



## Insider Trading Policy

### I. THE NEED FOR A POLICY

This Policy on Insider Trading and Communications with the Public (this "Policy") applies to insider trading, which is prohibited by the federal securities laws and may include: (a) the purchase or sale of securities in Comverse Technology, Inc. and all subsidiaries and entities controlled by it (collectively, the "Company") by directors, officers, employees and consultants of the Company and their immediate family members while aware of material nonpublic information, (b) the disclosure of material nonpublic information about the Company to others who then trade in Company securities and (c) trading in the securities of other companies or entities with which the Company has conducted, is conducting, or intends to conduct, business, or sharing with anyone outside the Company any material, nonpublic information about these other companies or entities.

Insider trading violations are pursued vigorously by the U.S. Securities and Exchange Commission ("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" such as directors and officers who fail to take reasonable steps to prevent insider trading.

This Policy applies to: (a) all directors, officers and other employees of the Company; (b) all agents and consultants of the Company who have access to or receive material, nonpublic information about the Company or any other company or entity the Company does or intends to do business with in the course of their engagement by or association with the Company; and (c) immediate family members and persons sharing the same household of the persons described in clauses (a) and (b) above, and any other person whose transactions in Company securities are directed by, or subject to their influence or control (collectively referred to herein as "Company Personnel and Other Covered Persons"). Company Personnel are obligated to inform their immediate family members and Other Covered Persons of the requirements of this Policy.

"Immediate family member" 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), whether or not sharing the same household as the persons described in clauses (a) and (b) above.

This Policy has been adopted to ensure compliance with the federal securities laws and to help Company Personnel and Other Covered Persons avoid the severe consequences associated with violations of the federal securities laws. The Policy 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.

### II. DEFINITIONS

**Immediate Family Member:** Immediate Family Member means any spouse or domestic partner, 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), whether or not sharing the same household as the related persons described in clauses (a) and (b) above as well as any person sharing the household of the related person, other than a tenant.

### III. WHAT IS INSIDER TRADING?

Insider trading occurs when a person who is aware of material, nonpublic information about a company buys or sells that company's securities. A director, officer or other employee, agent, consultant, or any other advisor owing a duty of trust and confidence to the Company, such as accountants or outside attorneys, also may violate the insider trading laws if he or she communicates – or "tips" – material, nonpublic information to another person or entity without authorization by the Company, which person or entity in turn trades on the basis of this information. Information is "material" if a reasonable investor would consider it important in deciding whether to buy, hold or sell securities and "nonpublic" if it has not been disseminated in a manner making it available to investors generally (see below).

The insider trading (including tipping) prohibitions are not limited to common stock of the Company, including the publicly traded common stock of entities such as Ulticom, Inc. and Verint Systems Inc. Under the law, insider trading in **any security** of the Company, such as debt or preferred stock, is illegal. This Policy also applies to trading in the common stock or other

securities of companies or other entities with which the Company has conducted, currently conducts, or intends to conduct, business, such as past, current and potential customers and suppliers.

#### **IV. WHO IS AUTHORIZED TO COMMUNICATE WITH SHAREHOLDERS, ANALYSTS AND OTHERS OUTSIDE THE COMPANY?**

The Company is engaged in ongoing communications with investors, securities analysts and the financial press. It is against the law – specifically, Regulation FD adopted by the SEC – as well as this Policy, for any person acting on behalf of the Company selectively to disclose material, nonpublic information to securities professionals (including, for example, buy and sell-side analysts, institutional investment managers and investment companies) or investors in any security of the Company under circumstances where it is **reasonably foreseeable that the recipient may be likely to trade on the basis of such information, unless the information has first or simultaneously been disclosed to the public.**

Only the Chief Executive Officer and Vice President, Corporate Marketing and Communications are authorized to speak on behalf of the Company. Anyone who communicates without proper authorization will not only violate this Policy but may also violate the anti-tipping provisions of the insider trading laws.

#### **V. THE CONSEQUENCES**

##### **A. Violation of Insider Trading Prohibition:**

Insider trading is a serious crime and the consequences of a violation can be severe.

**Individuals.** Trading on inside information may subject Company Personnel and Other Covered Persons 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);
- A jail term of up to 25 years;
- Disgorgement of profits;
- A cease-and-desist order to stop the violation, and penalties for violations of such orders; and
- A bar from serving as an officer or director of the Company or any other public company filing reports with the SEC.

If Company Personnel or Other Covered Persons tip information to a person who then engages in insider trading, the tipper will be subject to the same penalties as the person who engaged in the insider trading, even if the tipper did not trade and did not profit from the trading.

**Control Persons and the Company.** The Company and its directors, officers and supervisory personnel may also be subject to severe penalties under federal securities laws for failures to take appropriate steps to prevent illegal insider trading:

- Civil penalty not to exceed the greater of \$1 million or three times the profit gained or loss avoided as a result of the employee's violation; and
- Criminal penalty of up to \$25 million.

The failure to comply with this Policy may subject Company Personnel to additional sanctions imposed by the Company, 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 a reputation and irreparably damage a career.

##### **B. Violation of Regulation FD:**

Communications in violation of Regulation FD may expose the Company to liability for material misstatements. Additionally, any Company Personnel who makes an unauthorized selective disclosure of material, nonpublic information to an analyst, investor or other person outside the Company could potentially be held liable for illegal tipping if the recipient of the information trades in Company securities.

In addition, if the SEC views a violation of this Policy as causing the Company to violate Regulation FD, the Company may be subject to an SEC enforcement action. This could occur if the Company is unable to persuade the SEC that the communication was unauthorized and/or otherwise contrary to this Policy. In addition, the person making the communication might be sued by the SEC as a "cause" of the Company's Regulation FD violation.

#### **VI. INSIDER TRADING POLICY**

##### **A. General Considerations**

Anyone 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 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 if Company Personnel and Other Covered Persons learn of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, such Company Personnel and Other Covered Persons may not trade in that company's securities until the information becomes public or is no longer material.

Transactions that may seem necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not excepted from this 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.

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 rules or sales of restricted securities. Questions about whether other prohibitions or restrictions apply to Company Personnel and Other Covered Persons should be directed to the Legal Department.

## **B. Material Information**

As noted above, 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 there are any questions as to whether information is material, Company Personnel and Other Covered Persons should err on the side of caution and direct inquiries to the Legal Department.

## **C. Twenty-Two Hindsight**

Remember, any scrutiny of transactions will be done so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, Company Personnel and Other Covered Persons should carefully consider how enforcement authorities and others might view the transaction in hindsight.

## **D. When Information is "Public"**

Anyone aware of material nonpublic information 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, no one aware of the information prior to its disclosure should trade in the Company's securities until Wednesday. If an announcement were made on a Monday after 8:30 a.m. New York Time, such persons should not trade in the Company's securities until Thursday.

If there are any questions as to whether information is publicly available, Company Personnel and Other Covered Persons should err on the side of caution and direct inquiries to the Legal Department.

## **E. Transactions Under Company Plans**

**Stock Option Exercises.** This Policy does not apply to the **exercise** of an employee stock option where all exercised shares continue to be held by the option holder. This 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.** This Policy does not apply to purchases of Company stock in the employee stock purchase plan resulting from periodic contributions of money to the plan pursuant to Company Personnel's election made at the time of enrollment in the plan. This Policy does apply to elections made by Company Personnel to participate in the plan for any enrollment period, and to sales by Company Personnel of Company stock purchased pursuant to the plan. For example, Company Personnel may not elect to participate in the plan or withdraw from the plan if Company Personnel otherwise are prohibited from trading in the Company's securities.

## F. Additional Prohibited Transactions

The Company considers it improper and inappropriate for Company Personnel and Other Covered Persons to engage in short-term or speculative transactions in the Company's securities. It therefore is the Company's policy that Company Personnel and Other Covered Persons 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 blackout 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 such directors and officers, and designated employees and consultants do 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 should be directed to the Legal Department.

The safest period for trading in the Company's securities, assuming the absence of material nonpublic information, generally is the first ten (10) trading days following the end of the blackout periods. 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. As any quarter progresses, the likelihood of possessing material nonpublic information about the expected financial results for the quarter will increase.

It should be noted that even at times that do not fall within any blackout period, any person possessing material nonpublic information concerning the Company should not engage in any transactions in Company securities until such information has been known publicly for at least two full trading days. From time to time, at a time outside of the blackout periods, the Company may suspend trading by Company Personnel because of developments known to the Company and not yet disclosed to the public. In such an event, Company Personnel will be advised that Company Personnel must not engage in any transaction involving the purchase or sale of Company 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 Company securities outside the blackout periods should not be considered a "safe harbor," and Company Personnel and Other Covered Persons should use good judgment at all times.

**Short-term Trading.** Any short-term trading by Company Personnel and Other Covered Persons 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, if Company Personnel and Other Covered Persons purchase Company securities in the open market, Company Personnel and Other Covered Persons 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 and by the federal securities laws.

**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. 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 a person 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 the holder to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, Company Personnel and Other Covered Persons may no longer have the same objectives as the Company's other shareholders. Therefore, the Company strongly discourages Company Personnel and Other Covered Persons from engaging in such transactions. Company Personnel and Other Covered Persons wishing to enter into such an arrangement must first pre-clear the proposed transaction with 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.

#### **G. Post-Termination Transactions**

The Policy continues to apply to transactions by Company Personnel and Other Covered Persons in Company securities even after termination of employment by the Company. If Company Personnel and Other Covered Persons are in possession of material nonpublic information when employment is terminated, such Company Personnel and Other Covered Persons may not trade in Company securities until that information has become public or is no longer material.

## **VII. COMMUNICATIONS WITH THE PUBLIC**

### **A. General Considerations**

The Company is required under Regulation FD of the federal securities laws to avoid the selective disclosure of material nonpublic information. Company Personnel 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. Company Personnel also may not discuss the Company or its business in an internet "chat room" or similar internet-based forum.

Contacts with investors and analysts are important; they affect the views and attitudes of key market participants toward the Company. If improperly conducted, those contacts might expose the Company to liability for material misstatements. Additionally, any person who makes an unauthorized selective disclosure of material, nonpublic information to an analyst, investor or other person outside the Company could potentially be held liable for illegal tipping if the recipient of the information trades in Company securities.

If the SEC views a violation of this Policy as causing the Company to violate Regulation FD, the Company may be subject to an SEC enforcement action. This could occur if the Company is unable to persuade the SEC that the communication was unauthorized and/or otherwise contrary to this Policy. In addition, Company Personnel might be sued by the SEC as a "cause" of the Company's Regulation FD violation.

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.

### **B. Authorized Spokespersons**

Senior officials of the Company, or any other director, officer, employee or agent of the Company who regularly communicates with investors and/or securities professionals, may be deemed to be persons "acting on behalf of" the Company for purposes of Regulation FD. Company Personnel may therefore subject the Company to possible SEC enforcement action for violation of Regulation FD if Company Personnel orally, or in writing, communicate material, nonpublic information to market professionals and investors in situations where the Company has not either previously, or simultaneously, released that information to the public pursuant to one or more of the following methods:

- Form 8-K or other document filed with, or submitted to, the SEC;
- A press release; or
- A conference call or webcast of such call that is open to the public at large (albeit solely on a "listen-only" basis where an authorized spokesperson deems it appropriate), and has been the subject of adequate advance notice within the meaning of Regulation FD.

The Company limits the number of spokespersons authorized to communicate on behalf of the Company with any person or entity outside the Company – both to ensure compliance with Regulation FD and otherwise to protect the confidentiality of sensitive business or financial information regarding the Company. Accordingly, the Company has designated in writing the Chief Executive Officer and Vice President, Corporate Marketing and Communications, as the sole authorized spokespersons for the Company. These officers typically lead or participate in the presentations at the Company's quarterly earnings or other conference calls. In the first instance, inquiries from securities analysts, investors and financial reporters should be referred to Investor Relations or to one of the authorized spokespersons. From time to time, other employees or members of the Board of Directors may be designated by authorized spokespersons to respond to specific inquiries or to make specific presentations to the investment community as necessary or appropriate, in which case they too shall be deemed "authorized spokespersons"

for purposes of this Policy.

All inquiries regarding the Company or its securities made by any person or entity outside the Company, including but not limited to securities analysts, members of the media, existing shareholders and/or debtholders and potential investors (except in the context of planned and authorized presentations) with regard to the Company's business operations or prospects as well as the Company's financial condition, results of operations, or any development or plan affecting the Company, should be referred immediately and exclusively to Investor Relations or an authorized spokesperson.

### **C. Inadvertent Disclosure**

Should Company Personnel become aware of facts suggesting that material, nonpublic information may have been communicated in violation of this Policy to a securities professional, an investor or potential investor, or the press – regardless of whether the source or means (oral, written or electronic (e.g., e-mail, Internet chat room, etc.)), such Company Personnel must notify the Legal Department immediately. In certain circumstances, steps can be taken promptly upon discovery of the selective disclosure to protect both the Company and the person responsible for that communication. Regulation FD, for example, gives a brief period, generally 24 hours, after discovery of a careless or inadvertent selective disclosure to avoid potential SEC enforcement action by fully disclosing the information in question to the public.

### **D. Advance Review Of Speeches And Presentations**

Whenever practicable, the Company will encourage investor and analyst conferences in which Company Personnel participate to be open to the public and simultaneously webcast. If not expressly authorized by this Policy, Company Personnel must obtain authorization to participate in that presentation from an authorized spokesperson. Any planned or pre-scripted portions of any conference presentation to be given regarding the Company should be reviewed in advance by at least one of the authorized spokespersons. If the conference is not open to the public, consideration should be given to appropriate public dissemination of the material to be presented. Special care should be taken in the case of statements made in the context of informal or one-on-one meetings with analysts or investors to avoid the inadvertent disclosure of material, nonpublic information.

### **E. Responding To Rumors**

Rumors and media reports concerning the business and affairs of the Company may circulate from time to time. It is the Company general policy not to comment upon such rumors and/or to publish corrections about inaccurate or incomplete media statements. Company Personnel should not comment upon or respond to such rumors and/or media reports. Requests for comments or responses should be referred to Investor Relations or to an authorized spokesperson.

***Refer any requests for comments or responses to Investor Relations:***

Investor Relations  
Comverse Technology, Inc.  
810 Seventh Avenue, New York, New York, USA  
Phone: (212) 739-1060  
E-mail: Paul.Baker@cmvt.com

### **F. Broad, Public Dissemination**

It is the Company's policy to disseminate material information broadly throughout the marketplace. In disclosing material information, the Company follows a regimen intended to disseminate the news broadly. Specifically, the Company has a policy of disclosing information to the public pursuant to any or all of the means described above in Part VI.B. above.

Material information should not be disclosed initially in investor forums to which access may be limited (such as investor conferences and "one-on-one" meetings with investors or analysts). Such limited disclosure can create an unfair advantage for such persons. For purposes of these discussions, the key litmus test is that material information must be disseminated broadly before or as it is discussed with any investor or analyst.

## **VIII. CERTIFICATIONS UNDER THE POLICY**

The Board of Directors believes it is prudent to require each individual director, officer and key employee subject to this Policy to certify initially and on a regular basis that such individual has read and is in compliance with this Policy and will abide by the provisions set forth herein in the future.

## **IX. WHO DO I CONTACT FOR ASSISTANCE?**

If Company Personnel and Other Covered Persons have a question about this Policy or its application to any proposed transaction or disclosure, additional guidance may be obtained from the Legal Department. Ultimately, however, the responsibility for adhering to this Policy and avoiding unlawful transactions rests with Company Personnel and Other Covered Persons.

***If you have any questions, please contact the Legal Department:***

Legal Department  
Comverse Technology, Inc.  
810 Seventh Avenue, New York, New York, USA  
Phone: (+1) 212-739-1000  
E-mail: [legal@cmvt.com](mailto:legal@cmvt.com)