



**Actionable Intelligence®**

March 2016

# Disclaimers

## Forward Looking Statements

This presentation 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 known and unknown risks, uncertainties, assumptions, and other important factors, any of which could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements. The forward-looking statements contained in this presentation are made as of the date of this presentation and, except as required by law, Verint assumes no obligation to update or revise them, or to provide reasons why actual results may differ. For a more detailed discussion of how these and other risks, uncertainties, and assumptions could cause Verint's actual results to differ materially from those indicated in its forward-looking statements, see Verint's prior filings with the Securities and Exchange Commission.

## Non-GAAP Financial Measures

This presentation includes financial measures which are not prepared in accordance with generally accepted accounting principles ("GAAP"), including certain constant currency 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 the appendices to this presentation, Verint's earnings press releases, as well as the GAAP to non-GAAP reconciliation found under the Investor Relations tab on Verint's website.



# A Smarter World with Actionable Intelligence®



# Actionable Intelligence

**Crucial insights that enable decision-makers to anticipate, respond and take action**

# Global Market Leader



**\$1 Billion+**  
Actionable  
Intelligence  
Company

**10,000+**  
Customers in  
180  
Countries

**More  
Than 80%**  
of the  
Fortune 100

**5,000**  
Verint  
Professionals  
Worldwide



# Expansion of Total Addressable Market



**Actionable Intelligence is a necessity in a dynamic world of massive information growth.**

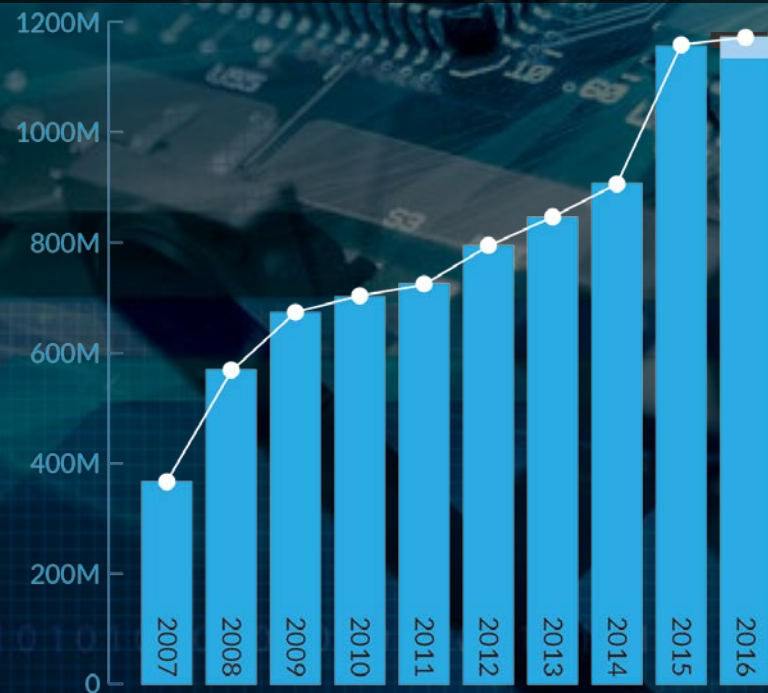
*Total Addressable Market based on Verint estimate.*

# Innovation Driving Long-Term Growth

## Culture of Innovation

- Over \$1B R&D investment in last 10 years
- 1,400 R&D professionals
- 700+ patents & applications
- Advanced Actionable Intelligence Platform

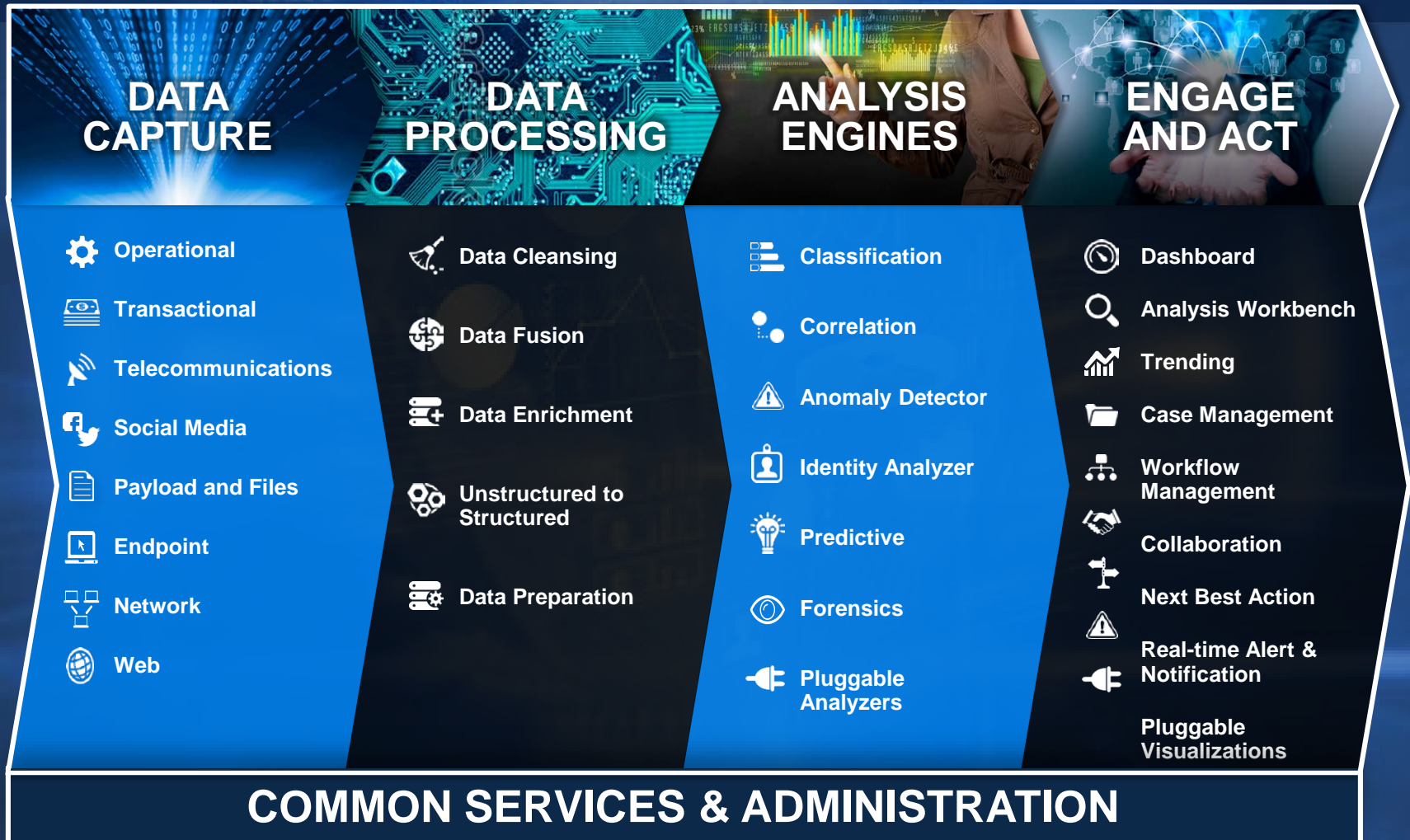
## Revenue Growth



Non-GAAP revenue for year ending 1/31, see appendices for reconciliation. FYE 1/31/16 is at constant currency (indicated by the gray bar), see "Supplemental Information About Constant Currency" in appendices for further information.



# Advanced Actionable Intelligence Platform





# Amazing Things Happen When You Gain Insights From Data



**Customer Engagement Optimization**



**Security Intelligence**

**Advanced Actionable Intelligence Platform**



# Customer Engagement Optimization

**Customer centric organizations seek to offer personalized, omni-channel, more effective customer engagement**



**Demand for our solutions is being driven by organizations' need for intelligence to create an engaged workforce and smarter customer engagements**



# Security Intelligence

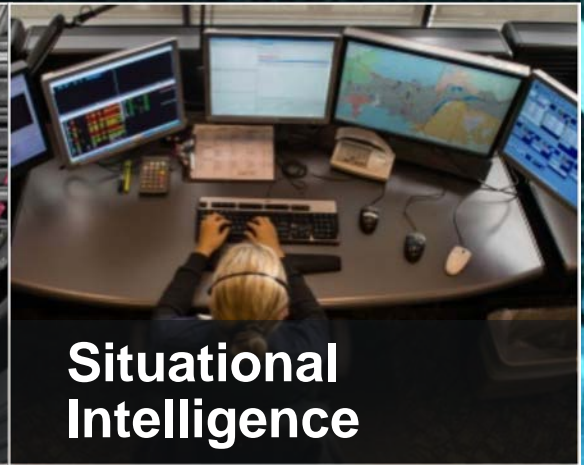
**Government and enterprises seek innovative solutions to enhance security**



**Communications Intelligence**



**Cyber Security**



**Situational Intelligence**

**Demand for our solutions is being driven by organizations' need for intelligence to enhance security and make security operations more effective**

# Partnering for Customer Success

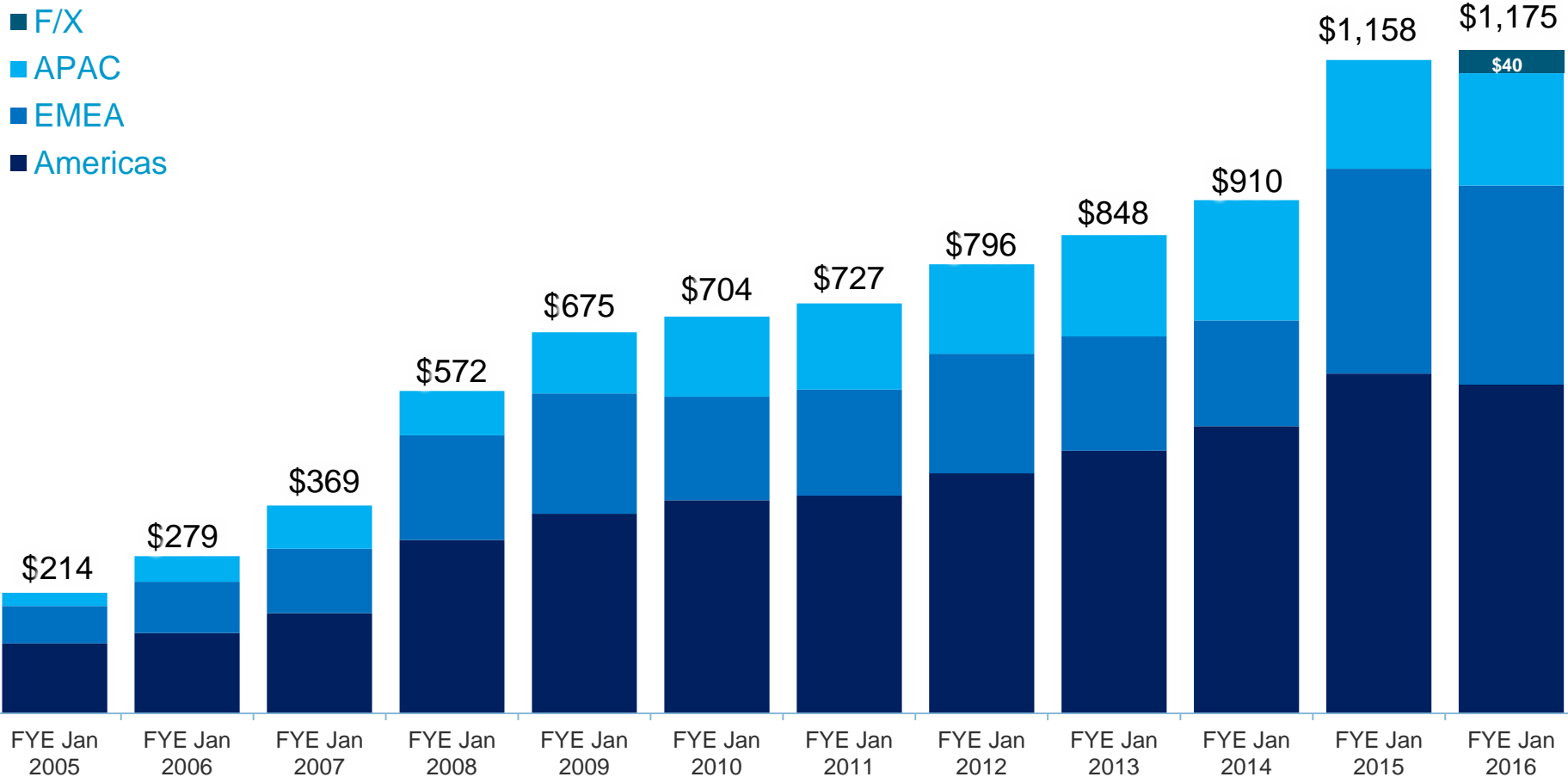




# Financial Highlights

# Non-GAAP Revenue Trends

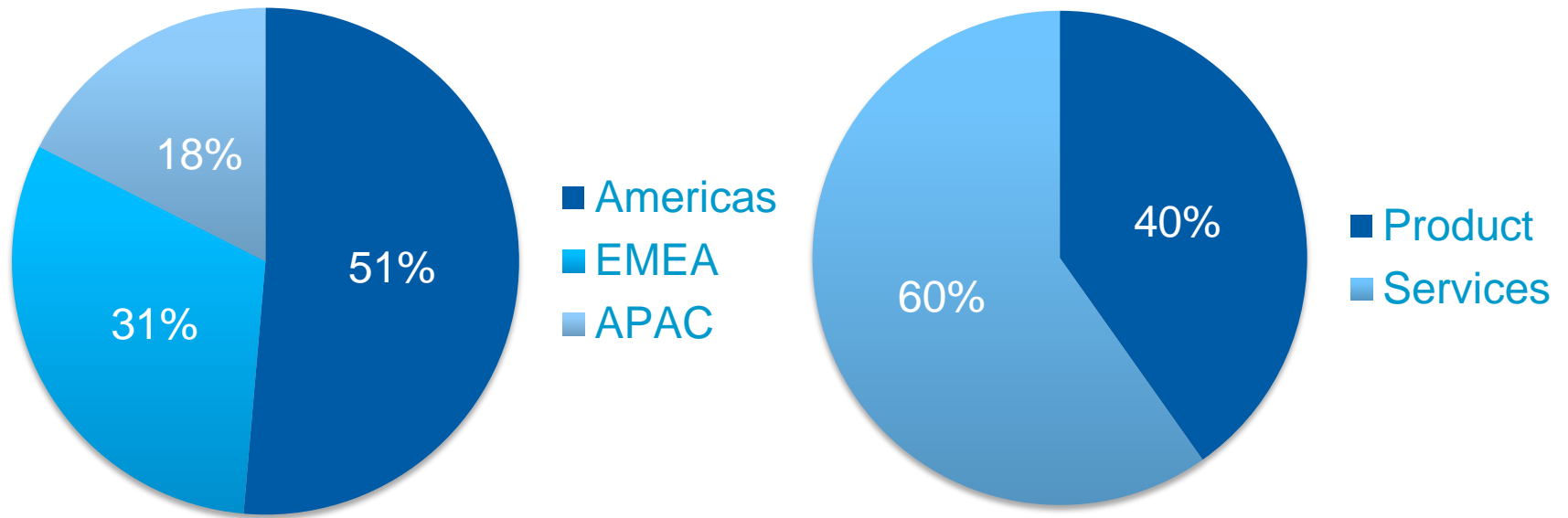
(\$ in millions)



Note: Financial data is non-GAAP. See appendices for reconciliation. FYE Jan 2016 reported non-GAAP revenue of \$1,135 million is \$1,175 million at constant currency, as adjusted for the impact of foreign exchange. For further information see "Supplemental Information About Constant Currency" in the appendices.



# Non-GAAP Revenue by Region and Product/Service



*Note: Percentages based on non-GAAP revenue for FYE January 31, 2016.*

# FYE Jan 17 Non-GAAP Outlook

## Enterprise Intelligence

- Targeting mid-high single digit revenue growth
- Operating margins expected to increase commensurate with revenue growth

## Security Intelligence

- Expect 10% to 15% revenue decline
- Investing for growth, as we believe emerging market headwinds are temporary

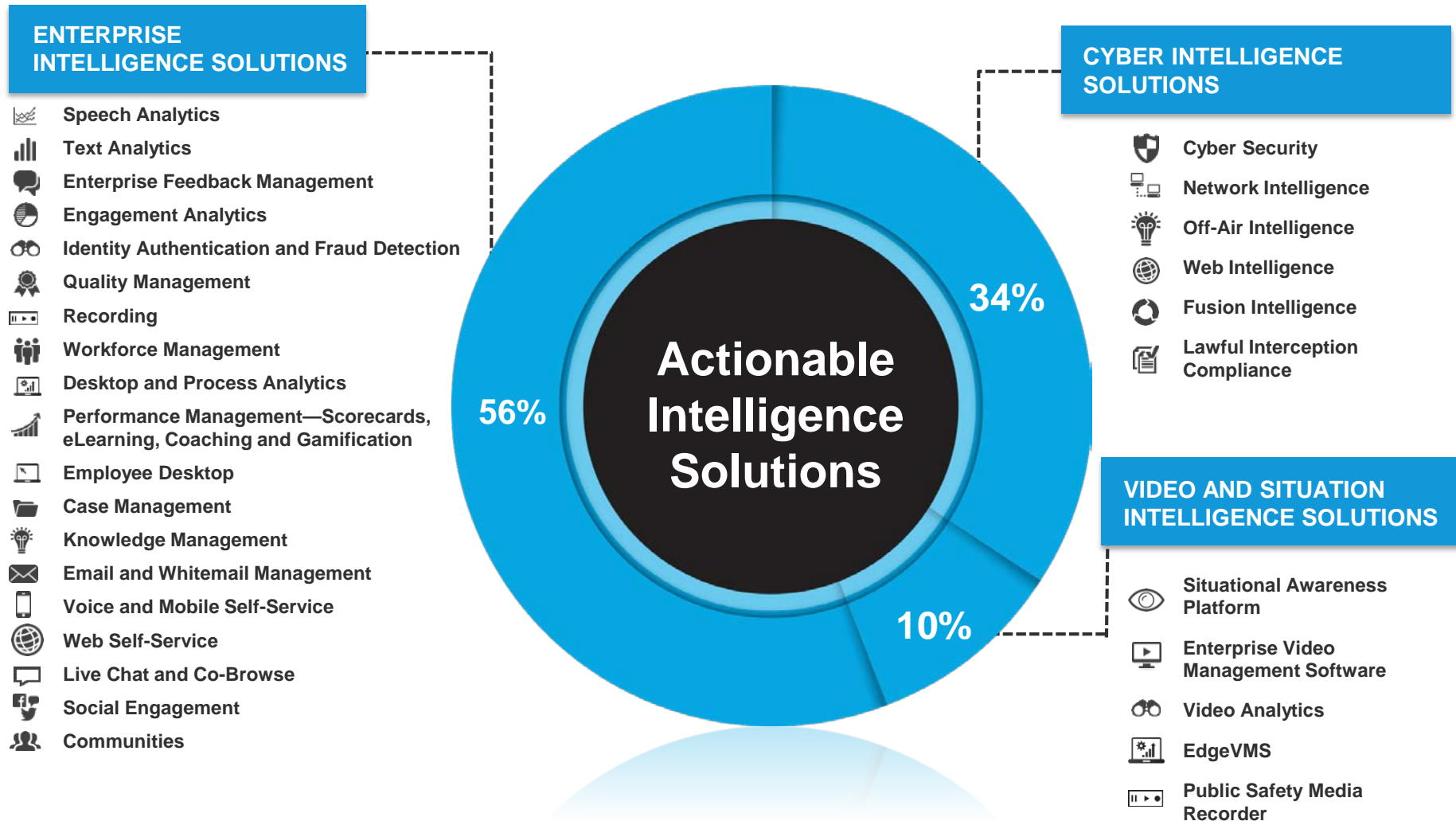
## Total Revenue and Diluted EPS Guidance

- Above mix results in flat revenue (+/- 2%) and diluted EPS (excluding benefit from share repurchase)

## Capital Allocation

- Announced \$150 million share buyback program over 2 years
- Continue our strategy of tuck-in and other acquisitions

# Growing Portfolio



*Note: Percentages based on FYE Jan 2016 non-GAAP revenue.*



# Efficient Capital Structure

## Capital Structure Highlights

### Capital Structure (as of 1/31/16)

- \$420 million of cash and short-term investments
- \$411m of term loans and \$400m of convertible notes
- Rating Agencies
  - Moody's: Ba3
  - S&P: BB

### Track Record of De-Levering

- Net Debt/Adjusted EBITDA : ~1.5x

### Low Cost Debt with Long Maturity

- Average Interest: ~2.5%
- Average Duration: ~5 years

### Equity

- Expect ~64.2 million average diluted shares for FYE Jan 2017 (excluding benefit from share repurchase)

#### Notes:

-Financial data is non-GAAP. See appendices for reconciliation.

-Average interest rate excludes the impact of amortization of discounts and deferred financing fees.

-Net debt excludes convertible note, other unamortized discounts and issuance costs associated with our debt, which are required under GAAP. See appendices for reconciliation.

## Net Debt

(\$ in millions)



As of January 31,

## Net Debt/Adjusted EBITDA



Fiscal year ended January 31,

# Long-term Growth Opportunity

- Leader in Actionable Intelligence Solutions
  - Long-term growth opportunity driven by the need to gain insights from data
- Enterprise Intelligence
  - Organizations seeking actionable intelligence to transform customer engagement
  - Verint offers the industry's broadest CEO portfolio
- Security Intelligence
  - Security challenges growing driving the need for innovative security intelligence
  - Verint has a global presence and leading edge security portfolio
- Long history of growth driven by innovation and domain expertise

# Appendices



# About Non-GAAP Financial Measures

The following tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles, consisting of non-GAAP revenue, non-GAAP gross profit and gross margin, non-GAAP operating income and operating margin, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes, non-GAAP net income attributable to Verint Systems Inc., non-GAAP net income per common share attributable to Verint Systems Inc., adjusted EBITDA, net debt, and constant currency measures to the most directly comparable financial measures prepared in accordance with GAAP. 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.

# About Non-GAAP Financial 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 technology and other acquired intangible assets.* 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, 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 programs, bonus share programs 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.
- *Other adjustments.* We exclude from our non-GAAP financial measures legal fees, other professional fees, integration expenses, and certain other expenses associated with acquisitions, whether or not consummated, and certain extraordinary transactions, including reorganizations, restructurings, and asset impairment charges. 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.

# About Non-GAAP Financial Measures

- *Amortization of convertible note discount.* Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's non-convertible debt borrowing rate. As a result, for GAAP purposes, we are required to recognize imputed interest expense in amounts significantly in excess of the coupon rate on our \$400.0 million of 1.50% convertible notes. The difference between the imputed interest expense and the coupon interest expense is excluded from our non-GAAP financial measures because we believe that this non-cash expense is not reflective of ongoing operations.
- *Unrealized gains and losses on certain derivatives, net.* We exclude from our non-GAAP financial measures unrealized gains and losses on certain foreign currency derivatives which are not designated as hedges under accounting guidance. We exclude unrealized gains and losses on foreign currency derivatives that serve as economic hedges against variability in the cash flows of recognized assets or liabilities, or of forecasted transactions. These contracts, if designated as hedges under accounting guidance, would be considered "cash flow" hedges. These unrealized 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. Upon settlement of these foreign currency derivatives, any realized gain or loss is included in our non-GAAP financial measures.

Effective in the year ending January 31, 2016, our non-GAAP financial measures include unrealized gains and losses on foreign currency derivatives that serve as economic hedges against exposures to changes in the fair values of recognized assets or liabilities. These contracts, if designated as hedges under accounting guidance, would be considered "fair value" hedges. For periods ended prior to February 1, 2015, these unrealized gains and losses were excluded from our non-GAAP financial measures. For our non-GAAP financial measures, this change better aligns the recognition of gains and losses on the re-measurement of foreign currency-denominated assets and liabilities with the recognition of offsetting gains and losses (whether realized or unrealized) on foreign currency derivatives which are executed to help mitigate re-measurement risk. Had this change been applied to our non-GAAP financial measures for the year ended January 31, 2015, non-GAAP net income would have increased by \$0.4 million, consisting of increases (decreases) of \$(0.7) million, \$0.9 million, \$1.5 million, and \$(1.3) million for the three months ended April 30, 2014, July 31, 2014, October 31, 2014, and January 31, 2015, respectively.



# About Non-GAAP Financial Measures

- *Losses on early retirements of debt.* We exclude from our non-GAAP financial measures losses on early retirements of debt attributable to refinancing or repaying 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 expect to pay related to current year income 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.
- *In-process research and development.* For periods ended prior to February 1, 2009, we excluded from our non-GAAP financial measures the fair value of any incomplete in-process research and development project of an acquired company that had not yet reached technological feasibility and had no known alternative future use, and was therefore charged to our operating results in the period of the acquisition, under then-applicable accounting guidance. These expenses were excluded from our non-GAAP financial measures because they were non-cash charges that we did not believe were reflective of our ongoing operations.
- *Expenses related to our previous extended filing delay.* We exclude from our non-GAAP financial measures expenses related to our restatement of previously filed financial statements and our extended filing delay. These expenses included professional fees and related expenses as well as expenses associated with a special cash retention program. These expenses are excluded from our non-GAAP financial measures because they are not reflective of our ongoing operations.
- *Settlement with OCS.* In the year ended January 31, 2007, we recorded a charge related to our July 31, 2006 settlement with the Office of Chief Scientist in Israel (“OCS”), pursuant to which we exited a royalty-bearing program and the OCS accepted a settlement of our royalty obligations under this program. We exclude from our non-GAAP financial measures expenses associated with exiting this program because they are not reflective of our ongoing operations.
- *Gain on sale of land.* We exclude from our non-GAAP financial measures the gain from the sale of a parcel of land. This gain is excluded from our non-GAAP financial measures because it is not reflective of our ongoing operations.

# Supplemental Information About Constant Currency

Because we operate on a global basis and transact business in many currencies, fluctuations in foreign currency exchange rates can affect our consolidated U.S. dollar operating results. To facilitate the assessment of our performance excluding the effect of foreign currency exchange rate fluctuations, we calculate our non-GAAP revenue, cost of revenue, and operating expenses on both an as-reported basis and a constant currency basis, allowing for comparison of results between periods as if foreign currency exchange rates had remained constant. We perform our constant currency calculations by translating current-period foreign currency revenue and expenses into U.S. dollars using prior-period average foreign currency exchange rates or hedge rates, as applicable, rather than current period exchange rates. We believe that constant currency change rates, which exclude the impact of foreign currency exchange rate changes, facilitate the assessment of underlying business trends.

Unless otherwise indicated, our financial outlook for revenue, operating margin, and diluted earnings per share, which is provided on a non-GAAP basis, reflects foreign currency exchange rates approximately consistent with rates in effect when the outlook is provided.

We also incur foreign exchange gains and losses resulting from the revaluation and settlement of monetary assets and liabilities that are denominated in currencies other than the entity's functional currency. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. Our financial outlook for diluted earnings per share includes net foreign exchange gains or losses incurred to date, if any, but does not include potential future gains or losses.

# GAAP to Non-GAAP Reconciliation

(\$ in millions)

FYE January 31,	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenue Reconciliation</b>											
GAAP revenue	\$ 278.8	\$ 368.8	\$ 534.5	\$ 669.5	\$ 703.6	\$ 726.8	\$ 782.6	\$ 839.5	\$ 907.3	\$ 1,128.4	\$ 1,130.3
Revenue adjustments related to acquisitions	-	-	37.3	5.9	-	-	13.6	8.5	2.7	29.8	4.3
<b>Non-GAAP revenue</b>	<b>\$ 278.8</b>	<b>\$ 368.8</b>	<b>\$ 571.8</b>	<b>\$ 675.4</b>	<b>\$ 703.6</b>	<b>\$ 726.8</b>	<b>\$ 796.2</b>	<b>\$ 848.1</b>	<b>\$ 910.0</b>	<b>\$ 1,158.2</b>	<b>\$ 1,134.6</b>
<b>Gross Profit Reconciliation</b>											
GAAP gross profit	\$ 144.1	\$ 177.5	\$ 304.5	\$ 411.3	\$ 463.7	\$ 488.5	\$ 514.3	\$ 557.5	\$ 600.9	\$ 713.3	\$ 701.4
GAAP gross margin	51.7%	48.1%	57.0%	61.4%	65.9%	67.2%	65.7%	66.4%	66.2%	63.2%	62.1%
Revenue adjustments related to acquisitions	-	-	37.3	5.9	-	-	13.6	8.5	2.7	29.8	4.3
Amortization and impairment of acquired technology and backlog	5.0	7.7	8.0	9.0	8.0	9.1	12.4	14.8	12.3	31.0	35.8
Settlement with OCS	-	19.2	-	-	-	-	-	-	-	-	-
Stock-based compensation expenses	-	1.7	4.5	5.4	5.9	6.2	3.3	2.9	2.4	6.2	7.2
Other adjustments	-	-	-	-	-	-	0.4	0.5	3.0	4.0	6.3
Expenses related to restatement and extended filing delay	-	-	2.4	-	-	-	-	-	-	-	-
<b>Non-GAAP gross profit</b>	<b>\$ 149.1</b>	<b>\$ 206.0</b>	<b>\$ 356.7</b>	<b>\$ 431.6</b>	<b>\$ 477.6</b>	<b>\$ 503.8</b>	<b>\$ 544.0</b>	<b>\$ 584.3</b>	<b>\$ 621.3</b>	<b>\$ 784.3</b>	<b>\$ 755.0</b>
<b>Non-GAAP gross margin</b>	<b>53.5%</b>	<b>55.9%</b>	<b>62.4%</b>	<b>63.9%</b>	<b>67.9%</b>	<b>69.3%</b>	<b>68.3%</b>	<b>68.9%</b>	<b>68.3%</b>	<b>67.7%</b>	<b>66.5%</b>

Note: Prior to FYE January 31, 2006, there were no adjustments between GAAP and Non-GAAP results.



# GAAP to Non-GAAP Reconciliation

(\$ in millions)

FYE January 31,	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Operating Income (Loss) Reconciliation</b>											
GAAP operating income (loss)	\$ 4.1	\$ (47.3)	\$ (114.6)	\$ (15.0)	\$ 65.7	\$ 73.1	\$ 86.5	\$ 99.6	\$ 122.3	\$ 79.1	\$ 67.9
As a percentage of GAAP revenue	1.5%	-12.8%	-21.4%	-2.2%	9.3%	10.1%	11.0%	11.9%	13.5%	7.0%	6.0%
Revenue adjustments related to acquisitions	-	-	37.3	5.9	-	-	13.6	8.5	2.7	29.8	4.3
Amortization and impairment of acquired technology and backlog	5.0	7.7	8.0	9.0	8.0	9.1	12.4	14.8	12.3	31.0	35.8
Amortization of other acquired intangible assets	1.3	3.2	19.7	25.2	22.3	21.5	22.9	24.4	24.7	45.2	43.1
Settlement with OCS	-	19.2	-	-	-	-	-	-	-	-	-
In-process research and development	2.9	-	6.7	-	-	-	-	-	-	-	-
Other legal expenses (recoveries)	2.6	-	8.7	(4.3)	-	-	-	-	-	-	-
Stock-based compensation expenses	1.2	18.8	31.1	36.0	44.2	46.8	27.9	25.2	35.0	54.4	64.5
Expenses related to restatement and extended filing delay	-	3.7	41.4	28.7	54.5	28.9	1.0	-	-	-	-
Gain on sale of land	-	(0.8)	-	-	-	-	-	-	-	-	-
Other adjustments	-	21.1	37.2	34.9	0.9	5.2	12.3	16.6	13.0	23.4	28.6
<b>Non-GAAP operating income</b>	<b>\$ 17.1</b>	<b>\$ 25.5</b>	<b>\$ 75.4</b>	<b>\$ 120.4</b>	<b>\$ 195.6</b>	<b>\$ 184.6</b>	<b>\$ 176.6</b>	<b>\$ 189.2</b>	<b>\$ 210.0</b>	<b>\$ 262.9</b>	<b>\$ 244.2</b>
As a percentage of non-GAAP revenue	6.1%	6.9%	13.2%	17.8%	27.8%	25.4%	22.2%	22.3%	23.1%	22.7%	21.5%
<b>Other Income (Expense) Reconciliation</b>											
GAAP other income (expense), net	\$ 8.0	\$ 7.8	\$ (55.2)	\$ (43.9)	\$ (41.5)	\$ (34.6)	\$ (40.3)	\$ (31.8)	\$ (59.0)	\$ (57.7)	\$ (44.7)
Losses on early retirements of debt	-	-	-	-	-	-	8.1	-	9.9	12.5	-
Unrealized (gains) losses on derivatives, net	-	-	26.7	(1.8)	(8.0)	(6.0)	(0.4)	0.1	(0.7)	(0.1)	-
Amortization of convertible note discount	-	-	-	-	-	-	-	-	-	6.0	10.1
Other adjustments	-	-	-	-	-	-	0.1	1.2	13.8	0.5	3.4
<b>Non-GAAP other income (expense), net</b>	<b>\$ 8.0</b>	<b>\$ 7.8</b>	<b>\$ (28.5)</b>	<b>\$ (45.7)</b>	<b>\$ (49.5)</b>	<b>\$ (40.6)</b>	<b>\$ (32.5)</b>	<b>\$ (30.5)</b>	<b>\$ (36.0)</b>	<b>\$ (38.8)</b>	<b>\$ (31.2)</b>

Note: Prior to FYE January 31, 2006, there were no adjustments between GAAP and Non-GAAP results.

# GAAP to Non-GAAP Reconciliation

(\$ in millions, except share and per share data)

FYE January 31,	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Tax Provision Reconciliation</b>											
GAAP provision for (benefit from) income taxes	\$ 9.6	\$ 0.1	\$ 27.7	\$ 19.7	\$ 7.1	\$ 9.9	\$ 5.5	\$ 9.0	\$ 4.5	\$ (15.0)	\$ 1.0
Non-cash tax adjustments	(5.4)	3.2	(23.6)	(16.4)	4.6	(1.4)	11.1	9.2	11.2	34.6	16.2
<b>Non-GAAP provision for income taxes</b>	<b>\$ 4.2</b>	<b>\$ 3.3</b>	<b>\$ 4.1</b>	<b>\$ 3.3</b>	<b>\$ 11.7</b>	<b>\$ 8.5</b>	<b>\$ 16.6</b>	<b>\$ 18.2</b>	<b>\$ 15.7</b>	<b>\$ 19.6</b>	<b>\$ 17.2</b>
<b>Net Income (Loss) Attributable to Verint Systems Inc. Reconciliation</b>											
GAAP net income (loss) attributable to Verint Systems Inc.	\$ 1.7	\$ (40.5)	\$ (198.6)	\$ (80.4)	\$ 15.6	\$ 25.6	\$ 37.0	\$ 54.0	\$ 53.8	\$ 30.9	\$ 17.6
Total GAAP net income (loss) adjustments	18.4	69.6	240.4	150.0	117.4	106.9	86.8	81.7	99.5	168.1	173.6
<b>Non-GAAP net income attributable to Verint Systems Inc.</b>	<b>\$ 20.1</b>	<b>\$ 29.1</b>	<b>\$ 41.8</b>	<b>\$ 69.6</b>	<b>\$ 133.0</b>	<b>\$ 132.5</b>	<b>\$ 123.8</b>	<b>\$ 135.7</b>	<b>\$ 153.3</b>	<b>\$ 199.0</b>	<b>\$ 191.2</b>
<b>Net Income (Loss) Attributable to Verint Systems Inc. Common Shares</b>											
GAAP net income (loss) attributable to Verint Systems Inc. common shares	\$ 1.7	\$ (40.5)	\$ (207.3)	\$ (93.5)	\$ 2.0	\$ 11.4	\$ 22.2	\$ 38.5	\$ 53.6	\$ 30.9	\$ 17.6
Total GAAP net income (loss) adjustments	18.4	69.6	240.4	150.0	117.4	106.9	86.8	81.7	99.5	168.1	173.6
<b>Non-GAAP net income attributable to Verint Systems Inc. common shares</b>	<b>\$ 20.1</b>	<b>\$ 29.1</b>	<b>\$ 33.1</b>	<b>\$ 56.5</b>	<b>\$ 119.4</b>	<b>\$ 118.3</b>	<b>\$ 109.0</b>	<b>\$ 120.2</b>	<b>\$ 153.1</b>	<b>\$ 199.0</b>	<b>\$ 191.2</b>
Non-GAAP diluted net income per common share attributable to Verint Systems Inc.	\$ 0.62	\$ 0.88	\$ 1.00	\$ 1.65	\$ 3.09	\$ 2.79	\$ 2.47	\$ 2.64	\$ 2.84	\$ 3.35	\$ 3.04
Shares used in computing non-GAAP diluted net income per common share	32,620	32,979	33,035	42,298	42,963	47,402	50,123	51,355	54,001	59,374	62,921

Note: Prior to FYE January 31, 2006, there were no adjustments between GAAP and Non-GAAP results.

# GAAP to Non-GAAP Reconciliation

(\$ in millions)

FYE January 31,	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Adjusted EBITDA Reconciliation</b>											
GAAP net income (loss) attributable to Verint Systems Inc.	\$ 1.7	\$ (40.5)	\$ (198.6)	\$ (80.4)	\$ 15.6	\$ 25.6	\$ 37.0	\$ 54.0	\$ 53.8	\$ 30.9	\$ 17.6
Net income attributable to noncontrolling interest	0.8	1.0	1.1	1.8	1.5	3.0	3.6	4.8	5.0	5.5	4.6
Provision (benefit) for income taxes	9.6	0.1	27.7	19.7	7.1	9.9	5.5	9.0	4.5	(15.0)	1.0
Other expense (income), net	(8.0)	(7.8)	55.2	43.9	41.5	34.6	40.3	31.8	59.0	57.7	44.7
GAAP depreciation & amortization (1)	17.8	19.3	45.3	53.5	47.8	46.8	51.0	54.9	53.8	96.5	103.2
Revenue adjustments related to acquisitions	-	-	37.3	5.9	-	-	13.6	8.5	2.7	29.8	4.3
Stock-based compensation expenses	1.2	18.8	31.1	36.0	44.2	46.8	27.9	25.2	35.0	54.4	64.5
Settlement with OCS	-	19.2	-	-	-	-	-	-	-	-	-
In-process research and development	2.9	-	6.7	-	-	-	-	-	-	-	-
Other legal expenses (recoveries)	2.6	-	8.7	(4.3)	-	-	-	-	-	-	-
Expenses related to restatement and extended filing delay	-	3.7	41.4	28.7	54.5	28.9	1.0	-	-	-	-
Gain on sale of land	-	(0.8)	-	-	-	-	-	-	-	-	-
Other adjustments	-	21.1	37.1	34.7	0.9	4.4	12.1	16.5	13.0	23.4	28.5
<b>Adjusted EBITDA</b>	<b>\$ 28.5</b>	<b>\$ 34.0</b>	<b>\$ 93.0</b>	<b>\$ 139.5</b>	<b>\$ 213.2</b>	<b>\$ 200.0</b>	<b>\$ 192.0</b>	<b>\$ 204.8</b>	<b>\$ 226.8</b>	<b>\$ 283.2</b>	<b>\$ 268.4</b>

(1) Adjusted for patent and financing fee amortization.

Note: Prior to FYE January 31, 2006, there were no adjustments between GAAP and Non-GAAP results.



# Table of Reconciliation from Gross Debt to Net Debt

(\$ in millions)

As of January 31,	2008	2009	2010	2011	2012	2013	2014	2015	2016
Current maturities of long-term debt	\$ -	\$ 4.1	\$ 22.7	\$ -	\$ 6.2	\$ 5.9	\$ 6.6	\$ -	\$ 2.1
Long-term debt	610.0	620.9	598.2	574.7	581.8	563.1	631.1	726.2	736.0
Unamortized debt discounts and issuance costs	-	-	-	8.5	12.1	9.9	7.5	85.0	73.0
Gross debt	610.0	625.0	620.9	583.2	600.1	578.9	645.2	811.2	811.1
Less:									
Cash and cash equivalents	83.2	115.9	184.3	169.9	150.7	210.0	378.6	285.1	352.1
Restricted cash and bank time deposits	3.6	7.7	5.3	13.6	12.9	11.1	6.4	36.9	11.8
Short-term investments	-	-	-	-	-	13.6	32.0	35.8	56.0
Net debt	\$ 523.2	\$ 501.4	\$ 431.3	\$ 399.7	\$ 436.5	\$ 344.2	\$ 228.2	\$ 453.4	\$ 391.2

# Calculation of Change in Non-GAAP Revenue on a Constant Currency Basis

(in thousands, except percentages)

	Revenue Reconciliation
<b>Total Revenue</b>	
Non-GAAP revenue for the year ended January 31, 2015	\$ 1,158,163
Non-GAAP revenue for the year ended January 31, 2016	\$ 1,134,641
Non-GAAP revenue for the year ended January 31, 2016 at constant currency <sup>(1)</sup>	\$ 1,175,000
Reported year-over-year non-GAAP revenue change	(2.0)%
% impact from change in foreign currency exchange rates	3.5%
Constant currency year-over-year non-GAAP revenue growth	1.5%
<b>Enterprise Intelligence</b>	
Non-GAAP revenue for the year ended January 31, 2015 <sup>(2)</sup>	\$ 680,023
Non-GAAP revenue for the year ended January 31, 2016	\$ 629,384
Non-GAAP revenue for the year ended January 31, 2016 at constant currency <sup>(1)</sup>	\$ 653,000
Reported year-over-year non-GAAP revenue change	(7.4)%
% impact from change in foreign currency exchange rates	3.5%
Constant currency year-over-year non-GAAP revenue change	(4.0)%
<b>Security Intelligence</b>	
Non-GAAP revenue for the year ended January 31, 2015 <sup>(2)</sup>	\$ 478,140
Non-GAAP revenue for the year ended January 31, 2016	\$ 505,257
Non-GAAP revenue for the year ended January 31, 2016 at constant currency <sup>(1)</sup>	\$ 522,000
Reported year-over-year non-GAAP revenue change	5.7%
% impact from change in foreign currency exchange rates	3.5%
Constant currency year-over-year non-GAAP revenue growth	9.2%

(1) Non-GAAP revenue for the year ended January 31, 2016 at constant currency is calculated by translating current-period foreign currency revenue into U.S. dollars using average foreign currency exchange rates for the year ended January 31, 2015 rather than actual current-period foreign currency exchange rates.

(2) Revenue normalized for shift of approximately \$8 million of revenue for a product that in the year ended January 31, 2015 was included in Enterprise Intelligence and in the year ended January 31, 2016 was included in Security Intelligence.

For further information see "Supplemental Information About Constant Currency" in the appendices.

# Thank You



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