

## **Are Verint Shareholders Being Unfairly Diluted by the Comverse Merger?**

On August 14, 2012, Verint Systems Inc. (Verint) (NASDAQ: VRNT) announced that it had entered into a merger agreement with Comverse Technology Inc. (Comverse) (NASDAQ: CMVT). As discussed below, we are investigating whether the terms of the merger are unfairly dilutive to Verint's public shareholders insofar as it will provide current Comverse shareholders with a direct ownership interest in Verint.

Here are the facts: Verint primarily provides actionable enterprise and security intelligence solutions and services to customers worldwide. Comverse primarily provides software and systems for billing and customer management to telecom service providers.

Comverse currently holds approximately 41% of Verint's outstanding common shares, and all of Verint's outstanding convertible preferred shares, which, if converted, would result in Comverse holding approximately 53.7% of Verint's outstanding common shares.

Under the terms of the fairly complex merger transaction, following the completion of Comverse's previously announced distribution of its telecom business and substantially all of its other assets (other than its equity holdings in Verint) to its current shareholders (the "Comverse Disposition"), Verint will acquire Comverse by issuing to Comverse's shareholders approximately 27.5 million Verint common shares (a number of shares equal to Comverse's current ownership of Verint on an as converted basis at the expected time of transaction closing), plus up to (i) an additional \$25 million in Verint common shares (with the final additional amount dependent on the timing of the Comverse Disposition), and (ii) an additional \$10 million in Verint common shares based on the positive net worth of Comverse (as determined in accordance with the merger agreement) immediately prior to the completion of the transaction.

In sum, the merger eliminates Comverse's majority ownership in, and control of Verint, and provides current Comverse shareholders with a direct ownership interest in Verint.

Verint's board of directors approved the merger following the unanimous recommendation of a special committee of the board comprised solely of independent and disinterested directors.

The key question for Verint shareholders is whether the terms of the merger are unfairly dilutive to them, and whether the negotiating process leading to the merger was fair to them.

Any Verint shareholders with questions about this investigation, are invited to contact our Firm by calling us at 866.582.8140.

Additional information is available at <http://www.wohlfruchter.com/cases/vrnt>.

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