Press Release

Contacts:
Investor Relations
Alan Roden
Verint Systems Inc.
(631) 962-9304
alan.roden@verint.com

Verint Announces First Quarter Results

Conference Call to Discuss Selected Financial Information and Outlook to be Held Today at 4:30 p.m. ET

MELVILLE, N.Y., June 3, 2013 — Verint® Systems Inc. (NASDAQ: VRNT), a global leader in Actionable Intelligence® solutions and value-added services, today announced results for the three months ended April 30, 2013.

"We are pleased with our first quarter results which overall were in line with our expectations. We believe we are well positioned for another year of growth with our broad portfolio of innovative analytical solutions and strong competitive position in the enterprise and security intelligence markets," said Dan Bodner, CEO and President.

Financial Highlights

Below is selected unaudited financial information for the three months ended April 30, 2013 prepared in accordance with generally accepted accounting principles ("GAAP") and not in accordance with GAAP ("non-GAAP").

Three Months Ended April 30, 2013 – GAAP

- Revenue: $204.8 million
- Operating Income: $13.7 million
- Diluted EPS: ($0.18)

Three Months Ended April 30, 2013 – Non-GAAP

- Revenue: $205.4 million
- Operating Income: $36.7 million
- Diluted EPS: $0.44

Financial Outlook

Below is Verint's non-GAAP outlook for the year ending January 31, 2014.

- We expect revenue to increase between 6% and 7% compared to the year ended January 31, 2013
- We expect fully diluted earnings per share in the range of $2.75 plus or minus 5 cents

Conference Call Information

We will conduct a conference call today at 4:30 p.m. ET to discuss our results for the three months ended April 30, 2013 and outlook for the year ending January 31, 2014. An online, real-time webcast of the conference call will be available on our website at www.verint.com. The conference call can also be accessed live via telephone at 1-866-700-6067 (United States and Canada) and 1-617-213-8834 (international) and the passcode is 66130744. Please dial in 5-10 minutes prior to the scheduled start time.

About Non-GAAP Financial Measures
This press release and the accompanying tables include non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see Tables 2 and 3 as well as "Supplemental Information About Non-GAAP Financial Measures" at the end of this press release. Because we do not predict special items that might occur in the future, and our outlook is developed at a level of detail different than that used to prepare GAAP financial measures, we are not providing a reconciliation to GAAP of our forward-looking financial measures for the year ending January 31, 2014.

About Verint Systems Inc.
Verint® (NASDAQ: VRNT) is a global leader in Actionable Intelligence® solutions. Its portfolio of Enterprise Intelligence Solutions™ and Security Intelligence Solutions™ helps organizations Make Big Data Actionable™ through the ability to capture, analyze and act on large volumes of rich, complex and often underused information sources—such as voice, video and unstructured text. With Verint solutions and value-added services, organizations of all sizes can make more timely and effective decisions. Today, more than 10,000 organizations in over 150 countries, including over 80 percent of the Fortune 100, count on Verint solutions to improve enterprise performance and make the world a safer place. Headquartered in NY, Verint has offices worldwide and an extensive global partner network. Learn more at www.verint.com.

Cautions About Forward-Looking Statements
This press release contains forward-looking statements, including statements regarding expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect relating to Verint Systems Inc. These forward-looking statements are not guarantees of future performance and they are based on management's expectations that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Some of the factors that could cause actual future results or conditions to differ materially from current expectations include: uncertainties regarding the impact of general economic conditions in the United States and abroad, particularly in information technology spending and government budgets, on our business; risks associated with our ability to keep pace with technological changes and evolving industry standards in our product offerings and to successfully develop, launch, and drive demand for new and enhanced, innovative, high-quality products that meet or exceed customer needs; risks due to aggressive competition in all of our markets, including with respect to maintaining margins and sufficient levels of investment in our business; risks created by the continued consolidation of our competitors or the introduction of large competitors in our markets with greater resources than we have; risks associated with our ability to successfully compete for, consummate, and implement mergers and acquisitions, including risks associated with capital constraints, costs and expenses, maintaining profitability levels, management distraction, post-acquisition integration activities, and potential asset impairments; risks that we may be unable to maintain and enhance relationships with key resellers, partners, and systems integrators; risks relating to our ability to effectively and efficiently execute on our growth strategy, including managing investments in our business and operations and enhancing and securing our internal and external operations; risks associated with our ability to effectively and efficiently allocate limited financial and human resources to business, development, strategic, or other opportunities that may not come to fruition or produce satisfactory returns; risks associated with the mishandling or perceived mishandling of sensitive or confidential information, security lapses, or with information technology system failures or disruptions; risks associated with our significant international operations, including, among others, in Israel, Europe, and Asia, exposure to regions subject to political or economic instability, and fluctuations in foreign exchange rates; risks associated with a significant amount of our business coming from domestic and foreign government customers, including the ability to maintain security clearances for certain projects; risks associated with complex and

changing local and foreign regulatory environments in the jurisdictions in which we operate; risks associated with our ability to recruit and retain qualified personnel in regions in which we operate; challenges associated with selling sophisticated solutions, long sales cycles, and emphasis on larger transactions, including in assisting customers in realizing the value they expect and in accurately forecasting revenue and expenses and in maintaining profitability; risks that our intellectual property rights may not be adequate to protect our business or assets or that others may make claims on our intellectual property or claim infringement on their intellectual property rights; risks that our products may contain undetected defects, which could expose us to substantial liability; risks associated with our dependence on a limited number of suppliers or original equipment manufacturers for certain components of our products, including companies that may compete with us or work with our competitors; risks that our customers or partners delay or cancel orders or are unable to honor contractual commitments due to liquidity issues, challenges in their business, or otherwise; risks that we may experience liquidity or working capital issues and related risks that financing sources may be unavailable to us on reasonable terms or at all; risks associated with significant leverage resulting from our current debt position, including with respect to covenant limitations and compliance, fluctuations in interest rates, and our ability to maintain our credit ratings; risks arising as a result of contingent, unknown or unexpected obligations or liabilities of our former parent company, Comverse Technology, Inc. ("CTI"), assumed upon completion of the merger with CTI that was completed on February 4, 2013 (the "CTI Merger"), including regulatory or compliance liabilities, or as a result of parties obligated to provide us with indemnification being unwilling or unable to perform such obligations; risks associated with being a former consolidated subsidiary of CTI and formerly part of CTI's consolidated tax group; risks relating to our reliance on CTI's former subsidiary, Comverse, Inc. ("Comverse"), to perform certain transition services following the CTI Merger on a timely basis or at all in order for us to comply with certain regulatory requirements; risks relating to our ability to successfully implement and maintain adequate systems and internal controls for our current and future operations and reporting needs and related risks of financial statement omissions, misstatements, restatements, or filing delays; and risks associated with changing tax rates, tax laws and regulations, and the continuing availability of expected tax benefits, including those expected as a result of the CTI Merger. We assume no obligation to revise or update any forward-looking statement, except as otherwise required by law. For a detailed discussion of these risk factors, see our Annual Report on Form 10-K for the fiscal year ended January 31, 2013, our Quarterly Report on Form 10-Q for the quarter ended April 30, 2013, when filed, and other filings we make with the SEC.

Table 1
Verint Systems Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended April 30,	
	2013	2012
Revenue:		
Product	$ 87,350	$ 91,999
Service and support	117,436	104,636
Total revenue	**204,786**	**196,635**
Cost of revenue:		
Product	31,172	30,892
Service and support	38,498	33,652
Amortization of acquired technology and backlog	3,638	3,784
Total cost of revenue	**73,308**	**68,328**
Gross profit	**131,478**	**128,307**
Operating expenses:		
Research and development, net	30,028	28,403
Selling, general and administrative	81,704	72,723
Amortization of other acquired intangible assets	6,033	6,198
Total operating expenses	**117,765**	**107,324**
Operating income	**13,713**	**20,983**
Other income (expense), net:		
Interest income	155	130
Interest expense	(7,188)	(7,718)
Loss on extinguishment of debt	(9,706)	-
Other income (expense), net	(1,808)	634
Total other expense, net	**(18,547)**	**(6,954)**
Income (loss) before provision for income taxes	**(4,834)**	**14,029**
Provision for income taxes	3,103	2,399
Net income (loss)	**(7,937)**	**11,630**
Net income attributable to noncontrolling interest	1,216	1,595
Net income (loss) attributable to Verint Systems Inc.	**(9,153)**	**10,035**
Dividends on preferred stock	(174)	(3,744)
Net income (loss) attributable to Verint Systems Inc. common shares	**$ (9,327)**	**$ 6,291**
Net income (loss) per common share attributable to Verint Systems Inc.:		
Basic	**$ (0.18)**	**$ 0.16**
Diluted	**$ (0.18)**	**$ 0.16**
Weighted-average common shares outstanding:		
Basic	**51,970**	**39,017**
Diluted	**51,970**	**39,889**

Table 2
Verint Systems Inc. and Subsidiaries
Segment Revenue
(Unaudited)
(In thousands)

	Three Months Ended April 30,	
	2013	2012
GAAP Revenue By Segment:		
Enterprise Intelligence	$ 112,923	$ 109,827
Video Intelligence	28,798	28,678
Communications Intelligence	63,065	58,130
Total Video and Communications Intelligence	91,863	86,808
GAAP Total Revenue	$ 204,786	$ 196,635
Revenue Adjustments Related to Acquisitions:		
Enterprise Intelligence	$ 253	$ 1,953
Video Intelligence	167	780
Communications Intelligence	198	871
Total Video and Communications Intelligence	365	1,651
Total Revenue Adjustments Related to Acquisitions	$ 618	$ 3,604
Non-GAAP Revenue By Segment:		
Enterprise Intelligence	$ 113,176	$ 111,780
Video Intelligence	28,965	29,458
Communications Intelligence	63,263	59,001
Total Video and Communications Intelligence	92,228	88,459
Non-GAAP Total Revenue	$ 205,404	$ 200,239

Table 3
Verint Systems Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Results
(Unaudited)
(In thousands, except per share data)

	Three Months Ended April 30, 2013	Three Months Ended April 30, 2012
Table of Reconciliation from GAAP Gross Profit to Non-GAAP Gross Profit		
GAAP gross profit	$ 131,478	$ 128,307
Revenue adjustments related to acquisitions	618	3,604
Amortization of acquired technology and backlog	3,638	3,784
Stock-based compensation expenses	397	724
M&A and other adjustments	255	9
Non-GAAP gross profit	$ 136,386	$ 136,428
Table of Reconciliation from GAAP Operating Income to Non-GAAP Operating Income and Non-GAAP EBITDA		
GAAP operating income	$ 13,713	$ 20,983
Revenue adjustments related to acquisitions	618	3,604
Amortization of acquired technology and backlog	3,638	3,784
Amortization of other acquired intangible assets	6,033	6,198
Stock-based compensation expenses	6,233	5,712
M&A and other adjustments	6,480	(843)
Non-GAAP operating income	36,715	39,438
GAAP depreciation and amortization **(1)**	13,857	13,630
Amortization of acquired technology and backlog	(3,638)	(3,784)
Amortization of other acquired intangible assets	(6,033)	(6,198)
Non-GAAP depreciation and amortization	4,186	3,648
Non-GAAP EBITDA	$ 40,901	$ 43,086
Table of Reconciliation from GAAP Other Expense, Net to Non-GAAP Other Expense, Net		
GAAP other expense, net	$ (18,547)	$ (6,954)
Loss on extinguishment of debt	9,706	-
Unrealized gains on derivatives, net	(411)	(336)
M&A and other adjustments	179	4
Non-GAAP other expense, net	$ (9,073)	$ (7,286)
Table of Reconciliation from GAAP Provision for Income Taxes to Non-GAAP Provision for Income Taxes		
GAAP provision for income taxes	$ 3,103	$ 2,399
Non-cash tax adjustments	(74)	1,459
Non-GAAP provision for income taxes	$ 3,029	$ 3,858
Table of Reconciliation from GAAP Net Income (Loss) Attributable to Verint Systems Inc. to Non-GAAP Net Income Attributable to Verint Systems Inc.		
GAAP net income (loss) attributable to Verint Systems Inc.	$ (9,153)	$ 10,035
Revenue adjustments related to acquisitions	618	3,604
Amortization of acquired technology and backlog	3,638	3,784
Amortization of other acquired intangible assets	6,033	6,198
Stock-based compensation expenses	6,233	5,712
M&A and other adjustments	6,659	(839)
Loss on extinguishment of debt	9,706	-
Unrealized gains on derivatives, net	(411)	(336)
Non-cash tax adjustments	74	(1,459)
Total GAAP net income adjustments	32,550	16,664
Non-GAAP net income attributable to Verint Systems Inc.	$ 23,397	$ 26,699
Table of Reconciliation from GAAP Net Income (Loss) Attributable to Verint Systems Inc. Common Shares to Non-GAAP Net Income Attributable to Verint Systems Inc. Common Shares		
GAAP net income (loss) attributable to Verint Systems Inc. common shares	$ (9,327)	$ 6,291
Total GAAP net income (loss) adjustments	32,550	16,664
Non-GAAP net income attributable to Verint Systems Inc. common shares	$ 23,223	$ 22,955
Table Comparing GAAP Diluted Net Income (Loss) Per Common Share Attributable to Verint Systems Inc. to Non-GAAP Diluted Net Income Per Common Share Attributable to Verint Systems Inc.		
GAAP diluted net income (loss) per common share attributable to Verint Systems Inc.	$ (0.18)	$ 0.16
Non-GAAP diluted net income per common share attributable to Verint Systems Inc.	$ 0.44	$ 0.53
Shares used in computing GAAP diluted net income (loss) per common share	51,970	39,889
Shares used in computing non-GAAP diluted net income per common share	53,266	50,771

(1) Adjusted for patent and financing fee amortization.

Table 4
Verint Systems Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(In thousands, except share and per share data)

	April 30, 2013	January 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 256,164	$ 209,973
Restricted cash and bank time deposits	7,943	11,128
Short-term investments	63,179	13,593
Accounts receivable, net of allowance for doubtful accounts of $1.3 million and $1.8 million, respectively	177,761	168,415
Inventories	11,603	15,014
Deferred cost of revenue	4,812	6,253
Prepaid expenses and other current assets	85,329	77,277
Total current assets	**606,791**	**501,653**
Property and equipment, net	37,140	38,161
Goodwill	825,465	829,909
Intangible assets, net	133,841	144,261
Capitalized software development costs, net	6,128	6,343
Long-term deferred cost of revenue	8,601	7,742
Other assets	66,103	36,200
Total assets	**$ 1,684,069**	**$ 1,564,269**
Liabilities, Preferred Stock, and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 46,117	$ 47,355
Accrued expenses and other current liabilities	186,054	177,736
Current maturities of long-term debt	7,406	5,867
Deferred revenue	169,181	163,252
Total current liabilities	**408,758**	**394,210**
Long-term debt	642,051	570,822
Long-term deferred revenue	12,867	13,562
Other liabilities	94,298	70,457
Total liabilities	**1,157,974**	**1,049,051**
Preferred Stock - $0.001 par value; authorized 2,500,000 shares. Series A convertible preferred stock; Issued and outstanding 0 and 293,000 shares as of April 30, 2013 and January 31, 2013, respectively; aggregate liquidation preference and redemption value of $365,914 at January 31, 2013.	**-**	**285,542**
Commitments and Contingencies		
Stockholders' Equity:		
Common stock - $0.001 par value; authorized 120,000,000 shares. Issued 52,989,000 and 40,460,000 shares; outstanding 52,687,000 and 40,158,000 shares as of April 30, 2013 and January 31, 2013, respectively.	53	40
Additional paid-in capital	887,883	580,762
Treasury stock, at cost - 302,000 shares as of April 30, 2013 and January 31, 2013.	(8,013)	(8,013)
Accumulated deficit	(312,915)	(303,762)
Accumulated other comprehensive loss	(46,936)	(44,225)
Total Verint Systems Inc. stockholders' equity	**520,072**	**224,802**
Noncontrolling interest	6,023	4,874
Total stockholders' equity	**526,095**	**229,676**
Total liabilities, preferred stock, and stockholders' equity	**$ 1,684,069**	**$ 1,564,269**

Table 5
Verint Systems Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Three Months Ended April 30, 2013	Three Months Ended April 30, 2012
Cash flows from operating activities:		
Net income (loss)	$ (7,937)	$ 11,630
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,459	14,096
Stock-based compensation – equity portion	5,719	4,986
Non-cash (gains) losses on derivative financial instruments, net	(430)	140
Loss on extinguishment of debt	9,706	-
Other non-cash items, net	4,661	275
Changes in operating assets and liabilities, net of effects of CTI Merger:		
Accounts receivable	(9,654)	17,602
Inventories	3,097	(825)
Deferred cost of revenue	841	7,272
Prepaid expenses and other assets	(294)	536
Accounts payable and accrued expenses	(1,331)	(5,435)
Deferred revenue	6,435	(719)
Other, net	884	(2,026)
Net cash provided by operating activities	**26,156**	**47,532**
Cash flows from investing activities:		
Purchases of short-term investments	(49,586)	-
Cash paid for business combinations, including adjustments	-	(660)
Purchases of property and equipment	(2,490)	(4,075)
Settlements of derivative financial instruments not designated as hedges	17	(476)
Cash paid for capitalized software development costs	(487)	(1,127)
Changes in restricted cash and bank time deposits, including long-term portion	3,344	(102)
Net cash used in investing activities	**(49,202)**	**(6,440)**
Cash flows from financing activities:		
Proceeds from borrowings, net of original issuance discount	646,750	-
Repayments of borrowings and other financing obligations	(578,276)	(1,738)
Payment of debt issuance and other debt-related costs	(6,972)	-
Cash received in CTI Merger	10,370	-
Proceeds from exercises of stock options	1,686	1,024
Purchases of treasury stock	-	(369)
Payments of contingent consideration for business combinations (financing portion)	(3,451)	(1,424)
Net cash provided by (used in) financing activities	**70,107**	**(2,507)**
Effect of exchange rate changes on cash and cash equivalents	(870)	585
Net increase in cash and cash equivalents	**46,191**	**39,170**
Cash and cash equivalents, beginning of period	**209,973**	**150,662**
Cash and cash equivalents, end of period	**$ 256,164**	**$ 189,832**

Verint Systems Inc. and Subsidiaries
Supplemental Information About Non-GAAP Financial Measures

This press release contains non-GAAP financial measures. Tables 2 and 3 include a reconciliation of each non-GAAP financial measure presented in this press release to the most directly comparable GAAP financial measure. Non-GAAP financial measures should not be considered in isolation or as a substitute for comparable GAAP financial measures. The non-GAAP financial measures we present have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. These non-GAAP financial measures do not represent discretionary cash available to us to invest in the growth of our business, and we may in the future incur expenses similar to or in addition to the adjustments made in these non-GAAP financial measures.

We believe that the non-GAAP financial measures we present provide meaningful supplemental information regarding our operating results primarily because they exclude certain non-cash charges or items that we do not believe are reflective of our ongoing operating results when budgeting, planning and forecasting, determining compensation, and when assessing the performance of our business with our individual operating segments or our senior management. We believe that these non-GAAP financial measures also facilitate the comparison by management and investors of results between periods and among our peer companies. However, those companies may calculate similar non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

Adjustments to Non-GAAP Financial Measures

Revenue adjustments related to acquisitions. We exclude from our non-GAAP revenue the impact of fair value adjustments required under GAAP relating to acquired customer support contracts which would have otherwise been recognized on a standalone basis. We exclude these adjustments from our non-GAAP financial measures because these are not reflective of our ongoing operations.

Amortization of acquired intangible assets, including acquired technology and backlog. When we acquire an entity, we are required under GAAP to record the fair values of the intangible assets of the acquired entity and amortize those assets over their useful lives. We exclude the amortization of acquired intangible assets, including acquired technology and backlog, from our non-GAAP financial measures. These expenses are excluded from our non-GAAP financial measures because they are non-cash charges. In addition, these amounts are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions. Thus, we also exclude these amounts to provide better comparability of pre- and post-acquisition operating results.

Stock-based compensation expenses. We exclude stock-based compensation expenses related to stock options, restricted stock awards and units, stock bonus plans and phantom stock from our non-GAAP financial measures. These expenses are excluded from our non-GAAP financial measures because they are primarily non-cash charges. In prior periods, we also incurred (and excluded from our non-GAAP financial measures) significant cash-settled stock compensation expense due to our previous extended filing delay and restrictions on our ability to issue new shares of common stock to our employees.

M&A and other adjustments. We exclude from our non-GAAP financial measures legal, other professional fees and certain other expenses associated with acquisitions, whether or not consummated, and certain extraordinary transactions, including reorganizations, restructurings and expenses associated with the CTI Merger. Also excluded are changes in the fair value of contingent consideration liabilities associated with business combinations. These expenses are excluded from our non-GAAP financial measures because we believe that they are not reflective of our ongoing operations.

Unrealized (gains) losses on derivatives, net. We exclude from our non-GAAP financial measures unrealized gains and losses on foreign currency derivatives not designated as hedges. These gains and losses are excluded from our non-GAAP financial measures because they are non-cash transactions which are highly variable from period to period and which we believe are not reflective of our ongoing operations.

Loss on extinguishment of debt. We exclude from our non-GAAP financial measures loss on extinguishment of debt attributable to refinancing of our debt because we believe it is not reflective of our ongoing operations.

Non-cash tax adjustments. We exclude from our non-GAAP financial measures non-cash tax adjustments, which represent the difference between the amount of taxes we actually paid and our GAAP tax provision on an annual basis. On a quarterly basis, this adjustment reflects our expected annual effective tax rate on a cash basis.