Golden Ocean Group Ltd
Form SC 13D/A
March 03, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D/A
Under The Securities Exchange Act of 1934
(Amendment No. 5)*

Golden Ocean Group Limited
(Name of Issuer)

Common Shares, par value $0.01 per share
(Title of Class of Securities)

G39637106
(CUSIP Number)

Frontline Ltd.
Par-la-Ville Place, 4th Floor
14 Par-la-Ville Road,
Hamilton HM 08
Bermuda
+1 (44) 295 6935

with a copy to:
Gary J. Wolfe, Esq.
Seward & Kissel LLP
One Battery Park Plaza
New York, New York 10004
(212) 574-1200

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 23, 2016
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously

filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box [_].

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Frontline Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Bermuda

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*6,301,796

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

*6,301,796

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*6,301,796

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.2%

14. TYPE OF REPORTING PERSON

CO

* Frontline 2012 Ltd. previously received an aggregate 77,500,000 Common Shares (defined below) as compensation pursuant to the Acquisition Agreement (as described in the Schedule 13D filed on May 5, 2014) and the Second Acquisition Agreement (as described in the Schedule 13D/As filed on October 9, 2014 and March 25, 2015). On June 26, 2015, Frontline 2012 Ltd. made a distribution of 75,385,871 Common Shares as a dividend in kind (the "Dividend") to all of its shareholders as of June 15, 2015 (as described in the Schedule 13D/A filed on July 6, 2015), pursuant to which Frontline Ltd. received 4,187,667 Common Shares. On November 30, 2015, in a merger transaction (the "Frontline Merger") by and among Frontline Ltd., Frontline 2012 Ltd. and Frontline Acquisition Ltd., a wholly-owned subsidiary of Frontline Ltd., Frontline Acquisition Ltd. merged with and into Frontline 2012 Ltd., with the result that Frontline 2012 Ltd. became a wholly-owned subsidiary of Frontline Ltd. Following the Frontline Merger, Frontline Ltd. beneficially owns 4,187,667 Common Shares and Frontline 2012 Ltd. beneficially owns 2,114,129 Common Shares.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Franklin Enterprises Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Liberia

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*5,309,132

9. SOLE DISPOSITIVE

POWER

0

10. SHARED DISPOSITIVE POWER

*5,309,132

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*5,309,132

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.0%

14. TYPE OF REPORTING PERSON

CO

* Franklin Enterprises Inc. can be deemed to own 5,309,132 Common Shares that are issuable upon conversion of certain notes under the Bond Agreement (the "Bond Shares," as described in the Schedule 13D/A filed on April 28, 2015), which can be converted at an exercise price of $17.63 per Common Share.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Hemen Holding Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Cyprus

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*238,737,919

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

*238,737,919

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*238,737,919

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

45.8%

14. TYPE OF REPORTING PERSON

CO

* Hemen Holding Limited is the largest shareholder in Frontline Ltd., holding approximately 51.6% of its issued and outstanding shares. As such, in addition to its current holdings of Common Shares, it may also be deemed to beneficially own the 6,301,796 Common Shares that Frontline Ltd. beneficially owns. Hemen Holding Limited may also be deemed to beneficially own the 13,000,000 Common Shares it has lent to Farahead Investments Inc. See Items 5 and 6.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Greenwich Holdings Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Cyprus

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*244,047,051

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

*244,047,051

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*244,047,051

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

46.8%

14. TYPE OF REPORTING PERSON

CO

* Greenwich Holdings Limited is the sole shareholder of Hemen Holding Limited and Franklin Enterprises Inc. As such, it may be deemed to beneficially own the 238,737,919 Common Shares that Hemen Holding Limited beneficially owns and the 5,309,132 Common Shares convertible from certain notes held by Franklin Enterprises Inc. pursuant to the Bond Agreement (as described in the Schedule 13D/A filed on April 28, 2015).

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

C.K. Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Cyprus

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*244,047,051

9. SOLE DISPOSITIVE

POWER

0

10. SHARED DISPOSITIVE POWER

*244,047,051

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*244,047,051

12.	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	
		[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

46.8%

14. TYPE OF REPORTING PERSON

CO

* C.K. Limited is the trustee of various trusts established by John Fredriksen (who serves as Chairman of the Board of Directors of Frontline Ltd.) for the benefit of his immediate family members (the "C.K. Limited Trusts"). The C.K. Limited Trusts are the direct owners of Greenwich Holdings Limited and the indirect owners of Hemen Holding Limited and Franklin Enterprises Inc. As such, C.K. Limited may be deemed to beneficially own the 238,737,919 Common Shares that Hemen Holding Limited beneficially owns and the 5,309,132 Common Shares convertible from certain notes held by Franklin Enterprises Inc. pursuant to the Bond Agreement (as described in the Schedule 13D/A filed on April 28, 2015).

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Farahead Investments Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Liberia

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*13,000,000

9. SOLE DISPOSITIVE

POWER

0

10. SHARED DISPOSITIVE POWER

*13,000,000

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*13,000,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.5%

14. TYPE OF REPORTING PERSON

CO

* Farahead Investments Inc. has borrowed its Common Shares from Hemen Holding Limited. See Items 5 and 6.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Greenfields Holding Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Liberia

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*13,000,000

9. SOLE DISPOSITIVE

POWER

0

10. SHARED DISPOSITIVE POWER

*13,000,000

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*13,000,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.5%

14. TYPE OF REPORTING PERSON

CO

* Greenfields Holding Inc. is the sole shareholder of Farahead Investments Inc. As such, it may be deemed to beneficially own the 13,000,000 Common Shares that Farahead Investments Inc. beneficially owns.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

GSA Limited

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Jersey

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

*13,000,000

9. SOLE DISPOSITIVE

POWER

0

10. SHARED DISPOSITIVE POWER

*13,000,000

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*13,000,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

2.5%

14. TYPE OF REPORTING PERSON

CO

* GSA Limited is the trustee of various trusts established by John Fredriksen (who serves as the Chairman of the Board of Directors of Frontline Ltd.) for the benefit of his immediate family members (the "GSA Limited Trusts", and together with the C.K. Limited Trusts, the "Trusts"). The GSA Limited Trusts are the direct owners of Greenfields Holdings Inc., and the indirect owners of Farahead Investments Inc. As such, GSA Limited may be deemed to beneficially own the 13,000,000 Common Shares that Farahead Investments Inc. beneficially owns.

CUSIP No. G39637106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

John Fredriksen

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP
(a) [_]
(b) [_]

3. SEC USE ONLY

4. SOURCE OF FUNDS

OO

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) [_]

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Cyprus

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

7. SOLE VOTING POWER

103,118

8. SHARED VOTING POWER

*244,047,051

9. SOLE DISPOSITIVE POWER

103,118

10. SHARED DISPOSITIVE POWER

*244,047,051

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

*244,150,169

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

[_]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

46.8%

14. TYPE OF REPORTING PERSON

IN

* Mr. Fredriksen may be deemed to beneficially own 244,150,169 Common Shares through his indirect influence over Hemen Holding Limited, Greenwich Holdings Limited, Franklin Enterprises Inc., Farahead Investments Inc., and Greenfields Holding Inc., the shares of which are held in the Trusts, and his ownership of 103,118 vested options each representing one Common Share (the "Option Shares," as described in the Schedule 13D/A filed on April 28, 2015). The beneficiaries of the Trusts are certain members of Mr. Fredriksen's family. Mr. Fredriksen disclaims beneficial ownership of the 244,047,051 Common Shares beneficially owned by Hemen Holding Limited, Greenwich Holdings Limited, Franklin Enterprises Inc., Farahead Investments Inc. and Greenfields Holding Inc. except to the extent of his voting and dispositive interests in such Common Shares. Mr. Fredriksen has no pecuniary interest in the 244,047,051 Common Shares beneficially owned by Hemen Holding Limited, Greenwich Holdings Limited, Franklin Enterprises Inc., Farahead Investments Inc. and Greenfields Holding Inc.

CUSIP NO. G39637106

Item 1. Security and Issuer

This Amendment No. 5 is being filed by the undersigned to amend the Schedule 13D filed by the Reporting Persons (as hereinafter defined) on May 5, 2014 (the "Schedule 13D"), as amended on October 9, 2014, March 25, 2015, April 28, 2015, and July 6, 2015, with respect to the Common Shares, par value $0.01 per share (the "Common Shares") of Golden Ocean Group Limited, formerly known as Knightsbridge Shipping Limited, a company incorporated in Bermuda (the "Issuer"). The address of the principal executive office of the Issuer is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda.

Item 2. Identity and Background

Item 2(a) – (c) and (f) of Schedule 13D is hereby amended and restated to read as follows:

(a),(f) The persons filing this statement are Frontline Ltd., a company incorporated in Bermuda ("Frontline"), Hemen Holding Limited, a company incorporated in Cyprus ("Hemen"), Greenwich Holdings Limited, a company incorporated in Cyprus ("Greenwich"), C.K. Limited, a company incorporated in Jersey ("C.K. Limited"), Franklin Enterprises Inc., a company incorporated in Liberia ("Franklin"), Farahead Investments Inc., a company incorporated in Liberia ("Farahead"), Greenfields Holding Inc., a company incorporated in Liberia ("Greenfields"), GSA Limited, a company incorporated in Jersey ("GSA Limited"), and John Fredriksen, a citizen of Cyprus ("Fredriksen," and, together with Frontline, Hemen, Greenwich, Franklin, Farahead, Greenfields and GSA Limited, the "Reporting Persons").

(b) The address of the principal place of business of Frontline is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda.

The address of the principal place of business of Hemen is P.O. Box 53562, CY3399, Limassol, Cyprus.

The address of the principal place of business of Greenwich is P.O. Box 53562, CY3399, Limassol, Cyprus.

The address of the principal place of business of C.K. Limited is 13 Castle Street, St. Helier, Jersey JE4 5UT.

The address of the principal place of business of Franklin is c/o Georgina Sousa, Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda.

The address of the principal place of business of Farahead is c/o Seatankers Management Co. Ltd., P.O. 53562, CY-3399 Limassol, Cyprus.

The address of the principal place of business of Greenfields is c/o Seatankers Management Co. Ltd., P.O. 53562, CY-3399 Limassol, Cyprus.

The address of the principal place of business of GSA Limited is 3rd Floor, Standard Bank House, 47-49 La Motte Street, St. Helier, Jersey JE2 4SZ.

The address of Mr. Fredriksen is c/o Frontline Corporate Services Limited, 15 Sloane Square, London SW1W 8ER, United Kingdom.

(c) The principal business of Frontline is acting as an international shipping company. The principal business of Hemen, Greenwich, Franklin, Farahead and Greenfields is acting as investment holding companies. Hemen is the largest shareholder in Frontline, holding approximately 51.6% of Frontline's issued and outstanding shares. Greenwich is the sole shareholder of Hemen and Franklin and Greenfields is the sole shareholder of Farahead. The principal business of C.K. Limited and GSA Limited is acting as trustees of various trusts established by John Fredriksen (who serves as the Chairman of the Board of Directors of Frontline) for the benefit of his immediate family members (the "Trusts"). The Trusts are the owners of Greenwich and Greenfields. As a result of the foregoing, the total Common Shares reported as beneficially owned by each of Frontline, Hemen, Greenwich, Franklin, C.K. Limited, Farahead, Greenfields and GSA Limited are reported as indirectly owned by the Trusts established by John Fredriksen for the benefit of his immediate family.

The name, citizenship, present principal occupation or employment and business address of each executive officer and director of Frontline is set forth below. If no business address is given, the director's or executive officer's address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
John Fredriksen	Chairman & Director	Mr. Fredriksen is a citizen of Cyprus and his principal business address is c/o Frontline Corporate Services Limited, 15 Sloane Square, London SW1W 8ER, UK. Mr. Fredriksen is also the President, Director and Chairman of the Board of Seadrill Limited and a Director of the Issuer.
Kate Blankenship	Director	Ms. Blankenship is a citizen of the United Kingdom. Ms. Blankenship also serves as a Director of the Issuer, Seadrill Limited, Seadrill Partners LLC, Ship Finance International Limited, Archer Limited, Independent Tankers Corporation Limited and North Atlantic Drilling Ltd.
Georgina E. Sousa	Director & Secretary	Ms. Sousa is a citizen of the United Kingdom. Ms. Sousa is also the Director and Secretary of North Atlantic Drilling Ltd., the Director and Secretary of Seadrill Limited, the Director and Secretary of Ship Finance International Limited, and the Secretary of the Issuer, Seadrill Partners LLC, and Archer Limited.
Ola Lorentzon	Director	Mr. Lorentzon is a citizen of Sweden. Mr. Lorentzon is also the Chairman of the Board and Director of the Issuer.
Robert Hvide Macleod	Director and Principal Executive Officer	Mr. Macleod is a citizen of Norway. Mr. Macleod is also the Chief Executive Officer of Frontline Management AS.
Inger M. Klemp	Principal Financial Officer and Principal Accounting Officer	Ms. Klemp is a citizen of Norway. Ms. Klemp is also the Chief Financial Officer of Frontline Management AS.
Claire M.E. Burnard	Assistant Secretary	Ms. Burnard is a citizen of the British Overseas Territories. Ms. Burnard's principal occupation is serving as Assistant Secretary of Frontline.
Colleen E. Simmons	Assistant Secretary	Ms. Simmons is a citizen of the British Overseas Territories. Ms. Simmons' principal occupation is serving as Assistant Secretary of Frontline.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of Hemen's directors is set forth below. Hemen does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Demetrios Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY–4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.
Kyriacos Kazamias	Director	Mr. Kazamias' principal business address is Georgiou Drosini 6, Potamos Germasogeias, CY4043 Limassol, Cyprus. Mr. Kazamias is a citizen of Cyprus.
Kostas Pallaris	Director	Mr. Pallaris' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY–4103 Limassol, Cyprus. Mr. Pallaris is a citizen of Cyprus.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of Greenwich's directors is set forth below. Greenwich does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Demetrios Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY – 4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.
Christoforis Koufaris	Director	Mr. Koufaris' principal business address is Iris House 840A, 8 John Kennedy Street, P.O. Box 53510, 3303 Limassol, Cyprus. Mr. Koufaris is a citizen of Cyprus.
Kyriacos Kazamias	Director	Mr. Kazamias' principal business address is Georgiou Drosini 6, Potamos Germasogeias, CY4043 Limassol, Cyprus. Mr. Kazamias is a citizen of Cyprus.
Kostas Pallaris	Director	Mr. Pallaris' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY4103, Limassol, Cyprus. Mr. Pallaris is a citizen of Cyprus.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of C.K. Limited's directors is set forth below. C.K. Limited does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Demetrios Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY–4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.
Chris Bunt	Director	Mr. Bunt's principal business address is 13 Castle Street, St. Helier, Jersey JE4 5UT. Mr. Bunt is a citizen of Jersey.
Charles Guy Malet de Carteret	Director	Mr. Carteret's principal business address is 13 Castle Street, St. Helier, Jersey JE4 5UT. Mr. Carteret is a citizen of Jersey.
Simon Paul Alan Brewer	Director	Mr. Brewer's principal business address is 13 Castle Street, St. Helier, Jersey JE4 5UT. Mr. Brewer is a citizen of Jersey.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of Franklin's directors is set forth below. Franklin does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Georgina Sousa	Director	Ms. Sousa's principal business address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Ms. Sousa is a citizen of the United Kingdom. Ms. Sousa is also the Director and Secretary of North Atlantic Drilling Ltd., the Director and Secretary of Seadrill Limited, the Director and Secretary of Ship Finance International Limited, and the Secretary of the Issuer, Seadrill Partners LLC, and Archer Limited.
Colleen E. Simmons	Director	Ms. Simmons' principal business address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Ms. Simmons is a citizen of the British Overseas Territories. Ms. Simmons' principal occupation is serving as Assistant Secretary of Frontline.
Demetrious Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY–4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of Farahead's directors is set forth below. Farahead does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Demetrios Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY – 4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.
Georgina Sousa	Director	Ms. Sousa's principal business address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Ms. Sousa is a citizen of the United Kingdom. Ms. Sousa is also the Director and Secretary of North Atlantic Drilling Ltd., the Director and Secretary of Seadrill Limited, the Director and Secretary of Ship Finance International Limited, and the Secretary of the Issuer, Seadrill Partners LLC, and Archer Limited.
Colleen E. Simmons	Director	Ms. Simmons' principal business address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Ms. Simmons is a citizen of the British Overseas Territories. Ms. Simmons' principal occupation is serving as Assistant Secretary of Frontline.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of Greenfields' directors is set forth below. Greenfields does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Demetrious Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY–4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.
Georgina Sousa	Director	Ms. Sousa's principal business address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Ms. Sousa is a citizen of the United Kingdom. Ms. Sousa is also the Director and Secretary of North Atlantic Drilling Ltd., the Director and Secretary of Seadrill Limited, the Director and Secretary of Ship Finance International Limited, and the Secretary of the Issuer, Seadrill Partners LLC, and Archer Limited.
Colleen E. Simmons	Director	Ms. Simmons' principal business address is Par-la-Ville Place, 4th Floor, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Ms. Simmons is a citizen of the British Overseas Territories. Ms. Simmons' principal occupation is serving as Assistant Secretary of Frontline.

The name, citizenship, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted of GSA Limited's directors is set forth below. GSA Limited does not have any executive officers.

Name	Position of Officer or Director	Principal Occupation or Employment, Principal Business Address and Citizenship
Consortia Directors Ltd	Directors	Consortia's business address is at 3rd Floor, Standard Bank House, 47-49 La Motte Street, St Helier, Jersey JE2 4SZ, Channel Islands. Consortia Directors Ltd. is incorporated in Jersey.
Demetrios Antoniou Hannas	Director	Mr. Hannas' principal business address is Deana Beach Apartments, Block 1, 4th Floor, Promachon Eleftherias Street, Ayios Athanasios, CY–4103 Limassol, Cyprus. Mr. Hannas is a citizen of Cyprus.

(d),(e) None of the Reporting Persons nor any executive officer or director of the Reporting Persons listed above, has, during the past five years, (a) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (b) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting, or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 is hereby amended and supplemented to add the following:

On February 19, 2016, the Issuer announced that it successfully completed a private placement of new Common Shares in Norway (the "Private Placement") pursuant to certain exemptions from registration under the U.S. Securities Act of 1933, as amended. Hemen purchased 158,000,000 new Common Shares at NOK 5.00 (approximately USD $0.58) per share in the Private Placement. The Issuer's existing unused authorized share capital was not sufficient to issue all the new Common Shares in the Private Placement, and Hemen agreed to defer settlement with respect to 16,359,637 of its allocated new Common Shares until an increase in the Issuer`s authorized share capital was approved. Such approval was obtained on February 22, 2016 and the Private Placement closed on February 23, 2016.

Other than as set forth above, there are no material changes to Item 3 from the Schedule 13D/As filed with the Commission on May 5, 2014, October 9, 2014, March 25, 2015, April 28, 2015, and July 6, 2015.

Item 4. Purpose of Transaction

The Reporting Persons at any time and from time to time may acquire additional Common Shares or dispose of any or all of Common Shares they own depending upon an ongoing evaluation of the investment in the Common Shares, prevailing market conditions, other investment opportunities, other investment considerations and/or other factors.

The Reporting Persons have no plans or proposals which relate to, or could result in, any of the matters referred to in paragraphs (a) through (j) inclusive of the instructions to Item 4 of Schedule 13D. The Reporting Persons may, at any time and from time to time, review or reconsider their position and/or change their purpose and/or formulate plans or proposals with respect thereto.

Item 5. Interest in Securities of the Issuer

Item 5 is hereby amended and restated in its entirety as follows:

(a)-(d) As of the date hereof, Frontline may be deemed to be the beneficial owner of 6,301,796 Common Shares, constituting 1.2% of the outstanding Common Shares, based upon 521,771,887 Common Shares outstanding, which includes the Bond Shares and the Option Shares. Frontline has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 6,301,796 Common Shares. Frontline has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 6,301,796 Common Shares. The 6,301,796 Common Shares beneficially owned by Frontline were received from the Issuer as consideration pursuant to the Acquisition Agreement (as described in the Schedule 13D filed on May 5, 2014), the Second Acquisition Agreement (as described in the Schedule 13D/As filed on October 9, 2014 and March 25, 2015), and the Dividend (as described in the Schedule 13D/A filed on July 6, 2015).

As of the date hereof, Franklin may be deemed to be the beneficial owner of 5,309,132 Common Shares, constituting 1.0% of the outstanding Common Shares, based upon 521,771,887 Common Shares outstanding, which includes the Bond Shares and the Option Shares. Franklin has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 5,309,132 Common Shares. Franklin has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 5,309,132 Common Shares. The 5,309,132 Common Shares beneficially owned by Franklin are issuable upon conversion of certain notes at an exercise price of $17.63 per Common Share pursuant to the Bond Agreement.

As of the date hereof, Hemen may be deemed to be the beneficial owner of 238,737,919 Common Shares, constituting 45.8% of the Common Shares based upon 521,771,887 Common Shares outstanding, which includes the Bond Shares and the Option Shares. The 238,737,919 Common Shares includes Frontline's 6,301,796 Common Shares and Farahead's 13,000,000 Common Shares (as described in Items 2(c), 5, and 6). Hemen has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 238,737,919 Common Shares. Hemen has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 238,737,919 Common Shares.

As of the date hereof, Greenwich, through Hemen and Franklin (as described in Item 2(c)), may be deemed to be the beneficial owner of 244,047,051 Common Shares, constituting 46.8% of the Common Shares based upon 521,771,887 Common Shares outstanding, which includes the Bond Shares and the Option Shares. Greenwich has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 244,047,051 Common Shares. Greenwich has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 244,047,051 Common Shares.

As of the date hereof, C.K. Limited, through Greenwich (as described in Item 2(c)), may be deemed to be the beneficial owner of 244,047,051 Common Shares, constituting 46.8% of the Common Shares based upon 521,771,887 Common Shares outstanding, which includes the Bond Shares and the Option Shares. C.K. Limited has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 244,047,051 Common Shares. C.K. Limited has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 244,047,051 Common Shares.

As of the date hereof, Farahead may be deemed to be the beneficial owner of 13,000,000 Common Shares, constituting 2.5% of the Common Shares based upon 521,771,887 Common Shares outstanding. Farahead has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 13,000,000 Common Shares. Farahead has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 13,000,000 Common Shares.

As of the date hereof, Greenfields, through Farahead (as described in Item 2(c)), may be deemed to be the beneficial owner of 13,000,000 Common Shares, constituting 2.5% of the Common Shares based upon 521,771,887 Common Shares outstanding. Greenfields has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 13,000,000 Common Shares. Greenfields has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 13,000,000 Common Shares.

As of the date hereof, GSA Limited, through Greenfields (as described in Item 2(c)), may be deemed to be the beneficial owner of 13,000,000 Common Shares, constituting 2.5% of the Common Shares based upon 521,771,887 Common Shares outstanding. GSA Limited has the sole power to vote or direct the vote of 0 Common Shares and the shared power to vote or direct the vote of 13,000,000 Common Shares. GSA Limited has the sole power to dispose or direct the disposition of 0 Common Shares and the shared power to dispose or direct the disposition of 13,000,000 Common Shares.

As of the date hereof, Mr. Fredriksen may be deemed to beneficially own 244,150,169 Common Shares through his indirect influence over Hemen, Greenwich, Franklin, Farahead and Greenfields, the shares of which are held in the Trusts, and his ownership of 103,118 vested options each representing one Common Share, constituting 46.8% of the Common Shares based upon 521,771,887 Common Shares outstanding, which includes the Bond Shares and the Option Shares. The beneficiaries of the Trusts are certain members of Mr. Fredriksen's family. Mr. Fredriksen disclaims beneficial ownership of the 244,047,051 Common Shares except to the extent of his voting and dispositive interests in such Common Shares. Mr. Fredriksen has no pecuniary interest in the 244,047,051 Common Shares.

Except as described below and other than the transaction described in Item 3 above, there have been no transactions by the Reporting Persons in the Common Shares during the past 60 days.

On January 21, 2016, Farahead borrowed an additional 2,300,000 Common Shares from Hemen. See Item 6 below.

(e) N/A

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Except as described herein, pursuant to the Acquisition Agreement and the Registration Rights Agreement (as described in the Schedule 13D filed on May 5, 2014), and pursuant to the Second Acquisition Agreement, the Addendum, the Second Registration Rights Agreement and the Voting Agreement (as described in the Schedule 13D/A filed on March 25, 2015), Frontline does not have any contract, arrangement, understanding or relationship with any person with respect to securities of the Issuer.

In 2010, Hemen lent 70,000,000 ordinary shares in Golden Ocean Group Limited, or the Former Golden Ocean, to Farahead. On October 7, 2014, Knightsbridge Shipping Limited, or Knightsbridge, and the Former Golden Ocean entered into an agreement and plan of merger, or the Golden Ocean Merger, pursuant to which the two companies agreed to merge, with Knightsbridge serving as the surviving legal entity. The Golden Ocean Merger was completed on March 31, 2015, the name of Knightsbridge was changed to Golden Ocean Group Limited, and the 70,000,000 ordinary shares previously lent to Farahead by Hemen were exchanged into 9,624,300 Common Shares. On December 16, 2015, Farahead borrowed an additional 1,075,700 Common Shares from Hemen. On January 21, 2016, Farahead borrowed an additional 2,300,000 Common Shares from Hemen.

Except as described herein, pursuant to the Subscription and Settlement Agreement and the Registration Rights Agreement (as described in the Schedule 13D filed on May 5, 2014), and pursuant to the Second Registration Rights Agreement and the Voting Agreement (as described in the Schedule 13D/A filed on March 25, 2015), Hemen does not have any contract, arrangement, understanding or relationship with any person with respect to the securities of the Issuer.

Except as described herein and pursuant to the Bond Agreement (as described in the Schedule 13D/A filed on April 28, 2015), Franklin does not have any contract, arrangement, understanding or relationship with any person with respect to the securities of the Issuer.

Except as described herein, Farahead, Greenfields, Greenwich, C.K. Limited and GSA Limited do not have any contract, arrangement, understanding or relationship with any person with respect to the securities of the Issuer.

Item 7. Materials to be Filed as Exhibits

Exhibit A: Joint Filing Agreement

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

March 3, 2016
(Date)

Frontline Ltd.

By: /s/ Inger M. Klemp
Name: Inger M. Klemp
Title: Principal Financial Officer

Hemen Holding Limited

By: /s/ Demetrios Antoniou Hannas
Name: Demetrios Antoniou Hannas
Title: Director

Greenwich Holdings Limited

By: /s/ Demetrios Antoniou Hannas
Name: Demetrios Antoniou Hannas
Title: Director

C.K. Limited

By: /s/ Demetrios Antoniou

Hannas
Name:
Demetrios
Antoniou
Hannas
Title: Director

Franklin
Enterprises Inc.

By: /s/
Demetrios
Antoniou
Hannas
Name:
Demetrios
Antoniou
Hannas
Title: Director

Farahead
Investments
Inc.

By: /s/
Demetrios
Antoniou
Hannas
Name:
Demetrios
Antoniou
Hannas
Title: Director

Greenfields
Holding Inc.

By: /s/
Demetrios
Antoniou
Hannas
Name:
Demetrios
Antoniou
Hannas
Title: Director

GSA Limited

By: /s/
Demetrios

Antoniou
Hannas
Name:
Demetrios
Antoniou
Hannas
Title: Director

/s/ John
Fredriksen
(Signature)

John Fredriksen
(Name)

* Each of the Reporting Persons disclaims beneficial ownership of the reported securities except to the extent of their pecuniary interest therein.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A
JOINT FILING AGREEMENT

The undersigned agree that this Schedule 13D/A, dated March 3, 2016, relating to the Common Shares, par value $0.01 per share of Golden Ocean Group Limited shall be filed on behalf of the undersigned.

March 3, 2016
(Date)

Frontline Ltd.

By: /s/ Inger M. Klemp
Name: Inger M. Klemp
Title: Principal Financial Officer

Hemen Holding Limited

By: /s/ Demetrios Antoniou Hannas
Name: Demetrios Antonipt; margin-top: 10pt">On April 9, 2008, as we previously reported, we received a Wells Notice from the staff of the SEC arising from the staff s investigation of our past stock option grant practices and certain unrelated accounting matters. These accounting matters were also the subject of our internal investigation. On March 3, 2010,

the SEC filed a settled enforcement action against us in the United States District Court for the Eastern District of New York relating to certain of our accounting reserve practices. Without admitting or denying the allegations in the SEC s Complaint, we consented to the issuance of a Final Judgment permanently enjoining us from violating Section 17(a) of the Securities Act of 1933, as amended (the Securities Act), Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act, and Rules 13a-1 and 13a-13 thereunder. The settled SEC action did not require us to pay any monetary penalty and sought no relief beyond the entry of a permanent injunction. The SEC s related press release noted that, in accepting the settlement offer, the SEC considered our remediation and cooperation in the SEC s investigation. The settlement was approved by the United States District Court for the Eastern District of New York on March 9, 2010. On December 23, 2009, as we previously reported, we received an additional Wells Notice from the staff of the SEC relating to our failure to timely file periodic reports under the Exchange Act. Under the SEC s Wells process, recipients of a Wells Notice have the opportunity to make a Wells Submission before the SEC staff makes a recommendation to the SEC regarding what action, if any, should be brought by the SEC. After considering our Wells Submission, on March 3, 2010, the SEC issued an Order Instituting

Proceedings (OIP) pursuant to Section 12(j) of the Exchange Act to suspend or revoke the registration of our common stock because of our previous failure to file an annual report on either Form 10-K or Form 10-KSB since April 25, 2005 or quarterly reports on either Form 10-Q or Form 10-QSB since December 12, 2005. On May 28, 2010, we entered into an agreement in principle with the SEC s Division of Enforcement regarding the terms of a settlement of the SEC s Section 12(j) proceeding. Under the agreement in principle, the Division of Enforcement will recommend to the SEC that the Section 12(j) proceeding against us be dismissed if we file our Form 10-Q for the three months ended April 30, 2010 on a timely basis and file our Forms 10-Q for the three months ended April 30, 2009, July 31, 2009, and October 31, 2009 by 5:30 p.m. EDT on June 21, 2010. The agreement in principle is subject to approval by the SEC. As a result of the agreement in principle, on June 1, 2010, a joint motion by the parties to stay the Section 12(j) proceeding was granted by the administrative law judge hearing the case and a conference was scheduled for July 2, 2010 to discuss the status of settlement. If the proceeding is not dismissed, we intend to vigorously defend the matter. On June 9, 2010, we timely filed our Quarterly Report on Form 10-Q for the three months ended April 30, 2010.

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Business Combination

On February 4, 2010, our wholly owned subsidiary, Verint Americas Inc., acquired all of the outstanding shares of Iontas Limited (Iontas), a privately held provider of desktop analytics solutions. Prior to this acquisition, we licensed certain technology from Iontas, whose solutions measure application usage and analyze workflows to help improve staff performance in contact center, branch, and back-office operations environments. We acquired Iontas, among other objectives, to expand the desktop analytical capabilities of our workforce optimization solutions.

We acquired Iontas for total consideration valued at $21.9 million, including cash consideration of $17.9 million, and additional milestone-based contingent payments of up to $3.8 million, tied to certain performance targets being achieved over the next two years.

We have included the acquisition-date estimated fair value of the contingent consideration of $3.2 million as a component of the purchase price of Iontas. The acquisition-date fair value of the contingent consideration was measured based on the probability-adjusted present value of the contingent consideration expected to be earned and transferred.

Our purchase price to acquire Iontas also includes $1.5 million of prepayments for product licenses and support services procured from Iontas prior to the acquisition date, partially offset by $0.7 million of trade accounts payable to Iontas as of the acquisition date.

The following table sets forth the components and the preliminary allocation of the purchase price of Iontas:

(in thousands)		**Amount**
Components of Purchase Price:		
Cash	$	17,861
Fair value of contingent consideration		3,224
Prepaid product licenses and support services		1,493
Trade accounts payable		(712)
Total purchase price	**$**	**21,866**
Preliminary Allocation of Purchase Price:		
Net tangible assets	$	1,740
Identifiable intangible assets:		
Developed technology		6,949
Non-competition agreements		278
Total identifiable intangible assets		7,227
Goodwill		12,899
Total purchase price	**$**	**21,866**

Among the factors that contributed to the recognition of goodwill in this transaction were the expansion of our desktop analytical capabilities, the expansion of our suite of products and services, and the addition of an assembled workforce. This goodwill has been assigned to our Workforce Optimization segment, and is not deductible for income tax purposes.

We incurred $1.2 million of transaction costs, primarily professional fees, directly related to the acquisition of Iontas, which were expensed as incurred.

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Amendment to Credit Agreement

On April 27, 2010, we entered into an amendment to our credit agreement to extend the due date for delivery of audited consolidated financial statements and related documentation for the year ended January 31, 2010 from May 1, 2010 to June 1, 2010. In consideration for this amendment, we paid $0.9 million to our lenders. This payment will be amortized as additional interest expense over the remaining term of the credit agreement using the effective interest method. Legal fees and other out-of-pocket costs directly relating to the amendment, which were expensed as incurred, were not significant.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following management s discussion and analysis of our financial condition and results of operations is designed to provide a better understanding of the significant factors related to our results of operations and financial condition. The following information should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended January 31, 2009 and our unaudited condensed consolidated financial statements and notes thereto contained in this report. In addition, because we have filed our Annual Report on Form 10-K for the year ended January 31, 2010, which contains information for periods subsequent to October 31, 2009, you should read the information presented below in conjunction with the Annual Report on Form 10-K for the year ended January 31, 2010. This discussion contains a number of forward-looking statements, all of which are based on our current expectations and all of which could be affected by uncertainties and risks. Our actual results may differ materially from the results contemplated in these forward-looking statements as a result of many factors including, but not limited to, those described under Cautionary Note on Forward Looking Statements .

Business Overview

Verint is a global leader in Actionable Intelligence® solutions and value-added services. Our solutions enable organizations of all sizes to make timely and effective decisions to improve enterprise performance and make the world a safer place. More than 10,000 organizations in over 150 countries ¯ including over 80% of the Fortune 100 ¯ use Verint solutions to capture, distill, and analyze complex and underused information sources, such as voice, video, and unstructured text.

In the enterprise market, our Workforce Optimization solutions help organizations enhance customer service operations in contact centers, branches, and back-office environments to increase customer satisfaction, reduce operating costs, identify revenue opportunities, and improve profitability. In the security intelligence market, our video intelligence, public safety, and communications intelligence and investigative solutions are vital to government and commercial organizations in their efforts to protect people and property and neutralize terrorism and crime.

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Critical Accounting Policies and Estimates

Note 1, Summary of Significant Accounting Policies , to the consolidated financial statements in our Annual Report on Form 10-K for the year ended January 31, 2009 describes the significant accounting policies and methods used in the preparation of our consolidated financial statements. The accounting policies that reflect our more significant estimates, judgments and assumptions in the preparation of our consolidated financial statements are described in Management s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 of our Annual Report on Form 10-K for the year ended January 31, 2009, and include the following:

- revenue recognition;
- accounting for business combinations;
- impairment of goodwill and intangible assets;
- accounting for income taxes;
- contingencies;
- accounting for stock-based compensation; and
- allowance for doubtful accounts.

There were no material changes during the nine months ended October 31, 2009 to our critical accounting policies and estimates as disclosed in our Form 10-K for the year ended January 31, 2009.

Impact of Our VSOE/Revenue Recognition Policies on our Results of Operations

As we have previously reported in our filings with the SEC, we have not established VSOE for certain elements of our arrangements, primarily our product offerings. We recognize revenue under the Residual Method when VSOE does not exist for all delivered elements of an arrangement. Under the Residual Method, the value of our delivered products is derived by ascertaining the fair value of all undelivered elements (i.e., post-contract customer support (PCS) and other services) and subtracting the fair value of the undelivered elements from the total arrangement value to determine the appropriate amount of revenue to recognize upon delivery of our products. However, if the fair value of all undelivered elements cannot be determined, revenue recognition is deferred for all elements, including delivered elements, until all elements are delivered, except if the only undelivered element is PCS. If VSOE for PCS does not exist the entire arrangement fee is recognized ratably over the PCS period or the period that the customer is entitled to renew their PCS but not to exceed the estimated economic life of the product or contractual period (Ratable Method). In addition, several of our Communications Intelligence contracts require substantial customization, and are therefore accounted for under contract accounting methods, using either the percentage of completion method or completed contract method (Contract Accounting Method).

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As we have previously reported in our filings with the SEC, we determined that for many of the arrangements we entered into during previously reported periods (including periods included in this report), we were unable to determine the fair value of all or some of the elements within multiple-element arrangements, as required by accounting guidance for revenue recognition. Further, for certain transactions occurring during periods reported herein, we were similarly unable to determine the fair value of all or some of the elements. Therefore, certain arrangements are being recognized ratably on a straight line basis over a period of time ranging from a couple of quarters to several years while other transactions are recognized as delivery occurs based on the ability to establish VSOE for the undelivered elements.

We believe that, in most cases, we have or will have changed our business processes and systems in a way that will enable us to establish fair value for each undelivered element in our offerings. These changes are intended to enable us to recognize revenue from products and services upon delivery instead of recognizing the entire arrangement fee over the PCS period. As a result, we expect the amount of revenue we will recognize in future periods that originated from transactions occurring in prior periods will diminish over time. However, we believe that we will, in certain situations, continue to enter into arrangements that will require revenue to be deferred over longer periods of time.

Results of Operations

Financial Overview

The following table sets forth summary financial information for the three and nine months ended October 31, 2009 and 2008:

	Three Months Ended October 31,		Nine Months Ended October 31,	
(in thousands, except per share data)	**2009**	**2008**	**2009**	**2008**
Revenue	$ 186,480	$ 157,867	$ 530,897	$ 478,846
Operating income (loss)	$ 23,735	$ 5,399	$ 73,453	$ (20,738)
Net income (loss) attributable to Verint Systems Inc. common shares	$ 9,733	$ (24,437)	$ 24,297	$ (71,248)
Net income (loss) per share attributable to Verint Systems Inc.:				
Basic	$ 0.30	$ (0.75)	$ 0.75	$ (2.20)
Diluted	$ 0.29	$ (0.75)	$ 0.74	$ (2.20)

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Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Our revenue increased approximately 18%, or $28.6 million, to $186.5 million in the three months ended October 31, 2009 from $157.9 million in the three months ended October 31, 2008 due to revenue increases in all three of our operating segments. In our Workforce Optimization segment, revenue increased by $14.7 million, or 16%, primarily due to the completion of a multi-site installation for a major customer for which revenue was recognized upon final customer acceptance. In our Video Intelligence segment, revenue increased $3.1 million, or 10%, primarily due to an increase in Residual Method revenue. In our Communications Intelligence segment, revenue increased $10.8 million, or 30%, primarily due to an increase of approximately $6 million in Contract Accounting Method revenue associated with work performed on customized projects and an increase of approximately $4 million in Residual Method revenue associated with the timing of the completion of customer installations. For more details on our revenue by segment, see - Revenue by Operating Segment . Revenue in the Americas, Europe, the Middle East, and Africa (EMEA), and the Asia Pacific Region (APAC) represented approximately 56%, 25%, and 19% of our total revenue, respectively, in the three months ended October 31, 2009 compared to approximately 57%, 27%, and 16%, respectively, in the three months ended October 31, 2008.

We had operating income of $23.7 million in the three months ended October 31, 2009 compared to operating income of $5.4 million in the three months ended October 31, 2008. The increased operating income was primarily due to an increase in gross profit of $26.9 million to $123.0 million, or 66%, from $96.1 million, or 61%. The increase in gross profit was primarily due to higher revenue and higher gross profit in all three of our operating segments. Product margins increased primarily in our Video Intelligence and Workforce Optimization segments mainly as a result of a more favorable product mix. Service margins increased primarily in our Workforce Optimization segment due to our cost-saving initiatives, as well as the fact, that in certain cases, expenses associated with service revenue recognized in the three months ended October 31, 2009 under the Ratable Method were recorded in prior periods when the costs were incurred. The cost of revenue associated with services is generally expensed as incurred in the period in which the services were performed, which is not necessarily the period in which revenue was recognized, with the exception of certain transactions accounted for under Contract Accounting Method revenue. This increase in operating income was partially offset by $9.5 million in recoveries associated with intellectual property litigation assumed in the Witness acquisition. The recovery lowered operating expenses during the three months ended October 31, 2008, but had no impact on our results during the three months ended October 31, 2009.

We had net income attributable to Verint Systems Inc. common shares of $9.7 million and diluted net income per share of $0.29 in the three months ended October 31, 2009, compared to a net loss attributable to Verint Systems Inc. common shares of $24.4 million and a net loss per share of $0.75 in the three months ended October 31, 2008. The increase in our net income attributable to Verint Systems Inc. common shares and income per share in the three months ended October 31, 2009 was due to our higher gross profit as described above, and to a reduction in interest and other expenses, net of $7.8 million coupled with a reduction of income tax expense of $7.6 million.

The strengthening of the U.S. dollar relative to the major foreign currencies where we do business (primarily the British pound sterling, the euro, Israeli shekel and Canadian dollar) in the three months ended October 31, 2009 compared to the three months ended October 31, 2008 had an unfavorable impact on our revenue and a favorable impact on our operating expenses. Had foreign exchange rates remained constant in these periods, our total revenue would have been approximately $1 million higher and our operating expenses and cost of revenue would have been approximately $4 million higher, or would have resulted in a net unfavorable impact of approximately $3 million on our operating income.

As of October 31, 2009, we employed approximately 2,500 employees, including part-time employees and certain contractors, as compared to approximately 2,600 as of October 31, 2008.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Our revenue increased approximately 11%, or $52.1 million, to $530.9 million in the nine months ended October 31, 2009 from $478.8 million in the nine months ended October 31, 2008 due to revenue increases in all of our operating segments. In our Video Intelligence segment, revenue increased $21.8 million, or 23%, almost entirely due to the product delivery of an order from a major customer. In our Communications Intelligence segment, revenue increased $17.1 million, or 14%, primarily due to an increase of approximately $24 million in Contract Accounting Method revenue associated with work performed on customized projects, partially offset by a decrease of approximately $8 million in Residual Method revenue associated with the timing of completion of customer installations. In our Workforce Optimization segment, revenue increased $13.1 million, or 5%, primarily due to the completion of a multi-site installation for a major customer for which revenue was recognized upon final customer acceptance, coupled with an increase in maintenance renewal revenue recognized at full value as a result of the elimination of the impact of purchase accounting adjustments to support obligations assumed which amounted to $5.2 million in the nine months ended October 31, 2008. We recorded an adjustment reducing support obligations assumed in the Witness acquisition to their estimated fair value at the acquisition date. As a result, as required by business combination accounting rules, revenue related to maintenance contracts in the amount of $5.2 million that would have been otherwise recorded by Witness as an independent entity, was not recognized in the nine months ended October 31, 2008. Historically, substantially all of our customers, including customers from acquired companies, renew their maintenance contracts when such contracts are eligible for renewal. To the extent these underlying maintenance contracts are renewed, we will recognize the revenue for the full value of these contracts over the maintenance periods, the substantial majority of which are one year. For more details on our revenue by segment, see - Revenue by Operating Segment . Revenue in the Americas, EMEA, and APAC regions represented approximately 55%, 24%, and 21% of our total revenue, respectively, in the nine months ended October 31, 2009 compared to approximately 55%, 29%, and 16%, respectively, in the nine months ended October 31, 2008.

We had operating income of $73.5 million in the nine months ended October 31, 2009 compared to an operating loss of $20.7 million in the nine months ended October 31, 2008. The increase in operating income was due to an increase in gross profit of $63.6 million to $351.3 million, or 66%, from $287.7 million, or 60%, coupled with a decrease in operating expenses of $30.7 million. The increase in gross profit was primarily due to higher revenue and higher gross profit in all three of our operating segments. Product margins increased primarily in our Video Intelligence and Workforce Optimization segments mainly as a result of a more favorable product mix. Service margins increased in all three of our operating segments due to our cost-saving initiatives, as well as the fact, that in certain cases, expenses associated with service revenue recognized in the nine months ended October 31, 2009 under the Ratable Method were recorded in prior periods when the costs were incurred. The cost of revenue associated with services is generally expensed as incurred in the period in which the services were performed, which is not necessarily the period in which revenue was recognized, with the exception of certain transactions accounted for under Contract Accounting Method revenue. The decrease in our operating expenses was primarily due to our cost saving initiatives, $9.5 million in recoveries associated with intellectual property litigation assumed in the Witness acquisition, a $5.5 million decrease in integration and restructuring primarily related to the completion of the integration with Witness, and a decline in operating expenses as a result of the strengthening U.S. dollar relative to the major foreign currencies where we do business (primarily the British pound sterling, euro, Israeli shekel and Canadian dollar).

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We had net income attributable to Verint Systems Inc. common shares of $24.3 million and diluted net income per share of $0.74 in the nine months ended October 31, 2009, compared to a net loss attributable to Verint Systems Inc. common shares of $71.2 million and a net loss per share of $2.20 in the nine months ended October 31, 2008. The increase in our net income applicable to Verint Systems Inc. common shares and income per share in the nine months ended October 31, 2009 was due to our higher gross profit and lower operating expenses as described above as well as a reduction in income taxes of $2.0 million, partially offset by $0.9 million of higher interest and other expenses.
The strengthening of the U.S. dollar relative to the major foreign currencies where we do business (primarily the British Pound, euro, Israeli shekel and Canadian dollar) in the nine months ended October 31, 2009 compared to the nine months ended October 31, 2008 had an unfavorable impact on our revenue and a favorable impact on our operating expenses. Had foreign exchange rates remained constant in these periods, our total revenue would have been approximately $15 million higher and our operating expenses and cost of revenue would have been approximately $21 million higher, or would have resulted in a net unfavorable impact of approximately $6 million on our operating income.

Revenue by Operating Segment

The following table sets forth revenue for each of our three operating segments for the three and nine months ended October 31, 2009 and 2008:

	Three Months Ended October 31,		**% Change 2009 - 2008**	**Nine Months Ended October 31,**		**% Change 2009 - 2008**
(in thousands)	**2009**	**2008**		**2009**	**2008**	
Workforce Optimization	$ 105,398	$ 90,653	16%	$ 279,001	$ 265,940	5%
Video Intelligence	33,985	30,893	10%	116,548	94,665	23%
Communications Intelligence	47,097	36,321	30%	135,348	118,241	14%
Total revenue	**$ 186,480**	**$ 157,867**	18%	**$ 530,897**	**$ 478,846**	11%

Workforce Optimization Segment

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Workforce Optimization revenue increased approximately 16%, or $14.7 million, to $105.4 million in the three months ended October 31, 2009 from $90.7 million in the three months ended October 31, 2008. The increase was primarily due to the completion of a multi-site installation for a major customer for which revenue was recognized upon final customer acceptance.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Workforce Optimization revenue increased approximately 5%, or $13.1 million, to $279.0 million in the nine months ended October 31, 2009 from $265.9 million in the nine months ended October 31, 2008. The increase was primarily due to the completion of a multi-site installation for a major customer for which revenue was recognized upon final customer acceptance. In addition, there was an increase in Residual Method revenue associated with product deliveries, thereby allowing for revenue recognition upon product delivery rather than upon the completion of installation, as well as an increase in maintenance renewal revenue recognized at full value as a result of the elimination of the impact of purchase accounting adjustments to support obligations assumed. We recorded an adjustment reducing support obligations assumed in the Witness acquisition to their estimated fair value at the acquisition date. As a result, as required by business combination accounting rules, revenue related to maintenance contracts in the amount of $5.2 million that would have been otherwise recorded by Witness as an independent entity, was not recognized in the nine months ended October 31, 2008. Historically, substantially all of our customers, including customers from acquired companies, renew their maintenance contracts when such contracts are eligible for renewal. To the extent these underlying maintenance contracts are renewed, we will recognize the revenue for the full value of these contracts over the maintenance periods, the substantial majority of which are one year. These increases were partially offset by a decline in our performance management business of $4.7 million primarily due to the completion of a large project in the nine months ended October 31, 2008 as well as the impact of the weakening British pound sterling relative to the U.S. dollar on our revenue in EMEA.

Video Intelligence Segment

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Video Intelligence revenue increased approximately 10%, or $3.1 million, to $34.0 million in the three months ended October 31, 2009 from $30.9 million in the three months ended October 31, 2008. The increase was due to an increase in Residual Method revenue of approximately $5 million primarily attributable to the overall product deliveries of orders from major customers, partially offset by a decrease in Ratable Method revenue of approximately $2 million due to a decline in the volume of arrangements recognized ratably over the economic life of the product because of implied PCS. As a result of changes in our business practices we anticipate that the mix of revenue arrangements recognized ratably over the economic life of the product in our Video Intelligence segment will continue to decline.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Video Intelligence revenue increased approximately 23%, or $21.8 million, to $116.5 million in the nine months ended October 31, 2009 from $94.7 million in the nine months ended October 31, 2008. The increase was almost entirely due to the product delivery of an order from a major customer.

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Communications Intelligence Segment

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Communications Intelligence revenue increased approximately 30%, or $10.8 million, to $47.1 million in the three months ended October 31, 2009 from $36.3 million in the three months ended October 31, 2008. This increase was primarily attributable to an increase of approximately $6 million in Contract Accounting Method revenue due to work performed on customized projects as well as an increase of approximately $4 million in Residual Method revenue associated with the timing of the completion of customer installations.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Communications Intelligence revenue increased approximately 14%, or $17.1 million, to $135.3 million in the nine months ended October 31, 2009 from $118.2 million in the nine months ended October 31, 2008. This increase was primarily due to an increase of approximately $24 million in Contract Accounting Method revenue due to work performed on customized projects, as well as an increase of approximately $1 million in Ratable Method revenue associated with increased support revenue, partially offset by a decrease of approximately $8 million in Residual Method revenue associated with the timing of completion of customer installations.

Volume and Price

We sell products in multiple configurations, and the price of any particular product varies depending on the configuration of the product sold. Due to the variety of customized configurations for each product we sell, we are unable to quantify the amount of any revenue increases attributable to a change in the price of any particular product and/or a change in the number of products sold.

Revenue by Product Revenue and Service and Support Revenue

We categorize and report our revenue in two categories product revenue and service and support revenue. For multiple element arrangements for which we are unable to establish VSOE of one or more elements, we use various available indicators of fair value and apply our best judgment to reasonably classify the arrangement s revenue into product revenue and service and support revenue.

The following table sets forth revenue for products and services and support for the three and nine months ended October 31, 2009 and 2008:

(in thousands)	**Three Months Ended October 31, 2009**	**Three Months Ended October 31, 2008**	**% Change 2009 - 2008**	**Nine Months Ended October 31, 2009**	**Nine Months Ended October 31, 2008**	**% Change 2009 - 2008**
Product revenue	$ 98,467	$ 81,495	21%	$ 283,645	$ 251,306	13%
Service and support revenue	88,013	76,372	15%	247,252	227,540	9%
Total revenue	**$ 186,480**	**$ 157,867**	18%	**$ 530,897**	**$ 478,846**	11%

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Product Revenue

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Product revenue increased approximately 21%, or $17.0 million, to $98.5 million in the three months ended October 31, 2009 from $81.5 million in the three months ended October 31, 2008. Product revenue increased in all three of our operating segments. In our Communications Intelligence segment product revenue increased $7.6 million, in our Workforce Optimization segment product revenue increased $6.6 million, and in our Video Intelligence segment product revenue increased $2.8 million. For additional information see - Revenue by Operating Segment .

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Product revenue increased approximately 13%, or $32.3 million, to $283.6 million in the nine months ended October 31, 2009 from $251.3 million in the nine months ended October 31, 2008. Product revenue increased in all three of our operating segments. In our Video Intelligence segment product revenue increased $20.4 million, in our Communications Intelligence segment product revenue increased $8.7 million, and in our Workforce Optimization segment product revenue increased $3.2 million. For additional information see - Revenue by Operating Segment .

Service and Support Revenue

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Service and support revenue increased approximately 15%, or $11.6 million, to $88.0 million in the three months ended October 31, 2009 from $76.4 million in the three months ended October 31, 2008. Service and support revenue increased in all three of our operating segments. Service and support revenue in our Workforce Optimization segment increased $8.1 million and in our Communications Intelligence segment service and support revenue increased $3.2 million. For additional information see - Revenue by Operating Segment .

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Service and support revenue increased approximately 9%, or $19.8 million, to $247.3 million in the nine months ended October 31, 2009 from $227.5 million in the nine months ended October 31, 2008. Service and support revenue increased in all three of our operating segments. Service and support revenue in our Workforce Optimization segment increased $9.8 million and in our Communications Intelligence segment service and support revenue increased $8.4 million. The increase in our Workforce Optimization segment is partially a result of fair value adjustments relating to future support obligations under acquired Witness contracts which lowered revenue in the nine months ended October 31, 2008 but had no impact on our results during the nine months ended October 31, 2009. For additional information see - Revenue by Operating Segment .

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Cost of Revenue

The following table sets forth cost of revenue by product and service and support as well as amortization of acquired technology and backlog for the three and nine months ended October 31, 2009 and 2008:

(in thousands)	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008	% Change 2009 - 2008	Nine Months Ended October 31, 2009	Nine Months Ended October 31, 2008	% Change 2009 - 2008
Product cost of revenue	$ 35,718	$ 31,983	12%	$ 98,675	$ 94,084	5%
Service and support cost of revenue	25,819	27,571	(6%)	74,922	90,177	(17%)
Amortization of acquired technology and backlog	1,973	2,228	(11%)	6,049	6,851	(12%)
Total cost of revenue	**$ 63,510**	**$ 61,782**	3%	**$ 179,646**	**$ 191,112**	(6%)

Product Cost of Revenue

Product cost of revenue primarily consists of hardware material costs and royalties due to third parties for software components that are embedded in our software applications. When revenue is deferred, we also defer hardware material costs and third-party software royalties and recognize those costs over the same period that the product revenue is recognized. Product cost of revenue also includes amortization of capitalized software development costs, employee compensation and related expenses associated with our global operations, facility costs and other allocated overhead expenses. In our Communications Intelligence segment, product cost of revenue also includes employee compensation and related expenses, contractor and consulting expenses, and travel expenses, in each case relating to resources dedicated to the delivery of customized projects for which certain contracts are accounted for under the POC method.

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Product cost of revenue increased $3.7 million, or 12%, to $35.7 million in the three months ended October 31, 2009 from $32.0 million in the three months ended October 31, 2008. Our overall product margins have increased to 64% in the three months ended October 31, 2009 from 61% in the three months ended October 31, 2008 as a result of an increase in product revenue and change in product mix. Product margins in our Video Intelligence segment increased to 58% in the three months ended October 31, 2009 from 51% in the three months ended October 31, 2008 primarily due to an increase in product revenue, resulting in a better absorption of overhead costs, coupled with a higher software component which carries a higher gross margin, in the overall product mix. Product margins in our Workforce Optimization segment increased to 84% in the three months ended October 31, 2009 from 82% in the three months ended October 31, 2008, as a result of product mix. These increases were partially offset by a decrease in product margins in our Communications Intelligence segment to 48% in the three months ended October 31, 2009 from 52% in the three months ended October 31, 2008 primarily due to an increase in Contract Accounting Method revenue which resulted in an increase in product costs attributable to more work performed on customized projects accounted for under the Contract Accounting Method.

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Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Product cost of revenue increased $4.6 million, or 5%, to $98.7 million in the nine months ended October 31, 2009 from $94.1 million in the nine months ended October 31, 2008. Our overall product margins have increased to 65% in the nine months ended October 31, 2009 from 63% in the nine months ended October 31, 2008 as a result of an increase in revenue and change in product mix. Product margins in our Video Intelligence segment increased to 63% in the nine months ended October 31, 2009 from 52% in the nine months ended October 31, 2008 primarily due to an increase in product revenue, resulting in a better absorption of overhead costs, coupled with a higher software component which carries a higher gross margin, in the overall product mix. Product margins in our Workforce Optimization segment increased to 85% in the nine months ended October 31, 2009 from 84% in the nine months ended October 31, 2008, as a result of product mix. These increases were partially offset by a decrease in product margins in our Communications Intelligence segment to 52% in the nine months ended October 31, 2009 from 56% in the nine months ended October 31, 2008 primarily due to a change in project mix, as Residual Method revenue declined and Contract Accounting Method revenue increased, which resulted in an increase in product costs attributable to more work performed on customized projects accounted for under the Contract Accounting Method.

Service and Support Cost of Revenue

Service and support cost of revenue primarily consist of employee compensation and related expenses, contractor costs, and travel expenses relating to installation, training, consulting, and maintenance services. Service and support cost of revenue also include stock compensation expenses, facility costs, and other overhead expenses.

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Service and support cost of revenue decreased approximately 6% to $25.8 million in the three months ended October 31, 2009 from $27.6 million in the three months ended October 31, 2008. Employee compensation and related expenses decreased $1.2 million due to, in approximately equal measure, a decrease in employee headcount in our Workforce Optimization segment resulting from the elimination of redundancies and other cost saving initiatives following the Witness acquisition, and a decrease in employee headcount in our Video Intelligence and Communications Intelligence segments as a result of our cost saving initiatives. Other expenses totaling $0.6 million were reduced as a result of our cost saving initiatives. Our overall service and support margins increase to 71% in the three months ended October 31, 2009 from 64% in the three months ended October 31, 2008 due to increased service and support revenue and the decrease in service and support expenses discussed above. Contributing to the increase in service and support margins was the fact that in certain cases expenses associated with service and support revenue recognized in the three months ended October 31, 2009 under the Ratable Method were recorded in prior periods when the costs were incurred. The cost of revenue associated with services is generally expensed as incurred in the period in which the services were performed, which is not necessarily the period in which revenue was recognized, with the exception of certain transactions accounted for under the Contract Accounting Method.

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Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Service and support cost of revenue decreased approximately 17% to $74.9 million in the nine months ended October 31, 2009 from $90.2 million in the nine months ended October 31, 2008. Employee compensation and related expenses decreased $7.8 million primarily in our Workforce Optimization segment due to a decrease in employee headcount resulting from the elimination of redundancies and other cost saving initiatives following the Witness acquisition and partially due to a decrease in employee headcount in our Video Intelligence and Communications Intelligence segments as a result of our cost saving initiatives. Other expense decreases included a decrease in travel expenses of $3.4 million and other expense reductions totaling $1.0 million, all of which were a result of our cost saving initiatives. In addition, in the nine months ended October 31, 2008 we completed certain projects in our performance management business included in our Workforce Optimization segment, which were accounted for under the Contract Accounting Method. As a result, we recognized deferred service revenue and attributable costs of $3.1 million during the nine months ended October 31, 2008. Our overall service and support margins increased to 70% in the nine months ended October 31, 2009 from 60% in the nine months ended October 31, 2008 due to increased service and support revenue and the decrease in service and support expenses discussed above. Contributing to the increase in service and support margins was the fact that in certain cases expenses associated with service and support revenue recognized in the nine months ended October 31, 2009 under the Ratable Method were recorded in prior periods when the costs were incurred. The cost of revenue associated with services is generally expensed as incurred in the period in which the services were performed, which is not necessarily the period in which revenue was recognized, with the exception of certain transactions accounted for under the Contract Accounting Method.

Amortization of Acquired Technology and Backlog

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Amortization of acquired technology and backlog decreased approximately 11% to $2.0 million in the three months ended October 31, 2009 from $2.2 million in the three months ended October 31, 2008 primarily due to the weakening of the British pound sterling in which some of our intangible assets are denominated.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Amortization of acquired technology and backlog decreased approximately 12% to $6.0 million in the nine months ended October 31, 2009 from $6.9 million in the nine months ended October 31, 2008 primarily due to the weakening of the British pound sterling in which some of our intangible assets are denominated.

Research and Development, Net

Research and development expenses primarily consist of personnel and subcontracting expenses, facility costs, and other allocated overhead, net of certain software development costs that are capitalized as well as reimbursement under government programs. Software development costs are capitalized upon the establishment of technological feasibility and until related products are available for general release to customers.

The following table sets forth research and development, net expenses for the three and nine months ended October 31, 2009 and 2008:

(in thousands)	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008	% Change 2009 - 2008	Nine Months Ended October 31, 2009	Nine Months Ended October 31, 2008	% Change 2009 - 2008
Research and development, net	$ 21,461	$ 21,963	(2%)	$ 61,000	$ 69,897	(13%)

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Research and development, net expenses decreased approximately 2% to $21.5 million in the three months ended October 31, 2009 from $22.0 million in the three months ended October 31, 2008. The decrease was due to lower expenses in our Communications Intelligence segment as a result of a smaller portion of employees time devoted to generic product development rather than specific customization work for projects accounted for under the Contract Accounting Method, and lower expenses in our Workforce Optimization and Video Intelligence operating segments due to our cost saving initiatives. The above decreases include the effect of the strengthening of the U.S. dollar relative to the major foreign currencies where we do business.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Research and development, net expenses decreased approximately 13% to $61.0 million in the nine months ended October 31, 2009 from $69.9 million in the nine months ended October 31, 2008. Employee compensation and related expenses decreased $5.3 million due to, in approximately equal measure, lower expenses in our Communications Intelligence segment as a result of a smaller portion of employees time devoted to generic product development rather than specific customization work for projects accounted for under the Contract Accounting Method, and lower expenses in our Video Intelligence segment due to a decrease in employee headcount as a result of our cost saving initiatives. Contractor costs decreased $3.6 million primarily in our Workforce Optimization segment and partially in our Video Intelligence and Communications Intelligence segments due to our cost saving initiatives. The above decreases include the effect of the strengthening of the U.S. dollar relative to the major foreign currencies where we do business.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of personnel costs and related expenses, professional fees, sales and marketing expenses, including travel, sales commissions and sales referral fees, facility costs, communication expenses, and other administrative expenses.

The following table sets forth selling, general and administrative expenses for the three and nine months ended October 31, 2009 and 2008:

(in thousands)	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008	% Change 2009 - 2008	Nine Months Ended October 31, 2009	Nine Months Ended October 31, 2008	% Change 2009 - 2008
Selling, general and administrative	$ 72,398	$ 69,977	3%	$ 199,882	$ 218,089	(8%)

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Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Selling, general and administrative expenses increased approximately 3% to $72.4 million in the three months ended October 31, 2009 from $70.0 million in the three months ended October 31, 2008. Professional fees and related expenses associated with our restatement of previously filed financial statements and our extended filing delay status increased approximately $4 million to approximately $12 million in the three months ended October 31, 2009 compared to approximately $8 million in the three months ended October 31, 2008. These increases were offset by decreases in travel, marketing, and other expenses totaling $1.6 million which were a result of our cost saving initiatives.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Selling, general and administrative expenses decreased approximately 8% to $199.9 million in the nine months ended October 31, 2009 from $218.1 million in the nine months ended October 31, 2008. Employee compensation and related expenses decreased $7.0 million attributable to lower headcount as a result of our cost saving initiatives. Employee sales commissions decreased $1.5 million due to a decline in customer orders received during the nine months ended October 31, 2009. Other expense decreases include decreases in travel and entertainment expenses of $4.5 million, marketing expenses of $2.7 million, communication, personnel, rent and utility expenses of $4.4 million, and other expense reductions totaling $3.1 million all of which were due to our cost saving initiatives. Professional fees and related expenses associated with our restatement of previously filed financial statements and our extended filing delay status increased approximately $5 million to approximately $29 million in the nine months ended October 31, 2009 compared to approximately $24 million in the nine months ended October 31, 2008. The above decreases include the effect of the strengthening of the U.S. dollar relative to the major foreign currencies where we do business.

Amortization of Other Acquired Intangible Assets

The following table sets forth amortization of acquisition related intangibles for the three and nine months ended October 31, 2009 and 2008:

	Three Months Ended October 31,		% Change 2009 -	Nine Months Ended October 31,		% Change 2009 -
(in thousands)	2009	2008	2008	2009	2008	2008
Amortization of other acquired intangible assets	$ 5,376	$ 6,139	(12%)	$ 16,892	$ 19,318	(13%)

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Amortization of other acquired intangible assets decreased approximately 12% to $5.4 million in the three months ended October 31, 2009 from $6.1 million in the three months ended October 31, 2008 primarily due to the weakening of the British pound sterling in which some of our intangible assets are denominated in.

Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Amortization of other acquired intangible assets decreased approximately 13% to $16.9 million in the nine months ended October 31, 2009 from $19.3 million in the nine months ended October 31, 2008 primarily due to the weakening of the British pound sterling in which some of our intangible assets are denominated in.

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Integration, Restructuring, and Other, Net

The following table sets forth integration, restructuring, and other, net for the three and nine months ended October 31, 2009 and 2008:

(in thousands)	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008	% Change 2009 - 2008	Nine Months Ended October 31, 2009	Nine Months Ended October 31, 2008	% Change 2009 - 2008
Restructuring expenses	$	$ 1,284	(100%)	$ 24	$ 2,492	(99%)
Integration expenses		844	(100%)		2,979	(100%)
Other legal recoveries, net		(9,521)	(100%)		(4,303)	(100%)
Integration, restructuring and other, net	**$**	**$ (7,393)**	(100%)	**$ 24**	**$ 1,168**	(98%)

Integration and Restructuring Costs

Three Months Ended October 31, 2008. We continually review our business to manage costs and align our resources with market demand. In connection with such reviews, and also in conjunction with the acquisition of Witness, we continued to take several actions to reduce fixed costs, eliminate redundancies, strengthen areas needing operational focus, and better position us to respond to market pressures or unfavorable economic conditions. We incurred restructuring costs of $1.3 million, consisting primarily of severance and personnel-related costs resulting from headcount reductions and retention, due to the acquisition of Witness and the restructuring of our Video Intelligence segment. As a result of the subsequent integration of the Witness and Verint businesses, and our enterprise resource planning re-engineering project, we incurred integration costs of $0.8 million, the majority of which were consulting fees.

Nine Months Ended October 31, 2008. We incurred restructuring costs of $2.5 million, consisting primarily of severance and personnel-related costs resulting from headcount reductions and retention, due to the acquisition of Witness and the restructuring of our Video Intelligence segment. As a result of the subsequent integration of the Witness and Verint businesses, and our enterprise resource planning re-engineering project, we incurred integration costs of $3.0 million, the majority of which were consulting fees.

Other Legal Recoveries, Net

Three Months Ended October 31, 2008. On August 1, 2008, we reached a settlement agreement related to an ongoing patent infringement litigation matter, and recorded $9.7 million in settlement gains in the three months ended October 31, 2008. This gain was partially offset by $0.2 million of legal fees incurred during the three months ended October 31, 2008 resulting in a net recovery of $9.5 million.

Nine Months Ended October 31, 2008. On August 1, 2008, we reached a settlement agreement related to an ongoing patent infringement litigation matter, and recorded $9.7 million in settlement gains in the nine months ended October 31, 2008. This gain was partially offset by $5.4 million of legal fees incurred during the nine months ended October 31, 2008 resulting in a net recovery of $4.3 million.

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Other Income (Expense), Net

The following table sets forth total other income (expense), net for the three and nine months ended October 31, 2009 and 2008:

(in thousands)	Three Months Ended October 31, 2009	Three Months Ended October 31, 2008	% Change 2009 - 2008	Nine Months Ended October 31, 2009	Nine Months Ended October 31, 2008	% Change 2009 - 2008
Interest income	$ 336	$ 481	(30%)	$ 581	$ 1,557	(63%)
Interest expense	(6,178)	(9,794)	(37%)	(18,900)	(29,400)	(36%)
Other income (expense):						
Gains on investments		5,577	(100%)		4,712	(100%)
Foreign currency gains (losses), net	2,039	(3,639)	(156%)	1,700	(2,418)	(170%)
Losses on derivatives, net	(4,710)	(9,273)	(49%)	(11,745)	(2,554)	360%
Other, net	(104)	249	(142%)	(799)	(204)	292%
Total other income (expense)	(2,775)	(7,086)	(61%)	(10,844)	(464)	2,237%
Total other expense, net	**$ (8,617)**	**$ (16,399)**	(47%)	**$ (29,163)**	**$ (28,307)**	3%

Three Months Ended October 31, 2009 compared to Three Months Ended October 31, 2008. Total other expense, net, decreased $7.8 million to an expense of $8.6 million in the three months ended October 31, 2009, compared to an expense $16.4 million in the three months ended October 31, 2008. Interest income decreased to $0.3 million in the three months ended October 31, 2009 from $0.5 million in the three months ended October 31, 2008 primarily due to lower interest rates. Interest expense on our term loan and revolving credit facility decreased to $6.2 million in the three months ended October 31, 2009 from $9.8 million in the three months ended October 31, 2008 due to lower interest rates during the three months ended October 31, 2009. We recorded a $2.0 million gain on foreign currency in the three months ended October 31, 2009 compared to a $3.6 million loss in the prior year quarter. Foreign currency gains in the three months ended October 31, 2009 resulted from the weakening of the U. S. dollar against the British pound sterling, euro, and Israeli shekel.

In the three months ended October 31, 2009, we recorded a net loss on derivatives of $4.7 million. This loss was primarily attributable to a $4.4 million loss in connection with a $450.0 million interest rate swap contract entered into concurrently with our credit agreement. This interest rate swap is not designated as a hedging instrument under derivative accounting guidance, and accordingly gains and losses from changes in fair value are recorded in other income (expense), net. This loss was also partially due to a $0.3 million loss on foreign currency derivatives, which represented the realized and unrealized portions of certain foreign currency derivatives.

In the three months ended October 31, 2008, we recorded a net loss on derivatives of $9.3 million, primarily attributable to a $450.0 million interest rate swap contract entered into concurrently with our credit agreement.

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Nine Months Ended October 31, 2009 compared to Nine Months Ended October 31, 2008. Total other expense, net, increased $0.9 million to an expense of $29.2 million in the nine months ended October 31, 2009, compared to an expense of $28.3 million in the nine months ended October 31, 2008. Interest income decreased to $0.6 million in the nine months ended October 31, 2009 from $1.6 million in the nine months ended October 31, 2008 primarily due to lower interest rates. Interest expense on our term loan and revolving credit facility decreased to $18.9 million in the nine months ended October 31, 2009 from $29.4 million in the nine months ended October 31, 2008 due to lower interest rates. We recorded a $1.7 million gain on foreign currency in the nine months ended October 31, 2009 compared to a $2.4 million loss in the prior year quarter. Foreign currency gains in the nine months ended October 31, 2009 resulted from the weakening of the U. S. dollar against the British pound sterling, euro, and Israeli shekel.

In the nine months ended October 31, 2009, we recorded a net loss on derivatives of $11.7 million. This loss was primarily attributable to an $11.0 million loss in connection with a $450.0 million interest rate swap contract entered into concurrently with our credit agreement. This interest rate swap is not designated as a hedging instrument under derivative accounting guidance, and accordingly gains and losses from changes in fair value are recorded in other income (expense), net. This loss was also partially due to a $0.7 million loss on foreign currency derivatives, which represented the realized and unrealized portions of certain foreign currency derivatives.

In the nine months ended October 31, 2008, we recorded a net loss on derivatives of $2.6 million, primarily attributable to a $450.0 million interest rate swap contract entered into concurrently with our credit agreement.

Income Tax Provision

The following table sets forth our income tax provision for the three and nine months ended October 31, 2009 and 2008:

	Three Months Ended October 31,		% Change 2009 - 2008	Nine Months Ended October 31,		% Change 2009 - 2008
(in thousands)	2009	2008		2009	2008	
Provision for income taxes	$ 1,803	$ 9,441	(81%)	$ 8,921	$ 10,887	(18%)

Three Months ended October 31, 2009 compared to the Three Months ended October 31, 2008. Our effective tax rate was 11.9% for the three months ended October 31, 2009, as compared to (85.8%) for the three months ended October 31, 2008. For the three months ended October 31, 2009, our effective tax rate was lower than the U.S. federal statutory rate because we recorded an income tax provision on income from certain foreign subsidiaries taxed at rates lower than the U.S. federal statutory rate, but did not record significant U.S. federal income tax benefit because we maintain a valuation allowance against our U.S. deferred tax assets. Our effective tax rate for the three months ended October 31, 2008 was negative due to the fact that we reported an income tax expense on a consolidated pre-tax loss. We recorded a valuation allowance against certain pre-tax losses and we recorded an income tax provision in profitable jurisdictions. The comparison of our effective tax rate between periods is significantly impacted by the level and mix of earnings and losses by taxing jurisdiction, foreign income tax rate differentials, relative impact of permanent book to tax differences, the effects of valuation allowances, and discrete items that occur within the period.

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Nine Months ended October 31, 2009 compared to the Nine Months ended October 31, 2008. Our effective tax rate was 20.1% for the nine months October 31, 2009, as compared to (22.2%) for the nine months ended October 31, 2008. For the nine months ended October 31, 2009, our effective tax rate was lower than the U.S. federal statutory rate because we recorded an income tax provision on income from certain foreign subsidiaries taxed at rates lower than the U.S. federal statutory rate. We did not record significant U.S. federal income tax benefit because we maintain a valuation allowance against our U.S. deferred tax assets. Our effective tax rate for the nine months ended October 31, 2008 was negative due to the fact that we recorded income tax expense on a consolidated pre-tax loss. We recorded a valuation allowance against certain domestic and foreign pre-tax losses and an income tax provision in certain profitable jurisdictions. The comparison of our effective tax rate between periods is significantly impacted by the level and mix of earnings and losses by taxing jurisdiction, foreign income tax rate differentials, relative impact of permanent book to tax differences, the effects of the valuation allowances, and discrete items that occur within the period.

Backlog

The delivery cycles of most of our products are generally very short, ranging from days to several months, with the exception of certain projects with multiple deliverables over a longer period of time. Therefore, we do not view backlog as a meaningful indicator of future business activity and do not consider it a meaningful financial metric for evaluating our business.

Liquidity and Capital Resources

Overview

Our primary sources of cash have historically been collections of our accounts receivable for services and products as well as cash advances from our customers, and may in the future include cash raised from equity and/or debt financings. Our primary uses of cash have been for selling and marketing activities, research and development, interest expense and related interest rate swap settlements, professional fees and related expenses associated with our restatement of previously filed financial statements and our extended filing delay status, capital expenditures, acquisitions of businesses, repayments of borrowings and dividends paid to the noncontrolling stockholders of our joint venture.

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Statements of Cash Flows

The following table sets forth, as of October 31, 2009 and January 31, 2009, cash and cash equivalents, preferred stock and long-term debt:

(in thousands)	October 31, 2009	January 31, 2009
Cash and cash equivalents	$ 161,184	$ 115,928
Preferred stock (at carrying value)	$ 285,542	$ 285,542
Long-term debt	$ 617,219	$ 620,912

At October 31, 2009, our cash and cash equivalents were $161.2 million, an increase of $45.3 million from January 31, 2009. This increase in cash is due to our strong operating performance.

The following table summarizes selected items from our condensed consolidated statements of cash flows for the nine months ended October 31, 2009 and 2008:

(in thousands)	Nine Months Ended October 31, 2009	2008
Net cash provided by operating activities	$ 65,491	$ 30,397
Net cash used in investing activities	(16,385)	(24,244)
Net cash used in financing activities	(8,432)	(2,362)
Effect of exchange rate changes on cash and cash equivalents	4,582	(4,102)
Net increase (decrease) in cash and cash equivalents	**$ 45,256**	**$ (311)**

Net cash provided by operating activities

During the nine months ended October 31, 2009, we generated $65.5 million in cash in operating activities. This $65.5 million in cash from operating activities was due to net income of $35.4 million and non-cash items of $71.4 million, primarily depreciation and amortization and stock-based compensation, and lower deferred cost of revenue of $10.4 million. These increases were partially offset by lower deferred revenue of $22.8 million, higher accounts receivable of $15.7 million, and higher prepaid expenses and other assets of $13.7 million.

During the nine-month period ended October 31, 2008, we reported a $59.9 million net loss, which included $67.4 million of net non-cash expenses. Net changes in operating assets and liabilities provided $22.9 million of cash during this nine-month period which, when combined with the impact of the period s net loss and non-cash expenses, resulted in $30.4 million of cash provided by operating activities. The primary non-cash expenses for the period were $41.9 million of depreciation and amortization and $24.9 million of stock-based compensation. The net changes in operating assets and liabilities during the period included a $20.0 million increase in deferred revenue and a $6.8 million decrease in deferred cost of revenue, partially offset by an $8.2 million increase in inventories.

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Net cash used by investing activities

During the nine months ended October 31, 2009, we used $16.4 million in cash primarily due to settlements of derivative financial instruments not designated as hedges of $13.1 million and capital expenditures of $5.2 million. During the nine months ended October 31, 2008, our investing activities used $24.2 million of cash, including $12.5 million of capital expenditures, $5.7 million of settlements of derivative financial instruments not designated as hedges and an increase of $5.9 million in restricted cash and bank time deposits, which is presented within Other investing activities on the condensed consolidated statement of cash flows.

Net cash used in financing activities

During the nine months ended October 31, 2009, we used $8.4 million in cash, reflecting $6.1 million in repayments of borrowings and other financing arrangements and $2.1 million of dividends paid to the noncontrolling stockholders of our joint venture.

During the nine months ended October 31, 2008, our financing activities used $2.4 million of cash, primarily reflecting $2.1 million in repayments of borrowings and other financing arrangements.

Liquidity and Capital Resources Requirements

Based on past performance and current expectations, we believe that our cash and cash equivalents and cash generated from operations will be sufficient to meet anticipated operating costs, required payments of principal and interest, working capital needs, capital expenditures, research and development spending, and other commitments for at least the next 12 months. Currently, we have no plans to pay any dividends on our preferred or common stock, which are not permitted under our credit agreement.

Our liquidity could be negatively impacted by a decrease in demand for our products and service and support, including the impact of changes in customer buying behavior due to the general global economic downturn. We have incurred significant professional fees and related expenses in connection with our restatement of previously filed financial statements and our extended filing delay status, and we expect that we will continue to incur significant professional fees and costs through the first half of calendar 2010 and some related expenses remaining in the second half of the year. Our liquidity could be negatively impacted by these additional fees and costs. In the event we determine to make acquisitions, or otherwise require additional funds, we may need to raise additional capital, which could involve the issuance of equity or debt securities. There can be no assurance that we would be able to raise additional equity or debt in the private or public markets on terms favorable to us, or at all.

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On May 25, 2007, we entered into a $650.0 million term loan and a $25.0 million revolving credit facility with a group of banks to fund a portion of the acquisition of Witness. As of October 31, 2009, our outstanding term loan balance was $605.9 million. As of June 2010, our outstanding term loan balance has been reduced to $583.2 million. The original $25.0 million revolving credit facility was reduced to $15.0 million in September 2008 due to the bankruptcy of Lehman Brothers and the termination of its commitment under the credit facility. We borrowed the entire $15.0 million available to us in November 2008 and currently have no remaining balance available to us. The term loan matures on May 25, 2014 and the revolving credit facility matures on May 25, 2013.

The credit agreement requires mandatory prepayments from the proceeds of certain asset sales, excess cash flow as defined by the agreement (for the year ended January 31, 2009, we made a $4.1 million prepayment in May 2009 and for the year ended January 31, 2010, we made a $22.1 million prepayment in May 2010 as required by the annual excess cash flow requirement), proceeds of indebtedness, and quarterly principal repayments (we made a $0.6 million required quarterly principal repayment in February 2010). Any re-borrowings under the revolving credit facility are dependent upon certain conditions including the absence of any material adverse effect or change on our business, as defined in the credit agreement.

The credit agreement contains one financial covenant that requires us to meet a certain consolidated leverage ratio, defined as our consolidated net total debt divided by consolidated earnings before interest, taxes, depreciation, and amortization (EBITDA) for the trailing four quarters. EBITDA is defined in our credit agreement as net income/(loss) plus income tax expense, interest expense, depreciation and amortization, losses related to hedge agreements, any extraordinary, unusual, or non-recurring expenses or losses, any other non-cash charges, and expenses incurred or taken prior to April 30, 2008 in connection with our acquisition of Witness, minus interest income, any extraordinary, unusual, or non-recurring income or gains, gains related to hedge agreements, and any other non-cash income. Under the credit agreement, the consolidated leverage ratio could not exceed 4.50:1 for the quarterly periods ended January 31, April 30, July 31, and October 31, 2009, and we were in compliance with such requirement as of such dates. For the quarterly periods ended January 31 and April 30, 2010, and the quarterly periods ending July 31 and October 31, 2010, the consolidated leverage ratio could not exceed 3:50:1. As of January 31, 2010 and April 30, 2010, we were in compliance with such requirement. For the quarterly periods ending January 31, April 30, July 31, and October 31, 2011, the consolidated leverage ratio cannot exceed 2.50:1. For the quarterly period ending January 31, 2012 and thereafter, the consolidated leverage ratio cannot exceed 2.00:1.

Based on debt levels as of the date of the filing of this report and our expectations for EBITDA, we may reduce our outstanding debt by the end of the year ending January 31, 2011 in order to maintain compliance with the consolidated leverage ratio covenant using available cash or we may attempt to raise cash from equity or debt financings. Alternatively, we may attempt to modify the credit agreement terms or refinance the bank debt. There can be no assurance that we will be successful with any such financing activities.

In addition, we are subject to a number of restrictive covenants, including limitations on our ability to incur indebtedness, create liens, make fundamental business changes, dispose of property, make restricted payments including dividends, make significant investments, enter into sale and leasebacks, enter new lines of business, provide negative pledges, enter into transactions with related parties and enter into any speculative hedges although there are limited exceptions to these covenants.

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If we are unable to comply with any of these requirements, an event of default could occur which could cause or permit holders of the debt to declare all amounts outstanding to be immediately due and payable. In that event, we may be forced to sell assets, raise additional capital through a securities offering, or seek to refinance or restructure our debt. In such case, we may not be able to consummate such a sale, securities offering, or refinancing or restructuring on reasonable terms, or at all.

Contractual Obligations

There has been no material change in our contractual obligations or commercial commitments during the nine months ended October 31, 2009.

Off-Balance Sheet Arrangements

As of October 31, 2009, we did not have any off-balance sheet arrangements that we believe have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. There were no material changes in our off-balance sheet arrangements during the nine months ended October 31, 2009.

Recent Accounting Pronouncements

Refer to Note 1, Basis of Presentation of the Notes to Condensed Consolidated Financial Statements included in Item 1 of this Form 10-Q for information regarding recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. We are exposed to market risk related to changes in interest rates and foreign currency exchange rate fluctuations. To manage the volatility relating to interest rate and foreign currency risks, we periodically enter into derivative instruments including foreign currency forward exchange contracts and interest rate swap agreements. It is our policy to enter into derivative transactions only to the extent considered necessary to meet our risk management objectives. We use derivative instruments solely to reduce the financial impact of these risks and do not use derivative instruments for trading purposes.

Our Annual Report on Form 10-K for the year ended January 31, 2009, filed with the SEC on April 8, 2010 provides a detailed discussion of the market risks affecting our operations for the year ended January 31, 2009. We believe our exposure to these market risks did not materially change during the nine months ended October 31, 2009.

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Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are controls and other procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the rules and forms promulgated by the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of October 31, 2009, our disclosure controls and procedures were not effective because of the material weaknesses in our internal control over financial reporting as described in our Annual Report on Form 10-K for the year ended January 31, 2009.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect every misstatement. An evaluation of effectiveness is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may decrease over time.

Changes in Internal Control over Financial Reporting

Under applicable SEC rules (Exchange Act Rules 13a-15(c) and 15d-15(c)) management is required to evaluate any change in internal control over financial reporting that occurred during each fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. As discussed in Item 9A of our Annual Report on Form 10-K for the year ended January 31, 2010, we have undertaken a broad range of remedial procedures to address the material weaknesses in our internal control over financial reporting identified as of January 31, 2009 in Item 9A of our Annual Report on Form 10-K for the year ended January 31, 2009. These remedial procedures entailed changes in our internal control over financial reporting throughout the course of the year ended January 31, 2010, including during the quarter ended October 31, 2009. However, as of October 31, 2009, these changes were not yet effective in remediating the material weaknesses identified in our Annual Report on Form 10-K for the year ended January 31, 2009. As discussed in Item 9A of our Annual Report on Form 10-K for the year ended January 31, 2010, the material weaknesses related to risk assessment and equity compensation, as well as certain areas of the financial reporting material weakness identified as of January 31, 2009, were remediated as of January 31, 2010.

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Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no material legal proceedings which arose, or in which there were material developments, during the three months ended October 31, 2009.

Please see Item 3, Legal Proceedings , in our Annual Report on Form 10-K for the year ended January 31, 2010 for a discussion of all material legal proceedings as of the filing date of such report. Please see Part II, Item 1, Legal Proceedings in our Quarterly Report on Form 10-Q for the three months ended April 30, 2010 for a discussion of material updates, if any, to the disclosure in the Form 10-K as of the filing date of such quarterly report.

Item 1A. Risk Factors

Please see Item 1A, Risk Factors , in our Annual Report on Form 10-K for the year ended January 31, 2010 for a discussion of the principal risks to our business, financial condition, and results of operations as of the filing date of such report. Please see Part II, Item 1A, Risk Factors in our Quarterly Report on Form 10-Q for the three months ended April 30, 2010 for a discussion of material updates, if any, to the disclosure in the Form 10-K as of the filing date of such quarterly report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Equity Grants

As a result of our inability to file required SEC reports during our extended filing delay period, we ceased using our registration statement on Form S-8 to make equity grants to employees.

On May 24, 2007, we received a no-action letter from the SEC upon which we have relied to make broad-based equity grants to employees under a no-sale theory. We have also made equity grants to our directors, executive officers, and certain other executives who qualify as accredited investors in reliance upon a private placement exemption from the federal securities laws and have made a small number of equity grants to non-U.S. employees under the exemption provided by Regulation S of the Securities Act.

There were no equity awards approved by the stock option committee during the three months ended October 31, 2009. The following summarizes various time-based equity awards approved by the stock option committee since the three month period ended October 31, 2009 (excluding directors and executive officers) in the United States and elsewhere throughout the world under the application of the no sale theory or under the exemption provided by Regulation S of the Securities Act:

March 17, 2010 equity awards representing approximately 283,850 shares; and

April 17, 2010 equity awards representing approximately 209,900 shares.

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The following summarizes various time-based and performance-based equity awards approved by the board of directors or the stock option committee since the three month period ended October 31, 2009 under a private placement exemption to directors, executive officers, or other employees qualifying as accredited investors (with officer performance awards included at target levels):

March 17, 2010 equity awards representing approximately 426,850 shares;
March 18, 2010 equity awards representing approximately 20,000 shares; and
April 17, 2010 equity awards representing approximately 37,600 shares.

All grants were made under a stockholder-approved equity compensation plan or contain vesting conditions which require that we receive stockholder approval of a new equity compensation plan or have additional share capacity under an existing stockholder-approved equity compensation plan for the awards to stock vest. All grants were compensatory in nature and were issued without cost to the employee.

Issuer Purchases of Equity Securities

Our board of directors has approved a program to repurchase shares of our common stock from our independent directors, and such other directors as may from time to time be designated by the board of directors, upon vesting of restricted stock grants during our extended filing delay period, in order to provide funds to the recipient for the payment of associated income taxes. From time to time, our board of directors has also approved repurchases from executive officers for the same purpose when a vesting has occurred during a blackout period and on November 24, 2009, the board of directors approved a repurchase program for our executive officers similar to the one for our directors. On June 4, 2010, the officer repurchase program was extended through the date of our next meeting of stockholders at which a new equity incentive plan is approved. We record any repurchases of common stock as treasury stock. During the three months ended October 31, 2009, we did not repurchase any common shares.

Item 3. Defaults upon Senior Securities

None.

Item 4. Removed and Reserved

Item 5. Other Information

None.

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Item 6. Exhibits

The following exhibit list includes exhibits that we entered into or that became effective during the three months ended October 31, 2009.

Number	Description	Filed Herewith / Incorporated by Reference from
10.01	Amended and Restated Employment Agreement, dated October 29, 2009, between Verint Systems Inc. and Elan Moriah*	Form 10-K filed on March 17, 2010
31.1	Certification of Dan Bodner, Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
31.2	Certification of Douglas E. Robinson, Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed Herewith
32.1	Certification of the Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350 (1)	Filed Herewith
32.2	Certification of the Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350 (1)	Filed Herewith

(1) These exhibits are being furnished with this periodic report and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934.

* Denotes a management contract or compensatory plan or

arrangement
required to be
filed as an
exhibit to this
form pursuant to
Item 6 of this
report.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	VERINT SYSTEMS INC.
June 18, 2010	/s/ Dan Bodner Dan Bodner President and Chief Executive Officer
June 18, 2010	/s/ Douglas E. Robinson Douglas E. Robinson Chief Financial Officer (Principal Financial Officer and Accounting Officer)

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