

**PRESS RELEASE****Corporate Contacts:**

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**RADVISION REPORTS ON-TARGET REVENUES, RETURN TO OPERATING PROFITABILITY IN SECOND QUARTER OF 2009**

- Revenues Are \$19.6 Million -

- Operating Income is \$0.4 Million; Non-GAAP Operating Income is \$1.5 Million -

- GAAP EPS is \$0.02; Non-GAAP EPS is \$0.08 -

**TEL AVIV, July 30, 2009 -- RADVISION® (Nasdaq: RVSN)** reported today that revenues for the second quarter of 2009 were \$19.6 million compared with revenues of \$20.8 million in the second quarter of 2008.

The Company returned to operating profitability in the second quarter of 2009 as forecasted, with operating income of \$0.4 million compared with an operating loss of \$4.3 million in the second quarter of 2008. On a non-GAAP basis, operating income was \$1.5 million in the second quarter of 2009 compared with an operating loss of \$3.0 million in second quarter of 2008, excluding the effects of stock-based compensation expense in accordance with SFAS 123R in both periods.

Net income for the second quarter of 2009 was \$0.4 million, or \$0.02 per diluted share, compared with a net loss of \$3.9 million, or \$0.19 per share, in the second quarter of 2008. On non-GAAP basis, net income for the second quarter of 2009 was \$1.6 million, or \$0.08 per diluted share, excluding stock-based compensation expense of \$1.1 million equivalent to \$0.06 per diluted share. This compares with a non-GAAP net loss of \$2.2 million or \$0.10 per share in second quarter of 2008, which excludes stock-based compensation expense of \$1.3 million and a loss of \$0.4 million due to the write-down of certain Auction Rate Securities, with the total of \$1.7 million equivalent to \$0.09 per diluted share.

Total revenues for the second quarter of 2009 consisted of \$15.0 million for the Networking Business Unit (NBU) and \$4.6 million for the Technology Business Unit (TBU) compared with \$15.5 million for the NBU and \$5.3 million for the TBU reported in the second quarter of 2008.

For the first six months of 2009, revenues were \$37.9 million, the operating loss was \$0.9 million and the net loss was \$0.4 million, or \$0.02 per diluted share. This compares with revenues of \$40.5 million, an operating loss of \$8.4 million, and a net loss of \$6.9 million, or \$0.33 per diluted share, in the first six months of 2008. On a non-GAAP basis, the Company had operating income of \$1.3 million and net income of \$2.1 million or \$0.11 per diluted share for the first six months of 2009. This excludes the effect of stock-based compensation expense of \$2.3 million and a loss of \$0.2 million due to the write-down of certain Auction Rate Securities, with the total of \$2.5 million equivalent to \$0.13 per diluted share. The non-GAAP operating loss for the first six months of 2008 was \$5.8 million and the net loss was \$3.9 million, or \$0.19 per diluted share. This excludes stock-based compensation expense of \$2.6 million and a loss of \$0.4 million due to the write-down of certain Auction Rate Securities, with the total of \$3.0 million equivalent to \$0.14 per diluted share.

The Company ended the second quarter of 2009 with approximately \$118.1 million in cash and liquid investments, equivalent to \$6.08 per basic share, an increase of \$0.5 million from March 31, 2009. The increase reflects \$1.0 million provided by operating activities offset by \$0.5 million used for capital expenditures.

Boaz Raviv, Chief Executive Officer, commented: "Returning to operating profitability in the second quarter was an important next step in the plan we announced 18 months ago to restore profitable growth. To accomplish our plan, we completed an accelerated investment in R&D and marketing and sales in 2008, which

enabled us to reach an important new milestone in the second quarter of 2009 in our objective to reassert our technology leadership.

“That milestone was the introduction of SCOPIA 7.0, a powerful combination of products for scalable and affordable High Definition (HD) videoconferencing. SCOPIA 7.0 includes our Next Generation videoconferencing MCU, the SCOPIA Elite, an entirely new architecture utilizing the latest in DSP technologies and supporting high-end HD up to full 1080p resolution, as well as our Scalable Video Coding (SVC) technology along with other enhancements to our desktop and recording product lines. We also introduced an exciting and potentially revolutionary new product, the VC240, which our Technology Business Unit developed with Samsung, the world leader in LCD screen technology. The VC240 is an all-in-one desktop device that integrates advanced HD videoconferencing into a high-resolution multimedia LCD monitor. Because the VC240 processes full HD video within the device, it can operate independently of the PC and can be used as a desktop videophone without having to boot up the PC. Samsung and RADVISION are first to market with such an all-in-one desktop unit at an affordable price, about one-third of any competing Executive Desktop product, which could help commoditize and democratize videoconferencing.

“We also made further progress in broadening and deepening our partner relationships in the second quarter of 2009 including Alcatel-Lucent, building upon our video solution for MyTeamwork and our already productive marketing relationship. IBM Japan announced the launch in May of their Desktop Video Enterprise Services through IBM Global Services based on the full line of RADVISION products including the SameTime integration with SCOPIA Desktop. Our OEM partner LifeSize will include SCOPIA Elite in their product line. We had strong revenues from our largest partner Cisco in the second quarter and certification of SCOPIA 7.0 for Cisco is underway.

“In addition to its enormous achievement in co-developing the VC240, our TBU had several important deals in the second quarter demonstrating how we are extending our TBU market solutions beyond standard applications to provide solutions in projects for voice and video clients and Unified Communications client solutions.”

Boaz Raviv, Chief Executive Officer, concluded: “The second quarter of 2009 reflects a period of exciting innovation and continued strategy execution for our Company. In the third quarter, we are focusing on the very important and demanding next step of rolling out our new products to all our OEM partners, which entails certifying each product in each of our OEM partner’s environments. We plan to finish the certification and customization of SCOPIA Elite and SCOPIA 7.0 for our partners by the fourth quarter and expect sales from those products to begin ramping up at the time. We expect the VC240 to be generally available at the end of September.

“As a result of this timetable and recognizing that the recessionary environment is continuing to delay some major deals, we expect to achieve a modest sequential increase in revenues with stronger growth in operating income in the third quarter of 2009, followed by a return to year-over-year revenue growth and greater profitability in the final quarter of 2009.”

## **Guidance**

*The following statements are forward-looking, and actual results may differ materially.*

The Company expects to report revenues for the third quarter of 2009 of approximately \$20.0 million and net income of approximately \$0.6 million or \$0.03 per diluted share. This includes stock-based compensation expense in accordance with SFAS 123R of \$1.2 million or \$0.06 per diluted share. Excluding this item, non-GAAP net income for the third quarter of 2009 is expected to be \$1.8 million or \$0.09 per diluted share. That compares to revenues in the third quarter of 2008 of \$21.6 million and a net loss of \$4.5 million or \$0.22 per diluted share, including stock-based compensation expense of \$1.7 million and a loss of \$1.1 million due to the write-down of certain Auction Rate Securities, with the total of \$2.8 million equivalent to \$0.13 per diluted share. Excluding the effect of these items, the net loss for the third quarter of 2008 was \$1.7 million or \$0.09 per diluted share. (Full details of the Company’s forecast are available on the Company’s web site at [www.radvision.com](http://www.radvision.com).)

## **GAAP versus NON-GAAP Presentation**

To supplement the consolidated financial statements presented in accordance with generally accepted accounting principles (“GAAP”), the Company uses non-GAAP measures of operating results, net income and

earnings per share, which are adjusted from results based on GAAP to exclude net profit and loss from other than temporary impairment of available-for-sale marketable securities and the expenses recorded for stock compensation in accordance with SFAS 123R. These non-GAAP financial measures are provided to enhance overall understanding of the current financial performance and prospects for the future. Specifically, the Company believes the non-GAAP results provide useful information to both management, and investors as these non-GAAP results exclude other than temporary impairment of available-for-sale marketable securities and the expenses recorded for stock compensation in accordance with SFAS 123R that the Company believes are not indicative of the core operating results. Further, these non-GAAP results are one of the primary indicators management uses for assessing the Company's performance, allocating resources and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. These non-GAAP measures may be different from the non-GAAP measures used by other companies.

### **Second Quarter 2009 Earnings Conference Call/Webcast**

RADVISION will hold a conference call to discuss its second quarter 2009 results and third quarter outlook, today, Thursday, July 30, at 9:00 a.m. (Eastern). To access the conference call, please dial 1-877-601-3546 (International dialers may call +1-210-839-8500) by 8:45 a.m. (Eastern). The passcode "RADVISION" will be required to access the live conference call. A live webcast of the conference call also will be available on the Company's website and archived on the site until the next quarter. Simply click on the following link or copy it onto your browser: [www.radvision.com/Corporate/Investors/FinancialReports/](http://www.radvision.com/Corporate/Investors/FinancialReports/). A replay of the call will be available beginning approximately one hour after the conclusion of the call through 11:00 p.m. (Eastern) on August 6<sup>th</sup>. To access the replay, please dial 1-888-562-5414 (International dialers may call +1-203-369-3762).

The PowerPoint presentation highlighting key financial metrics as well as the third quarter 2009 estimate also will be available in the Investor Relations section of the company's website. The presentation will be available beginning at 8:00 a.m. (Eastern) on July 30<sup>th</sup> and will be archived on the website until the end of the third quarter.

### **About RADVISION**

RADVISION (Nasdaq: RVSN) is the industry's leading provider of market-proven products and technologies for unified visual communications over IP and 3G networks. With its complete set of standards-based video networking infrastructure and developer toolkits for voice, video, data and wireless communications, RADVISION is driving the unified communications evolution by combining the power of video, voice, data and wireless – for high definition videoconferencing systems, innovative converged mobile services, and highly scalable video-enabled desktop platforms on IP, 3G and emerging next-generation networks. For more information about RADVISION, visit [www.radvision.com](http://www.radvision.com).

*This press release contains forward-looking statements that are subject to risks and uncertainties. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, general business conditions in the industry, changes in demand for products, the timing and amount or cancellation of orders and other risks detailed from time to time in RADVISION's filings with the Securities Exchange Commission, including its Annual Report on Form 20-F. These documents contain and identify other important factors that could cause actual results to differ materially from those contained in our projections or forward-looking statements. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statement.*

- TABLES FOLLOW -

**CONSOLIDATED STATEMENTS OF OPERATIONS**

U.S. dollars in thousands, except share and per share data

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
	Unaudited			
Revenues	\$ 19,582	\$ 20,845	\$ 37,881	\$ 40,452
Cost of revenues	4,224	4,628	8,335	8,825
Gross profit	15,358	16,217	29,546	31,627
Operating costs and expenses:				
Research and development	6,733	9,233	13,817	17,373
Marketing and selling	6,911	9,030	13,996	18,413
General and administrative	1,297	2,253	2,679	4,252
Total operating costs and expenses	14,941	20,516	30,492	40,038
Operating income (loss)	417	(4,299)	(946)	(8,411)
Financial income, net	372	412	1,004	1,456
Income (loss) before taxes on income	789	(3,887)	58	(6,955)
Taxes benefit (taxes on income)	(353)	12	(459)	9
Net income (loss)	\$ 436	\$ (3,875)	\$ (401)	\$ (6,946)
Basic net earnings (loss) per Ordinary share	\$ 0.02	\$ (0.19)	\$ (0.02)	\$ (0.33)
Weighted Average Number of Shares Outstanding During the Period – Basic	19,429,130	20,637,359	19,496,699	20,880,041
Diluted net earnings (loss) per Ordinary share	\$ 0.02	\$ (0.19)	\$ (0.02)	\$ (0.33)
Weighted Average Number of Shares Outstanding During the Period – Diluted	19,518,982	20,637,359	19,496,699	20,880,041

**CONSOLIDATED STATEMENTS OF OPERATIONS**

U.S. dollars in thousands, except per share data

**Reconciliation of GAAP to NON-GAAP Operating Results**

To supplement the consolidated financial statements presented in accordance with generally accepted accounting principles ("GAAP"), the Company uses non-GAAP measures of operating results, net income (loss) and earnings (loss) per share, which are adjusted from results based on GAAP to exclude net loss from other than temporary impairment of available for sale marketable securities and the expenses recorded for stock compensation in accordance with SFAS 123R. These non-GAAP financial measures are provided to enhance overall understanding of the current financial performance and prospects for the future. Specifically, the Company believes the non-GAAP results provide useful information to both management, and investors as these non-GAAP results exclude other than temporary impairment of available for sale marketable securities and the expenses recorded for stock compensation in accordance with SFAS 123R that the Company believes are not indicative of the core operating results. Further, these non-GAAP results are one of the primary indicators management uses for assessing the Company's performance, allocating resources and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. These non-GAAP measures may be different than the non-GAAP measures used by other companies.

The following table reconciles the GAAP to non-GAAP operating results:

	<b>Three months ended June 30, 2009 (Unaudited)</b>		
	<b>GAAP results (as reported)</b>	<b>Non-GAAP adjustment share-based compensation</b>	<b>Non-GAAP results</b>
Gross profit	\$ 15,358	\$ 83	\$ 15,441
Total operating costs and expenses	\$ 14,941	\$ (1,034)	\$ 13,907
Operating income	\$ 417	\$ 1,117	\$ 1,534
Income before taxes on income	\$ 789	\$ 1,117	\$ 1,906
Net income	\$ 436	\$ 1,117	\$ 1,553
Basic net earnings per Ordinary share	\$ 0.02	\$ 0.06	\$ 0.08
Diluted net earnings per Ordinary share	\$ 0.02	\$ 0.06	\$ 0.08

  

	<b>Three months ended June 30, 2008 (Unaudited)</b>		
	<b>GAAP results (as reported)</b>	<b>Non-GAAP adjustment share-based compensation</b>	<b>Non-GAAP results Pro Forma</b>
Gross profit	\$ 16,217	\$ 94	\$ 16,311
Total operating costs and expenses	\$ 20,516	\$ (1,173)	\$ 19,343
Operating loss	\$ (4,299)	\$ 1,267	\$ (3,032)
Loss before taxes on income	\$ (3,887)	\$ 1,713	\$ (2,174)
Net loss	\$ (3,875)	\$ 1,713	\$ (2,162)
Basic net loss per Ordinary share	\$ (0.19)	\$ 0.09	\$ (0.10)
Diluted net loss per Ordinary share	\$ (0.19)	\$ 0.09	\$ (0.10)

**CONSOLIDATED STATEMENTS OF OPERATIONS**

U.S. dollars in thousands, except per share data

	<b>Six months ended June 30, 2009</b>		
	<b>(Unaudited)</b>		
	<b>GAAP results (as reported)</b>	<b>Non-GAAP adjustment share-based compensation</b>	<b>Non-GAAP results Pro Forma</b>
Gross profit	\$ 29,546	\$ 178	\$ 29,724
Total operating costs and expenses	\$ 30,492	\$ (2,107)	\$ 28,385
Operating income (loss)	\$ (946)	\$ 2,285	\$ 1,339
Income before taxes on income	\$ 58	\$ 2,544	\$ 2,602
Net income (loss)	\$ (401)	\$ 2,544	\$ 2,143
Basic net income (loss) per Ordinary share	\$ (0.02)	\$ 0.13	\$ 0.11
Diluted net income (loss) per Ordinary share	\$ (0.02)	\$ 0.13	\$ 0.11

	<b>Six months ended June 30, 2008</b>		
	<b>(Unaudited)</b>		
	<b>GAAP results (as reported)</b>	<b>Non-GAAP adjustment share-based compensation</b>	<b>Non-GAAP results Pro Forma</b>
Gross profit	\$ 31,627	\$ 195	\$ 31,822
Total operating costs and expenses	\$ 40,038	\$ (2,376)	\$ 37,662
Operating loss	\$ (8,411)	\$ 2,571	\$ (5,840)
Loss before taxes on income	\$ (6,955)	\$ 3,017	\$ (3,938)
Net loss	\$ (6,946)	\$ 3,017	\$ (3,929)
Basic net loss per Ordinary share	\$ (0.33)	\$ 0.14	\$ (0.19)
Diluted net loss per Ordinary share	\$ (0.33)	\$ 0.14	\$ (0.19)

**CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands, except per share data

	<u>June 30, 2009</u>	<u>December 31, 2008</u>
	<u>Unaudited</u>	<u>Audited</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents *)	\$ 23,547	\$ 37,872
Short-term bank deposits *)	67,810	52,026
Short-term marketable securities *)	15,276	14,350
Trade receivables, net	15,651	14,118
Other accounts receivable and prepaid expenses	5,974	6,102
Inventories	1,119	1,185
Total current assets	<u>129,377</u>	<u>125,653</u>
<b>LONG-TERM INVESTMENTS AND RECEIVABLES:</b>		
Long-term marketable securities *)	11,495	17,005
Long-term prepaid expenses	1,108	1,278
Severance pay fund	5,331	4,591
Long-term deferred tax asset	5,269	4,995
Total long-term investments and receivables	<u>23,203</u>	<u>27,869</u>
Property and equipment, net	<u>4,828</u>	<u>5,428</u>
Goodwill	<u>2,966</u>	<u>2,966</u>
Other intangible assets, net	<u>-</u>	<u>272</u>
Total assets	<u>\$ 160,374</u>	<u>\$ 162,188</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Trade payables	\$ 2,333	\$ 2,052
Deferred revenues	7,319	8,309
Accrued expenses and other accounts payable	13,919	16,389
Total current liabilities	<u>23,571</u>	<u>26,750</u>
Accrued severance pay	<u>6,488</u>	<u>5,855</u>
Total liabilities	<u>30,059</u>	<u>32,605</u>
<b>SHAREHOLDERS' EQUITY:</b>		
Ordinary shares of NIS 0.1 par value	234	234
Additional paid-in capital	143,648	141,107
Treasury stock	(33,847)	(32,733)
Accumulated other comprehensive income	(1,129)	348
Retained earnings	21,409	20,627
Total shareholders' equity	<u>130,315</u>	<u>129,583</u>
Total liabilities and shareholders' equity	<u>\$ 160,374</u>	<u>\$ 162,188</u>
*) Total cash and liquid investments	<u>\$ 118,128</u>	<u>\$ 121,253</u>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	Six months ended June 30,	
	2009	2008
	<u>Unaudited</u>	
<u>Cash flows from operating activities:</u>		
Net loss	\$ (401)	\$ (6,946)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,702	1,916
Accrued interest, amortization of premium and accretion of discount on marketable securities and bank deposits, net	93	858
Stock –based compensation	2,285	2,571
Gain on sale of property and equipment	-	(6)
Tax benefit relating to loss carryforwards resulting from exercise of stock options	(256)	(182)
Decrease in trade receivables, net	(1,533)	(616)
Decrease (increase) in other accounts receivable and prepaid expenses	(681)	657
Decrease in inventories	66	603
Decrease in long-term prepaid expenses	170	170
Decrease (increase) in deferred tax asset	116	(183)
Increase (decrease) in trade payables	281	(102)
Increase (decrease) in deferred revenues	(990)	1,010
Increase (decrease) in other accrued expenses and accounts payable	(2,069)	1,810
Accrued severance pay, net	(243)	42
Net cash provided by (used in) operating activities	<u>(1,460)</u>	<u>1,602</u>
<u>Cash flows from investing activities:</u>		
Proceeds from redemption of marketable securities	14,870	38,382
Purchase of marketable securities	(10,260)	(50,380)
Proceeds from withdrawal of bank deposits	49,979	72,924
Purchase of bank deposits	(65,751)	(77,363)
Purchase of property and equipment	(830)	(1,871)
Proceeds from sale of property and equipment	-	6
Net cash used in investing activities	<u>(11,992)</u>	<u>(18,302)</u>
<u>Cash flows from financing activities:</u>		
Purchase of treasury stock	(1,141)	(6,416)
Issuance of Ordinary shares and treasury stock for cash upon exercise of options	12	24
Tax benefit related to exercise of stock options	256	182
Net cash used in financing activities	<u>(873)</u>	<u>(6,210)</u>
Decrease in cash and cash equivalents	(14,325)	(22,910)
Cash and cash equivalents at beginning of period	37,872	45,370
Cash and cash equivalents at end of period	<u>\$ 23,547</u>	<u>\$ 22,460</u>