UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 5, 2011

VERINT SYSTEMS INC.

(Exact name of registrant as specified in its charter)

Delaware	001-34807	11-3200514
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
 330 South Service Road, Melv New York	ville,	11747
 (Address of principal executive of	offices)	(Zip Code)
	elephone number, including area code: (6 <u>None</u> ame or former address, if changed since la	·
eck the appropriate box below if the Form er any of the following provisions:	8-K filing is intended to simultaneously sa	atisfy the filing obligation of the registrant
Written communications pursuant to Ru	le 425 under the Securities Act (17 CFR 2	30.425)
Soliciting material pursuant to Rule 14a	-12 under the Exchange Act (17 CFR 240.	14a-12)
Pre-commencement communications put	rsuant to Rule 14d-2(b) under the Exchange	ge Act (17 CFR 240.14d-2(b))

□ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On April 5, 2011, Verint Systems Inc. issued a press release providing selected financial information for the fourth quarter and full year ended January 31, 2011. A copy of the press release is attached as Exhibit 99.1 hereto and is incorporated by reference in its entirety into this Item 2.02 and Item 7.01.

Item 7.01 Regulation FD Disclosure.

The information referred to in "Item 2.02 Results of Operations and Financial Condition" above is hereby incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release of Verint Systems Inc., dated April 5, 2011.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Verint Systems Inc.

Date: April 5, 2011

By: /s/ Douglas E. Robinson Name: Douglas E. Robinson Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release of Verint Systems Inc., dated April 5, 2011.



Contacts:

Investor Relations

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

Press Release

Verint Announces Fourth Quarter and Full Year Results

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

MELVILLE, N.Y., April 5, 2011 — **Verint® Systems Inc.** (NASDAQ: VRNT), a global leader in Actionable Intelligence® solutions and value-added services, today announced its fourth quarter and full year results for the year ended January 31, 2011.

"We finished the year strong and are pleased with our fourth quarter results, which we believe reflect our leadership position in Actionable Intelligence. We believe that we are well positioned for continued success and growth in the workforce optimization and security intelligence markets," said Dan Bodner, CEO and President of Verint Systems Inc.

Below is selected financial information for the three months and year ended January 31, 2011 and 2010 prepared in accordance with generally accepted accounting principles ("GAAP") and not prepared in accordance with GAAP ("non-GAAP").

	Selected GAAP Information									
	Three Months Ended January 31,					Year Ended January 31,				
(Dollars in thousands, except per share data)	2011		2010		2011			2010		
Revenue	\$	186,869	\$	172,736	\$	726,799	\$	703,633		
Gross Profit		125,619		112,447		488,455		463,698		
Gross Margin		67.2%		65.1%		67.2%		65.9%		
Operating Income (Loss)		22,895		(7,774)		73,105		65,679		
Operating Margin		12.3%		(4.5%)		10.1%		9.3%		
Diluted Net Income (Loss) per Common Share Attributable to Verint Systems Inc.	\$	0.25	\$	(0.68)	\$	0.31	\$	0.06		

Selected Non-GAAP Information Three Months Ended January 31, Year Ended January 31, 2011 2010 2011 2010 \$ 186,869 172,736 726,799 703,633 Revenue \$ \$ \$ Gross Profit 128,910 116,155 503,755 477,573 Gross Margin 69.0% 67.2% 69.3% 67.9% 38,578 184,586 195,627 **Operating Income** 42,879 Operating Margin 22.9% 22.3% 25.4% 27.8% Diluted Net Income per Common Share \$ Attributable to Verint Systems Inc. 0.66 \$ 0.47 \$ 2.79 \$ 3.09

Outlook for the Year Ending January 31, 2012

- We expect revenue to increase between 7% and 8% compared to the year ended January 31, 2011.
- We are targeting a non-GAAP operating margin in the low 20%s.
- While we don't provide quarterly guidance, there are some seasonal trends in the enterprise software industry. We expect Q1 to be down sequentially from our Q4 levels, potentially significantly, due to typical Q1 seasonality.

Conference Call Information

We will be conducting a conference call today at 4:30 p.m. to discuss our results for the fourth quarter and full year ended January 31, 2011, and outlook for the year ending January 31, 2012. An on-line, 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 1-888-680-0878 (United States) and 1-617-213-4855 (international) and the passcode is 13794491. 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 Table 2 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, 2012.

About Verint Systems Inc.

Verint[®] Systems Inc. is a global leader in Actionable Intelligence[®] solutions and value-added services. Our solutions enable organizations of all sizes to make timely and effective decisions to improve enterprise performance and make the world a safer place. More than 10,000 organizations in over 150 countries—including over 85 percent of the Fortune 100—use Verint Actionable Intelligence solutions to capture, distill, and analyze complex and underused information sources, such as voice, video, and unstructured text. Headquartered in Melville, New York, we support our customers around the globe directly and with an extensive network of selling and support partners. Visit us at our website <u>www.verint.com</u>.

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 forwardlooking 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, particularly in information technology spending, on our business; 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 associated with keeping pace with technological changes and evolving industry standards in our product offerings and with successfully introducing new, guality products which meet customer needs and achieve market acceptance; risks created by continued consolidation of competitors or introduction of large competitors in our markets with greater resources than we have; risks that 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 relating to our implementation and maintenance of 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; risks associated with being a consolidated, controlled subsidiary of Comverse Technology, Inc. ("Comverse") and formerly part of Comverse's



consolidated tax group, including risks of any future impact on us resulting from Comverse's extended filing delay or any other future issues; risks associated with Comverse controlling our board of directors and the outcome of all matters submitted for stockholder action, including the approval of significant corporate transactions, such as certain equity issuances or mergers and acquisitions, as well as speculation or announcements regarding Comverse's strategic plans; risks that products may contain undetected defects which could expose us to substantial liability: risks associated with allocating limited financial and human resources to opportunities that may not come to fruition or produce satisfactory returns; risks associated with significant foreign and international operations, including exposure to fluctuations in exchange rates; risks associated with complex and changing local and foreign regulatory environments; risks associated with our ability to recruit and retain qualified personnel in geographies in which we operate; risks associated with mergers and acquisitions and with related system integrations and asset impairments; challenges in accurately forecasting revenue and expenses and maintaining profitability; risks relating to our ability to improve our infrastructure to support growth; 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 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 that we improperly handle sensitive or confidential information or perception of such mishandling; risks associated with our dependence on a limited number of suppliers or original equipment manufacturers ("OEMs") for certain components of our products; risks that we are unable to maintain and enhance relationships with key resellers, partners, and systems integrators; risks that contract terms may expose us to unlimited liability or other unfavorable positions and risks that we may experience losses that are not covered by insurance; risks that we will experience liquidity or working capital issues and related risks that financing sources will be unavailable to us on reasonable terms or at all; risks associated with significant leverage resulting from our current debt position; risks that we will be unable to comply with the leverage ratio covenant or financial statement delivery covenant under our credit facility; risks that our credit rating could be downgraded or placed on a credit watch; risks relating to timely implementation of new accounting pronouncements or new interpretations of existing accounting pronouncements and related risks of future restatements or filing delays; risks associated with future regulatory actions or private litigations relating to our extended filing delay and related circumstances; and risks that use of our tax benefits may be restricted or eliminated in the future. 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, 2011 when filed.

VERINT, the VERINT logo, ACTIONABLE INTELLIGENCE, POWERING ACTIONABLE INTELLIGENCE, INTELLIGENCE IN ACTION, ACTIONABLE INTELLIGENCE FOR A SMARTER WORKFORCE, VERINT VERIFIED, WITNESS ACTIONABLE SOLUTIONS, STAR-GATE, RELIANT, VANTAGE, X-TRACT, NEXTIVA, EDGEVR, ULTRA, AUDIOLOG, WITNESS, the WITNESS logo, IMPACT 360, the IMPACT 360 logo, IMPROVE EVERYTHING, EQUALITY, CONTACTSTORE, EYRETEL, BLUE PUMPKIN SOFTWARE, BLUE PUMPKIN, the BLUE PUMPKIN logo, EXAMETRIC and the EXAMETRIC logo, CLICK2STAFF, STAFFSMART, AMAE SOFTWARE and the AMAE logo are trademarks and registered trademarks of Verint Systems Inc. Other trademarks mentioned are the property of their respective owners.

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

	Thr	ree Months Ei	nded January 31,			Year Ended	January 31,	
		2011		2010		2011		2010
Revenue:								
Product	\$	92,222	\$	90,627	\$	375,164	\$	374,272
Service and support		94,647		82,109		351,635		329,361
Total revenue		186,869		172,736		726,799		703,633
Cost of revenue:								
Product		28,656		30,486		111,989		122,961
Service and support		30,209		27,831		117,261		108,953
Amortization of acquired technology		2,385		1,972		9,094		8,021
Total cost of revenue		61,250		60,289		238,344		239,935
Gross profit		125,619		112,447		488,455		463,698
Operating expenses:								
Research and development, net		23,981		22,797		96,525		83,797
Selling, general and administrative		73,336		91,931		297,365		291,813
Amortization of other acquired intangible assets		5,407		5,376		21,460		22,268
Restructuring				117				141
Total operating expenses		102,724		120,221		415,350		398,019
Operating income (loss)		22,895		(7,774)		73,105		65,679
Other income (expense), net								
Interest income		145		35		454		616
Interest expense		(9,071)		(6,064)		(29,896)		(24,964)
Other income (expense), net		(1,151)		(6,279)		(5,138)		(17,123)
Total other expense, net		(10,077)		(12,308)		(34,580)		(41,471)
Income (loss) before provision for income								
taxes		12,818		(20,082)		38,525		24,208
Provision for (benefit from) income taxes		(604)		(1,813)		9,940		7,108
Net income (loss)		13,422		(18,269)		28,585		17,100
Net income attributable to noncontrolling interest		282		522		3,004		1,483
Net income (loss) attributable to Verint								
Systems Inc.		13,140		(18,791)		25,581		15,617
Dividends on preferred stock		(3,629)		(3,480)		(14,178)		(13,591)
Net income (loss) attributable to Verint								
Systems Inc. common shares	\$	9,511	\$	(22,271)	\$	11,403	\$	2,026
Net income (loss) per common share								
attributable to Verint Systems Inc.	•		•	(0,00)	•		•	0.00
Basic	\$	0.26	\$	(0.68)	\$	0.33	\$	0.06
Diluted	\$	0.25	\$	(0.68)	\$	0.31	\$	0.06
Weighted-average common shares								
outstanding								
•		26 700		22 547		24 544		20 470
Basic Diluted		<u>36,788</u> 38,641		32,517 32,517	_	34,544 37,179		32,478 33,127

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Table 2 Verint Systems Inc. and Subsidiaries Reconciliation of GAAP to Non-GAAP Results (Unaudited) (In thousands, except per share data)

	Thr	ee Months E	nded Ja	anuary 31,		Year Ended	Janu	ary 31,	
		2011		2010		2011		2010	
	N 0								
Table of Reconciliation from GAAP Gross Profit to	Non-G	AAP Gross P	rotit						
GAAP gross profit	\$	125,619	\$	112,447	\$	488,455	\$	463,698	
Amortization of acquired technology		2,385		1,972		9,094		8,021	
Stock-based compensation expenses		906		1,736		6,206		5,854	
Non-GAAP gross profit	\$	128,910	\$	116,155	\$	503,755	\$	477,573	
Table of Reconciliation from GAAP Operating Income (Loss) to Non-GAAP Operating Income									
GAAP operating income (loss)	\$	22,895	\$	(7,774)	\$	73,105	\$	65,679	
Amortization of acquired technology		2,385		1,972		9,094		8,021	
Amortization of other acquired intangible assets		5,407		5,376		21,460		22,268	
Restructuring costs				117		_		141	
Stock-based compensation expenses		7,725		12,869		46,819		44,245	
Other adjustments		2,642		762		5,188		762	
Expenses related to our filing delay		1,825		25,256		28,920		54,511	
Non-GAAP operating income	\$	42,879	\$	38,578	\$	184,586	\$	195,627	
Table of Reconciliation from GAAP Other Expense	e, Net to	Non-GAAP	Other E	xpense, Net					
GAAP other expense, net	\$	(10,077)	\$	(12,308)	\$	(34,580)	\$	(41,471)	
Unrealized (gains) losses on derivatives, net	φ	855	φ	(3,572)	φ	(5,986)	φ	(8,049)	
	¢		¢		¢		¢	<u> </u>	
Non-GAAP other expense, net	\$	(9,222)	\$	(15,880)	\$	(40,566)	\$	(49,520)	
Table of Reconciliation from GAAP Provision (Ben	efit) for	Income Taxe	es to No	on-GAAP Prov	isior	n for Income	Тахе	<u>es</u>	
GAAP provision (benefit) for income taxes	\$	(604)	\$	(1,813)	\$	9,940	\$	7,108	
Non-cash tax adjustments	Ŧ	1,407	Ŧ	3,626	Ŧ	(1,412)	Ŧ	4,553	
Non-GAAP provision for income taxes	\$	803	\$	1,813	\$	8,528	\$	11,661	
	<u> </u>								
Table of Reconciliation from GAAP Net Income (Le Attributable to Verint Systems Inc.	<u>088) Att</u>	ridutable to v	<u>erint Sy</u>	ystems Inc. to	<u>o inor</u>	I-GAAP Net	Incol	ne	
GAAP net income (loss) attributable to Verint									
Systems Inc.	\$	13,140	\$	(18,791)	\$	25,581	\$	15,617	
Amortization of acquired technology		2,385		1,972		9,094		8,021	
Amortization of other acquired intangible assets		5,407		5,376		21,460		22,268	
Restructuring costs		_		117				141	
Stock-based compensation expenses		7,725		12,869		46,819		44,245	
Other adjustments		2,642		762		5,188		762	
Expenses related to our filing delay		1,825		25,256		28,920		54,511	
Unrealized (gains) losses on derivatives, net		855		(3,572)		(5,986)		(8,049)	
Non-cash tax adjustments		(1,407)		(3,626)		1,412		(4,553)	
Total GAAP net income (loss) adjustments		19,432		39,154		106,907		117,346	
Non-GAAP net income attributable to Verint									
Systems Inc.	\$	32,572	\$	20,363	\$	132,488	\$	132,963	
Table of Decenciliation from CAAD Not Income (I		wike stable to V	lanint C.	vatarra luca. C		on Charas t	a Na		
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	\$	9,511	\$	(22,271)	\$	11,403	\$	2,026	
Total GAAP net income (loss) adjustments	Ψ	19,432	Ŷ	39,154	Ψ	106,907	Ψ	117,346	
Non-GAAP net income attributable to Verint		10,702		00,104		100,007		11,040	
Systems Inc. common shares	¢	28 042	¢	16 902	¢	118 210	¢	110 272	
Systems inc. common shales	\$	28,943	\$	16,883	\$	118,310	\$	119,372	
Table Comparing GAAP Diluted Net Income (Loss) Per Co	ommon Share	e Attribu	table to Verin	t Svs	stems Inc. to	o Nor	-GAAP	
Diluted Net Income Per Common Share Attributab									

\$

GAAP diluted net income (loss) per common share attributable to Verint Systems Inc.

0.06

Non-GAAP diluted net income per common share attributable to Verint Systems Inc.	¢	0.66	¢	0.47	\$	2 70	¢	3.09
attributable to venint Systems inc.	φ	0.00	φ	0.47	φ	2.79	φ	3.09
Shares used in computing GAAP diluted net income per common share (in thousands)		38,641		32,517		37,179		33,127
Shares used in computing non-GAAP diluted net income per common share (in thousands)		49,012		43,551		47,402		42,963

Table 3 Verint Systems Inc. and Subsidiaries Segment Revenue (Unaudited) *(In thousands)*

	Three Months Ended January 31,					Year Ended January 31,				
	2011		2010		2011			2010		
Revenue By Segment										
Workforce Optimization Segment	\$	112,381	\$	95,777	\$	410,529	\$	374,778		
Video Intelligence Segment		34,796		28,422		134,012		144,970		
Communications Intelligence Segment		39,692		48,537		182,258		183,885		
Total Video and Communications Intelligence		74,488		76,959		316,270		328,855		
Total Revenue	\$	186,869	\$	172,736	\$	726,799	\$	703,633		

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

Assets 2011 2010 Current Assets: Cash and cash equivalents \$ 159,906 \$ 184,335 Restricted cash and bark ime deposits 13,639 5,206 Accounts receivable, and of revenue 169,997 147,333 Deferred ocst of revenue 6,269 14,373 Deferred ocst of revenue 6,269 14,373 Deferred ocst of revenue 6,271 110,972 Deferred ocst of revenue 6,289 14,373 Deferred ocst of revenue 31,195 21,140 Property and equipment, net 23,176 24,453 Goodwill 738,677 724,853 20,060 Cong-term deferred income taxes 6,707 74,833 Deng-term deferred income taxes 6,700 7,469 Other assets 20,060 16,837 Current Liabilities 136,261 \$4,6570 Accounts payable \$36,861 \$46,570 Accounts payable 536,861 \$46,570 Current Liabilities 142,4265 183,719 Deferred revenue			Janua	rv 31	
Current Assets: \$ 169.906 \$ 184.335 Cash and cash and bank time deposits 13.639 5.206 Accounts receivable, net of allowance for doubtful accounts of \$5.4 million and 50.769 127.826 Inventories 150.769 127.826 Deferred cost of revenue 6.299 11.232 Deferred cost of revenue 6.299 11.232 Deferred cost of revenue 6.217 21.140 Total current assets 31.195 43.414 Total current assets 23.176 24.453 Goodvill 738.674 724.670 Long-tem deferred cost of revenue 21.174 3.019 Long-tem deferred cost of revenue 21.175 3.019 Long-tem deferred cost of revenue 21.175 3.019 Current Liabilities 5 1.367.127 \$ 1.396.337 Total assets 20.060 16.837 Total assets 30.99 -22.678 Deferred rownue 5 36.861 \$ 46.570 Current Liabilities -22.678 -22.678 De				,	
Current Assets: \$ 169,906 \$ 184,335 Cash and cash equivalents 13,639 5,206 Accounts receivable, net of allowance for doubtful accounts of \$5.4 million and 5,0769 127,826 Inventories 150,769 127,826 Deferred cost of revenue 6,289 11,232 Deferred cost of revenue 6,289 11,232 Deferred cost of revenue 6,249 11,232 Deferred cost of revenue 6,249 11,323 Deferred cost of revenue 23,176 24,443 Total current assets 31,193 43,414 Total current assets 6,767 74,453 Condvill 738,674 724,670 Long-tem deferred cost of revenue 21,175 33,019 Long-tem deferred cost of revenue 21,175 33,019 Condumer assets 20,060 16,837 Total assets 20,060 16,837 Current Liabilities 13,67,127 \$ 1,38,337 Deferred rownue 5,8,681 \$ 46,570 Current Liabilities 162,650					
Cash and cash equivalents \$ 184.335 13.639 5.206 Accounts receivable, net of allowance for doubtful accounts of \$5.4 million and \$4.7 million, respectively. 150,769 127.826 Inventories 16,987 14.373 14.373 Deferred income taxes 13,179 21,140 Prepaid expenses and other current assets 31,179 21,140 Property and equipment, net 23,176 24,4670 Coodwill 738,677 74,670 Intargible assets, net 167,071 173,833 Capitalized software development costs, net 6,700 7,4680 Long-lerm deferred income taxes 20,000 16,837 Other assets 20,000 16,837 Carrent Liabilities: 5 36,861 \$ 46,570 Accounts payable S 36,861 \$ 46,570 Current Liabilities: 5 33,24 558,337 Deferred rownue 21,715 30,019 22,678 Deferred income taxes 379 487 Current Liabilities: 33,681 \$ 46,570					
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Accounts receivable, net of allowance for doubtful accounts of \$5.4 million and \$4.7 million, respectively. 150,769 127,826 Inventories 6,897 14,373 Deferred icost of revenue 6,289 11,232 Deferred income taxes 31,195 21,140 Prepaid expenses and other current assets 401,944 407,526 Property and equipment, net 23,176 24,463 Coodwill 738,674 724,670 Intangible assets, net 6,787 8,530 Long-term deferred ocst of revenue 21,715 33,019 Long-term deferred ocst of revenue 21,715 33,019 Long-term deferred income taxes 20,060 16,837 Total assets \$1,376,127 \$1,396,337 Current Liabilities: 24,655 154,935 Accounts payable \$36,861 \$4,6,570 Accured expenses and other current liabilities 162,550 154,935 Deferred income taxes 379 487 Liabilities to affiliates 1,847 1,709 Deferred revenue 40,422 410,098 <td></td> <td>\$</td> <td></td> <td>\$</td> <td></td>		\$		\$	
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Total liabilities, preferred stock, and stockholders' equity (deficit) <u>\$ 1,376,127</u> <u>\$ 1,396,337</u>					
	Total liabilities, preferred stock, and stockholders' equity (deficit)	\$	1,376,127	\$	1,396,337

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

	Year Ended January 31,			ary 31,
		2011		2010
Cash flows from operating activities:	¢	00 505	¢	17 100
Net income Adjustments to reconcile net income to net cash provided by operating activities:	\$	28,585	\$	17,100
Depreciation and amortization		48,951		49,290
Provision for doubtful accounts		1,863		849
Stock-based compensation		28,784		31,195
Benefit for deferred income taxes		(1,092)		(62)
Excess tax benefits from stock award plans		(815)		—
Non-cash losses on derivative financial instruments, net		5,863		14,709
Other non-cash items, net		1,139		1,443
Changes in operating assets and liabilities, net of effects of business				
combinations:				
Accounts receivable		(24,574)		(13,910)
Inventories		(3,471)		5,686
Deferred cost of revenue		16,616		14,082
Prepaid expenses and other assets		9,924		(11,542)
Accounts payable and accrued expenses		15,839		12,912
Deferred revenue		(51,226)		(21,143)
Other liabilities		(5,933)		471
Other, net		67		(243)
Net cash provided by operating activities		70,520		100,837
Cook flows from investing optivities				
Cash flows from investing activities:				
Cash paid for business combinations, net of cash acquired, and payments of contingent consideration associated with business combinations consummated in prior periods		(23,485)		(96)
Purchases of property and equipment		(8,536)		(4,965)
Settlements of derivative financial instruments not designated as hedges		(34,783)		(19,414)
Cash paid for capitalized software development costs		(2,527)		(2,715)
Change in restricted cash and bank time deposits		(8,502)		2,591
Net cash used in investing activities		(77,833)		(24,599)
Cash flows from financing activities:		(00,400)		(0,000)
Repayments of borrowings and other financing obligations		(38,163)		(6,088)
Proceeds from exercises of stock options Payment of debt issuance and other debt-related costs		40,787 (4,039)		(152)
Dividends paid to noncontrolling interest		(4,039)		(4,145)
Purchases of treasury stock		(4,146)		(4, 143)
Excess tax benefits from stock award plans		815		
Other financing activities		_		(106)
Net cash used in financing activities		(6,937)		(10,491)
Effect of exchange rate changes on cash and cash equivalents		(179)		2,660
Net increase (decrease) in cash and cash equivalents		(14,429)		68,407
Cash and cash equivalents, beginning of period		184,335		115,928
Cash and cash equivalents, end of period	\$	169,906	\$	184,335
Owner have set to be a summer of a set of the set of the set of the set				
Supplemental disclosures of cash flow information: Cash paid for interest	\$	21,053	\$	24,705
Cash paid for income taxes, net of refunds received	\$	8,528	\$	11,661
	Ψ	0,020	Ψ	11,001
Non-cash investing and financing transactions: Accrued but unpaid purchases of property and equipment	\$	1,047	\$	642
Inventory transfers to property and equipment	\$	874	\$	621
Stock options exercised, proceeds received subsequent to year end	\$	65	\$	
Purchases under supplier financing arrangements	\$	1,859	\$	

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

This press release contains non-GAAP financial measures. Table 2 includes 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

Amortization of acquired intangible assets, including acquired technology. When we acquire an entity, we are required under GAAP to record the fair value of the intangible assets of the acquired entity and amortize it 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.

Restructuring costs. We exclude from our non-GAAP financial measures expenses associated with the restructuring of our operations due to internal or external factors. These expenses are excluded from our non-GAAP financial measures because we believe that they are not reflective of our ongoing operations.

Stock-based compensation expenses. We exclude stock-based compensation expenses related to stock options, restricted stock awards and units, 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 recent periods, we also incurred significant cash-settled stock compensation due to our extended filing delay and restrictions on our ability to issue new shares of common stock to our employees.

Other adjustments. We exclude from our non-GAAP financial measures legal, other professional fees and certain other expenses associated with acquisitions and certain extraordinary transactions, in both cases, whether or not consummated. These expenses are excluded from our non-GAAP financial measures because we believe that they are not reflective of our ongoing operations.

Expenses related to our 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 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 interest rate swaps and foreign currency derivatives. These gains and losses are excluded from our non-GAAP financial measures because they are non-cash transactions.

Non-cash tax adjustments. Non-cash tax adjustments 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.