

## MEMORANDUM

**To:** All Directors, Officers, Employees and Consultants

**From:** Paul L. Robinson, General Counsel

**Re:** Comverse Technology, Inc. Policy -- Securities Trades By Company Personnel

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### **The Need For A Policy Statement**

The purchase or sale of securities in Comverse Technology, Inc. (referred to herein as “CTI” and the “Company”) and/or its subsidiary public companies (currently Verint Systems Inc. (“Verint”) and Ulticom, Inc. (“Ulticom”)) by directors, officers, employees and consultants of CTI (collectively “Company Personnel”) while aware of material nonpublic information, or the disclosure of material nonpublic information to others who then trade in CTI, Verint or Ulticom, is prohibited by the federal securities laws. Insider trading violations are pursued vigorously by the SEC and the U.S. Attorneys and are punished severely. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by Company Personnel.

This Policy Statement has been adopted both to satisfy the Company’s obligation to prevent insider trading and to help Company Personnel avoid the severe consequences associated with violations of the insider trading laws. The Policy Statement also is intended to prevent even the appearance of improper conduct on the part of anyone employed by or associated with the Company (not just so-called insiders). We have all worked hard over the years to establish a reputation for integrity and ethical conduct, and we cannot afford to have that reputation damaged.

### **The Consequences**

The consequences of an insider trading violation can be severe.

Traders and Tippers. Company Personnel (or their tippees) who trade on inside information are subject to the following penalties:

- A civil penalty of up to three times the profit gained or loss avoided;
- A criminal fine of up to \$5,000,000 (no matter how small the profit); and
- A jail term of up to twenty years.

Company Personnel who tip information to a person who then trades is subject to the same penalties as the tippee, even if the Company Personnel did not trade and did not profit from the tippee's trading.

Control Persons. The Company and its supervisory personnel, if they fail to take appropriate steps to prevent illegal insider trading, also are subject to severe penalties under federal securities laws.

Company-Imposed Sanctions. The failure to comply with the Company's insider trading policy may subject Company Personnel to Company-imposed sanctions, including dismissal for cause, whether or not the failure to comply results in a violation of law. Needless to say, a violation of law, or even an SEC investigation that does not result in prosecution, can tarnish one's reputation and irreparably damage a career.

### **Priority of Statutory or Regulatory Trading Restrictions**

The trading prohibitions and restrictions set forth in this policy will be superseded by any greater prohibitions or restrictions prescribed by federal or state securities laws and regulations, e.g., short-swing trading by Section 16 Individuals or restrictions on the sale of securities subject to Rule 144 in the Securities Act of 1933. Any employee who is uncertain whether other prohibitions or restrictions apply should ask a member of the Legal Department.

### **Statement of Policy**

It is the policy of the Company that Company Personnel who are aware of material nonpublic information relating to the Company may not, directly or through family members or other persons or entities, (a) buy or sell securities (including the purchase or sale of puts, calls and options) of the Company, or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends. In addition, it is the policy of the Company that Company Personnel who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may not trade in that company's securities until the information becomes public or is no longer material.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from the policy. The securities laws do not recognize such mitigating circumstances, and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Disclosure Of Information To Others. The Company is required under Regulation FD of the federal securities laws to avoid the selective disclosure of material nonpublic information. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including analysts, shareholders, journalists or any media outlet, family members and friends, other than in accordance

with those procedures. You also may not discuss the Company or its business in an internet “chat room” or similar internet-based forum.

Material Information. Material information is any information that a reasonable investor would consider important in making a decision to buy, hold, or sell securities. Any information that could be expected to affect the Company’s stock price, whether it is positive or negative, should be considered material. Some examples of information that ordinarily would be regarded as material include, but are not limited to:

- Projections of future earnings or losses, or other earnings guidance;
- Earnings that are inconsistent with the consensus expectations of the investment community;
- The potential or actual gain or loss of a significant customer, supplier, or purchase order;
- Joint ventures and distribution agreements;
- A pending or proposed merger, acquisition or tender offer;
- Company restructuring;
- A pending or proposed acquisition or disposition of a significant asset;
- Borrowing activities (other than in the ordinary course);
- A change in dividend policy, the declaration of a stock split, or an offering of additional securities;
- Litigation, whether pending or threatened;
- A change in senior management; and
- Impending bankruptcy or the existence of severe liquidity problems.

If you have any question as to whether information is material, please err on the side of caution and direct an inquiry to the Legal Department.

Twenty-Twenty Hindsight. Remember, anyone scrutinizing your transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, you should carefully consider how enforcement authorities and others might view the transaction in hindsight.

When Information is “Public”. If you are aware of material nonpublic information, you may not trade until the information has been disclosed broadly to the marketplace (such as by press release or an SEC filing) and the investing public has had time to absorb the information fully. To avoid the appearance of impropriety, as a general rule, information should not be considered fully absorbed by the marketplace until after the second full business day after the information is released. If, for example, the Company were to make an announcement on a Monday prior to 8:30 a.m. New York Time, you should not trade in the Company’s securities until Wednesday. If an announcement were made on a Monday after 8:30 a.m. New York Time, you should not trade in the Company’s securities until Thursday.

If you have any question as to whether information is publicly available, please err on the side of caution and direct an inquiry to the Legal Department.

Transactions by Family Members. The insider trading policy also applies to your immediate family members who reside with you, anyone else who lives in your household, and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). “Immediate family” means any spouse, child, stepchild, grandchild, parent, stepparent, grandparent, sibling, mother or father-in-law, son or daughter-in-law, or brother-in-law or sister-in-law (as well as other adoptive relationships) who shares your same household. You are responsible for the transactions of these other persons and therefore should make them aware of the need to confer with you before they trade in the Company’s securities.

#### Transactions Under Company Plans

*Stock Option Exercises.* The Company’s insider trading policy does not apply to the exercise of an employee stock option where all exercised shares continue to be held by the option holder. The policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale of stock, including a sale for the purpose of generating the cash needed to pay the exercise price of an option.

*Employee Stock Purchase Plan.* The Company’s insider trading policy does not apply to purchases of Company stock in the employee stock purchase plan resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. The policy does apply to your election to participate in the plan for any enrollment period, and to your sales of Company stock purchased pursuant to the plan. For example, you may not elect to participate in the plan or withdraw from the plan if you otherwise are prohibited from trading in the Company’s securities.

#### Additional Prohibited Transactions

The Company considers it improper and inappropriate for Company Personnel to engage in short-term or speculative transactions in the Company’s securities. It therefore is the Company’s policy that Company Personnel may not engage in any of the following transactions:

*Blackout Periods:* To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that **all directors and designated officers, employees and consultants** (designated individuals will be identified and contacted through a separate memorandum), and any persons acting on behalf of such persons, not conduct transactions (for their own or related accounts) involving the purchase or sale of the Company's securities during the following periods (the "Blackout Periods"):

- The period in any fiscal quarter commencing on the fifteenth day of the third calendar month (i.e., April 15, July 15, October 15 and January 15) and ending after the second full business day after the date of public disclosure of the financial results for such fiscal quarter or year. If public disclosure occurs on a Trading Day before the markets close, then such date of disclosure shall not be considered the first Trading Day with respect to such public disclosure.

The purpose behind the Blackout Period is to help establish a diligent effort to avoid any improper transactions. All directors and officers, and designated employees and consultants must comply with the Blackout Period. Specific exceptions may be made, with approval, when Company Personnel does not possess material nonpublic information, personal circumstances warrant the exception, and the exception would not otherwise contravene the law or the purposes of this Policy. Any request for exception shall be directed to the Company's Legal Department.

The safest period for trading in the Company's securities, assuming the absence of Material Nonpublic Information, generally is the first ten trading days following the end of the Blackout Period. The Blackout Periods are particularly sensitive periods and particular attention must be made to insure that transactions in the Company's securities are made in accordance with the applicable laws. This is because Company Personnel will, as any quarter progresses, be increasingly likely to possess Material Nonpublic Information about the expected financial results for the quarter.

It should be noted that even at times that do not fall within the Blackout Period, any person possessing Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least two full trading days. From time to time, the Company may impose at a time outside of the Blackout Periods, that Company Personnel and others suspend trading because of developments known to the Company and not yet disclosed to the public. In such an event, such persons are advised not to engage in any transaction involving the purchase or sale of the Company's securities during such period and should not disclose to others the fact of such suspension of trading. Each person is individually responsible at all times for compliance with the prohibitions on insider trading. Trading in the Company's securities outside the Blackout Period should not be considered a "safe harbor," and all Company Personnel should use good judgment at all times.

*Short-term Trading.* Company Personnel's short-term trading of the Company's securities may be distracting and may unduly focus on the Company's short-term stock market performance instead of the Company's long-term business objectives. For these reasons, Company Personnel who purchase Company securities in the open market may not sell any Company securities of the

same class during the six months following the purchase. Note that shares purchased through either the Company's employee stock purchase plan or the employee stock option plan are not subject to this restriction.

*Short Sales.* Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy Statement. In addition, Section 16(c) of the Exchange Act prohibits directors and officers from engaging in short sales.

*Publicly Traded Options.* A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that trading is based on inside information. Transactions in options also may focus attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities, on an exchange or in any other organized market, are prohibited by this Policy Statement. (Option positions arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions.")

*Hedging Transactions.* Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow Company Personnel to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow Company Personnel to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, Company Personnel may no longer have the same objectives as the Company's other shareholders. Therefore, the Company strongly discourages you from engaging in such transactions. Any person wishing to enter into such an arrangement must first pre-clear the proposed transaction with the Legal Department. Any request for pre-clearance of a hedging or similar arrangement must be submitted to the Legal Department at least two weeks prior to the proposed execution of documents evidencing the proposed transaction and must set forth a justification for the proposed transaction.

#### Post-Termination Transactions.

The Policy Statement continues to apply to your transactions in Company securities even after you have terminated employment. If you are in possession of material nonpublic information when your employment terminates, you may not trade in Company securities until that information has become public or is no longer material.

#### Company Assistance.

Any person who has a question about this Policy Statement or its application to any proposed transaction may obtain additional guidance from the Legal Department. Ultimately, however, the responsibility for adhering to this Policy Statement and avoiding unlawful transactions rests with the individual Company Personnel.