Transmittal, in connection with the tender offer by ITEX Corporation, a Nevada corporation ("ITEX"), to purchase up to 527,779 shares of its common stock, par value \$0.01 per share, at a purchase price of \$4.30 per share, net to the seller in cash, without interest and less applicable withholding taxes, upon the terms and subject to the conditions set forth in the Offer to Purchase and the related Letter of Transmittal (which together with any amendments, supplements or modifications thereto, collectively constitute the "Offer").

The undersigned hereby instruct(s) you to tender to ITEX the number of shares indicated below or, if no number is indicated, all shares you hold for the account of the undersigned, under the terms and subject to the conditions of the Offer.

The undersigned understands and acknowledges that all questions as to validity, form and eligibility of the surrender of any certificate representing shares submitted on his, her or its behalf to the Depository will be determined by ITEX (which may delegate power in whole or in part to the Depository) in its sole discretion.

Number of shares to be tendered by you for the account of the undersigned:

_____ shares. Unless otherwise indicated, it will be assumed that all shares held by us for your account are to be tendered.

CONDITIONAL TENDER

(See Instruction 13 of the Letter of Transmittal)

A stockholder may tender shares subject to the condition that a specified minimum number of the stockholder's shares tendered pursuant to this Instruction Form must be purchased if any shares tendered are purchased from such stockholder, all as described in the Offer to Purchase, particularly in Section 6 thereof. Any stockholder desiring to make a conditional tender must so indicate by checking the box below. Unless the minimum number of shares indicated below is purchased by ITEX in the Offer, none of the shares tendered by such stockholder will be purchased. **It is the stockholder's responsibility to calculate the minimum number of shares that must be purchased if any are purchased.** Unless this box has been checked and a minimum specified, the stockholder's tender will be deemed unconditional.

- The minimum number of shares that must be purchased from the undersigned, if any are purchased from the undersigned, is: _____ shares.

If, because of proration, the minimum number of shares designated will not be purchased, ITEX may accept conditional tenders by random lot, if necessary. However, to be eligible for purchase by random lot, the tendering stockholder must have tendered all of his or her shares and checked this box:

- The number of tendered shares that must be purchased set forth above represent all shares held by the undersigned.

Account Number(s): _____

Signature(s): _____

Name(s): _____
(Please Print)

Address(es): _____
(Including Zip Code)

Area Code and Telephone Number: _____

Taxpayer Identification or Social Security Number(s): _____

Dated: _____, 2019

Please return this form to the brokerage firm or other nominee maintaining your account. The method of delivery of this document is at the election and risk of the tendering stockholder. If delivery is by mail, then registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure delivery.