



Veraz Networks and Dialogic Announce Definitive Agreement to Merge

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Dialogic Corporation, a pioneer in enabling interactive mobile video services and applications and Veraz Networks, a leading provider of bandwidth optimization and next generation switching products, today announced that they have entered into a definitive agreement to merge.

After closing, the name of the merged company will be Dialogic, and it will be a global leader in communications products and services to the telecommunications service provider and enterprise markets. The merged company is expected to be led by Nick Jensen as Chairman of the Board and Chief Executive Officer (current Chairman of the Board and Chief Executive Officer of Dialogic), and Doug Sabella as President and Chief Operating Officer (current Veraz President and Chief Executive Officer), with headquarters in San Jose, CA.

“While the capability of mobile networks around the world has been steadily expanding, the future will bring even greater demands on the networks due to the unprecedented growth in global mobile data and video traffic,” said Nick Jensen, Chairman of the Board and CEO of Dialogic. “By combining Dialogic’s proven expertise in application enablement for voice and video with Veraz’s leadership in voice, data, session control, security, and transport, we will be creating a company with innovative products that will enable our customers to unleash the profit of video, voice and data for 3G/4G networks.”

Over 80% of the Fortune 2000 companies and service providers worldwide rely on Dialogic’s application-enabling technologies, putting Dialogic at the forefront of enabling high quality video on wireless and wireline networks. Today, over 130 service providers in over 80 countries rely on Veraz’s next generation switching and bandwidth optimization products and services to leverage the power of IP to deliver high quality voice and data services while lowering their operational and capital costs.

“The merger of Veraz and Dialogic will create a new and exciting company with the product portfolio and resources to be a true mission critical supplier to service providers,” said Doug Sabella, President and CEO of Veraz Networks. “The combination of Veraz’s direct global footprint and Dialogic’s channels will create a company of substantial size with global reach and resources, thus allowing our customers to be extremely confident when they choose to partner with us.”

Following the merger and subsequent integration of the two companies, on an annualized basis (after excluding adjustments to revenue and expenses under purchase accounting rules, transaction related costs and one-time charges), the merged company revenues are expected to be greater than \$250 million with gross margins of 60-65% and EBITDA of 10-15% of revenues (earnings before interest, taxes, depreciation, amortization, and stock compensation expenses and including expected operational cost synergies). The merged company will have a diverse customer base with no customer concentration.

Under the terms of the agreement, unanimously approved by each company's Board of Directors, Veraz will issue shares of its common stock to each Dialogic shareholder so that following the closing of the transaction, Dialogic shareholders will own approximately 70% and Veraz shareholders will own approximately 30% of the merged company. For further information regarding the acquisition agreement, interested parties should refer to the Form 8-K filed by Veraz on or about this date. The transaction is expected to close in the second half of 2010, subject to regulatory approvals, shareholder approvals, and customary closing conditions.

Veraz is currently traded on NASDAQ and it is expected that the merged company will continue to be traded on NASDAQ. The merged company is expected to benefit from operational cost synergies and is expected to realize revenue synergies by combining complementary product portfolios, as well as by optimizing the established global sales and distribution channels.

Jefferies & Company, Inc. acted as the exclusive financial advisor to Dialogic, and Pagemill Partners acted as the exclusive financial advisor to Veraz.