

**RADVISION**  
**First Quarter 2010 Conference Call**  
**April 28, 2010**

**June Filingeri:** Thank you. Good Morning. This is June Filingeri of Comm-Partners. Thank you for joining us today. We are here to discuss RADVISION's First Quarter 2010 results and Second Quarter Outlook reported this morning. With us from management are Boaz Raviv, Chief Executive Officer, Adi Sfadia, Chief Financial Officer, and Bob Romano, Vice President of Enterprise Marketing. Today's earnings release can be found in the Investor Relations section of the company's Web site at radvision.com. A copy of Boaz and Adi's formal remarks will be posted on the Web site later today.

Before beginning the call, I would like to remind everyone that management will make forward-looking statements. These are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. These risks and uncertainties include, but are not limited to, general business conditions in the industry, changes in demand for products, the timing, amounts, or cancellation of orders, and other risks detailed from time to time in RADVISION's filings with the Securities and Exchange Commission, including the company's Form 20-F annual report. In addition, all the information provided today is current as of this date, and management assumes no obligation to update in the future, any of the information provided on the call.

I would now like to turn the call over to Adi Sfadia.

**ADI SFADIA, CFO**

Thank you, June, and good morning everyone. Thank you for joining us for the first quarter conference call. Allow me to remind you that we are posting a power point presentation on our website with all the figures that I will present today.

Let's turn to the results of the First Quarter of 2010. Total First Quarter revenues were \$20.8 million, a 13 percent increase over the First Quarter of 2009, and about 4 percent above forecast.

Our NBU revenues, which include our infrastructure products, and for the first time our endpoint products, were \$16.8 million, 24 percent above Q1 2009.

- Our infrastructure revenues were \$15.9 million, 18 percent above the same quarter last year.
- Our End Point sales were about \$830,000.

Our Technology Business Unit had revenues of \$4.0 million, a 16 percent decrease year over year, and 11 percent lower than forecast.

Moving to geographic revenue mix, Americas represented 57 percent of revenues, EMEA 23 percent and APAC 20 percent. Looking at customer concentration, our top 10 customers generated about 65 percent of revenues versus 64 percent in the previous quarter. Our Cisco sales represented about 40 percent of our total revenues, and once again Cisco was the only customer exceeding 10 percent of total revenues.

I would now like to discuss expenses in the First Quarter of 2010. I would like to remind you that all the numbers I am going to discuss are Non-GAAP and exclude the effects of stock-based compensation, amortization of purchased intangibles, as well as one-time charges related to the Aethra acquisition, which I will discuss shortly. These effects also can be found in the press release.

The Non GAAP gross margin was 75.1 percent, which was slightly below forecast, mainly due to revenue mix including lower TBU revenues.

Operating expenses were \$16.2 million or 78 percent of revenues, as compared to 79 percent in the same quarter last year, and 61 percent in the previous quarter. First Quarter 2010 operating expenses were in line with our forecast, which took into account additional operating expenses for Aethra activities. As I mentioned last quarter, we expect to maintain the same approximate level of OPEX for the balance of 2010.

Sales and Marketing expenses totaled \$7.5 million or 36 percent of revenues. R&D was \$7.3 million, or 35 percent of revenues, and G&A was \$1.3 million, or 6 percent of revenues. The first quarter non-GAAP operating loss was about \$600,000, slightly better than our forecast. The non-GAAP net loss was approximately \$650,000 or 3 cents per diluted share. This was better than our forecast by 1 cent.

The effect of stock based compensation on the quarter's net income was approximately \$660,000, or 3 cents per diluted share.

During the quarter, we recognized about \$370,000 of costs related to our acquisition of Aethra assets, in line with our forecast. Also, we recorded amortization of intangible assets of about \$200,000 and acquisition related restructuring expenses of about \$2.5 million, mainly obligations to Aethra employees, in line with Italian labor law.

Looking now at our balance sheet. We ended the quarter with cash and equivalents of about \$123 million, or \$6.32 per basic share. This was a decrease of \$2.7 million from the previous quarter. This reflects payment of \$7 million for the purchase of Aethra assets and CAPEX spending of about \$500,000, offset by \$4.8 million provided from operations.

Inventory turns are 26 days. DSOs decreased to 35 days, compared to 47 days in the previous quarter. The rest of the balance sheet remains very strong. We have no debt and our cash and equivalents, including long-term investments, represent about 75 percent of our total assets.

Turning to Second Quarter 2010 guidelines: We expect total revenue to be \$22 million, representing a 12 percent increase from the second quarter of 2009. This includes higher endpoint sales and lower Cisco sales compared to the First Quarter this year.

Our gross margin is expected to be about 74.5 percent also reflecting the addition of endpoint sales to our revenue mix. OPEX is expected to be about \$16.3 million.

As a result, we are forecasting non-GAAP operating income of about \$100,000. We forecast non-GAAP net income of about \$100,000, or 1 cent per diluted share. We estimate option expenses at approximately \$650,000 and amortization of purchased intangibles of about \$430,000. As a result, we estimate a net loss on a GAAP basis of \$1 million, or 5 cents per diluted share.

This concludes my financial review.

**BOAZ RAVIV, CEO**

Good morning and good afternoon everyone. Adi, thank you for your report today.

Our revenues for the First Quarter of 2010 were \$20.8 million, which exceeded our forecast because of better than expected results from our Networking Business Unit. The success of our SCOPIA Elite

platform, which is the most powerful MCU available today, continues to drive the strong performance of our NBU.

In addition to infrastructure products, our NBU revenues also included initial sales of video endpoints, which consisted entirely of the SCOPIA VC 240 all-in-one desktop solution in the First Quarter. As Adi said, our total NBU revenues increased 24 percent from a year ago. We look forward now to adding endpoint revenues at the end of Q2 from our newly introduced SCOPIA XT1000 high definition video room conferencing system.

RADVISION reached a major new milestone as an end-to-end solution provider with the introduction last week of the SCOPIA XT1000. We are showing it this week at the Interop trade show in Las Vegas.

The SCOPIA XT1000 is based on the Aethra endpoint technology and intellectual property we acquired in February, combined with our award-winning infrastructure. This marks our entry into the room conferencing market and we are making our entry with a compelling product.

The SCOPIA XT1000 incorporates the latest state-of-the-art video technology, including support for dual stream 1080p video, high-quality data sharing, high quality full band audio and a high capacity embedded MCU. No other system on the market today offers the same combination of high performance, features and price. This combination continues to distinguish RADVISION in the marketplace.

Among its key features:

- The SCOPIA XT1000 delivers support for two full High Definition 1080p video streams as standard. It includes a PTZ camera with 10x optical zoom for viewing details, and wide-angle capability for capturing an entire group. The second video stream can be used with an additional 1080p camera for complete visual coverage or with a PC for data sharing.
- The SCOPIA XT1000 supports high-resolution PC data sharing at 30 frames per second, so presentations and video clips can be shared with no quality loss.
- We have embedded our multipoint technology in the SCOPIA XT1000 making high definition, continuous presence meetings with up to nine participants, very affordable, using its built-in MCU. This is the highest capacity embedded MCU on the market.
- The SCOPIA XT1000 provides full band audio encoding to ensure high clarity audio transmission with no loss of quality. Beam forming technology is used in the 3-way microphone to put the focus on the speaker while isolating background noise. The ability to daisy-chain a second microphone provides unparalleled large room coverage.
- With a list price of \$7,400 for the SCOPIA XT1000 base system, there is no other comparably priced system on the market, offering the same range of features and quality.

In fact, industry analysts who previewed the SCOPIA XT1000 have given it high marks for both price and high-end functionality.

The early market response has also been strong. Many former Aethra partners, who had been waiting for the new technology, have quickly signed on as RADVISION resellers. These include Noanet, one of the leading distributors of Unified Communications solutions for Spain and Portugal, as well as four of the largest Aethra resellers in the Americas. In APAC, the major Aethra channels are already RADVISION channels for infrastructure, and we expect other Aethra resellers to join our network in the near future.

Now that we offer a complete end-to-end solution at a time when consolidation has reduced the field of competition, we are being contacted by resellers and distributors in all regions. We are proceeding selectively to add high quality, experienced resellers who can be true technology partners, rather than

simply seeking endpoint vendors. Our new industry position is creating many important partnership opportunities. For example, we were pleased to announce earlier this week that Conferencing Advisors, a highly experienced and leading provider of conferencing solutions, products and services in the U.S., has added the SCOPIA XT1000 to their product portfolio.

With its successful introduction, the fuller ramp up of sales of the XT 1000 is slated to begin in the Second Half of 2010.

We are also pleased to report initial revenues in the First Quarter from the SCOPIA VC 240, which approached \$1 million. The potential of this breakthrough product and the advantages to RADVISION of having SAMSUNG as our partner are increasingly clear to us. SAMSUNG is the market leader in LCD panels. Through our partnership with them, we are able to provide a very high-end product at a market beating price point, which is part of our strategy to commoditize video endpoints, and increase the size of the market. Our partnership with Samsung is also giving us access to leading distributors and major enterprises worldwide.

We recorded sales of the SCOPIA VC 240 in all three regions in the First Quarter, with the highest levels in APAC and EMEA. Sales are continuing to ramp up nicely in both regions. We also had initial sales in the U.S. in the First Quarter, even though the SCOPIA VC 240 was not available there until late February.

We are working closely with local SAMSUNG subsidiaries and sales teams to promote the product. In February, we demonstrated the SCOPIA VC 240 in the SAMSUNG booth at ISE, the number one show in Europe for professional audio-visual systems, and drew a high level of interest. Last month, SAMSUNG joined us in the RADVISION booth at UC Expo in the U.K. The SCOPIA VC 240 again attracted widespread attention.

Version 2.0 of the SCOPIA VC 240 will be generally available in early May. The beta version released earlier this year received very positive feedback on the added-value that it delivers to our customers.

With the new version:

- We provide the functionality required by the traditional video conferencing market for data sharing, endpoint management, and interoperability with major endpoints and infrastructure on the market today.
- We also provide an innovative open platform for developers to introduce applications that interact and control the SCOPIA VC240.
- And, as an end-to-end solution provider, all our endpoints interoperate and work seamlessly with our infrastructure products.

With the successful introduction of the SCOPIA VC 240 and now the SCOPIA XT1000, added to our SCOPIA Desktop solution, we have firmly established our new position as an end-to-end solution provider in the videoconferencing market. Industry consolidation has made us one of only three providers of a complete solution, which benefits our entire product line.

For example, HD Distributing of Minneapolis, a value added distributor of video conferencing products in North America, has decided to add both the SCOPIA VC 240 and the SCOPIA XT1000 as key products in their offering, in addition to the SCOPIA Elite MCU. Its sister company, Global Conferencing Solutions, a service provider, has selected the SCOPIA Elite as their platform for delivering HD multi-party video conferencing services.

Industry consolidation is also creating the opportunities we had hoped for in the Unified Communications marketplace, where our independence and our ability to build integrated infrastructure solutions, make us pursued by industry leaders.

This includes Microsoft. We recently licensed technology from Microsoft to develop a UC gateway to bridge the OCS environment with standard video solutions including H.323, SIP, Telepresence and others. Industry consolidation and our ability to deliver endpoints make this renewed relationship with Microsoft highly appealing to both of us.

IBM was one of our earliest UC partners. We first developed an integrated solution providing videoconferencing and connectivity for their technology in 2006. Last quarter I discussed our enhanced integration based on the SCOPIA Elite platform for the latest version of Sametime 8.5, providing it with new features including High Definition multiparty conferencing up to 1080p, connectivity to Telepresence systems, high error resiliency with SVC connections between MCUs, and administrative ease-of-use. IBM demonstrated this integration in their keynote presentation at Lotusphere in January as well as in their keynote and booth at VoiceCon in March. They recently created a new sales team to focus on Unified Communication and video and we are working on several opportunities together. Our major IBM deployments in Italy and France are moving forward with their adoption of SCOPIA Elite, which resulted in follow-on sales to them in the First Quarter. Our relationship with IBM Global Services in APAC led to several deals in the First Quarter, including one with a major city government and another for a high profile government agency project.

Our relationship with Alcatel-Lucent began in 2008 with our development of a video solution for their My Teamwork conferencing and collaboration application for the Unified Communications market. Last year, they became a reseller partner. They have now finalized the introduction of SCOPIA Elite. We have several large projects underway together. In the First Quarter, there was a sale of a large capacity MCU for My Teamwork support for a major insurance company in France. In APAC, there was a large 3G video gateway sale through Alcatel-Lucent to a Service Provider in Southeast Asia.

We began our collaboration with LifeSize in 2006. Our infrastructure sales through LifeSize, now part of Logitech, were strong in the First Quarter, demonstrating solid growth over the First Quarter of 2009 as well as sequentially.

Our longest-standing UC partner has been Cisco. As we discussed before, our relationship with them will change, due to their acquisition of Tandberg, which was completed last week. However, in the First Quarter, Cisco remained our largest customer. We had forecast that our Cisco sales would represent 35 to 40 percent of total First Quarter sales. They came in at the high end of our forecast and were well above the First Quarter of 2009.

Cisco fully adopted the SCOPIA Elite and a motivated Cisco sales force moved forward aggressively with Elite sales in the First Quarter to capture accelerating adoption of video by enterprises. Our results with Cisco in the First Quarter also reflected continued strong sales of our Meeting Place Solution. Our forecast for Cisco sales in the Second Quarter is that they will approximate 35 percent of total sales, which is consistent with our overall guidance that Cisco sales will decline progressively in 2010.

Looking at our infrastructure sales by region,

- APAC delivered strong and balanced performance in the First Quarter of 2010, with almost every country in the region exceeding our expectation for the Quarter.
- In EMEA, we are continuing to focus on and penetrate the Service Provider market for hosted solutions. In the First Quarter, we had a deal for expanding the capacity of an existing customer, in

preparation for their adoption of Elite, and their launch of hosted services. The strength of our iView management suite and SCOPIA Desktop enabled us to win a competitive bid from a private health agency in France. In addition, our SCOPIA Elite led to a competitive win in the U.K. We also made further inroads in South Africa, where an increasing number of major enterprises are standardizing on our technology.

- In the Americas, we saw renewed strength in the financial sector. We also continued to increase our sales of RADVISION-branded products, which has been an ongoing priority for our team there.

Innovation and technology leadership remain a crucial focus of our infrastructure strategy. In the First Quarter, we announced SCOPIA Mobile, a free application that enables the latest generation of mobile devices including the Apple iPhone, iPod touch, iPad and Blackberry devices to be used to control and manage a video session. We also were awarded a U.S. patent for initiation and support of video conferencing using instant messaging.

Turning to our Technology Business Unit, innovation has always been the hallmark of our TBU. Despite this and despite a number of additional important accomplishments in the First Quarter, the revenues of our TBU were below forecast. The shortfall can primarily be attributed to the EMEA region. We have identified the issues and taken action to restructure our sales resources and our market positioning in order to return to on-target performance in this region.

Among our TBU's accomplishments in the First Quarter was the successful conclusion of the major project with the delivery of the final project milestone for the major PBX vendor I mentioned last time. We are seeing increasing demand for our BEE family of highly integrated HD video client platforms, especially in APAC and the U.S. Typically, such deals also include customization to individual customer needs. There were significant deals in all regions for our ProLab testing tools for video applications in the First Quarter.

Turning to my conclusion, the First Quarter of 2010 marked the clear beginning of a new chapter for RADVISION. The purchase of the Aethra technology and intellectual property has enabled us to introduce our first room conferencing system, the SCOPIA XT1000. With the SCOPIA XT1000, our breakthrough VC 240, SCOPIA Desktop, and our industry-leading infrastructure, we have positioned ourselves in the videoconferencing marketplace as a strongly competitive end-to-end solution provider.

We have moved quickly and strategically to meet the challenge of replacing Cisco revenues that will eventually decline, now that their transaction with Tandberg is complete. However, let me reiterate what I said last quarter - our strategy goes beyond simply replacing lost revenues from Cisco. Of greater importance, our plan is to position RADVISION to take full advantage of the huge market opportunity created by surging video demand and by the market disruption caused by industry consolidation.

We are executing that plan with full enthusiasm, focus and energy.