



ACTIONABLE INTELLIGENCE FOR A
SAFER WORLD AND A SMARTER ENTERPRISE

VERINT
POWERING ACTIONABLE INTELLIGENCE®

POWERING ACTIONABLE INTELLIGENCE

Verint® Systems is a leading provider of analytic software-based solutions for the security and business intelligence markets.

Although government and commercial organizations collect vast amounts of information from voice, video, and IP networks, they often lack the means for distilling the most important intelligence from this structured and unstructured data.

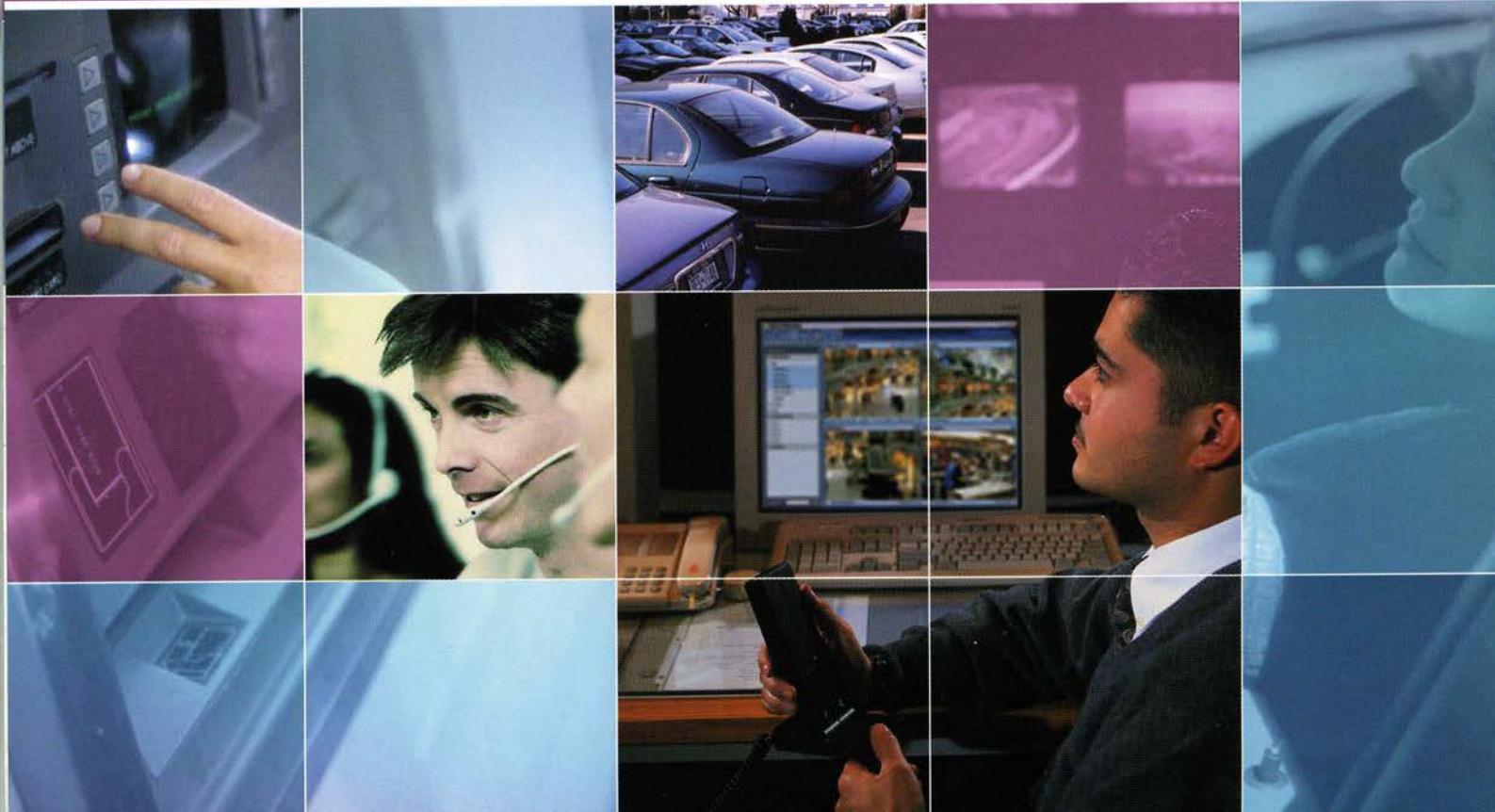
Verint solutions provide enterprise-class platforms for the collection, retention, and analysis of voice, fax, video, email, Internet and data transmissions. Through powerful integration with enterprise systems, Verint solutions facilitate the

exchange of critical information, applying sophisticated analytic technologies to generate actionable intelligence for better-informed decisions and highly effective action.

Verint's actionable intelligence solutions are used by organizations in global and diverse markets, including: government, law enforcement, and transportation; global corporations and financial institutions; retail establishments; and telecommunications and utility providers.

Today, more than 1000 organizations in over 50 countries deploy Verint's actionable intelligence solutions as an integral part of their security and business intelligence initiatives.

POWERFUL ACTIONABLE INTELLIGENCE SOLUTIONS FOR IMPROVING SECURITY AND BUSINESS PERFORMANCE



FISCAL 2004: A YEAR OF GROWTH AND RECORD RESULTS

TO OUR STOCKHOLDERS, CUSTOMERS, PARTNERS AND EMPLOYEES

Fiscal 2004 was a year of continued growth and record results for Verint Systems.

Verint's success was driven by our ongoing commitment to innovation, a growing recognition of the value of actionable intelligence, and strong demand for actionable intelligence solutions in both the security and business intelligence markets.

In the security market, our actionable intelligence solutions continued to address a broad range of important initiatives, including the protection of critical infrastructure, people and assets, and the collection of intelligence to prevent criminal and terrorist threats.

As the business intelligence market continued to recover, a growing number of enterprises deployed our actionable intelligence solutions to gain a better understanding of customer requirements and enhance the performance of their customer-facing operations.

We delivered our 13th quarter of sequential revenue growth. Revenue increased 30% year-over-year and reached a record \$249.8 million. Our revenue growth, combined with continued gross margin expansion, resulted in record net income.

We generated \$57 million of positive cash flow from operations and ended the year with a strong balance sheet, including a cash and short-term investment position of \$240 million.

We achieved these positive results while investing significantly in our business and the actionable intelligence market. Increasing our global workforce by approximately 250 and ending the year with 1200 employees, we strengthened our sales and marketing, research and development, and customer support operations, preparing Verint for continued growth.

As we enter Fiscal 2005, we look forward to another successful year, as our actionable intelligence solutions continue to be adopted and successfully deployed around the world.



Dan Bodner
President and
Chief Executive Officer



ACTIONABLE INTELLIGENCE FOR A SAFER WORLD™

COMMUNICATIONS INTERCEPTION SOLUTIONS

Government and law enforcement agencies must deploy increasingly sophisticated solutions in order to neutralize threats from criminals and terrorists who exploit continually evolving communications networks.

Verint provides a broad portfolio of Communications Interception Solutions for extracting actionable intelligence from virtually any type of communications network.

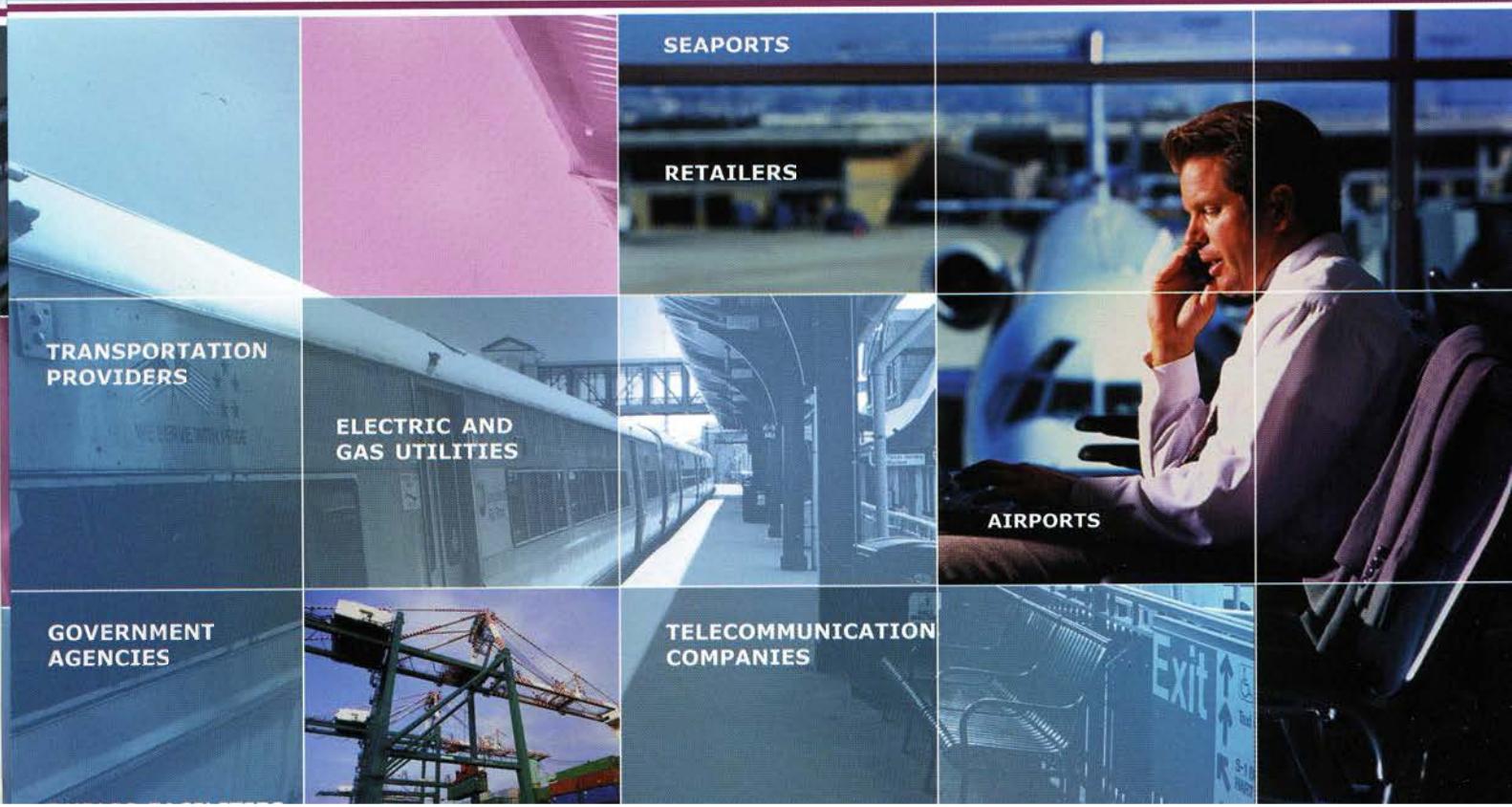
Verint VANTAGE™ and RELIANT™ enable government and law enforcement agencies to rapidly identify potential threats, share critical intelligence, and establish evidence for legal prosecution. These platforms for the capture and analysis of voice and data communications use highly

sophisticated inference and analytic technologies to uncover significant interactions and hidden relationships in vast amounts of communications and data.

Verint STAR-GATE™ equips telecommunications carriers to comply with government mandates on electronic surveillance.

NETWORKED VIDEO SOLUTIONS

Networked video continues to be considered a critical component of enterprise security initiatives. However, large, distributed video networks present significant management challenges and require increasingly sophisticated technologies for distilling critical information from the video they capture.



ACTIONABLE INTELLIGENCE FOR A SMARTER ENTERPRISE™

Verint Nextiva™ is a robust, enterprise-class platform that collects, retains, analyzes, and distributes video images to improve security and business performance. Nextiva enables the exchange of critical information with physical security, IT, and enterprise systems and applies sophisticated analytics, generating actionable intelligence to speed response times and initiate effective action. Nextiva vertical market applications address special challenges unique to government, transportation, critical infrastructure, financial services, and campus environments.

CONTACT CENTER ACTIONABLE INTELLIGENCE SOLUTIONS

As the primary customer touchpoint for many companies, the contact center contains a wealth of intelligence for improving operational efficiency, increasing customer loyalty, and enhancing customer value.

ULTRA™ is a unified contact center platform and suite of solutions that captures and analyzes customer interactions to address a broad spectrum of business objectives, including agent quality, liability management, regulatory compliance, and business process optimization. The ULTRA Analytics™ suite provides actionable intelligence on such critical issues as why agents underperform, why customers are dissatisfied, or why enterprise processes are ineffective. This actionable intelligence enables Verint's global clients to maximize customer loyalty and improve the profitability of their customer-focused operations.

Recognized by the industry for innovation and business value, Verint solutions help transform the contact center into a strategic business asset.

INTELLIGENT ENTERPRISE-CLASS ANALYTIC PLATFORMS FOR ENHANCING SECURITY AND BUSINESS PERFORMANCE



A COMMITMENT TO INNOVATION

Since 1994, Verint has been committed to developing innovative solutions that help our customers achieve their strategic objectives.

We offer scalable, intelligent, enterprise-class platforms that provide a framework for growth and position our customers to rapidly adapt to dynamic security and operational challenges.

Our solutions build bridges to our customers' IT and enterprise systems. They facilitate the exchange of critical information and incorporate sophisticated analytic technologies to generate more relevant, comprehensive, and actionable intelligence.

Our solutions are flexible, customizable, and industry standards oriented. They enable our customers to leverage emerging technologies and existing infrastructures — to

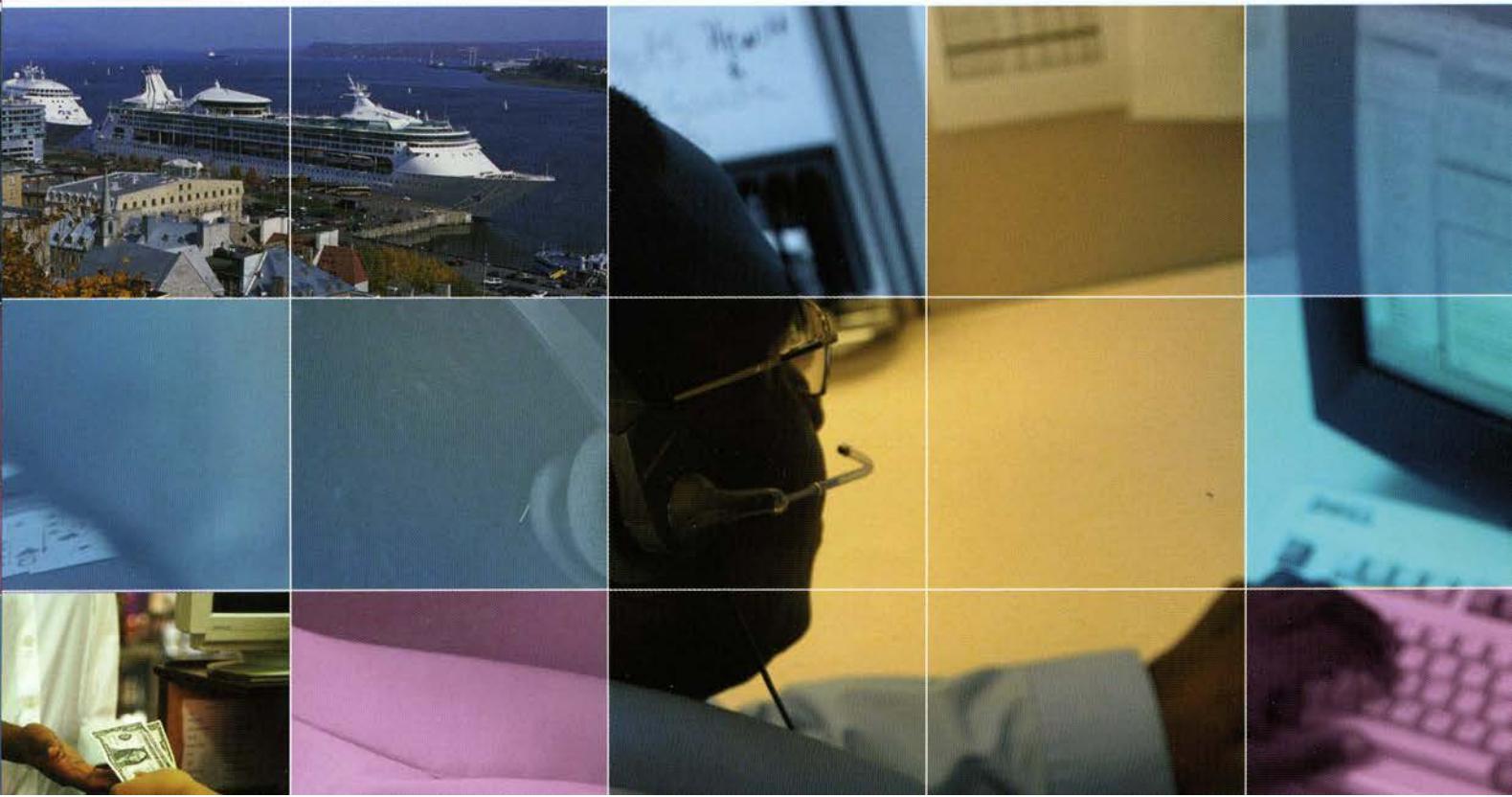
deploy the solutions that best meet their needs and deliver the most value — and to meet important goals now and in the future.

Verint solutions are market focused, engineered by veterans of government and commerce to address the special challenges of specific market sectors. More than a third of the 1200 Verint professionals around the globe are dedicated to ongoing product development, continually enhancing Verint solutions to help our customers meet their objectives.

Today, organizations worldwide recognize Verint's actionable intelligence solutions for innovation, long-term business value, and outstanding return on investment.



ORGANIZATIONS WORLDWIDE RECOGNIZE VERINT FOR OUTSTANDING INNOVATION AND LONG-TERM BUSINESS VALUE



GLOBAL PRESENCE

WORLDWIDE HEADQUARTERS

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