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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 January 10, 2006
(Date of Earliest Event Reported)

VERINT SYSTEMS INC.

(Exact name of registrant as specified in its charter)

Commission File No. 0-15502

Delaware

11-3200514

(State of Incorporation)

(I.R.S. Employer
Identification No.)

330 South Service Road, Melville, New York

11747

(Address of principal
executive offices)

Zip Code

Registrant's telephone number, including area code: (631) 962-9600

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17
CFR 230.425)
Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR
240.14a-12)
Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange 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 1.01 Entry into a Material Definitive Agreement

Verint Systems Inc. (the "Company") grants various awards to its directors,
employees and consultants under the 2004 Stock Incentive Compensation Plan, as
the same may be amended or supplemented from time to time. Revised forms of
certain of the restricted stock award agreements are attached hereto as exhibits
and are hereby incorporated by reference.

Item 8.01 Other Events

On January 10, 2006, the Company made immaterial amendments to and restated
its 2004 Stock Incentive Compensation Plan (the "Plan"), principally to provide
the ability to award restricted stock units under the Plan, which already
provided for the ability to issue restricted stock. The 2004 Stock Incentive
Compensation Plan, as amended and restated, is attached hereto as an exhibit and
is hereby incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description  |
|-------------|--|
| -----       | -----  |
| 10.1        | Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended.  |
| 10.2        | Form of Agreement evidencing an award of Restricted Stock to a U.S. person under the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended.     |
| 10.3        | Form of Agreement evidencing an award of Restricted Stock to an Israeli person under the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as amended. |

SIGNATURES

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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.

By: /s/ Igal Nissim

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Name: Igal Nissim

Title: Chief Financial Officer

Dated: January 10, 2006

EXHIBIT INDEX

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VERINT SYSTEMS INC.  
2004 STOCK INCENTIVE COMPENSATION PLAN

## 1. Purposes of the Plan.

The purposes of the Plan are to assist the Company, its Subsidiaries and Affiliates in attracting and retaining valued Directors, Employees and Consultants, to align their respective interests with stockholders' interests through equity-based compensation and to permit the granting of awards that is intended to constitute performance-based compensation for certain executive officers under Section 162(m) of the Code.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supercede the definition contained in this Section 2.

- 2.1 "Affiliate" means any entity other than the Subsidiaries in which the Company has a substantial direct or indirect equity interest, as determined by the Board.
- 2.2 "Award" means an award of Deferred Stock, Restricted Stock, Restricted Stock Units, Options or SARs under the Plan.
- 2.3 "Award Agreement" means the agreement evidencing the grant of an Award, including any amendments thereto.
- 2.4 "Board" means the Board of Directors of the Company.
- 2.5 "Change in Control" means (i) the Board (or, if approval of the Board is not required as a matter of law, the stockholders of the Company) shall approve (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which shares of Common Stock would be converted into cash, securities or other property, other than a merger of the Company in which the holders of Common Stock immediately prior to the merger have the same proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all, or substantially all, the assets of the Company or (c) the adoption of any plan or proposal for the liquidation or dissolution of the Company; (ii) any person (as such term is defined in Section 13(d) of the 1934 Act), corporation or other entity other than the Company shall make a tender offer or exchange offer to acquire any Common Stock (or securities convertible into Common Stock) for cash, securities or any other consideration, provided that (a) at least a portion of such securities sought pursuant to the offer in question is acquired and (b) after consummation of such offer, the person, corporation or other entity in question is the "beneficial owner" (as such term is defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 20% or more of the outstanding shares of Common Stock (calculated as provided in paragraph (d) of such Rule 13d-3 in the case of rights to acquire Common Stock); (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the entire Board ceased for any reason to constitute a majority thereof unless the election, or the nomination for election by the Company's stockholders, of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period; or (iv) the occurrence of any other event the Committee determines shall constitute a "Change in Control" hereunder.
- 2.6 "Code" means the Internal Revenue Code of 1986, as amended.
- 2.7 "Committee" means the Board or the committee designated by the Board to administer the Plan under Section 4.
- 2.8 "Common Stock" means the common stock of the Company, par value \$.001 per share, or such other class or kind of shares or other securities resulting from the application of Section 11.
- 2.9 "Company" means Verint Systems Inc., a Delaware corporation, or any successor corporation.

- 2.10 "Consultant" means any person (other than an Employee or a Director) who is engaged by the Company, a Subsidiary or an Affiliate to render consulting or advisory services to the Company or such Subsidiary or Affiliate.
- 2.11 "Continuous Service" means that the provision of services to the Company or a Subsidiary or Affiliate in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Subsidiary or Affiliate notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under applicable labor laws. Unless otherwise set forth in the applicable Award Agreement, Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers among the Company, any Subsidiary or Affiliate, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Subsidiary or Affiliate in any capacity of Employee, Director or Consultant. An approved leave of absence shall include sick leave, military leave, or any other authorized personal leave. For purposes of each Incentive Stock Option granted under the Plan, if such leave exceeds ninety (90) days, and reemployment upon expiration of such leave is not guaranteed by statute or contract, then the Incentive Stock Option shall be treated as a Non-Qualified Option on the day three (3) months and one (1) day following the expiration of such ninety (90) day period.
- 2.12 "Deferral Period" means the period during which the receipt of a Deferred Stock Award under Section 6 of the Plan will be deferred.
- 2.13 "Deferred Stock" means an Award made under Section 6 of the Plan to receive Common Stock at the end of a specified Deferral Period.
- 2.14 "Director" means each member of the Board who is not an Employee, who does not receive compensation from the Company or any Subsidiary in any capacity other than as a Director and whose membership on the Board is not attributable to any contract between the Company and such Director or any other entity with which such Director is affiliated.
- 2.15 "Employee" means an officer or other employee of the Company, a Subsidiary or an Affiliate, including a director who is such an employee.
- 2.16 "Fair Market Value" means, as of any date, the value of Common Stock determined as follows:

- (a) If the Common Stock is listed on one or more established stock exchanges or national market systems, including without limitation The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such stock (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Common Stock is listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;
- (b) If the Common Stock is regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such stock as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a share of Common Stock shall be the mean between the high bid and low asked prices for the Common Stock on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or
- (c) In the absence of an established market for the Common Stock of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith.

- 2.17 "Holder" means an individual to whom an Award is made.
- 2.18 "Hostile Change in Control" means any Change in Control described in Section 2.5(ii) that is not approved or recommended by the Board.
- 2.19 "Incentive Stock Option" means an Option intended to meet the requirements of an incentive stock option as defined in Section 422 of the Code and designated as an Incentive Stock Option.
- 2.20 "1934 Act" means the Securities Exchange Act of 1934, as amended.
- 2.21 "Non-Employee Director" means a person defined in Rule 16b-3(b)(3) promulgated by the Securities and Exchange Commission under the 1934 Act, or any successor definition adopted by the Securities and Exchange Commission.
- 2.22 "Non-Qualified Option" means an Option not intended to be an Incentive Stock Option, and designated as a Non-Qualified Option.
- 2.23 "Option" means any stock option granted from time to time under Section 9 of the Plan.
- 2.24 "Outside Director" means a member of the Board who is an "outside director" within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder.
- 2.25 "Plan" means the Verint Systems Inc. 2004 Stock Incentive Compensation Plan herein set forth, as amended or supplemented from time to time.
- 2.26 "Restricted Stock" means Common Stock awarded under Section 7 of the Plan.

- 2.27 "Restricted Stock Units" means an Award which may be settled for shares of Common Stock under Section 8 of the Plan.
- 2.28 "Restriction Period" means the period during which shares of Restricted Stock or Restricted Stock Units awarded under Sections 7 or 8 of the Plan are subject to forfeiture.
- 2.29 "Retirement" means retirement from Continuous Service pursuant to the relevant provisions of the applicable pension plan of the applicable entity or as otherwise determined by the Committee.
- 2.30 "SAR" means a stock appreciation right awarded under Section 10 of the Plan.
- 2.31 "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company (or any subsequent parent of the Company) if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.
- 2.32 "Ten Percent Stockholder" means a person who on any given date owns, either directly or indirectly (taking into account the attribution rules contained in Section 424(d) of the Code), stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or a Subsidiary.

### 3. Eligibility.

Any Director, Employee or Consultant is eligible to receive an Award.

### 4. Administration and Implementation of Plan.

- 4.1 The Plan shall be administered by the Committee, which shall have full power to interpret and administer the Plan and full authority to act in selecting the Employees and Consultants to whom Awards will be granted, in determining the type and amount of Awards to be granted to each such Employee or Consultant, the terms and conditions of Awards granted under the Plan and the terms of agreements which will be entered into with Holders.
- 4.2 With respect to grants of Awards to Directors or Employees who are also officers or Directors of the Company, the Plan shall be administered by (a) the Board or (b) a committee designated by the Board, which committee shall be composed of Non-Employee Directors and constituted in such a manner as to satisfy the applicable laws and to permit such grants and related transactions under the Plan to be exempt from Section 16(b) of the 1934 Act in accordance with Rule 16b-3. The Board or such committee shall have all the powers otherwise specified for the Committee hereunder.
- 4.3 Grants of Awards to any "covered employee" within the meaning of Section 162(m)(3) of the Code and intended to qualify as performance-based compensation under Section 162(m) of the Code shall be made only by a Committee (or subcommittee of a Committee) which is comprised solely of two or more Outside Directors.
- 4.4 The Committee's powers shall include, but not be limited to: determining whether, to what extent and under what circumstances an Option may be exchanged for cash, Common Stock, Restricted Stock, Restricted Stock Units, Deferred Stock or some combination thereof; determining whether, to what extent and under what circumstances an Award is made and operates in tandem with other Awards made hereunder; subject to applicable law, determining whether, to what extent and under what circumstances Common Stock or cash payable with respect to an Award shall be deferred, either automatically or at the election of the Holder (including the power to add deemed earnings to any such deferral); and granting Awards (other than Incentive Stock Options) that are transferable by the Holder.



- 4.5 The Committee shall have the power to adopt regulations for carrying out the Plan and to make changes in such regulations, as it shall, from time to time, deem advisable. Any interpretation by the Committee of the terms and provisions of the Plan and the administration thereof, and all action taken by the Committee, shall be final and binding on all Holders.
- 4.6 The Committee may condition the grant or vesting of any Award or the lapse of any Deferral or Restriction Period (or any combination thereof) upon the Holder's achievement of a Performance Goal that is established by the Committee before the grant of the Award. For this purpose, a "Performance Goal" shall mean a goal that must be met by the end of a period specified by the Committee (but that is substantially uncertain to be met before the grant of the Award) based upon: (i) the price of Common Stock, (ii) the market share of the Company, its Subsidiaries or Affiliates (or any business unit thereof), (iii) sales by the Company, its Subsidiaries or Affiliates (or any business unit thereof), (iv) earnings per share of Common Stock, (v) pre-tax or net income of the Company, its Subsidiaries or Affiliates (or any business unit thereof), (vi) net revenue, operating income, or cash flow of the Company, its Subsidiaries, or Affiliates (or any business unit thereof), (vii) return on assets, investments or stockholder equity of the Company, or (viii) costs of the Company, its Subsidiaries or Affiliates (or any business unit thereof). An Award that is subject to the achievement of a Performance Goal shall, for the purposes of the Plan, be referred to as a "Performance Based Award." The Committee shall have discretion to determine the specific targets with respect to each of these categories of Performance Goals. Before granting an Award or permitting the lapse of any Deferral or Restriction Period subject to this Section, the Committee shall certify that an individual has satisfied the applicable Performance Goal. In its discretion, the Committee may reduce the amount available to vest, become exercisable or be delivered or paid under any Performance Based Award based on factors it determines appropriate.

5. Shares of Stock Subject to the Plan.

- 5.1 Subject to adjustment as provided in Section 11, the total number of shares of Common Stock available for Awards under the Plan (including Incentive Stock Options) shall be 3,000,000 shares. In addition, the total number of shares of Common Stock available for Awards under the Plan (including Incentive Stock Options) shall be increased by any shares of Common Stock (up to a maximum of 1,000,000 shares) that are represented by awards under the Company's Stock Incentive Compensation Plan that are forfeited, expire or are cancelled without delivery of the shares or which result in forfeiture of the shares back to the Company on or after July 28, 2004.
- 5.2 The maximum number of shares of Common Stock subject to all Awards that may be awarded to any Director, Employee, or Consultant shall not exceed 1,000,000 during any calendar year (the "Individual Limit"). Notwithstanding the foregoing, the Individual Limit may be adjusted to reflect the effect on shares of Common Stock of any transaction or event described in Section 11.
- 5.3 Any shares issued by the Company through the assumption or substitution of outstanding grants from an acquired company shall not (i) reduce the shares available for Awards under the Plan, or (ii) be counted against the Individual Limit. Any shares issued hereunder may consist, in whole or in part, of authorized and unissued shares or treasury shares. If any shares subject to any Award granted hereunder are forfeited or such Award otherwise terminates without the issuance of such shares or the payment of other consideration in lieu of such shares, the shares subject to such Award, to the extent of any such forfeiture or termination, shall again be available for Awards under the Plan.

## 6. Deferred Stock

An Award of Deferred Stock is an agreement by the Company to deliver to the recipient a specified number of shares of Common Stock at the end of a specified deferral period or periods. Such an Award shall be subject to the following terms and conditions.

- 6.1 Deferred Stock Awards shall be evidenced by Deferred Stock agreements. Such agreements shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.
- 6.2 Upon determination of the number of shares of Deferred Stock to be awarded to a Holder, the Committee shall direct that the same be credited to the Holder's account on the books of the Company but that issuance and delivery of the same shall be deferred until the date or dates provided in Section 6.5 hereof. Prior to issuance and delivery hereunder the Holder shall have no rights as a stockholder with respect to any shares of Deferred Stock credited to the Holder's account.
- 6.3 Amounts equal to any dividends declared during the Deferral Period with respect to the number of shares covered by a Deferred Stock Award may or may not be paid to the Holder currently, or may or may not be deferred and deemed to be reinvested in additional Deferred Stock, or otherwise reinvested on such terms as are determined at the time of the Award by the Committee, in its sole discretion, and specified in the Deferred Stock agreement.
- 6.4 The Committee may condition the grant of an Award of Deferred Stock or the expiration of the Deferral Period upon the Holder's achievement of one or more Performance Goal(s) specified in the Deferred Stock agreement. If the Holder fails to achieve the specified Performance Goal(s), either the Committee shall not grant the Deferred Stock Award to such Holder or the Holder shall forfeit the Award and no Common Stock shall be transferred to him pursuant to the Deferred Stock Award. Unless otherwise determined by the Committee at the time of an Award, dividends paid during the Deferral Period on Deferred Stock subject to a Performance Goal shall be reinvested in additional Deferred Stock and the lapse of the Deferral Period for such Deferred Stock shall be subject to the Performance Goal(s) previously established by the Committee. The Deferral Period shall provide a three-year minimum period before a Deferred Stock award shall be fully delivered.
- 6.5 The Deferred Stock agreement shall specify the duration of the Deferral Period taking into account the cause of the termination of a Holder's Continuous Service (such as death, disability or Retirement). The Deferral Period may consist of one or more installments. The Deferral Period shall be determined by the Committee, in its sole discretion, at the time of grant of an Award. At the end of the Deferral Period or any installment thereof the shares of Deferred Stock applicable to such installment credited to the account of a Holder shall be issued and delivered to the Holder (or, where appropriate, the Holder's legal representative) in accordance with the terms of the Deferred Stock agreement either in book entry format or represented by a stock certificate or certificates.

## 7. Restricted Stock

An Award of Restricted Stock is a grant by the Company of a specified number of shares of Common Stock to the recipient, which shares are subject to forfeiture upon the happening of specified events. Such an Award shall be subject to the following terms and conditions:

- 7.1 Restricted Stock shall be evidenced by Restricted Stock agreements. Such agreements shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.
- 7.2 Upon determination of the number of shares of Restricted Stock to be granted to the Holder, the Committee shall direct that the shares of Common Stock be registered in the name of and issued to the Holder either in book entry format or represented by a stock certificate or certificates. The certificate(s) (if any) representing such shares shall be legended as to sale, transfer, assignment, pledge or other encumbrances during the Restriction Period and deposited by the Holder, together with a stock power endorsed in blank, with the Company, to be held in escrow during the Restriction Period.
- 7.3 Unless otherwise determined by the Committee at the time of an Award, during the Restriction Period the Holder shall have the right to receive dividends from and to vote the shares of Restricted Stock.
- 7.4 The Committee may condition the grant of an Award of Restricted Stock or the expiration of the Restriction Period upon the Holder's achievement of one or more Performance Goal(s) specified in the Restricted Stock agreement. If the Holder fails to achieve the specified Performance Goal(s), either the Committee shall not grant the Restricted Stock to such Holder or the Holder shall forfeit the Award of Restricted Stock and the Common Stock shall be forfeited to the Company. The Restriction Period shall provide a three-year minimum period before a Restricted Stock award shall fully vest.
- 7.5 The Restricted Stock agreement shall specify the duration of the Restriction Period and the performance, employment or other conditions (including the termination of a Holder's Continuous Service whether due to death, disability, Retirement or other cause) under which the Restricted Stock may be forfeited to the Company. The Restriction Period shall be determined at the discretion of the Committee. At the end of the Restriction Period (unless the Holder elects a longer period for distribution, if permitted by the Committee) the restrictions imposed hereunder shall lapse with respect to the number of shares of Restricted Stock as determined by the Committee, and the legend shall be removed and such number of shares delivered to the Holder (or, where appropriate, the Holder's legal representative). The Committee may, in its sole discretion, modify or accelerate the vesting and delivery of shares of Restricted Stock in certain circumstances including, among others, a Holder's death, disability or a Change in Control.

## 8. Restricted Stock Units

An Award of Restricted Stock Units is an Award which may be settled for shares of Common Stock. Such an Award shall be subject to the following terms and conditions.

- 8.1 Restricted Stock Units shall be evidenced by Restricted Stock Unit agreements. Such agreements shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable.

- 8.2 Upon determination of the number of Restricted Stock Units to be awarded to a Holder, the Committee shall direct that the same be credited to the Holder's account on the books of the Company but the underlying shares of Common Stock shall be delivered only upon vesting of the Restricted Stock Units as provided in Section 8.5 hereof. The Holder shall have no rights as a stockholder with respect to any shares underlying the Restricted Stock Units prior to issuance and delivery of the shares of Common Stock upon vesting of the Restricted Stock Units.
- 8.3 Amounts equal to any dividends declared with respect to the number of shares of Common Stock covered by an Award of Restricted Stock Units may or may not be paid to the Holder currently, or may or may not be deferred and deemed to be reinvested in additional Restricted Stock Units, or otherwise reinvested on such terms as are determined at the time of the Award by the Committee, in its sole discretion, and specified in the Restricted Stock Unit agreement.
- 8.4 The Committee may condition the grant of an Award of Restricted Stock Units or the expiration of the Restriction Period upon the Holder's achievement of one or more Performance Goal(s) specified in the Restricted Stock Unit agreement. If the Holder fails to achieve the specified Performance Goal(s), either the Committee shall not grant the Restricted Stock Units to such Holder or the Holder shall forfeit the Award of Restricted Stock Units. The Restriction Period shall provide a three-year minimum period before a Restricted Stock Unit award shall fully vest.
- 8.5 The Restricted Stock Unit agreement shall specify the duration of the Restriction Period and the performance, employment or other conditions (including the termination of a Holder's Continuous Service whether due to death, disability, Retirement or other cause) under which the Restricted Stock Units may be forfeited to the Company. The Restriction Period shall be determined at the discretion of the Committee. At the end of the Restriction Period the restrictions imposed hereunder shall lapse with respect to the number of Restricted Stock Units as determined by the Committee.

## 9. Options.

Options give an Employee, Consultant or Director the right to purchase a specified number of shares of Common Stock, Deferred Stock or Restricted Stock (as selected by the Committee) from the Company for a specified time period at a fixed price. Options granted to Employees may be either Incentive Stock Options or Non-Qualified Options. Option granted to Directors and Consultants shall be Non-Qualified Options. The grant of Options shall be subject to the following terms and conditions:

- 9.1 Options shall be evidenced by Option agreements. Such agreements shall conform to the requirements of the Plan, and may contain such other provisions, as the Committee shall deem advisable.
- 9.2 The price per share at which Common Stock may be purchased upon exercise of an Option shall be determined by the Committee, but, in the case of grants of Incentive Stock Options, shall be not less than the Fair Market Value of a share of Common Stock on the date of grant. In the case of any Incentive Stock Option granted to a Ten Percent Stockholder, the option price per share shall not be less than 110% of the Fair Market Value of a share of Common Stock on the date of grant. The option price per share for Non-Qualified Options may be less than the Fair Market Value of a share of Common Stock on the date of grant only if granted expressly in lieu of cash compensation, and the option price may be set at a discount of not more than a 15% from the Fair Market Value of a share of Common Stock on the date of grant.

- 9.3 The Option agreements shall specify when an Option may be exercised and the terms and conditions applicable thereto. The term of an Option shall in no event be greater than ten years (five years in the case of an Incentive Stock Option granted to a Ten Percent Stockholder).
- 9.4 Each provision of the Plan and each Option agreement relating to an Incentive Stock Option shall be construed so that each Incentive Stock Option shall be an incentive stock option as defined in Section 422 of the Code, and any provisions of the Option agreement thereof that cannot be so construed shall be disregarded. Incentive Stock Options may not be granted to employees of Affiliates.
- 9.5 No Incentive Stock Option shall be transferable otherwise than by will or the laws of descent and distribution and, during the lifetime of the Holder, shall be exercisable only by the Holder. Upon the death of a Holder, the person to whom the rights have passed by will or by the laws of descent and distribution may exercise an Incentive Stock Option only in accordance with this Section 9. Notwithstanding the foregoing, the Holder may designate a beneficiary of the Holder's Incentive Stock Option in the event of the Holder's death on a beneficiary designation form if such a form is provided by the Committee.
- 9.6 Except as provided in an Option agreement, the option price of the shares of Common Stock upon the exercise of an Option shall be paid in full at the time of the exercise in cash, in shares of Common Stock valued at Fair Market Value on the date of exercise or a combination of cash and such shares of Common Stock, or through a cashless exercise method; provided, however that shares used for payment must be shares of Common Stock held by the Holder for a period of more than six (6) months. To facilitate the foregoing, the Company may enter into agreements for coordinated procedures with one or more brokerage firms. With the consent of the Committee, payment upon the exercise of a Non-Qualified Option may be made in whole or in part by Restricted Stock (based on the fair market value of the Restricted Stock on the date the Option is exercised, as determined by the Committee). In such case the Common Stock to which the Option relates shall be subject to the same forfeiture restrictions originally imposed on the Restricted Stock exchanged therefor. The Committee may prescribe any other method of payment that it determines to be consistent with applicable law and the purpose of the Plan.
- 9.7 With the Holder's consent, the Committee may amend any outstanding Option to deliver shares of Deferred Stock or Restricted Stock instead of Common Stock.
- 9.8 If a Holder's Continuous Service terminates by reason of death, any unexercised Option granted to the Holder shall become immediately exercisable and may thereafter be exercised by the Holder's transferee or legal representative, until one (1) year after such termination of Continuous Service.
- 9.9 Except as provided in an Option agreement, if a Holder's Continuous Service terminates by reason of disability (as determined by the Committee), any unexercised Option granted to the Holder shall become immediately exercisable and may thereafter be exercised by the Holder (or, where appropriate, the Holder's transferee or legal representative), until the earlier of the date specified in the applicable Option Agreement or 90 days after such termination of Continuous Service.
- 9.10 If a Holder's Continuous Service terminates for any reason other than death or disability, all unexercised Options awarded to the Holder shall terminate on the date specified in the applicable Option agreement or, if none is so specified, 90 days after such termination of Continuous Service, except that if a Director's Continuous Service terminates for any reason other than death or disability, all unexercised Options awarded to the Holder shall terminate on the date specified in the applicable Option agreement or, if none is so specified, three years after such termination of Continuous Service.

9.11 The Committee or the Board may in their discretion extend the period during which an Option held by a Director, Employee or Consultant may be exercised to such period, not to exceed three years following the termination of a Director's, Employee's or Consultant's Continuous Service, as the Committee or the Board may determine to be appropriate in any particular instance. The Committee may, in its sole discretion, modify or accelerate the vesting and delivery of Options in certain circumstances including, among others, a Holder's death, disability or a Change in Control.

#### 10. Stock Appreciation Rights.

SARs are rights to receive a payment in cash, Common Stock, Restricted Stock or Deferred Stock (as selected by the Committee) equal to the increase in the Fair Market Value of a specified number of shares of Common Stock from the date of grant of the SAR to the date of exercise. The grant of SARs shall be subject to the following terms and conditions:

10.1 SARs shall be evidenced by SAR agreements. Such agreements shall conform to the requirements of the Plan and may contain such other provisions, as the Committee shall deem advisable. A SAR may be granted in tandem with all or a portion of a related Option under the Plan ("Tandem SAR"), or may be granted separately ("Freestanding SAR"). A Tandem SAR may be granted either at the time of the grant of the Option or at any time thereafter during the term of the Option and shall be exercisable only to the extent that the related Option is exercisable. In no event shall any SAR be exercisable within the first six months of its grant.

10.2 The base price of a Tandem SAR shall be the option price under the related Option. The base price of a Freestanding SAR shall be not less than 85% of the Fair Market Value of the Common Stock, as determined by the Committee, on the date of grant of the Freestanding SAR.

10.3 A SAR shall entitle the Holder to receive a payment equal to the excess of the Fair Market Value of the shares of Common Stock covered by the SAR on the date of exercise over the base price of the SAR. Such payment may be in cash, in shares of Common Stock, in shares of Deferred Stock, in shares of Restricted Stock or any combination, as the Committee shall determine. Upon exercise of a Tandem SAR as to some or all of the shares of Common Stock covered by the grant, the related Option shall be canceled automatically to the extent of the number of shares of Common Stock covered by such exercise, and such shares shall no longer be available for purchase under the Option pursuant to Section 9. Conversely, if the related Option is exercised as to some or all of the shares of Common Stock covered by the Award, the related Tandem SAR, if any, shall be canceled automatically to the extent of the number of shares of Common Stock covered by the Option exercise.

10.4 SARs shall be subject to the same terms and conditions applicable to Options as stated in Sections 9.3, 9.5, 9.7, 9.8, 9.9, 9.10, and 9.11.

#### 11. Adjustments Upon Changes in Capitalization.

In the event of a reorganization, recapitalization, stock split, spin-off, split-off, split-up, stock dividend, issuance of stock rights, combination of shares, merger, consolidation or any other change in the corporate structure of the Company affecting Common Stock, or any distribution to stockholders other than a regular cash dividend, the Board shall make appropriate adjustment in the number and kind of shares authorized by the Plan, the Individual Limit set forth in Section 5.2, and any adjustments to outstanding Awards as it determines appropriate. No fractional shares of Common Stock shall be issued pursuant to such an adjustment. The Committee may determine to pay the Fair Market Value of any fractional shares resulting from adjustments pursuant to this Section in cash to the Holder.

## 12. Adjustments Upon a Change in Control.

Except as otherwise provided in an applicable agreement, upon the occurrence of a Change in Control (other than a Hostile Change in Control), the Committee may elect to provide that all outstanding Options and SARs shall immediately vest and become exercisable, each Deferral Period and Restriction Period shall immediately lapse or all shares of Deferred Stock subject to outstanding Awards or all shares subject to outstanding Restricted Stock Units shall be issued and delivered to the Holder. In the event of a Hostile Change in Control, each of the foregoing actions shall occur automatically upon the occurrence of such Hostile Change in Control. At any time before a Change in Control, the Committee may, without the consent of any Holder of an Option or SAR, (i) require the entity effecting the Change in Control or a parent or subsidiary of such entity to assume each outstanding Option and SAR or substitute an equivalent option or stock appreciation right therefor or (ii) terminate and cancel all outstanding Options and SARs upon the Change in Control. In connection with any such termination and cancellation of outstanding Options and SARs upon a Change in Control, the Committee may cause the payment to the Holder of each such Option or SAR, cash equal to the product of (x) the difference between the Fair Market Value of Common Stock on the date of the Change in Control and the exercise price (or base price) of such Option or SAR and (y) the number of vested (and, at the discretion of the Committee, unvested) shares of Common Stock subject to such Option or SAR. For the purposes of this Section, an Option or SAR shall be considered assumed if, following the closing of the Change in Control transaction, the Option or SAR confers the right to purchase (or determines appreciation), for each share of Common Stock subject to the Option or SAR immediately prior to the closing of such transaction, the consideration (whether stock, cash, or other securities or property) received in such transaction by holders of Common Stock for each share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration received in such Change in Control transaction was not solely common stock of the successor corporation or its parent, the Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or SAR, for each share of Common Stock subject to the Option or SAR, to be solely (or to be based solely on) common stock of the successor corporation or its parent equal in fair market value to the per share consideration received by holders of Common Stock in such transaction.

## 13. Effective Date, Termination and Amendment.

The Plan became effective upon approval of the Plan by the stockholders of the Company and shall remain in full force and effect until the earlier of July 27, 2014 or the date it is terminated by the Board. The Board shall have the power to amend, suspend or terminate the Plan at any time, provided that no such amendment shall be made without stockholder approval which shall:

- 13.1 Increase (except as provided in Section 11) the total number of shares available for issuance pursuant to the Plan;
- 13.2 Reduce the exercise or base prices of outstanding Options or SARs or cancel or amend outstanding Options or SARs for the purpose of repricing, replacing, or regrating such Options or SARs with an exercise price that is less than the exercise or base price of such Options or SARs immediately preceding such cancellation or amendment;
- 13.3 Increase the Individual Limit (except as provided Section 11);

13.4 Change the class of individuals eligible to receive an Award; or

13.5 Materially change the provisions of this Section 13.

Termination of the Plan pursuant to this Section 13 shall not affect Awards outstanding under the Plan at the time of termination.

14. Transferability.

Except as provided below, Awards may not be pledged, assigned or transferred for any reason during the Holder's lifetime, and any attempt to do so shall be void. The Committee may grant Awards (except Incentive Stock Options) that are transferable by the Holder during such Holder's lifetime, but such Awards shall be transferable only to the extent specifically provided in the agreement entered into with the Holder. The transferee of the Holder shall, in all cases, be subject to the provisions of the agreement between the Company and the Holder.

15. General Provisions.

15.1 Nothing contained in the Plan, or any Award granted pursuant to the Plan, shall confer upon any Holder any right with respect to Continuous Service, nor interfere in any way with the right of the Company, a Subsidiary or Affiliate to terminate the Continuous Service of any Holder at any time.

15.2 In connection with the transfer of shares of Common Stock as a result of the exercise or vesting of an Award or upon any other event that would subject the Holder to taxation, the Company shall have the right (a) (1) to require the Holder to pay an amount in cash or (2) to retain or sell without notice, or to demand surrender of, shares of Common Stock in value sufficient to cover the minimum amount of any tax, including any Federal, state or local income tax, required by any governmental entity to be withheld or otherwise deducted and paid with respect to such transfer ("Withholding Tax"), and (b) to make payment (or to reimburse itself for payment made) to the appropriate taxing authority of an amount in cash equal to the amount of such Withholding Tax, remitting any balance to the employee. For purposes of this Section 15.2, the value of shares of Common Stock so retained or surrendered shall be the Fair Market Value on the date that the amount of the Withholding Tax is to be determined (the "Tax Date"), and the value of shares of Common Stock so sold shall be the actual net sale price per share (after deduction of commissions) received by the Company. Notwithstanding the foregoing, the Holder shall be entitled to satisfy the obligation to pay any Withholding Tax, in whole or in part, by providing the Company with funds sufficient to enable the Company to pay such Withholding Tax or by requiring the Company to retain or to accept upon delivery thereof shares of Common Stock (other than unvested Restricted Stock) sufficient in value (determined in accordance with the preceding sentence) to cover the amount of such Withholding Tax. Each election by a Holder to have shares retained or to deliver shares for this purpose shall be subject to the following restrictions: (i) the election must be in writing and made on or prior to the Tax Date; and (ii) the election shall be subject to the disapproval of the Committee.

15.3 With respect to Holders subject to Section 16 of the 1934 Act, transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act. To the extent any provision of the Plan or action by the Committee fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Committee.



15.4 To the extent that Federal laws (such as the 1934 Act, the Code or the Employee Retirement Income Security Act of 1974) do not otherwise control, the Plan and all determinations made and actions taken pursuant hereto shall be governed by the law of New York and construed accordingly.

15.5 Except as may be expressly provided with respect to any Award granted under the Plan, the Plan and the Awards are not intended to constitute a "nonqualified deferred compensation plan" within the meaning of Code Section 409A, but rather are intended to be exempt from the application of Code Section 409A. To the extent that the Plan and/or Awards are nevertheless deemed to be subject to Code Section 409A, the Plan and Awards shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the grant of any Award. Notwithstanding any provision of the Plan or any Award to the contrary, in the event that the Committee determines that any Award may be or become subject to Code Section 409A, the Committee may adopt such amendments to the Plan and the affected Award (as described above) or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Plan and any Award from the application of Code Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Code Section 409A.

16. Plan History. The Plan was approved by the stockholders of the Company on July 27, 2004. On January 10, 2006, the Board approved an amendment and restatement of the Plan to (a) provide for the grant of Restricted Stock Units and (b) make other administrative changes to the Plan, which amendment and restatement is not subject to approval by the stockholders of the Company.

\_\_\_\_\_, 20\_\_

[Name of Recipient]  
[Address]

Notice of Grant of Restricted Stock  
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Dear [Name]:

Pursuant to the terms and conditions of the Verint Systems Inc. (the "Company") 2004 Stock Incentive Compensation Plan (as the same may be amended or supplemented from time to time, the "Plan"), you have been granted a Restricted Stock Award for [Number] shares (the "Award") of Common Stock of the Company as outlined below.

|                   |   |
|-------------------|---|
| Granted To:       | [Name]<br>[Social Security Number]  |
| Grant Date:       | [Date]  |
| Shares Granted:   | [Number]  |
| Price Per Share:  | \$0.00  |
| Vesting Schedule: | 50% on [Second Anniversary of Grant]<br>25% on [Third Anniversary of Grant]<br>25% on [Fourth Anniversary of Grant] |

By my signature below, I hereby acknowledge my receipt and voluntary acceptance of this Award granted on the date shown above, which has been issued to me under the terms and conditions of the Plan. I further acknowledge receipt of a copy of the Plan and a Restricted Stock Award Agreement. I agree that the Award is subject to all of the terms and conditions of, the Plan, this Notice of Grant of Restricted Stock and the Restricted Stock Award Agreement.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

VERINT SYSTEMS INC.  
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RESTRICTED STOCK AWARD AGREEMENT  
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This Restricted Stock Award Agreement ("Agreement") governs the terms and conditions of the Restricted Stock Award (the "Award") specified in the Notice of Grant of Restricted Stock (the "Notice of Grant") delivered herewith entitling the person to whom the Notice of Grant is addressed ("Grantee") to receive from Verint Systems Inc. (the "Company") the number of shares of the Company's Common Stock indicated in the Notice of Grant (the "Restricted Stock"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as the same may be amended or supplemented from time to time (the "Plan").

1 RESTRICTED STOCK; VESTING

1.1 Grant of Restricted Stock.

- (a) The Award of the Restricted Stock is made subject to the terms and conditions of the Plan and this Agreement. If and when the restrictions set forth in Paragraph 1.2 expire in accordance with the terms of this Agreement and the Notice of Grant without forfeiture of the Restricted Stock, and upon the satisfaction of all other applicable conditions as to the Restricted Stock, such shares shall no longer be considered Restricted Stock for purposes of this Agreement.
- (b) As soon as practicable after the Date of Grant, the Company shall direct that the shares of Restricted Stock be registered in the name of and issued to the Grantee either in book entry format or represented by a stock certificate or certificates. All such shares, and any certificate or certificates representing the same, shall be held in the custody of the Company or its designee until such shares no longer are considered Restricted Stock.

- (c) As a condition to the issuance and registration of the shares of Restricted Stock, and prior to the delivery of any stock certificate or certificates representing the Restricted Stock, the Grantee shall deliver to the Company or its designee one or more stock powers endorsed in blank relating to the Restricted Stock (as directed by the Company), in the form attached hereto as Exhibit A. Grantee irrevocably appoints the Company and each of its officers, employees and agents as his true and lawful attorneys with power (i) to sign in Grantee's name and on Grantee's behalf stock certificates and stock powers covering the Restricted Stock and such other documents and instruments as the Committee deems necessary or desirable to carry out the terms of this Agreement and (ii) to take such other action as the Committee deems necessary or desirable to effectuate the terms of this Agreement. This power, being coupled with an interest, is irrevocable. Grantee agrees to execute such other stock powers and documents as may be reasonably requested from time to time by the Committee to effectuate the terms of this Agreement.
- (d) Each certificate, if any, for the Restricted Stock shall bear the following legend (the "Legend"):

"The ownership and transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Verint Systems Inc. 2004 Stock Incentive Compensation Plan and a Restricted Stock Award Agreement entered into between the registered owner and Verint Systems Inc. Copies of such Plan and Agreement are on file in the executive offices of Verint Systems Inc."

In addition, the Restricted Stock shall be subject to such stop-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or securities association upon which the Common Stock is then listed, and any applicable federal or state securities law, and the Company may cause a legend or legends to be placed on such certificate or certificates to make appropriate reference to such other restrictions.

- (e) As soon as administratively practicable following the applicable Vesting Date (as defined in Paragraph 1.3), and upon the satisfaction of all other applicable conditions as to such Vested Percentage (as defined in Paragraph 1.3) of Restricted Stock, including, but not limited to, the payment by the Grantee of all applicable withholding taxes, the Company shall, at its option, (i) deliver or cause to be delivered to the Grantee a certificate or certificates for the applicable shares of Restricted Stock which shall not bear the Legend or (ii) transfer or arrange to have transferred the vested shares to a brokerage account of Grantee designated by the Company free of any Company-imposed transfer restrictions.

## 1.2 Restrictions.

- (a) The Grantee shall have all rights and privileges of a stockholder as to the Restricted Stock, including the right to vote and receive dividends or other distributions with respect to the Restricted Stock, except that the following restrictions shall apply:
  - (i) the Grantee shall not be entitled to delivery of any of the shares of Restricted Stock (whether by transfer to Grantee's brokerage account or by delivery of stock certificates) until the applicable Vesting Date and upon the satisfaction of all other applicable conditions whereupon Grantee will only be entitled to the Vested Percentage;
  - (ii) shares of Restricted Stock may not be sold, pledged, assigned, transferred, or otherwise encumbered or disposed of for any reason until the applicable Vesting Date;
  - (iii) all shares of Common Stock distributed as a dividend or distribution, if any, with respect to shares of Restricted Stock prior to the applicable Vesting Date shall be delivered to and held by the Company or its designee and subject to the same restrictions as the shares of Restricted Stock in respect of which the dividend or distribution was made; and
  - (iv) all unvested shares of Restricted Stock shall be forfeited and returned to the Company and any and all rights of the Grantee of any kind with respect to such shares shall terminate in their entirety on the terms and conditions set forth in Paragraph 1.4.
- (b) Any attempt to dispose of unvested shares of Restricted Stock or any interest in such shares in a manner contrary to the restrictions set forth in this Agreement shall be void and of no effect.

## 1.3 Vesting.

- (a) Subject to the provisions contained in Paragraphs 1.4, 1.5 and 1.6, the restrictions set forth in Paragraph 1.2 with respect to shares of Restricted Stock shall apply for a period beginning on the Date of Grant specified in the Notice of Grant and ending on the fourth anniversary of the Date of Grant; provided, however, the applicable percentage of shares of Restricted Stock awarded hereunder (the "Vesting Percentage") shall be deemed vested and no longer subject to restriction under Paragraph 1.2 or forfeiture under Paragraph 1.4 on the applicable vesting date ("Vesting Date") in accordance with the schedule set forth in the Notice of Grant. Vesting shall cease upon the date Grantee's Continuous Service terminates for any reason unless otherwise determined by the Committee in its sole discretion.
- (b) During any authorized leave of absence, the vesting of the Restricted Stock as provided in the Notice of Grant shall be suspended after the leave of absence exceeds a period of three (3) months. The vesting schedule set forth in the Notice of Grant shall be extended by the length of the suspension. Vesting of the Restricted Stock shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or an Affiliate; provided, however, that if the leave of absence exceeds six (6) months, and a return to service upon expiration of such leave is not guaranteed by statute or contract, then (i) for purposes of this Agreement, the Grantee's Continuous Service shall be deemed to terminate on the first date following such six-month period and (ii) the Grantee will forfeit the Restricted Stock that is unvested on such deemed termination date. An authorized leave of absence shall include sick leave, military leave, or other bona fide leave of absence (such as temporary employment by the government).

1.4 Forfeiture. If Grantee's Continuous Service terminates for any reason, all unvested shares of Restricted Stock shall be forfeited by Grantee as of the date of termination unless otherwise determined by the Committee in its sole discretion. In the event of any such forfeiture, all such forfeited shares of Restricted Stock shall become the property of the Company and any certificate or certificates representing such shares of Restricted Stock shall be returned immediately to the Company. For the avoidance of doubt, Grantee acknowledges and agrees that he or she has no expectation that any Restricted Stock will vest on the termination of his or her Continuous Service for any reason and that he or she will not be entitled to make a claim for any loss occasioned by such forfeiture as part of any claim for breach of his or her employment or service contract or otherwise.

1.5 Tax; Withholding.

- (a) As a condition of the Award, the Grantee agrees not to make an election, under Section 83(b) of the Internal Revenue Code of 1986, as amended, to include an amount of income in respect of the Restricted Stock.
- (b) The Committee shall determine the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any income recognized by the Grantee with respect to the Restricted Stock.
- (c) Neither the Company nor any such Affiliate or agent makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of shares subject to the Award. The Company and its Affiliates do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.
- (d) The Grantee shall be required to meet any applicable tax withholding obligation, whether United States federal, state, local or non-U.S., including any employment tax obligation (the "Tax Withholding Obligation"), in accordance with the provisions of the Plan prior to any event in connection with the Award (e.g., acquisition, vesting, or disposal) that the Company determines may result in any Tax Withholding Obligation, and subject to the Plan, the Company reserves the right to determine the method or methods by which such Tax Withholding Obligations will be satisfied together with any associated timing or other details required to effectuate such method or methods. If, pursuant to the Plan, the Grantee wishes to satisfy his or her minimum Tax Withholding Obligation, in whole or in part, (i) by providing the Company with funds sufficient to enable the Company to pay such tax or (ii) by requiring (subject to Committee disapproval as provided in the Plan) that the Company retain or accept, or by requesting that the Company arrange for the sale by the Grantee of, shares of its stock sufficient in value (as determined under the Plan) to cover the amount of such tax, the Grantee will provide written notice of the same, together with a wire transfer or certified check for such funds in the case of clause (i) above, to the Company or its designee in accordance with the timing and other terms of the Company's notice of election procedures to be separately provided to the Grantee, prior to the applicable vesting date or other event in connection with the Award that the Company has advised Grantee may result in a Tax Withholding Obligation.
- (e) The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any of its Affiliates or agents takes with respect to any Tax Withholding Obligations that arise in connection with the Award. Accordingly, Grantee agrees to pay to the Company or its relevant Affiliate as soon as practicable, including through additional payroll withholding, any amount of tax withholding that is not satisfied by any such action of the Company or its Affiliate.

(f) The Committee shall be authorized, in its sole discretion, to establish such rules and procedures relating to the use of shares of Common Stock to satisfy tax withholding obligations as it deems necessary or appropriate to facilitate and promote the conformity of the Grantee's transactions under the Plan and this Agreement with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, if such Rule is applicable to transactions by the Grantee.

1.6 Committee's Discretion. Notwithstanding any provision of this Agreement to the contrary, the Committee shall have sole and absolute discretion to waive any forfeiture of the Restricted Stock and any other terms or conditions set forth in this Agreement.

## 2 REPRESENTATIONS OF THE GRANTEE

The Grantee hereby represents to the Company that the Grantee has read and fully understands the provisions of this Agreement and the Plan, and the Grantee acknowledges that the Grantee is relying solely on his or her own advisors with respect to the tax consequences of this Award.

## 3 NOTICES

All notices or communications under this Agreement shall be in writing, addressed as follows:

To the Company:

Verint Systems Inc.  
330 South Service Road  
Melville, NY 11747-3201  
(631) 962-9600 (phone)  
(631) 962-9623 (fax)  
Attn: General Counsel

To the Grantee:

as set forth in the Notice of Grant  
(or if the Notice of Grant is provided electronically without a mailing address, then as set forth in the Company's payroll records)

Any such notice or communication shall be (a) delivered by hand (with written confirmation of receipt) or sent by a nationally recognized overnight delivery service (receipt requested) or (b) be sent certified or registered mail, return receipt requested, postage prepaid, addressed as above (or to such other address as such party may designate in writing from time to time), and the actual date of receipt shall determine the time at which notice was given. Grantee will promptly notify the Company in writing upon any change in Grantee's address.

## 4 ASSIGNMENT; BINDING AGREEMENT

This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of the Grantee and the assigns and successors of the Company, but neither this Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation or transfer by the Grantee.

5 ENTIRE AGREEMENT; AMENDMENT

This Agreement and the Notice of Grant represent the entire agreement of the parties with respect to the subject matter hereof, except that the provisions of the Plan are incorporated in this Agreement in their entirety. In the event of any conflict between the provisions of this Agreement or the Notice of Grant and the Plan, the provisions of the Plan shall control. This Agreement or the Notice of Grant may be amended by the Committee without the consent of the Grantee except in the case of an amendment adverse to the Grantee, in which case the Grantee's consent shall be required.

6 GOVERNING LAW

This Agreement and its validity, interpretation, performance and enforcement shall be governed by the laws of the State of New York other than the conflict of laws provisions of such laws.

7 SEVERABILITY

Whenever possible, each provision in this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of this Agreement shall remain in full force and effect.

8 NO RIGHT TO CONTINUED SERVICE OR PARTICIPATION; EFFECT ON OTHER PLANS

Neither this Agreement nor the Notice of Grant shall confer upon the Grantee any right with respect to continued service with the Company, a Subsidiary or Affiliate, nor shall it interfere in any way with the right of the Company a Subsidiary or Affiliate to terminate the Grantee's Continuous Service at any time. Payments received by the Grantee pursuant to this Agreement and the Notice of Grant shall not be included in the determination of benefits under any pension, group insurance or other benefit plan of the Company or any Subsidiaries or Affiliate in which the Grantee may be enrolled or for which the Grantee may become eligible, except as may be provided under the terms of such plans or determined by the Board of Directors of the Company.

9 NO STRICT CONSTRUCTION

No rule of strict construction shall be implied against the Company, the Committee or any other person in the interpretation of any of the terms of the Plan, this Agreement, the Notice of Grant or any rule or procedure established by the Committee.

10 USE OF THE WORD "GRANTEE"

Wherever the word "Grantee" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock may be transferred by will or the laws of descent and distribution, the word "Grantee" shall be deemed to include such person or persons.

11 FURTHER ASSURANCES

The Grantee agrees, upon demand of the Company or the Committee, to do all acts and execute, deliver and perform all additional documents, instruments and agreements (including, without limitation, stock powers with respect to shares of Common Stock issued as a dividend or distribution on Restricted Stock) which may be reasonably required by the Company or the Committee, as the case may be, to implement the provisions and purposes of this Agreement and the Plan.

END OF AGREEMENT



EXHIBIT A

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STOCK POWER

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto \_\_\_\_\_(1), \_\_\_\_\_(2) \_\_\_\_\_(3) shares of Common Stock of Verint Systems Inc., [represented by Certificate No. \_\_\_\_\_](4) (the "Shares"), standing in his or her name on the books of said corporation and does hereby irrevocably constitute and appoint \_\_\_\_\_(5) as his lawful attorney-in-fact to transfer said Shares on the books of said corporation with full power of substitution in the premises.

DATED: \_\_\_\_\_(6)

\_\_\_\_\_(7)  
Name: \_\_\_\_\_(8)

- (1) Leave this item blank. The transferee will be completed if and when the shares are assigned.
- (2) Enter the number of shares in words.
- (3) Enter the number of shares in numerals.
- (4) Include this item (and complete the blank and remove the brackets) only if the shares were certificated. If not, strike this item.
- (5) Leave this item blank. The attorney-in-fact will be completed if and when the shares are assigned.
- (6) Leave this item blank (do not date when signing). The date will be completed if and when the shares are assigned.
- (7) Sign here.
- (8) Print your name here.

\_\_\_\_\_, 20\_\_

[Name of Recipient]  
[Address]

Notice of Grant of Restricted Stock  
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Dear [Name]:

Pursuant to the terms and conditions of the Verint Systems Inc. (the "Company") 2004 Stock Incentive Compensation Plan (as the same may be amended or supplemented from time to time, the "Plan"), you have been granted a Restricted Stock Award for [Number] shares (the "Award") of Common Stock of the Company as outlined below.

|                   |   |
|-------------------|---|
| Granted To:       | [Name]<br>[Social Security Number]  |
| Grant Date:       | [Date]  |
| Shares Granted:   | [Number]  |
| Price Per Share:  | \$0.00  |
| Vesting Schedule: | 50% on [Second Anniversary of Grant]<br>25% on [Third Anniversary of Grant]<br>25% on [Fourth Anniversary of Grant] |
| Tax Track:        | [Capital Gains Tax Track Through a Trustee]   |

1. The Restricted Stock and any additional rights including, without limitation, any share bonus that shall be distributed to you in connection with the Award (the "Additional Rights"), shall be allocated on your behalf to the Trustee - the "Employees Remuneration Trust Company" (the "Trustee").
2. The Restricted Stock and Additional Rights shall be allocated on your behalf to the Trustee under the provision of the Capital Gains Tax Track and will be held by the Trustee for the period (the "Holding Period") stated in Section 102 of the Income Tax Ordinance, 1961 and the Income Tax Regulations (Tax Relieves in Allocation of Shares to Employees), 2003 promulgated thereunder ("Section 102").
3. If you sell or withdraw the Restricted Stock or Additional Rights from the Trustee before the end of the Holding Period (which shall be referred to as a "Violation"), you shall pay income tax at your marginal rate on the profits derived from the Restricted Stock or Additional Rights plus payments to the National Insurance Institute and Health Tax. You may also be required to reimburse the Company or your employing or engaging company, as the case may be, (the "Employing Company") for the employer portion of the payments to the National Insurance Institute, plus any legally required linkage and interest. You also may be required to reimburse the Employing Company for any other expenses that the Employing Company shall bear as a result of a Violation.
4. The Restricted Stock and Additional Rights are granted to you and allocated to the Trustee according to the provision of Section 102, the Plan, and the Hebrew version of the Trust Agreement signed between the Company and the Trustee attached herewith and made a part of this notice.

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5. The Award is granted to you on the condition that you sign the Approval of the Designated Grantee, which constitutes a part of this Notice of Grant, below.

Verint Systems Inc.

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APPROVAL OF THE DESIGNATED GRANTEE:

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I hereby agree that all the Restricted Stock and Additional Rights granted to me pursuant to the Award shall be allocated to the Trustee under provisions of the Capital Gains Tax Track and shall be held by the Trustee for the period stated in Section 102 and in accordance with the provisions of the Trust Agreement, or for a shorter period if an approval is received from the tax authorities.

I am aware of the fact that upon termination of my Continuous Service with the Employing Company, I shall not have a right to the Restricted Stock or the Additional Rights, except as specified in the Restricted Stock Award Agreement and the Plan.

I hereby confirm that:

1. I have read the Plan (which includes the Company's Option Plan Program dated March 5, 2003, as amended) and the Restricted Stock Award Agreement and I understand and accept the terms and conditions thereof. I am also aware that the Company is agreeing to grant me the Award and allocate it on my behalf to the Trustee based on this confirmation;
2. I understand the provisions of Section 102 and the applicable tax track of this grant of Award;
3. I agree to the terms and conditions of the Hebrew version of the Trust Agreement a copy of which has been made available to me;
4. Subject to the provisions of Section 102, I confirm that I shall not sell, nor transfer from the Trustee, the Restricted Stock or Additional Rights before the end of the Holding Period;
5. If I shall sell, or withdraw from the Trust, the Restricted Stock or the Additional Rights before the end of the Holding Period as defined in Section 102 (a "Violation"), either (A) I shall reimburse the Employing Company within three (3) days of its demand for the employer portion of the payment by the Employing Company to the National Insurance Institute plus linkage and interest in accordance with the law, as well as any other expense that the Employing Company shall bear as a result of the said Violation (all such amounts defined as the "Payment") or (B) I agree that the Employing Company may, in its sole discretion, deduct such amounts directly from any monies to be paid to me as a result of my disposition of the Restricted Stock or the Additional Rights;

By my signature below, I hereby acknowledge my receipt and voluntary acceptance of this Award granted on the date shown above, which has been issued to me under the terms and conditions of the Plan. I further acknowledge receipt of a copy of the Plan, the Hebrew version of the Trust Agreement, and a Restricted Stock Award Agreement. I agree that the Award is subject to all of the terms and conditions of, the Plan, this Notice of Grant of Restricted Stock, and the Restricted Stock Award Agreement.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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RESTRICTED STOCK AWARD AGREEMENT  
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This Restricted Stock Award Agreement ("Agreement") governs the terms and conditions of the Restricted Stock Award (the "Award") specified in the Notice of Grant of Restricted Stock (the "Notice of Grant") delivered herewith entitling the person to whom the Notice of Grant is addressed ("Grantee") to receive from Verint Systems Inc. (the "Company") the number of shares of the Company's Common Stock indicated in the Notice of Grant (the "Restricted Stock"). Capitalized terms used but not defined in this Agreement shall have the meanings set forth in the Verint Systems Inc. 2004 Stock Incentive Compensation Plan, as the same may be amended or supplemented from time to time (the "Plan").

1 RESTRICTED STOCK; VESTING

1.1 Grant of Restricted Stock.

- (a) The Award of the Restricted Stock is made subject to the terms and conditions of the Plan, as supplemented by the Option Plan Program dated March 5, 2003, as amended (the "Israeli Plan Supplement"), relating to the Israeli Income Tax Ordinance [New Version] - 1961 (the "Israeli Tax Ordinance"), and this Agreement. If and when the restrictions set forth in Paragraph 1.2 expire in accordance with the terms of this Agreement and the Notice of Grant without forfeiture of the Restricted Stock, and upon the satisfaction of all other applicable conditions as to the Restricted Stock, such shares shall no longer be considered Restricted Stock for purposes of this Agreement. No expiration of the restrictions set forth in Paragraph 1.2 shall affect the restrictions contained in the Israeli Plan Supplement (including, without limitation, the restrictions on the Grantee's right to hold the shares directly or to sell or otherwise dispose of the shares prior to the expiration of the Holding Period (as hereinafter defined)), which shall be in addition to and separate from the restrictions contained in Paragraph 1.2 hereof.
- (b) As soon as practicable after the Date of Grant, the Company shall direct that the shares of Restricted Stock be registered in the name of and issued to The Employees Remuneration Trust Company (the "Trustee") for the benefit of the Grantee, either in book entry format or represented by a stock certificate or certificates. All such shares, and any certificate or certificates representing the same, shall be held in the custody of the Company or its designee (which may include the Trustee) until the later of the time when (i) such shares no longer are considered Restricted Stock and (ii) the required holding period (the "Holding Period") under the Israeli Tax Ordinance has run and the Grantee has, in a writing provided to the Company, requested release of the shares.
- (c) As a condition to the issuance and registration of the shares of Restricted Stock, and prior to the delivery of any stock certificate or certificates representing the Restricted Stock, the Grantee shall, and shall cause the Trustee to, deliver to the Company or its designee one or more stock powers endorsed in blank relating to the Restricted Stock (as directed by the Company), in the form attached hereto as Exhibit A. Grantee hereby, and hereby directs the Trustee to, irrevocably appoint the Company and each of its officers, employees and agents as his true and lawful attorneys with power (i) to sign in the Grantee's name or the Trustee's name (on behalf of the Grantee), as applicable, stock certificates and stock powers covering the Restricted Stock and such other documents and instruments as the Committee deems necessary or desirable to carry out the terms of this Agreement and (ii) to take such other action as the Committee deems necessary or desirable to effectuate the terms of this Agreement. This power, being coupled with an interest, is irrevocable. Grantee will, and will cause the Trustee to, execute such other stock powers and documents as may be reasonably requested from time to time by the Committee to effectuate the terms of this Agreement.

- (d) Each certificate, if any, for the Restricted Stock shall bear the following legend (the "Legend"):

"The ownership and transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Verint Systems Inc. 2004 Stock Incentive Compensation Plan and a Restricted Stock Award Agreement entered into between the registered owner and Verint Systems Inc. Copies of such Plan and Agreement are on file in the executive offices of Verint Systems Inc."

In addition, the Restricted Stock shall be subject to such stop-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or securities association upon which the Common Stock is then listed, the Israeli Tax Ordinance, and any applicable federal or state securities law, and the Company may cause a legend or legends to be placed on such certificate or certificates to make appropriate reference to such other restrictions.

- (e) As soon as administratively practicable following the applicable Vesting Date (as defined in Paragraph 1.3), and upon the satisfaction of all other applicable conditions as to such Vested Percentage (as defined in Paragraph 1.3) of Restricted Stock, including, but not limited to, the payment by the Grantee of all applicable U.S., Israeli, or other withholding taxes, the Company shall, at its option, (i) deliver or cause to be delivered to the Trustee, or if the Holding Period has run and the Grantee has requested release of the shares in accordance with Paragraph 1.1(b), the Grantee a certificate or certificates for the applicable shares of Restricted Stock which shall not bear the Legend or (ii) transfer or arrange to have transferred the vested shares to a brokerage account of the Trustee, or if the Holding Period has run and the Grantee has requested release of the shares in accordance with Paragraph 1.1(b), of the Grantee, designated by the Company free of any Company-imposed transfer restrictions.

## 1.2 Restrictions.

- (a) The Trustee or Grantee, as applicable, as registered holder of the Award (the "Holder") shall have all rights and privileges of a stockholder as to the Restricted Stock, including the right to vote and receive dividends or other distributions with respect to the Restricted Stock, except that the following restrictions shall apply:
- (i) the Grantee shall not be entitled to delivery of any of the shares of Restricted Stock (whether by transfer to Grantee's brokerage account or by delivery of stock certificates) until the applicable Vesting Date and upon the satisfaction of all other applicable conditions whereupon Grantee will only be entitled to the Vested Percentage;
  - (ii) shares of Restricted Stock may not be sold, pledged, assigned, transferred, or otherwise encumbered or disposed of for any reason until the applicable Vesting Date;
  - (iii) all shares of Common Stock distributed as a dividend or distribution, if any, with respect to shares of Restricted Stock prior to the applicable Vesting Date shall be delivered to and held by the Company or its designee (which may include the Trustee) and subject to the same restrictions as the shares of Restricted Stock in respect of which the dividend or distribution was made; and

(iv) all unvested shares of Restricted Stock shall be forfeited and returned to the Company and any and all rights of the Holder of any kind with respect to such shares shall terminate in their entirety on the terms and conditions set forth in Paragraph 1.4.

(b) For the avoidance of doubt, the foregoing restrictions shall be in addition to, and separate from, the restrictions contained in the Israeli Plan Supplement (including, without limitation, the restrictions on the Grantee's right to hold the shares directly or to sell or otherwise dispose of the shares prior to the expiration of the Holding Period).

(c) Any attempt to dispose of unvested shares of Restricted Stock or any interest in such shares in a manner contrary to the restrictions set forth in this Agreement shall be void and of no effect.

### 1.3 Vesting.

(a) Subject to the provisions contained in Paragraphs 1.4, 1.5 and 1.6, the restrictions set forth in Paragraph 1.2(a) with respect to shares of Restricted Stock shall apply for a period beginning on the Date of Grant specified in the Notice of Grant and ending on the fourth anniversary of the Date of Grant; provided, however, the applicable percentage of shares of Restricted Stock awarded hereunder (the "Vesting Percentage") shall be deemed vested and no longer subject to restriction under Paragraph 1.2(a) or forfeiture under Paragraph 1.4 on the applicable vesting date ("Vesting Date") in accordance with the schedule set forth in the Notice of Grant. For the avoidance of doubt, no vesting under this Agreement shall entitle the Grantee to take possession of any shares or become the registered holder thereof until the Holding Period has run. Vesting shall cease upon the date Grantee's Continuous Service terminates for any reason unless otherwise determined by the Committee in its sole discretion.

(b) During any authorized leave of absence, the vesting of the Restricted Stock as provided in the Notice of Grant shall be suspended after the leave of absence exceeds a period of three (3) months. The vesting schedule set forth in the Notice of Grant shall be extended by the length of the suspension. Vesting of the Restricted Stock shall resume upon the Grantee's termination of the leave of absence and return to service to the Company or an Affiliate; provided, however, that if the leave of absence exceeds six (6) months, and a return to service upon expiration of such leave is not guaranteed by statute or contract, then (i) for purposes of this Agreement, the Grantee's Continuous Service shall be deemed to terminate on the first date following such six-month period and (ii) the Grantee will forfeit the Restricted Stock that is unvested on such deemed termination date. An authorized leave of absence shall include sick leave, military leave, or other bona fide leave of absence (such as temporary employment by the government).

1.4 Forfeiture. If Grantee's Continuous Service terminates for any reason, all unvested shares of Restricted Stock shall be forfeited by the Holder as of the date of termination unless otherwise determined by the Committee in its sole discretion. In the event of any such forfeiture, all such forfeited shares of Restricted Stock shall become the property of the Company and any certificate or certificates representing such shares of Restricted Stock shall be returned immediately to the Company. For the avoidance of doubt, Grantee acknowledges and agrees that he or she has no expectation that any Restricted Stock will vest on the termination of his or her Continuous Service for any reason and that he or she will not be entitled to make a claim for any loss occasioned by such forfeiture as part of any claim for breach of his or her employment or service contract or otherwise.

#### 1.5 Tax; Withholding.

- (a) As a condition of the Award, the Grantee agrees not to make an election, under Section 83(b) of the Internal Revenue Code of 1986, as amended, or any equivalent election under Israeli law, to include an amount of income in respect of the Restricted Stock.
- (b) The Committee shall determine the amount of any withholding or other tax required by law to be withheld or paid by the Company with respect to any income recognized by the Grantee with respect to the Restricted Stock.
- (c) Neither the Company nor any such Affiliate or agent makes any representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of shares subject to the Award. The Company and its Affiliates do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.
- (d) The Grantee shall be required to meet any applicable tax withholding obligation, whether United States federal, state, local, Israeli or otherwise, including any employment tax obligation (the "Tax Withholding Obligation"), in accordance with the provisions of the Plan prior to any event in connection with the Award (e.g., acquisition, vesting, or disposal) that the Company determines may result in any Tax Withholding Obligation, and subject to the Plan, the Company reserves the right to determine the method or methods by which such Tax Withholding Obligations will be satisfied together with any associated timing or other details required to effectuate such method or methods. If, pursuant to the Plan, the Grantee wishes to satisfy his or her minimum Tax Withholding Obligation, in whole or in part, (i) by providing the Company with funds sufficient to enable the Company to pay such tax or (ii) by requiring (subject to Committee disapproval as provided in the Plan) that the Company retain or accept, or by requesting that the Company arrange for the sale by the Grantee of, shares of its stock sufficient in value (as determined under the Plan) to cover the amount of such tax, the Grantee will provide written notice of the same, together with a wire transfer or certified check for such funds in the case of clause (i) above, to the Company or its designee in accordance with the timing and other terms of the Company's notice of election procedures to be separately provided to the Grantee, prior to the applicable vesting date or other event in connection with the Award that the Company has advised Grantee may result in a Tax Withholding Obligation.
- (e) The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any of its Affiliates or agents takes with respect to any Tax Withholding Obligations that arise in connection with the Award. Accordingly, Grantee agrees to pay to the Company or its relevant Affiliate as soon as practicable, including through additional payroll withholding, any amount of tax withholding that is not satisfied by any such action of the Company or its Affiliate.
- (f) The Committee shall be authorized, in its sole discretion, to establish such rules and procedures relating to the use of shares of Common Stock to satisfy tax withholding obligations as it deems necessary or appropriate to facilitate and promote the conformity of the Holder's transactions under the Plan (as supplemented by the Israeli Plan Supplement) and this Agreement with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, if such Rule is applicable to transactions by the Holder, and with the Israeli Tax Ordinance.



1.6 Committee's Discretion. Notwithstanding any provision of this Agreement to the contrary, the Committee shall have sole and absolute discretion to waive any forfeiture of the Restricted Stock and any other terms or conditions set forth in this Agreement.

## 2 REPRESENTATIONS OF THE GRANTEE

The Grantee hereby represents to the Company that the Grantee has read and fully understands the provisions of this Agreement and the Plan, and the Grantee acknowledges that the Grantee is relying solely on his or her own advisors with respect to the tax consequences of this Award.

## 3 NOTICES

All notices or communications under this Agreement shall be in writing, addressed as follows:

To the Company:

Verint Systems Inc.  
330 South Service Road  
Melville, NY 11747-3201  
(631) 962-9600 (phone)  
(631) 962-9623 (fax)  
Attn: General Counsel

To the Grantee:

as set forth in the Notice of Grant  
(or if the Notice of Grant is provided electronically without a mailing address, then as set forth in the Company's payroll records)

Any such notice or communication shall be (a) delivered by hand (with written confirmation of receipt) or sent by a nationally recognized overnight delivery service (receipt requested) or (b) be sent certified or registered mail, return receipt requested, postage prepaid, addressed as above (or to such other address as such party may designate in writing from time to time), and the actual date of receipt shall determine the time at which notice was given. Grantee will promptly notify the Company in writing upon any change in Grantee's address.

## 4 ASSIGNMENT; BINDING AGREEMENT

This Agreement shall be binding upon and inure to the benefit of the heirs and representatives of the Grantee and the assigns and successors of the Company, but neither this Agreement nor any rights hereunder shall be assignable or otherwise subject to hypothecation or transfer by the Grantee or the Trustee.

## 5 ENTIRE AGREEMENT; AMENDMENT

This Agreement and the Notice of Grant represent the entire agreement of the parties with respect to the subject matter hereof, except that the provisions of the Plan and the Israeli Plan Supplement are incorporated in this Agreement in their entirety. In the event of any conflict between the provisions of this Agreement or the Notice of Grant and the Plan (as supplemented by the Israeli Plan Supplement), the provisions of the Plan (as supplemented by the Israeli Plan Supplement) shall control. This Agreement or the Notice of Grant may be amended by the Committee without the consent of the Grantee or the Trustee except in the case of an amendment adverse to the Grantee, in which case the Grantee's consent shall be required.

6 GOVERNING LAW

This Agreement and its validity, interpretation, performance and enforcement shall be governed by the laws of the State of New York other than the conflict of laws provisions of such laws.

7 SEVERABILITY

Whenever possible, each provision in this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of this Agreement shall remain in full force and effect.

8 NO RIGHT TO CONTINUED SERVICE OR PARTICIPATION; EFFECT ON OTHER PLANS

Neither this Agreement nor the Notice of Grant shall confer upon the Grantee any right with respect to continued service with the Company, a Subsidiary or Affiliate, nor shall it interfere in any way with the right of the Company a Subsidiary or Affiliate to terminate the Grantee's Continuous Service at any time. Payments received by the Grantee pursuant to this Agreement and the Notice of Grant shall not be included in the determination of benefits under any pension, group insurance or other benefit plan of the Company or any Subsidiaries or Affiliate in which the Grantee may be enrolled or for which the Grantee may become eligible, except as may be provided under the terms of such plans or determined by the Board of Directors of the Company.

9 NO STRICT CONSTRUCTION

No rule of strict construction shall be implied against the Company, the Committee or any other person in the interpretation of any of the terms of the Plan, the Israeli Plan Supplement, this Agreement, the Notice of Grant or any rule or procedure established by the Committee.

10 USE OF THE WORD "GRANTEE"

Wherever the word "Grantee" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the Trustee or the executors, the administrators, or the person or persons to whom the Restricted Stock may be transferred by will or the laws of descent and distribution, the word "Grantee" shall be deemed to include such person or persons.

11 FURTHER ASSURANCES

The Grantee agrees to, and shall cause the Trustee to, upon demand of the Company or the Committee, do all acts and execute, deliver and perform all additional documents, instruments and agreements (including, without limitation, stock powers with respect to shares of Common Stock issued as a dividend or distribution on Restricted Stock) which may be reasonably required by the Company or the Committee, as the case may be, to implement the provisions and purposes of this Agreement and the Plan (as supplemented by the Israeli Plan Supplement).

END OF AGREEMENT

EXHIBIT A

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STOCK POWER

FOR VALUE RECEIVED, the undersigned does hereby sell, assign and transfer unto \_\_\_\_\_(1), \_\_\_\_\_(2) \_\_\_\_\_(3) shares of Common Stock of Verint Systems Inc., [represented by Certificate No. \_\_\_\_\_](4) (the "Shares"), standing in his or her name on the books of said corporation and does hereby irrevocably constitute and appoint \_\_\_\_\_(5) as his lawful attorney-in-fact to transfer said Shares on the books of said corporation with full power of substitution in the premises.

DATED: \_\_\_\_\_(6)

\_\_\_\_\_(7)  
Name: \_\_\_\_\_(8)

- \_\_\_\_\_  
(1) Leave this item blank. The transferee will be completed if and when the shares are assigned.  
(2) Enter the number of shares in words.  
(3) Enter the number of shares in numerals.  
(4) Include this item (and complete the blank and remove the brackets) only if the shares were certificated. If not, strike this item.  
(5) Leave this item blank. The attorney-in-fact will be completed if and when the shares are assigned.  
(6) Leave this item blank (do not date when signing). The date will be completed if and when the shares are assigned.  
(7) Sign here.  
(8) Print your name here.