

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 December 1, 2004
(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 2.02 Results of Operations and Financial Condition

On December 1, 2004, Verint Systems Inc. issued an earnings release announcing its financial results for the quarter ended October 31, 2004. A copy of the earnings release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The information in this Current Report on Form 8-K, including the exhibits attached hereto, is furnished pursuant to Item 2.02 and shall not

be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
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99.1	Press Release of Verint Systems Inc., dated December 1, 2004.

SIGNATURES

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

VERINT SYSTEMS INC.

By: /s/Igal Nissim

Name: Igal Nissim
Title: Chief Financial Officer

Dated: December 1, 2004

EXHIBIT INDEX

Exhibit No.	Description
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99.1	Text of Press Release dated December 1, 2004

Contact
 Alan Roden
 VP, Corporate Development and Investor Relations
 (631) 962-9304
 alan.roden@verint.com

Verint Systems Reports Record Fiscal 2004 Third Quarter Sales

Sales Grow to \$64 Million; Increases 31% y-o-y and 6% Sequentially
 GAAP Earnings Per Diluted Share of \$0.16
 Pro Forma Earnings Per Diluted Share of \$0.21

MELVILLE, N.Y., December 1, 2004 - Verint Systems Inc. (NASDAQ: VRNT), announced record sales of \$63,989,000 for the third quarter of fiscal 2004, ended October 31, 2004, a 31% increase compared with \$49,012,000 for the third quarter of fiscal 2003. Verint's sales increased approximately 6% sequentially, compared with \$60,167,000 for the second quarter of fiscal 2004.

Net income on a generally accepted accounting principles ("GAAP") basis was \$5,180,000 for the third quarter of fiscal 2004 (\$0.16 per diluted share), compared with a net income of \$5,671,000 (\$0.17 per diluted share) for the second quarter of fiscal 2004, and net income of \$4,667,000 (\$0.15 per diluted share) for the third quarter of fiscal 2003. Net income on a pro forma basis was \$6,903,000 for the third quarter of fiscal 2004, (\$0.21 per diluted share), compared with a pro forma net income of \$6,438,000 (\$0.20 per diluted share) for the second quarter of fiscal 2004, and pro forma net income of \$5,034,000 (\$0.16 per diluted share) for the third quarter of fiscal 2003. A reconciliation between results on a GAAP basis and results on a pro forma basis is provided in a table immediately following the Pro Forma Consolidated Statement of Operations.

Dan Bodner, President and CEO of Verint, stated, "Our record third quarter sales were due to demand for our actionable intelligence solutions in the security and business intelligence markets. Pro forma income from operations of \$6.9 million, which was also a record, grew 42.6% year-over-year."

The Company ended the quarter with cash, cash equivalents and short-term investments of \$225,602,000, working capital of \$188,416,000 total assets of \$387,076,000, and stockholders' equity of \$275,455,000.

Conference Call Information

The Company will be conducting a conference call to review its fiscal 2004 third quarter results today at 4:30 PM EDT. An on-line, real-time Web cast of the conference call will be available on our website at www.verint.com. The conference call can also be accessed live via telephone at 703-639-1375. Please dial in 5-10 minutes prior to the scheduled start time.

A replay of the conference call will be available on our website at www.verint.com until January, 31 2005 and by telephone at 703-925-2533, passcode 554696, for 7 days.

Financial highlights at and for the nine and three month periods ended October 31, 2004 and prior year comparisons are as follows:

 Consolidated Statement of Operations (GAAP Basis)
 (In thousands, except per share data)

	Nine Months Ended October 31, (Unaudited)		Three Months Ended October 31, (Unaudited)	
	2003	2004	2003	2004
	-----	-----	-----	-----
Sales	\$140,319	\$180,794	\$49,012	\$63,989
Cost of sales	65,238	82,098	22,560	29,235
	-----	-----	-----	-----
Gross Profit	75,081	98,696	26,452	34,754
Operating Expenses				
Research and development, net	16,979	23,089	5,952	8,409

Selling, general and administrative	46,014	59,704	16,044	21,290
In-process research and development	-	3,154	-	-
Write-down of capitalized software	-	1,481	-	-
	-----	-----	-----	-----
Income from operations	12,088	11,268	4,456	5,055
Interest and other income, net	1,813	2,379	878	932
	-----	-----	-----	-----
Income before income tax provision	13,901	13,647	5,334	5,987
Income tax provision	1,745	1,282	667	807
	-----	-----	-----	-----
Net income	\$12,156	\$12,365	\$4,667	\$5,180
	=====	=====	=====	=====
Earnings per share:				
Basic	\$0.45	\$0.40	\$0.16	\$0.17
	=====	=====	=====	=====
Diluted	\$0.42	\$0.38	\$0.15	\$0.16
	=====	=====	=====	=====
Weighted average shares:				
Basic	26,895	30,725	29,870	31,036
Diluted	28,645	32,481	31,621	32,766

Verint Systems provides pro forma net income and pro forma earnings per share data as additional information of its operating results. These measures are not in accordance with, or an alternative for, GAAP and may be different from pro forma measures used by other companies. The company believes that this presentation of pro forma data provides useful information to management and investors regarding certain additional financial and business trends relating to its financial condition and result of operations. In addition, the Company's management uses these measures for reviewing the financial results of the Company and for budget purposes:

Consolidated Statement of Operations (Pro Forma Basis)
(In thousands, except per share data)

	Nine Months Ended October 31, (Unaudited)		Three Months Ended October 31, (Unaudited)	
	2003	2004	2003	2004
	-----	-----	-----	-----
Sales	\$140,319	\$180,794	\$49,012	\$63,989
Cost of sales	65,068	80,382	22,493	28,160
	-----	-----	-----	-----
Gross Profit	75,251	100,412	26,519	35,829
Operating Expenses				
Research and development, net	16,979	23,089	5,952	8,409
Selling, general and administrative	45,386	58,350	15,744	20,544
	-----	-----	-----	-----
Income from operations	12,886	18,973	4,823	6,876
Interest and other income, net	1,813	2,379	878	932
	-----	-----	-----	-----
Income before income tax provision	14,699	21,352	5,701	7,808
Income tax provision	1,745	2,092	667	905
	-----	-----	-----	-----
Net income	\$12,954	\$19,260	\$5,034	\$6,903
	=====	=====	=====	=====
Earnings per share:				
Basic	\$0.48	\$0.63	\$0.17	\$0.22
	=====	=====	=====	=====
Diluted	\$0.45	\$0.59	\$0.16	\$0.21
	=====	=====	=====	=====
Weighted average shares:				
Basic	26,895	30,725	29,870	31,036
Diluted	28,645	32,481	31,621	32,766

Reconciliation of GAAP net income to pro forma net income

GAAP net income	12,156	12,365	4,667	5,180
Amortization of purchased intangible assets:				
Included in cost of sales	170	1,183	67	542
Included in operating expenses	628	675	300	275
Amortization of stock based compensation	-	313	-	105
Acquisition-related charges:				
In-process research and development	-	3,154	-	-
Write-down of capitalized software	-	1,481	-	-
Other, included in cost of sales and in operating expenses	-	899	-	899
Income tax effect	-	(810)	-	(98)
Pro forma net income	12,954	19,260	5,034	6,903

Balance Sheet Highlights
(In thousands)

ASSETS	January 31, 2004	October 31, 2004 (Unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	\$200,716	\$207,648
Short-term investments	27,997	17,954
Accounts receivable, net	33,654	43,304
Inventories	15,833	17,082
Prepaid expenses and other current assets	6,007	8,437
TOTAL CURRENT ASSETS	284,207	294,425
PROPERTY AND EQUIPMENT, net	14,129	16,890
INTANGIBLE ASSETS	2,051	12,764
GOODWILL	14,364	49,616
OTHER ASSETS	13,955	13,381
TOTAL ASSETS	\$328,706	\$387,076
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$50,301	\$68,917
Convertible note	2,200	-
Short term bank loans and current maturities of long-term bank loans	441	1,244
Advance payments from customers	26,701	35,848
TOTAL CURRENT LIABILITIES	79,643	106,009
LONG-TERM LIABILITIES	4,395	5,612
TOTAL LIABILITIES	84,038	111,621
STOCKHOLDERS' EQUITY	244,668	275,455
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$328,706	\$387,076

About Verint Systems Inc.

Verint Systems Inc., headquartered in Melville, New York, is a leading provider of analytic software-based solutions for communications interception,

digital video security and surveillance, and enterprise business intelligence. Verint software, which is used by over 1,000 organizations in over 50 countries worldwide, generates actionable intelligence through the collection, retention and analysis of voice, fax, video, email, Internet and data transmissions from multiple communications networks. Verint is a subsidiary of Comverse Technology Inc. (NASDAQ: CMVT). Visit us at our website www.verint.com.

Note: Certain statements concerning Verint's future revenues, earnings per share, results or prospects are "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. There can be no assurances that forward-looking statements will be achieved, and actual results could differ materially from forecasts and estimates. Important risks, uncertainties and other important factors that could cause actual results to differ materially include, among others: changes in the demand for Verint's products; further decline in information technology spending; risks associated with acquiring and integrating the assets and business acquired from ECtel and RP Security including products and technologies, as well as retaining key employees and customers, which could result in a substantial diversion of management resources, the incurrence of contingent liabilities, amortization of certain identifiable intangible assets, research and development write-offs and other acquisition-related expenses; the uncertainty of customer acceptance of Verint's products; aggressive competition may force Verint to reduce prices; Verint's lengthy and variable sales cycle makes it difficult to predict operating results; dependence on contracts with governments for a significant portion of Verint's revenues; inability to expand gross margin by reducing hardware in its product offerings; markets for Verint's products failing to develop; risks that Verint's intellectual property rights may not be adequate to protect its business; risks associated with rapidly changing technology and the ability of Verint to introduce new products on a timely and cost-effective basis; inability to maintain relationships with value added resellers and systems integrators; risks associated with Verint's ability to retain existing personnel and recruit and retain qualified personnel; risks associated with changes in the competitive or regulatory environment in which Verint operates; risks associated with significant foreign operations, including fluctuations in foreign currency exchange rates; risks associated with Comverse Technology, Inc. controlling Verint's business and affairs; and other risks described in filings with the Securities and Exchange Commission. All documents are available through the SEC's Electronic Data Gathering Analysis and Retrieval system (EDGAR) at www.sec.gov or from Verint's website at www.verint.com. Verint makes no commitment to revise or update any forward-looking statements.

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