

Q&A on Ortiva Acquisition

1. Who is Ortiva Wireless?

Ortiva Wireless is a privately held company based in La Jolla, California. The company enables mobile operators to reduce CAPEX and OPEX while enhancing the quality viewing experience for mobile subscribers.

Ortiva Wireless solutions dramatically improve the quality and efficiency of rich media content delivery by optimizing for real-time network conditions *and* for each mobile connection. This unique dual optimization capability ensures the highest quality of experience for video and audio consumers, even under fluctuating and constrained network conditions. Ortiva's iVOG (internet Video Optimization Gateway) solution has been deployed at two Tier 1 mobile service providers. More information can be found on Ortiva's website - <http://www.ortivawireless.com/>.

2. What does the acquisition add to Allot?

This acquisition advances our Allot Service Gateway vision of enabling a broad range of cost-saving and revenue-generating services within a single network intelligence platform. With Ortiva's technology, we are integrating a leading-edge mobile video management solution into Allot Service Gateway and will also offer it as a standalone solution.

The incorporation of Ortiva's technology within Allot Service Gateway will allow mobile operators to effectively manage the ever-increasing volume of video traffic on their networks.

With video optimization being a critical need for our customers in both the near- and long-term, we believe that it is a core service for our comprehensive product offering.

3. Why is video so important?

Improving the video user experience is a top concern of mobile operators and the #1 VAS these customers are seeking. Our own MobileTrends Report says video now accounts for over 40% of Global Mobile Internet traffic. And it's all "over-the-top." OTT means that operators rely on our DPI technology to identify and manage application traffic.

Allot Service Gateway leverages DPI, traffic steering, media caching – and now – video optimization to provide the most powerful solutions for managing large and growing volumes of video traffic.

4. Why Ortiva Wireless and not another company?

With the increasing demand from our mobile customers for a solution to this challenge, we had to decide whether to develop video optimization solutions in-house or purchase the technology and expertise, and thereby shorten the time-to-market for this critical solution. After an extensive market study, we concluded that Ortiva Wireless has one of the most innovative offerings in this area and is the best fit for our company.

5. What are the financial ramifications of the deal?

While we did not disclose the terms of the deal, we can provide the following financial metrics:



On a non-GAAP basis we currently expect that the transaction will be accretive by the end of 2012 and will generate between \$3-5 million in revenues for the second half of 2012.

Gross margins should be similar to Allot's current level, and operating expenses are estimated at approximately \$2.5 million per quarter during 2012.

In terms of headcount, currently Ortiva has 41 employees.

We anticipate closing the acquisition during the second quarter of 2012, and plan to consolidate Ortiva's financials result starting from the date of the closing.