



ALLOT COMMUNICATIONS LTD.

COMPENSATION AND NOMINATING COMMITTEE CHARTER

The Board of Directors (the “**Board**”) of the Company has constituted and established a Compensation and Nominating Committee (the “**Committee**”) with the authority, responsibility and specific duties as described in this Compensation and Nominating Committee Charter (this “**Charter**”).

I. Purpose

The purpose of the Committee is (i) to assist the Board in fulfilling its responsibilities relating to compensation of the Company’s directors, Chief Executive Officer (the “**CEO**”) and other executive officers, (ii) to produce an annual report on executive compensation for public disclosure in the Company’s proxy statement or otherwise, to the extent required by applicable securities laws and the rules and regulations promulgated thereunder, and (iii) to support and advise the Board in selecting the individuals who are best able to fulfill the responsibilities of a director or executive officer of the Company.

The purposes and provisions specified in this Charter are meant to serve as guidelines, and the Committee is delegated the authority to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. Unless otherwise prescribed in this Charter, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal law for directors of a corporation.

II. Membership

The membership of the Committee shall consist of three or more members of the Board, all of whom shall qualify as “independent directors” (or be subject to an exception) under applicable rules of the Nasdaq Stock Market (the “**Nasdaq Rules**”). At least one “outside director” of the Company appointed under the Israeli Companies Law shall be a member of the Committee.

The Committee’s members shall be appointed by and serve at the discretion of the Board. Members shall serve until their successors are duly designated and qualified. Any member of the Committee may be removed at any time, with or without cause, by a resolution of the Board. Subject to applicable law, any vacancy in the Committee occurring for any cause whatsoever may be filled by a resolution of the Board.

The Committee’s chairperson shall be designated by the Committee, unless decided otherwise by the Board. A majority of the members of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

III. Meetings and Authority

The Committee shall meet at least two times annually or more frequently as circumstances require. The chairperson of the Committee will preside at each meeting of the Committee and, in

consultation with the other member(s) of the Committee then present, shall determine the frequency and length of each meeting and the agenda of items to be addressed at each meeting. The Committee may ask members of management or others to attend meetings and provide pertinent information, as necessary.

The Committee shall have the power to retain, without Board approval and at the Company's expense, and terminate, as it deems appropriate, outside counsel, compensation consultants, and other experts and consultants to assist the Committee in connection with its responsibilities, and shall have the sole authority to approve such firms' fees and other retention terms.

The Committee may delegate its authority to subcommittees established from time to time by the Committee, which subcommittees shall consist of one or more members of the Committee or the Board of Directors, and shall report to the Committee.

IV. Duties and Responsibilities

The Committee shall have the power and authority of the Board to perform the following duties and to fulfill the responsibilities detailed below. The Committee's approval of any matter below shall not derogate from the requirements of the Israeli Companies Act of 1999 pursuant to which approval of the Board, the Company's audit committee or shareholders is required for certain transactions, and under such circumstances the Committee's approval shall constitute a recommendation to any such body:

Compensation

1. Review from time to time and approve the overall compensation policies of the Company, including, in particular, policies applicable to the Company's executive officers, to ensure that management is rewarded appropriately for its contributions to the Company's growth and profitability, and that such compensation policies are aligned with the Company's objectives and shareholders' interests.
2. Review and approve corporate goals and objectives relevant to the compensation of the CEO of the Company, evaluate the performance of the CEO in light of such goals and objectives, and determine the compensation of the CEO based on such evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at other companies comparable to the Company and the awards given to the CEO in past years. The CEO may not be present during deliberations or voting concerning compensation of the CEO.
3. Review, approve and at least annually evaluate the Company's compensation and other benefit plans, including incentive compensation and equity-based plans and programs for the CEO and other executive officers, and make recommendations to the Board as necessary. Review and approve any amendments and modifications to any such incentive compensation and equity-based plans or programs requiring approval of the Board, subject to applicable shareholder approval requirements.
4. Establish rules and regulations and perform all other administrative or management duties required of the Board or the Committee by the provisions of any compensation or benefit plan maintained by the Company.
5. Review and approve the granting of options, restricted stock, stock appreciation rights and other equity-based grants (each, an "**Award**") consistent with the Company's incentive compensation plans (collectively, the "**Plans**") and compensation strategy,

provided that: in accordance with applicable law, (a) with respect to grantees who are not employees of the Company or its subsidiaries, the Committee shall recommend to the Board the grant of Awards, but may not to authorize such grants, and (b) with respect to the grant of Awards to grantees who are employees of the Company or its subsidiaries, the Awards shall be made by the Committee only with respect to the Ordinary Shares of the Company reserved under the Plans by the Board.

6. Oversee compliance with the compensation reporting requirements of the Securities and Exchange Commission.
7. Review, periodically evaluate and make recommendations to the Board regarding the compensation and benefits for the Company's non-employee directors.

Nomination of Directors

1. Develop and make recommendations to the Board regarding criteria for selecting new directors.
2. Conduct the appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates for director.
3. Review and recommend to the Board nominees for election as directors of the Company, including nominees recommended by shareholders of the Company, and consider the performance of incumbent directors whose terms are expiring in determining whether to nominate them to stand for reelection at the next annual meeting of the shareholders.
4. Recommend to the Board nominees who shall be appointed to serve on the committees of the Board subject to applicable law.

General

1. Establish procedures for, and administer annual performance evaluations of the Board, and its Committees by their members, which will also include an annual performance review of this Committee by its members.
2. Periodically reviewing and reassessing the adequacy of this Charter and recommend any proposed changes to the Board for consideration and approval. Conduct an annual self-performance evaluation of the Committee.
3. Perform any other activities consistent with this Charter, the Company's Articles of Association, as amended from time to time, and applicable law as the Committee or the Board may deem appropriate.

V. Reporting

The Committee will apprise the Board regularly of significant developments in the course of performing the above responsibilities and duties.

Last amended: October 19, 2006