

**GRADIENT ANALYTICS' REPORT ON COMVERSE EXECUTIVE  
AVOIDING TAXES BY BACKDATING CONFIRMED BY  
INTERNAL INVESTIGATION**

Scottsdale, AZ (February 1, 2008) – A Gradient Analytics report that Comverse Technology's CEO may have backdated the exercise of stock options to avoid higher taxes has been confirmed by the company's own internal investigation, Gradient announced today.

*The Wall Street Journal* reported this week on the findings of the internal investigation, which were released in filings related to criminal charges against Comverse CEO Kobi Alexander and other Comverse executives.

Published by the Equity Incentive Analytics (EIA) division of Gradient, the November 2006 report said a 1998 exercise of 675,000 stock options appeared to have been backdated by Alexander in an attempt to reduce the amount subject to ordinary income taxes by as much as \$8.72 million. Alexander claimed he exercised options in October 1998, when the stock price was around \$10 per share, but he didn't record the exercise until two months later, when the share price had more than doubled to \$22.92.

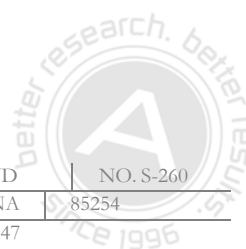
The Comverse filing stated, "Alexander may have achieved certain tax benefits as a result of the improper recording of the exercise date."

Exercise backdating has not received the amount of media attention as options backdating; however, Gradient argued in a number of reports that exercise backdating was potentially more important to shareholders because of the loss of tax deductions to the company, as well as the loss of tax revenue to the federal government. In January 2007, Gradient released to its clients a list of 532 companies with executives who may have backdated exercises.

"In many cases, the practice created wealth for executives, while at the same costing companies valuable deductions, to the detriment of shareholders," said Gradient co-founder and Chief Scientist Dr. Carr Bettis.

Gradient's EIA reports on backdating were the first and only service to highlight the inherent risks related to this practice. Gradient began reporting on this practice in November 2006.

In another case involving the CEO and General Counsel of Cytoc, Corp. (CYTC), Gradient's EIA identified opportunistic exercise activity (report of 01/17/07). The company's internal investigation (triggered by the report of an "independent equity research firm") appeared to substantiate Gradient's report, which identified exercises between 1996-2002 occurring "on a date with a preferable market price." (CYTC 10-K: <http://www.secinfo.com/d14D5a.u3jVe.htm>). CYTC merged with Hologic (HOLX) in late 2007.



## About Gradient Analytics

Gradient is one of the country's leading independent research firms, providing objective, academically-rigorous research and technology solutions enabling clients to generate actionable investment ideas and better manage risk. Sometimes unpopular, Gradient is grounded in a reputation for independence and integrity as well as challenging poor management that can impair investor profits. Gradient also highlights companies with quality earnings and exemplary executive behavior.

Media inquiries should be directed to:

Karen Hinton  
Hinton Communications  
703-798-3109  
Karen@hintoncommunications.com