

VERIFONE SYSTEMS, INC.
Form PREM14A
May 07, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Rule 14a-101)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

VeriFone Systems, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

common stock, par value \$0.01

(2) Aggregate number of securities to which transaction applies:

The maximum number of shares of common stock to which this transaction applies is estimated to be 117,353,265, which consists of (a) 110,722,946 shares of common stock outstanding; (b) 818,710 shares of common stock issuable pursuant to outstanding options with exercise prices below the per share merger consideration of \$23.04; (c) 4,474,702 shares of common stock representing existing restricted stock units entitled to receive the merger consideration of \$23.04 and new restricted stock unit awards that may be granted prior to the closing of the merger; (d) 1,253,021 shares of common stock representing performance restricted stock units entitled to receive the merger consideration of \$23.04 (assuming, solely for purposes of this fee computation, maximum vesting of such performance restricted stock units); and (e) 83,886 shares of common stock representing deferred stock units entitled to receive the merger consideration of \$23.04, in each case as of April 30, 2018.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for the purpose of calculating the filing fee, the underlying value of the transaction was calculated based on the sum of (a) the product of 110,722,946 shares of common stock and the per share merger consideration of \$23.04; (b) the product of (i) 818,710 shares of common stock issuable upon exercise of options to purchase shares of common stock and (ii) the difference between \$23.04 and the weighted average exercise price of such options of \$21.06; (c) the product of 4,474,702 shares of common stock representing restricted stock units and the per share merger consideration of \$23.04; (d) the product of 1,253,021 shares of common stock representing performance restricted stock units and the per share merger consideration of \$23.04; and (e) the product of 83,886 shares of common stock representing deferred stock units and the per share merger consideration of \$23.04.

(4) Proposed maximum aggregate value of transaction:

\$2,686,577,193.00

(5) Total fee paid:

\$334,478.86

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or

the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

88 West Plumeria Drive

San Jose, CA 95134

, 2018

Dear Stockholder,

We cordially invite you to attend a special meeting of the holders of our common stock, par value \$0.01, which we refer to as common stock, of VeriFone Systems, Inc. a Delaware corporation, which we refer to as the Company, we or us, to be held on _____, 2018 at _____, California Time, at the Company's executive offices, located at 88 W. Plumeria Drive, San Jose, CA 95134, which we refer to as the special meeting.

On April 9, 2018, the Company entered into an Agreement and Plan of Merger, which we refer to as the merger agreement, by and among the Company, Vertex Holdco LLC, a Delaware limited liability company, and Vertex Merger Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of Vertex Holdco LLC. Pursuant to the merger agreement, Vertex Merger Sub LLC will be merged with and into the Company, which transaction we refer to as the merger, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Vertex Holdco LLC. Vertex Holdco LLC and Vertex Merger Sub LLC are owned by an investor group led by the private equity investment firm Francisco Partners, which we refer to as the investor group. At the special meeting you will be asked, among other things, to consider and vote upon a proposal to adopt the merger agreement.

If the merger is completed, you will be entitled to receive \$23.04 in cash, without interest, for each share of common stock owned by you, which represents a premium of approximately 54% to the closing price of common stock as of April 9, 2018, the last trading day prior to the public announcement of the execution of the merger agreement.

Our board of directors, which we refer to as the Board, has unanimously (i) determined that the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders, (ii) authorized, approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement (iii) resolved to submit the merger agreement to the stockholders for consideration and (iv) recommended that the stockholders approve the proposal to adopt the merger agreement and the other proposals being submitted for stockholder approval as described below and in the accompanying proxy statement. The Board made its determination after consultation with its legal and financial advisors and consideration of a number of factors. Approval of the proposal to adopt the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote on the proposal. **Our Board recommends that you vote FOR approval of the proposal to adopt the merger agreement.**

The proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger requires the affirmative vote of holders of a majority of the outstanding shares of common stock present or represented by proxy at the special meeting and entitled to vote at the special meeting. **Our Board recommends that you vote FOR the proposal to approve, by non-binding, advisory**

vote, certain compensation arrangements for the Company's named executive officers in connection with the merger.

The approval of the proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by

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proxy at the special meeting to constitute a quorum at the special meeting requires the affirmative vote of holders of a majority of the outstanding shares of common stock present in person or represented by proxy at the special meeting and entitled to vote at the special meeting. **Our Board recommends that you vote FOR approval of the proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum at the special meeting.**

Your vote is very important. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of holders of a majority of the outstanding shares of the common stock entitled to vote on the proposal to adopt the merger agreement. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy by telephone or the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. **The failure to return your proxy or vote at the special meeting in person will have the same effect as a vote AGAINST approval of the proposal to adopt the merger agreement.**

If your shares of common stock are held in street name by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of common stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of common stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. **The failure to instruct your bank, brokerage firm or other nominee to vote your shares of common stock FOR approval of the proposal to adopt the merger agreement will have the same effect as voting AGAINST approval of the proposal to adopt the merger agreement.**

The accompanying proxy statement provides you with detailed information about the special meeting and the merger agreement. A copy of the merger agreement is attached as **Annex A** to the proxy statement, and is incorporated by reference therein. We encourage you to read the entire proxy statement and its annexes, including the merger agreement, carefully. You may also obtain additional information about the Company from documents we have filed with the Securities and Exchange Commission.

If you have any questions or need assistance voting your shares of common stock, please contact MacKenzie Partners, Inc., our proxy solicitor, by calling toll-free at 1-800-322-2885 or collect at 212-929-5500.

The Board has approved and declared advisable the merger agreement and recommends that you vote FOR the proposal to adopt the merger agreement, FOR the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger and FOR approval of the proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum at the special meeting.

Thank you in advance for your cooperation and continued support.

Sincerely,

Paul Galant

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This proxy statement and a proxy card are first being mailed on or about _____, 2018 to stockholders who owned shares of the common stock as of the close of business on _____, 2018.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE MERGER, PASSED UPON THE MERITS OR FAIRNESS OF THE MERGER AGREEMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE MERGER, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THE ACCOMPANYING PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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88 West Plumeria Drive

San Jose, CA 95134

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on _____, 2018

To the Stockholders of VeriFone Systems, Inc.:

Notice is hereby given that a special meeting of the holders of our common stock, \$0.01 par value, which we refer to as common stock, of VeriFone Systems, Inc., a Delaware corporation, which we refer to as the Company, will be held at _____, California Time, on _____, 2018, at the Company's executive offices, located at 88 W. Plumeria Drive, San Jose, CA 95134, which we refer to as the special meeting, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of April 9, 2018, as it may be amended from time to time, which we refer to as the merger agreement, by and among the Company, Vertex Holdco LLC, a Delaware limited liability company, and Vertex Merger Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of Vertex Holdco LLC. The merger agreement provides for the acquisition by Vertex Holdco LLC of the Company through the merger of Vertex Merger Sub LLC with and into the Company, which we refer to as the merger, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Vertex Holdco LLC. A copy of the merger agreement is attached as **Annex A** to the accompanying proxy statement.
2. To consider and vote on a proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger.
3. To consider and vote on any proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum.

The merger agreement and the merger, along with the other transactions that would be effected in connection with the merger, are described more fully in the attached proxy statement, and we urge you to read it carefully and in its entirety.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote on the proposal to adopt the merger agreement. Approval of (i) certain compensation arrangements for the Company's named executive officers in connection with the merger by non-binding, advisory vote and (ii) any proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum, each requires the affirmative vote of holders of a majority of the outstanding shares of common stock present in person or represented by proxy at the special meeting and entitled to vote at the special meeting.

The Company's board of directors, which we refer to as the Board, has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders and has unanimously authorized, adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement. The Board made its determination after consultation with its legal and financial advisors and consideration of a number of factors. **The Board recommends that you vote FOR approval of the proposal to adopt the merger agreement, FOR approval of the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger and FOR approval of the proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a**

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sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum at the special meeting.

Your vote is very important, regardless of the number of shares of common stock of the Company you own. The merger cannot be completed unless the merger agreement is adopted by the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares of common stock will be represented at the special meeting if you are unable to attend. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet, it will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement. If you are a stockholder of record, voting in person at the special meeting will revoke any proxy previously submitted. If you hold your shares of common stock through a bank, brokerage firm or other nominee, you should follow the procedures provided by your banker, brokerage firm or other nominee in order to vote.

The Board has fixed the close of business on _____, 2018, as the record date for determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements thereof. Only stockholders of record at the close of business on the record date are entitled to notice of, and to vote (in person or by proxy) at, the special meeting and at any adjournment or postponement thereof. You will be entitled to one (1) vote for each share of common stock that you owned on the record date. A complete list of our stockholders of record entitled to vote at the special meeting will be available for inspection at our principal executive offices during the ten days prior to the special meeting, during ordinary business hours. The list will also be available at the special meeting for inspection by any stockholder present at the special meeting.

Only stockholders of record, their duly authorized proxy holders, beneficial stockholders with proof of ownership and our guests may attend the special meeting. If you are a stockholder of record, please bring valid photo identification to the special meeting. If your shares of common stock are held through a bank, brokerage firm or other nominee, please bring to the special meeting valid photo identification and proof of your beneficial ownership of common stock. Acceptable proof could include an account statement showing that you owned shares of common stock on the record date. If you are the representative of a corporate or institutional stockholder, you must present valid photo identification along with proof that you are the representative of such stockholder. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. IF YOU WILL ATTEND THE SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED. IF YOU HOLD YOUR SHARES OF COMMON STOCK THROUGH A BANK, BROKERAGE FIRM OR OTHER NOMINEE, YOU SHOULD FOLLOW THE PROCEDURES PROVIDED BY YOUR BANK, BROKERAGE FIRM OR OTHER NOMINEE IN ORDER TO VOTE.

By Order of the Board of Directors,
Vikram Varma

General Counsel and Secretary

San Jose, California

Dated: , 2018

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SUMMARY

The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page [].

Parties to the Merger (Page [])

VeriFone Systems, Inc., or the Company, we, us or our, is a global leader in payments and commerce solutions. We are connecting payment devices to the cloud—merging the online and in-store shopping experience and creating the next generation of digital engagement between merchants and consumers. We are built on a 35-year history of security with approximately 30 million devices and terminals deployed worldwide. Our people are trusted experts who work with our clients and partners, helping to solve their most complex payments challenges. We have clients and partners in more than 150 countries, including some of the world's best-known retail brands, financial institutions and payment providers.

The Company's common stock is listed on the New York Stock Exchange, which we refer to as the NYSE, under the symbol PAY. The principal executive offices of the Company are located at 88 Plumeria Drive, San Jose, CA 95134 and its telephone number is (408) 232-7800.

Vertex Holdco LLC, or Holdco, is a Delaware limited liability company. Holdco was formed solely for the purpose of engaging in the merger and other related transactions. Holdco has not engaged in any business other than in connection with the merger and other related transactions.

The principal executive offices of Holdco are located at One Letterman Drive, Building C—Suite 410, San Francisco, CA 94129 and its telephone number is (415) 418-2900.

Vertex Merger Sub LLC, or Merger Sub, is a Delaware limited liability company. Merger Sub is a wholly owned subsidiary of Holdco and was formed solely for the purpose of engaging in the merger and other related transactions. Merger Sub has not engaged in any business other than in connection with the merger and other related transactions. Upon the completion of the merger, Merger Sub will cease to exist and the Company will continue as the surviving corporation.

The principal executive offices of Merger Sub are located at One Letterman Drive, Building C—Suite 410, San Francisco, CA 94129 and its telephone number is (415) 418-2900.

The Special Meeting (Page [])

Date, Time and Place of the Special Meeting (Page [])

The special meeting will be held on _____, 2018, at _____ a.m., California Time, at the Company's executive offices, located at 88 W. Plumeria Drive, San Jose, CA 95134.

At the special meeting, holders of our common stock, \$0.01 par value, which we refer to as common stock, will be asked to approve the proposal to adopt the merger agreement and the proposal to approve, by a non-binding, advisory

vote, certain compensation arrangements for the Company s

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named executive officers in connection with the merger. If there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum at the special meeting, the special meeting may be adjourned, if necessary or appropriate, by the affirmative vote of the holders of a majority in voting power of the shares of common stock, present in person or represented by proxy, at the special meeting and entitled to vote thereon.

Record Date and Quorum (Page [])

You are entitled to receive notice of, and to vote at, the special meeting if you own shares of common stock at the close of business on _____, 2018, which the Company has set as the record date for the special meeting and which we refer to as the record date. You will be entitled to one (1) vote for each share of common stock that you owned on the record date. As of the close of business on the record date, there were _____ shares of common stock outstanding and entitled to vote at the special meeting, held by _____ holders of record.

A majority of the votes entitled to be cast by the holders of common stock outstanding at the close of business on the record date and entitled to vote, present in person or represented by proxy, at the special meeting constitutes a quorum. Abstentions and broker non-votes (as described below) are counted as present for the purpose of determining whether a quorum is present.

Vote Required (Page [])

Approval of the proposal to adopt the merger agreement requires the affirmative vote by the holders of a majority of the shares of common stock outstanding at the close of business on the record date. Abstentions and broker non-votes will have the same effect as a vote **AGAINST** approval of the proposal to adopt the merger agreement.

The proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger, as described in the section titled *Advisory Vote on Merger-Related Compensation for the Company's Named Executive Officers* beginning on page [], will be adopted if approved by the affirmative vote of the holders of a majority in voting power of the shares of common stock, present in person or represented by proxy, at the special meeting and entitled to vote thereon. Abstentions will have the same effect as a vote **AGAINST** approval of the proposal, and broker non-votes will have no effect on the outcome of the vote.

Any proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum will be adopted if approved by the affirmative vote of the holders of a majority in voting power of the shares of common stock, present in person or represented by proxy, at the special meeting and entitled to vote thereon. Abstentions will have the same effect as a vote **AGAINST** the proposal, and broker non-votes will have no effect on the outcome of the vote.

As of the record date, the directors and executive officers of the Company beneficially owned and were entitled to vote, in the aggregate, _____ shares of common stock (not including any shares of common stock deliverable upon exercise or conversion of any options, restricted stock units or deferred stock units), representing approximately _____ percent of the outstanding shares of common stock as of the record date.

Proxies and Revocation (Page [])

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet or by returning the enclosed proxy card in the accompanying prepaid reply envelope,

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or may vote in person by appearing at the special meeting. If your shares of common stock are held in street name through a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with instructions, as applicable, your shares of common stock will not be voted on the proposal to adopt the merger agreement, which will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement, and your shares of common stock will not be counted in respect of, and will not have an effect on, the proposal to approve the merger-related compensation or any proposal to adjourn the special meeting.

A proxy may be revoked at any time before it is voted by (i) delivering a written notice of revocation to our Secretary c/o VeriFone Systems, Inc., 88 W. Plumeria Drive, San Jose, CA 95134, (ii) subsequently submitting a duly executed proxy bearing a later date than that of the previously submitted proxy (including by submission over the Internet), or (iii) attending the special meeting and voting in person. Attending the special meeting without voting will not revoke your previously submitted proxy.

The Merger (Page [])

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger, which we refer to as the surviving corporation, and will continue to do business following the consummation of the merger. As a result of the merger, the Company will cease to be a publicly traded company and will become a wholly owned subsidiary of Holdco. Holdco and Merger Sub are owned by an investor group led by the private equity investment firm Francisco Partners, which we refer to as the investor group. If the merger is completed, you will not own any shares of common stock of the surviving corporation.

Merger Consideration (Page [])

In the merger, each share of common stock issued and outstanding immediately prior to the time when the certificate of merger has been duly filed with and accepted by the Secretary of State of the State of Delaware or at such later date and time as may be agreed by the parties in writing and specified in the certificate of merger, which time we refer to as the effective time (other than shares owned by Holdco, Merger Sub or any other direct or indirect wholly owned subsidiary of Holdco and shares owned by the Company or any direct or indirect wholly owned subsidiary of the Company, in each case not held on behalf of third parties, and shares of common stock owned by stockholders who have properly demanded and not withdrawn a demand for, or lost their right to, appraisal rights under Delaware law, which we refer to collectively as excluded shares), which we refer to collectively as eligible shares, will automatically be converted into the right to receive an amount in cash equal to \$23.04, without interest, which we refer to as the per share merger consideration.

Reasons for the Merger; Recommendation of the Company's Board of Directors (Page [])

After careful consideration of various factors described in the section entitled "The Merger - Reasons for the Merger; Recommendation of the Board of Directors" beginning on page [], the Company's board of directors, which we refer to as the Board, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders and authorized, adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement, resolved that the

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merger agreement be submitted for consideration by the stockholders of the Company at a special meeting of stockholders and recommended that the stockholders of the Company vote to adopt the merger agreement.

In considering the recommendation of the Board with respect to the proposal to adopt the merger agreement, you should be aware that our directors and executive officers have interests in the merger that are different from, or in addition to, yours. The Board was aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the transactions contemplated by the merger agreement, and in recommending that the merger agreement be adopted by the stockholders of the Company. See the section entitled "The Merger - Interests of Certain Persons in the Merger" beginning on page [].

The Board recommends that you vote FOR approval of the proposal to adopt the merger agreement, FOR approval of the proposal to approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger and FOR approval of the proposal to adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum at the special meeting.

Opinion of Qatalyst Partners LP (Page [])

In connection with the Company's consideration of strategic alternatives, including the merger, the Company engaged Qatalyst Partners LP, which we refer to as Qatalyst Partners, to provide financial advice based on Qatalyst Partners' qualifications, expertise, reputation and knowledge of the Company's business and the industry in which the Company operates. At the meeting of the Board on April 9, 2018, Qatalyst Partners rendered to the Board its oral opinion, subsequently confirmed in writing, to the effect that, as of April 9, 2018, and based upon and subject to the various assumptions, qualifications, limitations and other matters set forth therein, the merger consideration of \$23.04 per share in cash to be received pursuant to, and in accordance with, the terms of the merger agreement by the holders of shares of common stock (other than Holdco or any affiliates of Holdco), was fair, from a financial point of view, to such holders.

The full text of the opinion of Qatalyst Partners, dated as of April 9, 2018, is attached to this proxy statement as Annex B and is incorporated into this proxy statement by reference. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations and qualifications of the review undertaken by Qatalyst Partners in rendering its opinion. You should read the opinion carefully in its entirety.

Qatalyst Partners' opinion was provided to the Board and addressed only, as of the date of the opinion, the fairness, from a financial point of view, of the merger consideration of \$23.04 per share in cash to be received pursuant to, and in accordance with, the terms of the merger agreement by the holders of shares of common stock (other than Holdco or any affiliates of Holdco), to such holders. It does not address any other aspect of the merger. It does not constitute a recommendation to any stockholder of the Company as to how to vote with respect to the Merger or any other matter and does not in any manner address the price at which the shares of the common stock will trade at any time.

For a description of the opinion that the Board received from Qatalyst Partners, see "The Merger - Opinion of Qatalyst Partners LP" beginning on page [].

Table of Contents***Interests of Certain Persons in the Merger (Page [])***

In considering the recommendations of the Board with respect to the proposals to adopt the merger agreement, approve, by non-binding, advisory vote, certain compensation arrangements for the Company's named executive officers in connection with the merger and adjourn the special meeting, if necessary or appropriate, including if there are not holders of a sufficient number of shares of common stock present or represented by proxy at the special meeting to constitute a quorum at the special meeting, you should be aware that executive officers and directors of the Company may have certain interests in the merger that may be different from, or in addition to, the interests of the stockholders generally. The Board was aware of these interests and considered them at the time it evaluated and approved the merger agreement and the merger, and in recommending that the merger agreement be adopted by the stockholders of the Company. Company stockholders should take these interests into account in deciding whether to adopt the merger agreement. These interests include, but are not limited to, the following:

Director Unvested Equity Awards. Due to the termination of service as members of the Board contemplated by the merger agreement, Company restricted stock units, which we refer to as Company RSUs, held by the Company's non-employee directors will become fully vested following the effective time and will be paid out.

Company Unvested Equity Awards Held by Executive Officers. Each outstanding unvested Company option and Company RSU will be converted into a cash-based award based on the per share merger consideration that will be subject to a vesting schedule identical to that of the corresponding Company equity award. However, under the terms of the Company's employment and severance arrangements with its executive officers, the options and Company RSUs held by the Company's executive officers are subject to double-trigger vesting if an executive officer experiences a qualifying termination of employment in connection with the merger. Each outstanding Company P-RSUs will also be converted into a cash-based award based on the per share merger consideration and actual performance measured through the effective time, subject to a time-vesting schedule identical to the corresponding P-RSU. Under the terms of the Company's severance arrangements with its executive officers, upon the effective time, a pro-rated portion of the Company's executive officers' Company P-RSUs will be paid out in cash, with the remainder subject to time-based vesting in accordance with the original 3-year cliff vesting schedule. If an executive officer experiences a qualifying termination of employment in connection with the merger, the remaining unvested Company P-RSUs stock units held by such executive officer will vest in full (based on actual performance as calculated through the effective time).

Cash Severance Agreements. Under the terms of the Company's employment and severance arrangements with its executive officers, each of our executive officers will be entitled to a cash severance payment and continued benefits coverage if he or she undergoes a qualifying termination in connection with the merger.

For further information with respect to the arrangements between the Company and its directors and executive officers, see the section titled "The Merger Interests of Certain Persons in the Merger" beginning on page [] and "The Merger Interests of Certain Persons in the Merger Golden Parachute Compensation" beginning on page [].

Material U.S. Federal Income Tax Consequences of the Merger (Page [])

The exchange of shares of common stock for cash pursuant to the merger generally will be a taxable transaction to U.S. holders (as defined in "The Merger Material U.S. Federal Income Tax

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Consequences of the Merger on page [] for U.S. Federal income tax purposes. Stockholders who are U.S. holders and who exchange their shares of common stock in the merger for cash will generally recognize gain or loss in an amount equal to the difference, if any, between the amount of cash received with respect to such shares of common stock and their adjusted tax basis in their shares of common stock. Backup withholding may also apply to the cash payments paid to a non-corporate U.S. holder pursuant to the merger unless the U.S. holder or other payee provides a taxpayer identification number, certifies that such number is correct and otherwise complies with the backup withholding rules. You should read *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [] for a more detailed discussion of the U.S. Federal income tax consequences of the merger. You should also consult your tax advisor for a complete analysis of the effect of the merger on your federal, state and local and/or foreign taxes.

Regulatory Approvals (Page [])

The Company, Holdco and Merger Sub have made certain filings and taken other actions, and will continue to make filings and take actions, necessary to obtain approvals from all appropriate governmental entities in connection with the merger pursuant to the terms of the merger agreement, including taking all actions required to obtain approvals under U.S. law pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act, and from (1) the European Commission under the EU Merger Regulations, (2) the Finnish Financial Supervisory Authority, (3) the Federal Financial Supervisory Authority, or *Bundesanstalt für Finanzdienstleistungsaufsicht*, of Germany, (4) the Israeli Antitrust Authority, (5) the Federal Antimonopoly Service of the Russian Federation, (6) the Competition Commission of South Africa and (7) the Turkish Competition Authority. You should read *The Merger Regulatory Approvals* beginning on page [] for a more detailed discussion of the regulatory approvals required with respect to the merger.

On May 4, 2018, the Federal Trade Commission granted early termination of the waiting period under the HSR Act.

The Merger Agreement (Page [])

Treatment of Common Stock and Equity Awards (Page [])

Common Stock. At the effective time, by virtue of the merger and without any action on the part of the parties or any holder of any capital stock of the Company, each eligible share will be converted into the right to receive cash in the amount of \$23.04 per share and thereafter will be canceled and will cease to exist, and at the effective time each excluded share will also be canceled and will cease to exist, and no consideration will be payable for such excluded shares.

Vested Company Stock Options. At the effective time, each outstanding vested option (or vested portion thereof) to purchase shares of common stock, which we refer to as vested Company options, other than any rollover equity awards (as defined below), will be canceled and will only entitle the holder of such vested Company stock option to receive (without interest), as soon as reasonably practicable after the effective time, an amount in cash equal to the product of the total number of shares subject to such vested Company option immediately prior to the effective time, multiplied by the excess, if any, of the per share merger consideration over the exercise price per share of such vested Company option, less any tax withholdings. Any vested Company option which has an exercise price per share that is greater than or equal to the merger consideration will be canceled at the effective time for no consideration or payment.

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Unvested Company Stock Options. At the effective time of the merger, outstanding unvested options to purchase shares of common stock, which we refer to as the unvested Company options, will be canceled and will only entitle the holder of such unvested Company stock option to receive (without interest) an amount in cash, which we refer to as a Company option replacement award, equal to the product of the total number of shares subject to such unvested Company options immediately prior to the effective time, multiplied by the excess, if any, of the merger consideration over the exercise price per share of such unvested Company options, less any tax withholdings. Each such Company option replacement award will be subject to the same vesting schedule and other terms and conditions applicable to the corresponding unvested Company option (other than with respect to exercise) immediately prior to the effective time. Any unvested Company option which has an exercise price per share that is greater than or equal to the per share merger consideration will be canceled at the effective time for no consideration or payment.

Rollover Equity Awards. At the effective time, holders of vested Company options or shares of common stock who are employed by the Company at or above the level of vice president and who have previously elected and agreed for such vested Company options or shares of common stock to be rolled into common stock of Holdco will have their vested Company options or shares converted into common stock of Holdco, with any vested Company options subject to such rollover treatment to be converted based on their in-the-money value at the effective time.

Restricted Stock Units. At the effective time, each outstanding Company RSU that is subject to service-based vesting conditions, will be canceled and converted into the right to receive (without interest) an amount in cash, which we refer to as a Company RSU replacement award, equal to the number of shares subject to such Company RSU multiplied by the per share merger consideration, less any tax withholdings. Each such Company RSU replacement award will be subject to the same vesting schedule and other terms and conditions applicable to the corresponding Company RSUs immediately prior to the effective time.

Performance-Based Restricted Stock Units. At the effective time, each outstanding Company P-RSU will be canceled and converted into the right to receive (without interest) an amount in cash, which we refer to as a Company P-RSU replacement award, equal to the number of shares subject to such Company P-RSU, based on the actual performance through the Effective Time as determined by the Board's compensation committee, multiplied by the per share merger consideration, less any tax withholdings. Each such Company P-RSU replacement award will be subject to the same vesting schedule and other terms and conditions applicable to the corresponding Company P-RSU immediately prior to the effective time.

Deferred Stock Units. At the effective time, each outstanding deferred stock unit under the Company's Director Deferred Compensation Plan, which we refer to as the Company DSUs, will be canceled and will only entitle the holder of such Company DSUs to receive (without interest), as soon as reasonably practicable after the effective time (or such later time as is required by Section 409A of the Internal Revenue Code of 1986, as amended, which we refer to as the Code), an amount in cash equal to the number of shares subject to such Company DSUs multiplied by the per share merger consideration, less any tax withholdings.

Go-Shop; Acquisition Proposals; Change in Recommendation (Page [])

The merger agreement provides that from the date of the merger agreement until 11:59 p.m. (California Time) on May 24, 2018, which we refer to as the go-shop period, the Company and any of

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its subsidiaries and any of their respective representatives have the right to directly or indirectly, and subject to certain requirements under the merger agreement, (i) initiate, solicit, facilitate, propose, encourage or take any action to facilitate any inquiry or the making of any proposal that constitutes or could reasonably be expected to lead to an acquisition proposal from any person, (ii) engage in, continue or otherwise participate in discussions or negotiations regarding any acquisition proposal, (iii) provide information to any person in connection with any acquisition proposal or any proposal or offer that would reasonably be expected to lead to an acquisition proposal or (iv) otherwise facilitate any effort or attempt to make an acquisition proposal. As of 12:00 a.m. (California Time) on May 25, 2018 until the effective time or the earlier termination of the merger agreement, the Company and its subsidiaries and their respective representatives must cease any of the activities set forth above. Notwithstanding these restrictions, under certain circumstances following the end of the go-shop period and prior to the time the merger agreement is adopted by our stockholders, we may respond to a written acquisition proposal or engage in discussions or negotiations with the person making such an acquisition proposal if the Board determines in good faith after consultation with its outside legal counsel and financial advisor that such acquisition proposal is or would reasonably be expected to result in a superior proposal and that failure to take such action would be inconsistent with the directors' fiduciary duties. Further, at any time before the merger agreement is adopted by our stockholders, we may terminate the merger agreement in order to enter into an alternative acquisition agreement with respect to such superior proposal, so long as we comply with certain terms of the merger agreement, including negotiating revisions to the terms of the merger agreement with Holdco (to the extent Holdco desires to negotiate) for a period of five (5) business days (or three (3) business days for negotiations following any amendments to the proposal) prior to such action and paying a termination fee to Holdco. See *The Merger Agreement Go-Shop; Acquisition Proposals; Change in Recommendation* beginning on page [] and *The Merger Agreement Termination Fees* beginning on page [].

Conditions to the Merger (Page [])

The respective obligations of the Company, Holdco and Merger Sub to consummate the merger are subject to the satisfaction or waiver of certain customary conditions, including the adoption of the merger agreement by our stockholders, receipt of certain regulatory approvals, the absence of any legal prohibitions, the accuracy of the representations and warranties of the parties set forth in the merger agreement, compliance by the parties with their respective obligations under the merger agreement and receipt of a closing certificate. See *The Merger Agreement Conditions to the Merger* beginning on page [].

Termination (Page [])

We and Holdco may, by mutual written consent, terminate the merger agreement and abandon the merger at any time prior to the effective time, notwithstanding any adoption of the merger agreement by our stockholders.

The merger agreement may also be terminated and the merger abandoned at any time prior to the effective time as follows:

by either Holdco or the Company, if: