

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

IN RE COMVERSE TECHNOLOGY, INC.  
SECURITIES LITIGATION

No. CV 06-1825 (NGG) (RER)

**NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION**

**TO: ALL PERSONS AND ENTITIES THAT PURCHASED COMVERSE TECHNOLOGY, INC. COMMON STOCK DURING THE PERIOD OF APRIL 30, 2001 THROUGH JANUARY 29, 2008 (THE “CLASS”).**

**EXCLUDED FROM THE CLASS ARE THE DEFENDANTS, ALL CURRENT AND FORMER OFFICERS AND DIRECTORS OF COMVERSE, ALL EMPLOYEES OF COMVERSE AND/OR ITS SUBSIDIARIES DURING THE CLASS PERIOD, AND ANY FAMILY MEMBER, TRUST, COMPANY, ENTITY OR AFFILIATE CONTROLLED OR OWNED BY ANY OF THE EXCLUDED PERSONS AND ENTITIES REFERENCED ABOVE.**

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure (“Rule 23”) and an Order of the United States District Court for Eastern District of New York (the “Court”) of the pendency of a class action lawsuit on behalf of the Class.

YOU ARE ALSO HEREBY NOTIFIED, pursuant to Rule 23 and an Order of the Court, that there is a proposed settlement of claims in the lawsuit against all defendants. This settlement is on behalf of Members of the Class. You could get a payment from the proposed settlement described below.

***A Federal Court authorized this Notice. This is not a solicitation from a lawyer.***

This Notice explains important rights you may have. Your legal rights are affected whether or not you act. Please read this notice carefully!

**COVER PAGE REQUIRED BY FEDERAL LAW**

1. **Statement of Class Member’s Recovery:** This Notice has been sent to you pursuant to an Order of the United States District Court, Eastern District of New York (the “Court”) in the class action bearing the caption *In re Comverse Technology, Inc. Securities Litigation*, No. CV 06-1825-(NGG) (RER) (the “Action”). One of the purposes of this Notice is to inform you of the proposed Settlement of the Action for \$225 million (also see Paragraphs 50, 51 and 64 for details). This Notice describes the rights you may have in connection with the Settlement, what steps you may take in relation to the Settlement, and provides information about the hearing that will be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. In order to receive financial proceeds from the Settlement, you will need to obtain and file a Proof of Claim and Release Form (“Proof of Claim”).

2. **Reasons for the Settlement with Defendants:** The Settlement resolves claims against Comverse and certain of its former Officers and Directors (“Defendants”) regarding alleged violations of the federal securities laws. By entering into the Settlement, the Defendants do not admit any allegations of wrongdoing. In light of the amount of the Settlement and the immediacy of recovery to the members of the Class, Lead

Plaintiff believes that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class. The Settlement provides a substantial benefit, namely \$225,000,000, less the various deductions described in this Notice, as compared to the risk that a similar, smaller, or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert substantial defenses to the claims brought against them.

3. **Statement of Average Amount of Damage Per Share:** Lead Plaintiff and the Defendants do not agree on the average amount of damages per share that would be recoverable if Lead Plaintiff were to have prevailed on each claim alleged. The issues on which the parties disagree include: (1) the appropriate economic model for determining the amount by which Comverse's common stock was allegedly artificially inflated (if at all); (2) the amount by which Comverse common stock was allegedly artificially inflated (if at all); (3) the various market forces influencing the trading price of Comverse common stock; (4) the extent to which external factors, such as general market conditions, influenced the trading price of Comverse common stock; and (5) the extent to which the various matters that Lead Plaintiff alleged were false or misleading influenced (if at all) the trading price of Comverse common stock

4. In the opinion of Lead Counsel, the Settlement represents a significant part of damages that would likely be awarded by a jury. More importantly, the Settlement represents a very significant portion of the damages that would likely be collected from Defendants, given the Company's limited resources to satisfy any potential judgment and limited insurance coverage.

5. Lead Plaintiff's damages expert estimates that approximately 188.4 million shares of Comverse common stock traded, and were damaged, during the Class Period. Assuming that the owners of all affected Comverse shares elect to participate in the Settlement, the average recovery per share could be \$1.19, before deduction of any fees, expenses, costs, and awards described herein. The actual amount disbursed to members of the Class who participate in the Settlement may be more or less than this figure.

6. **Statement of Attorneys' Fees and Expenses:** Counsel has not received any payment for its services in conducting this litigation on behalf of Lead Plaintiff and the members of the Class, nor has it been reimbursed for its out-of-pocket expenditures. If the Settlement is approved by the Court, such counsel will apply to the Court for attorneys' fees not to exceed 27% of the Settlement Amount, and reimbursement of expenses not to exceed \$1.75 million. Such fees and expenses will be paid from the Settlement Amount. If the amount requested by counsel is approved by the Court, the average cost would be \$0.33 per share. In addition, a Compensatory Award for the time and expenses incurred by Lead Plaintiff will be sought, not to exceed \$75,000.

7. **Identification of Lead Plaintiffs' Counsel:** For further information regarding this Settlement you may contact Patrick V. Dahlstrom, Esq., Pomerantz Haudek Grossman & Gross LLP, 10 South La Salle Street, Suite 3505, Chicago, IL 60603 [www.pomlaw.com](http://www.pomlaw.com).

**DO NOT CONTACT THE COURT.  
[END OF COVER PAGE]**

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## WHY DID I GET THIS NOTICE?

8. A class action is a lawsuit in which one or more persons sue on behalf of all other persons who have similar claims.

9. On March 23, 2007, a complaint was filed in the United States District Court for the Eastern District of New York (the “Court”) against defendants Comverse Technology, Inc. (“Comverse” or the “Company”), Jacob “Kobi” Alexander (“Alexander”), David Kreinberg (“Kreinberg”), William F. Sorin (“Sorin”), John H. Friedman (“Friedman”), Sam Oolie (“Oolie”), and Ron Hiram (“Hiram”), collectively referred to herein as the “Defendants”. This complaint alleged that Defendants issued false and misleading statements, in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

10. On December 15, 2009, the Lead Plaintiff in this case entered into a proposed settlement (“Settlement”) with the Defendants.

11. On April 2, 2010, the Court granted preliminary approval of the proposed Settlement.

12. You received this Notice because you have a right to know that a Class Action has been certified and that, if you fit within the definition of the Class, you will be deemed part of the Class unless you expressly excluded yourself from it in writing pursuant to the instructions below. This Notice is also to inform you of the nature of the Action and of your rights in connection with the Settlement.

13. You also received this Notice because, if you are a Class Member, you have a right to know about the proposed Settlement with the Defendants before the Court decides whether to approve it.

14. In that regard, the Notice explains your legal rights as a member of the Class, what benefits are available, who is eligible for them, and how to get them. This Notice also provides information about a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the proposed Settlement and to consider the application for attorney fees and reimbursement of litigation expenses.

15. If the Court approves the proposed Settlement, and after any objections and appeals are resolved, a claims administrator approved by the Court will make payments from the fund created by the Settlement to eligible claimants pursuant to a plan of allocation (“Plan of Allocation”).

16. The Settlement Hearing will be held on June 21, 2010, at 10:00 a.m., before the Honorable Nicholas G. Garaufis, United States District Judge, at the United States Courthouse, 225 Cadman Plaza East, Brooklyn, NY, 11201 (the “Settlement Hearing”). The purpose of the Settlement Hearing will be to determine:

- a. whether the Settlement should be approved as fair, just, reasonable and adequate to each of the Settling Parties;
- b. whether the Plan of Allocation is fair, just, reasonable, and adequate;
- c. whether the application by Lead Plaintiffs’ Counsel for an award of attorneys’ fees and expenses should be approved;
- d. whether Lead Plaintiff should be granted a Compensatory Award; and
- e. whether the Action should be dismissed with prejudice against the Defendants.

The Court may adjourn or continue the Settlement Hearing without further notice to members of the Class. The issuance of this Notice is not an expression of the Court’s opinion on the merits of any claim in the lawsuit, and the Court must still decide whether to approve the Settlement. If the Court approves the Settlement, payments will be made after the completion of the claims processing. Please be patient.

## WHAT IS THIS CASE ABOUT? WHAT HAS HAPPENED THUS FAR?

### **Background**

17. Defendant Comverse Technology, Inc. (“Comverse” or the “Company”) is a New York corporation which maintains its principle executive office at 909 Third Avenue, New York, NY 10022. The Company is the world’s leading provider of software and systems enabling network-based multimedia enhanced communication and billing services.

18. On March 14, 2006, the Company issued a press release announcing the creation of a Special Committee of the Board of Directors to “review matters relating to the [C]ompany’s stock option grants....” On that day, Comverse’s stock fell \$4.30 per share.

19. On April 17, 2006, the Company announced it needed to restate financial results for fiscal years 2001-2005, as well as the first three quarters of fiscal year 2006.

20. Beginning in April 2006, a number of putative class actions were filed against Comverse and certain of its former officers and directors in United States District Courts for the Southern and Eastern Districts. These actions included: *Caifa v. Comverse Technology, Inc.*, CV 06-1825 (E.D.N.Y.); *Gorman v. Comverse Technology, Inc.*, CV 06-2738 (E.D.N.Y.); *Nadel v. Comverse Technology, Inc.*, 06 Civ. 3190-RPP (S.D.N.Y.); *Thomas v. Comverse Technology, Inc.*, 06 Civ. 3445-RPP (S.D.N.Y.); and *Moore v. Comverse Technology, Inc.*, 06 Civ. 04418-RPP (S.D.N.Y.).

21. By Order dated August 24, 2006, the cases pending in the Southern District of New York were transferred to the Eastern District of New York, and were consolidated into a single action captioned *In re Comverse Technology, Inc. Securities Litigation*, CV 06-1825 (NGG) (RER).

22. On March 2, 2007, the Court appointed Menorah Insurance Co. Ltd. and Mivtachim Pension Funds, Ltd. (the “Menora Group”) as Lead Plaintiff in the consolidated class action, and Pomerantz Haudek Grossman & Gross LLP (“PHGG”) as Lead Counsel.

23. On November 14, 2006, Comverse disclosed that an internal investigation had uncovered additional accounting irregularities.

24. On November 5, 2007, Comverse issued a press release disclosing that it would miss its target for filing restated financials as it reviewed further issues with its revenue recognition.

25. On January 29, 2008, Comverse filed a Form 8-K with the SEC, which included a Report of a Special Committee to Comverse’s Board of Director detailing the results of its investigation into options backdating and other accounting irregularities.

26. Following the Menora Group’s appointment as Lead Plaintiff, Lead Counsel commenced an exhaustive investigation, including numerous interviews of former Comverse employees, both in the United States and Israel, and other witnesses; review of the civil and criminal complaints filed against certain Defendants by the Securities and Exchange Commission and the United States Department of Justice; review of public filings with the United States Securities and Exchange Commission; and analysis of publicly available trading information.

27. A Consolidated Amended Complaint was filed on March 23, 2007, alleging violations of the federal securities laws. With respect to these claims, Lead Plaintiff asserted that Defendants issued false and misleading statements in violation of Sections 10(b), 14(a), and 20(a) of the Securities Exchange Act of 1934.

28. The named defendants were Comverse, certain of its former senior officers and directors, Alexander, Kreinberg, Sorin; and members of the Company’s Audit Committee and Stock Option and Remuneration Committee, Friedman, Oolie and Hiram (the “Compensation Committee Defendants”).

29. On July 30, 2007, defendants moved to dismiss the Amended Consolidated Complaint, and on October 31, 2007, Magistrate Judge Reyes issued a Report and Recommendation recommending that the Court deny Defendants Comverse, Alexander, Kreinberg and Sorin’s motions to dismiss the Sections 10(b) and 20(a) claims. Magistrate Judge Reyes further recommended that all claims against the Compensation Committee Defendants be dismissed, as well as dismissal of all other claims against all Defendants.

30. On January 9, 2008, Lead Plaintiff filed an Objection to the portion of the Report and Recommendation regarding dismissal of the Section 10(b) and 20(a) claims against the Compensation Committee Defendants. On February 20, 2008, the Court reinstated those claims against the Compensation Committee Defendants.

31. On July 15, 2008, Lead Plaintiff filed its Motion for Class Certification on behalf of a class of all purchasers of the common stock of Comverse Technology, Inc., during the period of April 30, 2001 through November 14, 2006, both dates inclusive. In connection therewith, depositions of Menora Group personnel

were taken. Lead Plaintiff also produced documents establishing their standing to bring suit and support their claimed losses. At the time the Settling Parties had reached an agreement in principle, the Court had yet to render a decision on this motion.

### **Merits Discovery and Research Conducted by Lead Counsel**

32. Upon sustaining the Consolidated Amended Complaint, Lead Counsel served document requests upon the Defendants, which resulted in the production of over seven (7) million pages of documents. Lead Counsel began a review and analysis of these documents along with Comverse's public filings, annual reports and other public statements.

33. Lead Counsel interviewed various individuals, including former Comverse employees in the United States and Israel, and engaged in extensive consultations with experts knowledgeable about the accounting issues in this Action.

34. Beginning in late 2008, Lead Counsel conducted depositions of certain Defendants and former Comverse employees. Lead Counsel also propounded interrogatories and responded to interrogatories from the Defendants.

35. Throughout the Action, Lead Counsel consulted with damages experts to ascertain the amount of losses suffered by the Class, and to analyze the efficiency of the market for Comverse common stock and the confidence level in the disclosures that establish the basis for loss causation in the Consolidated Amended Complaint. Lead Counsel also researched the applicable law with respect to the claims asserted in the Action and the potential defenses thereto.

### **Settlement Negotiations and Mediation**

36. Beginning in mid-2008, Lead Counsel and counsel for Comverse engaged in initial discussion concerning the possibility of settlement. After an initial exchange of information, Lead Plaintiff and Comverse agreed to enter into a process of mediation. Hon. Daniel Weinstein (ret.), who is widely recognized as one of the nation's leading mediators, was selected to facilitate the negotiations during the mediation.

37. Prior to the first mediation session, Lead Counsel and counsel for Comverse prepared and submitted comprehensive mediation statements to the Mediator. These statements provided comprehensive overviews of the factual and legal issues implicated by the litigation, presented their respective views about the strengths and weaknesses of the claims, offered their differing views as to the damages suffered by the Class, and highlighted the critical issues that would determine whether a settlement was possible.

38. The first mediation conference occurred on December 1, 2008. At the conference, Counsel for both Comverse and Lead Plaintiff made oral presentations. Thereafter, the Mediator facilitated arms-length negotiations. Numerous telephonic and in person conferences, as well as multiple additional mediation sessions, were necessary before an agreement on certain economic terms of a potential settlement was reached in late November 2009. Settlement negotiations continued after that date until the signing of the Stipulation of Settlement on December 15, 2009.

**HOW DO I KNOW IF I AM PART OF THE CLASS  
OR IF I CAN PARTICIPATE IN THE SETTLEMENT?  
RECEIPT OF THIS NOTICE DOES NOT NECESSARILY MEAN  
THAT YOU ARE A MEMBER OF THE CLASS OR THAT YOU  
CAN PARTICIPATE IN THE SETTLEMENT.**

39. By Order dated April 2, 2010, the Court has decided that all persons and entities that purchased Comverse common stock during the period of April 30, 2001 through and including January 29, 2008, are eligible to participate in the Settlement, with the exception of the Defendants and their corporate affiliates; any officers or directors of Comverse, members of their immediate families, and their heirs, successors and assigns; and any employees of Comverse during the Class Period. Also excluded from the Settlement is any person or entity that files a request for exclusion in accordance with the requirements set forth in this Notice.

## **WHAT RIGHTS DO I HAVE AS A MEMBER OF THE CLASS?**

40. If you take no action in response to this Notice, you will automatically be considered to be a member of the Class, to the extent you fit within the definitions outlined above.

41. As a member of the Class, you are entitled to share in any recovery obtained in this action, whether from a final judgment after trial or a settlement among the parties based upon a plan of allocation that will be approved by the Court, as long as you submit a valid Proof of Claim. Thus, by remaining in the Class and submitting a valid Proof of Claim, you are entitled to share in the recovery from the Settlement as described in this Notice.

42. As a member of the Class, you are also entitled to notice and the opportunity to file an objection with the Court if you do not agree with all or part of a proposed settlement. Thus, this Notice describes the way in which you can object to the proposed Settlement.

43. By remaining in the Class, you will not be able to sue, continue to sue, or be part of any other lawsuit against the Defendants relating to the issues arising in the Action. It also means that any judgment that is subsequently entered in the Action, or orders of the Court, will be applicable to you and will, therefore, be legally binding.

44. Thus, by remaining in the Class, you will be subject to the Final Judgment contemplated by the Settlement and you will be bound by the release of Released Plaintiffs' Claims contained therein.

## **HOW CAN I EXCLUDE MYSELF FROM THE CLASS?**

### **IF YOU DO NOT WISH TO PARTICIPATE IN THE CLASS, THEN YOU MUST IMMEDIATELY TAKE SPECIFIC STEPS TO EXCLUDE YOURSELF.**

45. If you are currently prosecuting your own action arising out of the claims asserted herein and you wish to continue to do so, or if you have not yet filed an individual action but intend to do so, then you must also take specific steps to exclude yourself from the Class. This process is also commonly referred to as "opting out." If you ask to be excluded, you will not receive any payment that may arise from this Action, whether by judgment or settlement, and you cannot file objections. However, you will not be legally bound by anything that happens in this Action, and you may be able to sue (or continue to sue) the Defendants at your own expense at a future time.

46. For example, if the Settlement is approved, members of the Class who have not requested exclusion will be allowed to participate in the Settlement, but they will have to release all Released Plaintiffs' Claims, even if they bring, or have a pending, litigation, arbitration or other proceeding against the Released Parties relating to the Released Plaintiffs' Claims.

47. In order to be excluded from the Class, you must mail a written request to the Claims Administrator at Comverse Technology Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914. The request for exclusion must: (1) state your name, address, and telephone number; (2) provide documentation reflecting all purchases and sales of Comverse common stock during the Class Period, including the dates, the number of shares of Comverse common stock, and price paid or received per share for each such purchase or sale; and (3) state that you wish to be excluded from the Class.

48. To be valid, a request for exclusion must state all of the foregoing information. Your exclusion must be postmarked on or before May 24, 2010.

## **WHAT RECOVERY DOES THE SETTLEMENT PROVIDE?**

49. The Settlement requires the Defendants to provide the Class with \$225,000,000 ("Settlement Amount"). Attorney fees and expenses, notification costs, a compensatory award to the Lead Plaintiff, and claims administration costs will be deducted from the Settlement Amount. The Settlement Amount minus these fees, costs, expenses, and awards shall be distributed to the Class.

50. The Settlement Amount shall consist of the following payments by the Defendants to the Settlement Fund:
- a. \$1 million payable by Comverse on the date of signing the Stipulation of Settlement for Notice costs;
  - b. \$60 million payable by Comverse and Defendant Alexander, with \$12 million on or before June 30, 2010 and \$48 million when the Judgment is Final;
  - c. \$51.5 million payable by Comverse on or before August 15, 2010;
  - d. \$30 million payable by Comverse on or before February 15, 2011; and
  - e. \$82.5 million payable by Comverse on or before August 15, 2011.

### **Use of Shares as Payment Consideration**

51. In lieu of paying in cash any or all of the amounts specified in Paragraph 50 (d) or (e), Comverse may elect to satisfy its payment obligations with respect to all or any portion of the unpaid amount by the issuance and delivery to the Settlement Fund shares of Comverse Common Stock (“Settlement Shares”) having an aggregate Fair Market Value equal to all or such portion of the unpaid amount. “Fair Market Value” means with respect to the Settlement Shares on a per share basis, the average of the closing price per share of Common Stock for each of the ten (10) consecutive trading days ending immediately prior to the time that Comverse serves notice on Lead Plaintiff and Lead Counsel of its election to issue Common Stock.

### **WHY IS THERE A SETTLEMENT?**

52. Under the proposed Settlement, the Court will not decide in favor of either the Lead Plaintiff or the Defendants. By agreeing to a Settlement, both the Lead Plaintiff and the Defendants avoid the costs and risk of a trial, and the Class Members are compensated.

53. In light of the amount of the Settlement and the immediacy of recovery to the Class, Lead Plaintiff believes that the proposed Settlement is fair, reasonable and adequate, and in the best interests of the Class Members. The Settlement provides a substantial benefit, namely \$225,000,000, as compared to the risk that a smaller or no recovery would be achieved after a trial and appeals, possibly years in the future, in which the Defendants would have the opportunity to assert substantial defenses to the claims asserted against them.

### **WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?**

54. If there were no Settlement and Lead Plaintiff failed to establish any essential legal or factual element of its claims, neither Lead Plaintiff nor the Class would recover anything. Also, if the Defendants were successful in proving any of their defenses, the Class likely would recover substantially less than the amount provided in the Settlement, or nothing at all.

### **Lead Plaintiff’s Assessment of the Settlement**

55. Lead Plaintiff believes that the claims against the Defendants have merit and that the evidence developed to date supports those claims. Lead Plaintiff believes it could demonstrate at trial that the Defendants caused the price of Comverse common stock to be artificially inflated during the Class Period by the issuance of materially false statements and by omitting to state material information concerning Comverse. Lead Counsel also believes that it could prove that, as a result of this misconduct, members of the Class were injured.

56. However, Lead Plaintiff recognizes and acknowledges the expense and length of continued proceedings, trial, and appeals. Lead Plaintiff also has taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this one. Lead Plaintiff is also mindful of the inherent problems of proof under, and possible defenses to, the federal securities law violations asserted, including the defenses asserted by the Defendants during the litigation, in motions on the pleadings, in settlement negotiations, and in the mediation proceedings.

57. Perhaps most importantly, Lead Plaintiff understands that Comverse has limited resources to satisfy any potential judgment; has limited insurance coverage, which has been and will continue to be significantly diminished by continuation of this Action; and has had its common stock de-listed from the NASDAQ for over three years.

58. In light of the foregoing, Lead Plaintiff believes that the Settlement confers substantial benefits upon the Class. Based on its evaluation, Lead Plaintiff and Lead Counsel have determined that the Settlement is in the best interests of the Lead Plaintiff and the Class.

**Defendants’ Assessment of the Claims and Settlement**

59. Defendants dispute that Lead Plaintiff would prevail at trial in this Action on the claims it asserted. Defendants dispute, among other things, that Lead Plaintiff would succeed in proving the allegations in the amended complaint that the prices of Converse stock were artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise, and that the Lead Plaintiff or the Class were harmed by the conduct alleged.

60. Nonetheless, the Defendants have concluded that further conduct of the Action would be protracted and expensive, and that it is desirable that the Action be fully and finally settled in the manner and upon the terms and conditions set forth in this Stipulation in order to limit further expense, inconvenience and distraction, to dispose of the burden of protracted litigation, and to permit the operation of the Company’s business without further distraction and diversion of the Company’s executive personnel with respect to matters at issue in the Action. Defendants also have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this litigation.

61. Defendants have, therefore, determined that it is desirable and beneficial to them that the Action be settled in the manner and upon the terms and conditions set forth in the Stipulation.

62. Neither this Settlement nor Stipulation, nor any of its terms or provisions, nor any of the negotiations or proceedings connected with it, shall be construed as an admission or concession by any of the Defendants of the merit or truth of any of the allegations or wrongdoing of any kind on the part of any of the Defendants, or of any infirmity in the defenses that the Defendants have or could have asserted in this Action.

**Defendant Right to Terminate Under Certain Conditions**

63. There is the possibility that should certain events occur or not occur, Converse and/or Alexander may be able to terminate the Settlement before the final hearing. If prior to the Settlement Hearing any person who otherwise would be members of the Class have timely filed exclusion from the Class in accordance with the provisions of the Preliminary Order this Court, and such persons in the aggregate purchased a number of shares of Converse common stock during the Class Period in an amount greater than the sum specified in a separate supplemental agreement between the Parties, or should certain other events occur, Converse and Alexander shall have, in their sole discretion, the option to terminate this Stipulation. Alexander also has the right to terminate the Settlement and this Stipulation if certain events relating to proceedings against him by the Department of Justice, the Securities and Exchange Commission, and others do not occur.

64. Should Alexander terminate his settlement, however, the Settlement with Converse and the other individual defendants other than Alexander shall continue in full force and effect on the terms described herein, and Converse shall owe the Class the total consideration of \$165 million.

<b>HOW MUCH WILL MY PAYMENT BE? WHAT IS THE PLAN OF ALLOCATION?</b>
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65. Your share of the recovery (if any) will depend on the number of valid Proofs of Claim that Class Members send in, how many shares of Converse common stock you bought, and when you bought and sold your shares.

66. The Defendants have agreed to pay \$225 million in cash and/or stock, as described above. Attorney fees and expenses, notification costs, any compensatory award to the Lead Plaintiff, and claims administration costs will be deducted from the Settlement Amount. The Settlement Amount minus these fees, costs, expenses and awards shall be distributed to the Class (the “Net Settlement Fund”).

67. To receive monies from the Net Settlement Fund, Class Members must complete a Proof of Claim and mail it and all required documentation to the Claims Administrator postmarked on or before August 5, 2010. Class Members who do not submit a Proof of Claim will not share in the Net Settlement Fund. Class Members

who do not submit either a request for exclusion or a Proof of Claim will nevertheless be bound by the terms of the Settlement and the Judgment of the Court dismissing the claims with prejudice against the Defendants.

### **Allocation to Class Members**

68. The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Net Recognized Loss. The Net Recognized Loss formula set forth below is not intended to be an estimate of the amount that a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Net Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately distributed to Authorized Claimants.

69. Lead Plaintiff's damages expert analyzed the market price reaction to certain disclosures that occurred during the Class Period, which corrected for Defendants' alleged misrepresentations. Recognized Losses are based on the price declines following those disclosures. No loss amount is recognized when both the purchase and sale of Comverse stock occurred without intervening public disclosure of adverse information ("In & Out Transactions"). Therefore, Class Members who had only "In & Out Transactions" between disclosures will not receive any payments from the Net Settlement Fund, but will give up their right to pursue the Released Plaintiffs' Claims against the Defendants.

70. In determining the Recognized Loss per share, Lead Counsel considered the respective net declines in the price of Comverse stock on each of the dates of disclosure, the ability to prove loss causation, and the likelihood of success on the merits and risk associated with the disclosures. Based on that analysis, as well as Lead Plaintiff's damages expert's analysis regarding the statistical significance of the declines associated with the partial disclosures, the following amounts shall be used for calculation of Recognized Loss: (a) \$4.30 per share for the decline on March 14, 2006; (b) \$1.14 per share for the declines on April 17 and 18, 2006; (c) \$0.79 per share for the decline on May 5, 2006; (d) \$3.09 per share for the decline on June 12, 2006; (e) \$2.95 per share for the decline on November 15, 2006; (f) \$0.15 per share for the decline on November 5, 2007; and (g) \$0.05 per share for the decline on January 29, 2008.

### **Formula for Calculating Recognized Losses**

#### **71. For Comverse shares purchased from April 30, 2001 through March 13, 2006, and:**

- a. sold on or before March 13, 2006, the Recognized Loss is \$0.00 per share;
- b. sold between March 14 and April 16, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$4.30 per share;
- c. sold between April 17, 2006 and May 4, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$5.44 per share;
- d. sold between May 5, 2006 and June 11, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$6.23 per share;
- e. sold between June 12, 2006 and November 14, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$9.32 per share;
- f. sold between November 15, 2006 and November 4, 2007, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$12.27 per share;
- g. sold between November 5, 2007 and January 29, 2008, both dates inclusive, the Recognized Loss per share is the difference of the purchases price less the sales price with a cap on recognized loss of \$12.42 per share;
- h. held through January 29, 2008, the Recognized Loss is \$12.47 per share.

**72. For Comverse shares purchased from March 14, 2006 through April 16, 2006, and:**

- a. sold on or before April 16, 2006, the Recognized Loss per share is \$0.00 per share;
- b. sold between April 17, 2006 and May 4, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$1.14 per share;
- c. sold between May 5, 2006 and June 11, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$1.93 per share;
- d. sold between June 12, 2006 and November 14, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$5.02 per share;
- e. sold between November 15, 2006 and November 4, 2007, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$7.97 per share;
- f. sold between November 5, 2007 and January 29, 2008, both dates inclusive, the Recognized Loss per share is the difference of the purchases price less the sales price with a cap on recognized loss of \$8.12 per share;
- g. held through January 29, 2008, the Recognized Loss is \$8.17 per share.

**73. For Comverse shares purchased from April 17, 2006 through May 4, 2006, and:**

- a. sold on or before May 4, 2006, the Recognized Loss per share is \$0.00 per share;
- b. sold between May 5, 2006 and June 11, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$0.79 per share;
- c. sold between June 12, 2006 and November 14, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$3.88 per share;
- d. sold between November 15, 2006 and November 4, 2007, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$6.83 per share;
- e. sold between November 5, 2007 and January 29, 2008, both dates inclusive, the Recognized Loss per share is the difference of the purchases price less the sales price with a cap on recognized loss of \$6.98 per share;
- f. held through January 29, 2008, the Recognized Loss is \$7.03 per share.

**74. For Comverse shares purchased from May 5, 2006 through June 11, 2006, and:**

- a. sold on or before June 11, 2006, the Recognized Loss per share is \$0.00 per share;
- b. sold between June 12, 2006 and November 14, 2006, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$3.09 per share;
- c. sold between November 15, 2006 and November 4, 2007, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$6.04 per share;
- d. sold between November 5, 2007 and January 29, 2008, both dates inclusive, the Recognized Loss per share is the difference of the purchases price less the sales price with a cap on recognized loss of \$6.19 per share;
- e. held through January 29, 2008, the Recognized Loss is \$6.24 per share.

**75. For shares of common stock purchased from June 12, 2006 through November 14, 2006, and:**

- a. sold on or before November 14, 2006, the Recognized Loss per share is \$0.00 per share;
- b. sold between November 15, 2006 and November 4, 2007, both dates inclusive, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$2.95 per share;
- c. sold between November 5, 2007 and January 29, 2008, both dates inclusive, the Recognized Loss per share is the difference of between the purchase price less the sales price with a cap on recognized loss of \$3.10 per share;
- d. held through January 29, 2008, the Recognized Loss is \$3.15 per share.

**76. For shares of common stock purchased from November 15, 2006 through November 4, 2007, and:**

- a. sold on or before November 4, 2007, the Recognized Loss per share is \$0.00 per share;
- b. sold between November 5, 2007 and January 29, 2008, both dates inclusive, the Recognized Loss per share is the difference of the purchases price less the sales price with a cap on recognized loss of \$0.15 per share;
- c. held through January 29, 2008, the Recognized Loss is \$0.20 per share.

**77. For shares of common stock purchased from November 5, 2007 through January 29, 2008, and:**

- a. sold on or before January 29, 2008, the Recognized Loss per share is \$0.00 per share;
- b. held through January 29, 2008, the Recognized Loss per share is the difference of the purchase price less the sales price with a cap on recognized loss of \$0.05 per share.

78. Recognized profits will be subtracted from recognized losses, both computed in the manner described above, in order to determine the Net Recognized Loss. To the extent that the Net Settlement Fund is sufficient, each Authorized Claimant will receive an amount equal to the Authorized Claimant's Net Recognized Loss, as defined above. If, however, the Net Settlement Fund is not sufficient to permit such payment, then each Authorized Claimant shall be paid their *pro rata* share of the Net Settlement Fund based on the percentage of the Net Settlement Fund that each Authorized Claimant's Net Recognized Loss bears to the entire Net Settlement Fund. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

79. No distribution will be made on a claim where the Authorized Claimant's *pro rata* share of the Net Settlement Fund is less than \$15.00.

80. Class Members will receive monies and/or stock only if they file a timely and valid Proof of Claim.

81. The proportion of cash and stock received pursuant to this Settlement will be the same as the proportion of cash and stock included in the Settlement Amount. As discussed above in Paragraph 51, Converse has the option to pay \$110 million, or 48.8% of the Settlement Amount in stock.

**General Provisions for Plan of Allocation:**

82. In processing claims, the first-in, first-out basis ("FIFO") will be applied to purchases and sales.

83. The date of purchase or sale is the "contract" or "trade" date, and not the "settlement" date.

84. Brokerage commissions, fees and taxes should be excluded from the purchase or sale price of Converse common stock.

85. Members of the Class who do not file valid Proofs of Claim will not share in the Net Settlement Fund, yet will nevertheless be bound by the Court's Judgment and the Settlement.

86. Shares of Converse common stock acquired during the Class Period by means of a gift, inheritance or operation of law, do not qualify as the purchase of such shares on the date of such acquisition. If, however, such stock was purchased by the donor, decedent or transferor, then, unless the donor, decedent or transferor submits a Proof of Claim with respect to the shares, the recipient's Recognized Losses will be computed by using the original date of purchase and price of such stock and not the date and price of transfer.

87. Payments pursuant to the Plan of Allocation, as approved by the Court, will be conclusive against all Authorized Claimants. No person shall have any claim against Lead Plaintiff, Lead Counsel, the Claims Administrator, or any other agent designated by Lead Counsel, based on a distribution made substantially in accordance with the Stipulation and the Plan of Allocation or further Orders of the Court. Defendants, and their counsel, shall have no responsibility for, interest in, or liability whatsoever with respect to any allocation, management, disposition, computation, or distribution of the Settlement Amount.

88. The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

### **Alteration of the Plan of Allocation**

89. Subject to the Court's approval, the Plan of Allocation may be altered by Lead Plaintiff without any further notice to Class Members, unless such Class Members expressly request notice of any alteration of the Plan of Allocation. Therefore, in order to receive such notice, you must send a request no later than May 24, 2010 to the Claims Administrator by mail at Comverse Technology Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914; by toll-free phone at 800-605-2005; by fax at 516-931-0810; or by visiting the website at [www.berdonclaims.com](http://www.berdonclaims.com).

90. The Court also may modify the Plan of Allocation without further notice to the Settlement Class.

<p style="text-align: center;"><b>HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?</b></p>
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91. If you fall within the definition of the Class as defined above, you will remain a Class Member unless you elect to be excluded. If you do not request to be excluded, you will be bound by any judgment entered in the Action whether or not you file a Proof of Claim, including the dismissal with prejudice of any Released Plaintiffs' Claims against the Defendants you may possess under Federal law, or the law of any state.

92. If you wish to remain a Member of the Class you need do nothing (other than timely file a Proof of Claim if you wish to participate in the distribution of funds from the Settlement). Your interests will be represented by Lead Plaintiffs' Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

**93. TO PARTICIPATE IN THE DISTRIBUTION FROM THE SETTLEMENT YOU MUST TIMELY REQUEST, COMPLETE AND RETURN THE PROOF OF CLAIM.**

94. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the Settlement, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

95. Copies of the Notice and the Proof of Claim in Hebrew may be obtained by accessing the website of the Claims Administrator at [www.berdonclaims.com](http://www.berdonclaims.com), or by requesting a hard copy by mail at Comverse Technology Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914, or by fax at 516-931-0810.

<p style="text-align: center;"><b>WHAT RIGHTS AM I GIVING UP BY AGREEING TO THE SETTLEMENT?</b></p>
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96. If the Settlement is approved, the Court will enter a Judgment and Order of Dismissal (the "Judgment"). The Judgment will dismiss the claims against the Defendants, with prejudice, and provide that Lead Plaintiff and all other Class Members, except those who validly and timely request to be excluded, shall upon the entry of the Judgment be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged the Released Plaintiffs' Claims. The full extent of the Released Plaintiffs' Claims can be found in the Proof of Claim annexed hereto.

**WHAT PAYMENTS ARE THE ATTORNEYS FOR THE CLASS AND  
THE LEAD PLAINTIFF SEEKING FOR THEIR WORK IN THIS CASE?**

97. Lead Counsel has not received any payment for its services in pursuing this lawsuit on behalf of the Class, nor have they been reimbursed for their considerable out-of-pocket expenses. Lead Counsel intends to apply to the Court for an award of attorney fees on behalf of all plaintiffs' counsel not to exceed 27% of the Settlement Amount. Any fees awarded by the Court will be paid to Lead Counsel in the same form as the consideration received by the Class i.e., cash or stock.

98. In addition, Lead Counsel intends to apply for reimbursement of litigation expenses advanced in connection with the Action in an amount not to exceed \$1.75 million. Any expenses awarded to Lead Counsel shall be paid in cash from the Settlement Amount. If the application for attorney fees and reimbursement of litigation expenses is approved by the Court, the average cost per share would be approximately \$0.33.

99. Representatives of Lead Plaintiff and its investment advisors have incurred costs and expenses associated with their service as Class Representative including the provision of deposition testimony, production of documents and telephonic attendance at mediation sessions. Lead Plaintiff has not received any compensation for such services which benefited the Class, nor has it been reimbursed for its out-of-pocket expenses. As a result, Lead Counsel intends to apply to the Court for a \$75,000 Compensatory Award for Lead Plaintiff. Such a Compensatory Award for Lead Plaintiff will be paid out of the Settlement Amount.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER  
TO APPROVE THE SETTLEMENT AND RELATED MATTERS?**

**DO I HAVE TO COME TO THE HEARING?**

**MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE  
SETTLEMENT OR OTHER MATTERS REFERENCED IN THIS NOTICE?**

**If you do not wish to object to the proposed Settlement, the Plan of Allocation, or the application for attorney fees and reimbursement of litigation expenses, or the proposed Compensatory Award to the Lead Plaintiff, you need not attend the Settlement Hearing scheduled for June 21, 2010.**

100. Any Class Member who has not validly and timely requested to be excluded, and who objects to any aspect of the Settlement, the Plan of Allocation, the application for attorneys' fees, costs and expenses, or the request for a Compensatory Award to Lead Plaintiff, may appear and be heard at the Settlement Hearing.

101. Any such Person must submit a written notice of objection, which must be **received on or before May 24, 2010**, to each of the following: Clerk Of The Court, Eastern District Of New York, 225 Cadman Plaza East, Brooklyn, NY 11201; Pomerantz Haudek Grossman & Gross LLP, Patrick V. Dahlstrom, Esq., 10 South LaSalle Street, Suite 3505 Chicago, IL 60603 (Lead Counsel); Weil Gotshall, Joseph S. Allerhand, Esq., 767 Fifth Avenue, New York, NY 10153 (Counsel for Comverse); Morvillo, Abramowitz, Grand, Iason Anello & Bohrer, P.C., Edward M. Spiro, Esq., 565 Fifth Avenue, New York, NY 10017 (Counsel for Alexander).

102. The notice of objection must demonstrate the objecting person's membership in the Class, including documentation reflecting the dates of purchase and sales and number of Comverse shares purchased and sold during the relevant period, and also contain a statement of the reasons for objection. Only members who have submitted written notices of objection and **related documentation** in this manner that are received on or before May 24, 2010 will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise. By filing an objection, the objector consents to being deposed in his or her district of residence prior to the Settlement Hearing.

103. The Settlement Hearing may be delayed from time to time by the Court without further written notice to the Class. If you intend to attend the Settlement Hearing, you should confirm the date and time with Lead Counsel.

104. Unless otherwise ordered by the Court, any Class Member who does not object in the manner described herein will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the application for attorney fees and reimbursement of litigation expenses, and/or the proposed Plan of Allocation and/or the Compensatory Award to Lead Plaintiff. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

**WHAT IF I AM A BROKER, BANK OR OTHER NOMINEE  
WHICH BOUGHT SHARES ON SOMEONE ELSE'S BEHALF?**

105. If you hold any Comverse common stock, CUSIP 205862402, purchased during the Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) provide a list of the names and addresses of such beneficial owners to the Claims Administrator, preferably in an MS Excel data table setting forth: (a) title/registration, (b) street address, (c) city/state/zip; on electronic mailing labels in MS Word or WordPerfect files (label size Avery #5162; or printed out on physical mailing labels; or (2) send copies of this Notice and Proof of Claim by first class mail to all such beneficial owners, providing written confirmation to the Claims Administrator of having done so. If you choose to mail the Notice yourself, you may obtain (without cost to you) as many additional copies of these documents as you will need to complete the mailing by either downloading a copy from the Claims Administrator's website at [www.berdonclaims.com](http://www.berdonclaims.com); by contacting the Claims Administrator by mail at: Comverse Technology Securities Litigation, c/o Berdon Claims Administration LLC, P.O. Box 9014, Jericho, NY 11753-8914; by toll-free phone at: 800-605-2005; or by fax at: 516-931-0810.

106. Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement of reasonable administrative costs actually incurred in connection with researching beneficial owner records and/or forwarding the Notice, and which would not have been incurred but for the obligation to forward the Notice, after submission of a request for reimbursement and appropriate documentation to the Claims Administrator.

**CAN I SEE THE COURT FILE?  
WHO SHOULD I CONTACT IF I HAVE QUESTIONS?**

107. This Notice is a summary and does not describe all of the details of the Action or the proposed settlement. For full details of the matters discussed in this Notice, you may desire to review all of the documents that have been filed with the Court, the Consolidated Amended Class Action Complaint, the Stipulation, the Notice, the Proof of Claim, and Preliminary Order of Approval, the papers filed in support of the Settlement, the applications for an award of attorney fees and expenses for Lead Plaintiffs' Counsel, and the application for a compensatory award for Lead Plaintiff. These documents may be inspected during business hours, at the office of the Clerk of the Court, United States Courthouse, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY.

108. You may review and obtain copies of the Stipulation of Settlement and other relevant documents at [www.pomlaw.com](http://www.pomlaw.com) and [www.berdonclaims.com](http://www.berdonclaims.com).

109. If you have any questions about the Settlement or claims procedure, you may contact Lead Counsel by writing: Pomerantz Haudek Grossman & Gross LLP, Attn: Carolyn Moskowitz, 100 Park Avenue, New York, NY 10017-5517.

110. If you need additional copies of this Notice and Proof of Claim, or if you have a question about filing a claim, you may contact the Claims Administrator, as set forth in Paragraph 105 above.

**DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE**

Dated: April 7, 2010

**BY ORDER OF  
THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**