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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA

16 COUNTY OF SANTA CLARA

17 IN RE VERIFONE HOLDINGS, INC.) Lead Case No. 1-07-CV-100980
18 DERIVATIVE LITIGATION)
) (Consolidated with Case No. 1-07-CV-101449)

19 This Document Relates to:)

20 ALL ACTIONS)

21) **STIPULATION OF SETTLEMENT**

22) Judge: Honorable Peter H. Kirwan

23) Department: 1

24) Date Action Filed: December 13, 2007

1 This Stipulation of Settlement, dated June 11, 2015 (the "Stipulation"), is made and entered
2 into by and among the following Settling Parties,¹ by and through their respective counsel of record:
3 (i) plaintiff Joel Gerber ("Plaintiff"), individually and derivatively on behalf of nominal defendant
4 VeriFone Systems, Inc. (f/k/a VeriFone Holdings, Inc.) ("VeriFone" or the "Company"); (ii) Douglas
5 G. Bergeron, Barry Zwarenstein, Jesse Adams, William Atkinson, Isaac Angel, Elmore Waller,
6 James C. Castle, Leslie G. Denend, Robert B. Henske, Charles R. Rinehart, Alex W. Hart, Eitan
7 Raff, Collin E. Roche, Craig A. Bondy (collectively, the "Individual Defendants"); (iii) GTCR
8 Golder Rauner, LLC ("GTCR," together with the Individual Defendants, "Defendants"); and (iv)
9 nominal defendant VeriFone. The Stipulation is intended by the Settling Parties to fully, finally, and
10 forever resolve, discharge, and settle the Released Claims, subject to the terms and conditions set
11 forth herein.

12 **I. FACTUAL BACKGROUND**

13 **A. Procedural History**

14 VeriFone designs, develops, manufactures, markets, and supplies a broad range of point of
15 sale payment systems and services that enable electronic payments between consumers, merchants,
16 and financial institutions. On December 3, 2007, VeriFone publicly announced that it would restate
17 its quarterly financial statements for the three fiscal quarters ending January 31, 2007, April 30,
18 2007, and July 31, 2007, to correct errors in accounting related to the valuation of in-transit
19 inventory and allocation of manufacturing and distribution overhead to inventory that resulted in
20 VeriFone overstating previously reported earnings and inventories and understating "cost of net
21 revenues."

22 On December 13, 2007, former plaintiff Catholic Medical Mission Board ("Catholic
23 Medical") filed a shareholder derivative action on behalf of VeriFone in this Court captioned
24 *Catholic Medical Mission Board v. Bergeron*, Case No. 1:07-CV-100980 ("*Catholic Medical*
25 *Action*"). This action was brought by Catholic Medical on behalf of the Company against certain of
26 VeriFone's officers and directors seeking to remedy Defendants' alleged violations of state law,
27

28 ¹ All capitalized terms not otherwise defined are defined in Section IV.1.

1 including breaches of fiduciary duties, waste of corporate assets, unjust enrichment, and violations of
2 the California Corporations Code.

3 On December 19, 2007, former plaintiff Gilbert Carpel ("Carpel") filed a substantially
4 similar shareholder derivative action captioned *Carpel v. Bergeron*, Case No. 1:07-CV-101449
5 ("*Carpel Action*").

6 On January 18, 2008, both Catholic Medical and Carpel filed motions to consolidate and
7 appoint a leadership structure.

8 On April 1, 2008, after extensive briefing and a hearing on March 7, 2008, the Court
9 consolidated the *Catholic Medical* and *Carpel* Actions, and designated *In re VeriFone Holdings, Inc.*
10 *Derivative Litigation*, No. 1:07-CV-100980 (Cal. Super. Ct.-Santa Clara Cnty.) as the lead case (the
11 "Action").

12 On April 2, 2008, VeriFone announced that its Audit Committee had completed its
13 investigation into accounting and financial control issues related to the Company's restatement. The
14 investigation, which was conducted by the Audit Committee's counsel, Simpson Thacher & Bartlett
15 LLP, and Navigant LLC, confirmed that incorrect manual journal and elimination entries were made
16 with respect to certain inventory-related matters, that existing policies with respect to manual journal
17 entries were not followed, and that insufficient review processes and controls were in place to
18 identify and correct the erroneous manual journal and elimination entries in a timely manner. In
19 addition to certain remedial measures taken in response to the Audit Committee's findings, VeriFone
20 also announced that VeriFone's Chief Financial Officer, Barry Zwarenstein, had tendered his
21 resignation, which would become effective after completion of the restatement.

22 On May 1, 2008, the Parties attended an informal conference before the Court to set the time
23 for filing an amended complaint and discuss Catholic Medical's document requests and special
24 interrogatories to VeriFone and the Individual Defendants, served in January 2008, and Defendants
25 objections thereto, served in February 2008. Following extensive meet and confer efforts, the
26 Parties failed to reach agreement on whether and the extent to which Defendants were obligated to
27 produce documents and written interrogatory answers. The Parties thereafter entered into a series of
28

1 agreements extending Catholic Medical's deadline to move to compel further responses to the
2 discovery.

3 On August 19, 2008, VeriFone filed amended and restated financials for the first three
4 quarters of fiscal year 2007 that lowered VeriFone's operating income for the three fiscal quarters
5 from \$64.6 million to \$28.6 million.

6 Following these disclosures, on October 31, 2008, plaintiffs Catholic Medical and Carpel
7 filed their Consolidated Shareholder Derivative Complaint ("Consolidated Complaint"), asserting
8 claims for breaches of fiduciary duty, waste of corporate assets, aiding and abetting breach of
9 fiduciary duty, unjust enrichment, insider trading, and misappropriation of information. *See*
10 Consolidated Complaint, ¶¶151-80. The Consolidated Complaint alleged that VeriFone officers and
11 directors breached their fiduciary duties by failing to implement and maintain adequate internal
12 controls over accounting and financial reporting, and causing or permitting VeriFone to materially
13 overstate reported income by approximately \$70 million, requiring financial restatements for three
14 fiscal quarters of 2007. *Id.*, ¶¶6-10, 67-68, 93-94, 99, 102, 114. The Consolidated Complaint
15 alleged that VeriFone suffered damages as a result, including injury to its reputation in the capital
16 markets, as evidenced by a \$2.4 billion collapse in market capitalization, costs associated with the
17 restatement and related remediation, the costs of responding to the formal inquiry conducted by the
18 U.S. Securities and Exchange Commission ("SEC"), and the costs of defending and resolving
19 through settlement claims made by a putative class of shareholders. *Id.*, ¶127. The Consolidated
20 Complaint further alleged that pre-suit demand on VeriFone's board of directors ("Board") was
21 excused as futile due to the culpability of a majority of directors for the alleged wrongdoing. *Id.*,
22 ¶¶109-11, 129-43.

23 At the time the Consolidated Complaint was filed, a securities class action captioned *In re*
24 *VeriFone Holdings, Inc. Securities Litigation*, Case No. 3:07-cv-06140 ("Federal Securities
25 Action"), and a related shareholder derivative action captioned *In re VeriFone Holdings, Inc.*
26 *Shareholder Derivative Litigation*, Case No. 3:07-cv-06347 ("Federal Derivative Action"), were
27 both pending in the U.S. District Court for the Northern District of California ("Federal Court").
28

1 On November 10, 2008, Defendants filed a joint motion to stay the Action pending resolution
2 of the Federal Securities Action and the Federal Derivative Action ("Defendants' Motion to Stay").
3 On November 18, 2008, the Parties agreed to postpone the briefing on Defendants' anticipated
4 demurrer to the Consolidated Complaint until resolution of Defendants' Motion to Stay, in order to
5 conserve party and judicial resources.

6 On December 17, 2008, the Court entered a stipulated order postponing briefing on
7 Defendants' Motion to Stay pending a decision on VeriFone's motion to dismiss the complaint in the
8 Federal Derivative Action. Thereafter, the Court entered a series of stipulated orders continuing
9 further proceedings in the Action through 2011.

10 On June 10, 2009, plaintiffs in the Federal Derivative Action made a written demand to
11 inspect certain of VeriFone's books and records pursuant to Delaware Code title 8, §220. On August
12 6, 2009, VeriFone produced responsive books and records to plaintiffs in the Federal Derivative
13 Action. These documents were also made available to plaintiffs Catholic Medical and Carpel in this
14 Action, and plaintiffs' counsel carefully reviewed and evaluated them.

15 On September 1, 2009, the SEC filed a civil case against VeriFone and its supply chain
16 controller relating to VeriFone's lack of internal controls and oversight. VeriFone consented to the
17 entry of a final judgment on November 12, 2009, that permanently enjoined and restrained it from
18 violating federal securities laws and requiring VeriFone to maintain a system of internal accounting
19 controls, file accurate periodic reports, and keep books, records, or accounts, which accurately and
20 fairly reflect the transactions and dispositions of the assets of VeriFone.

21 On August 26, 2010, the Federal Court dismissed the complaint in the Federal Derivative
22 Action with prejudice. On November 28, 2011, the U.S. Court of Appeals for the Ninth Circuit
23 ("Ninth Circuit") affirmed the dismissal with prejudice of the complaint in the Federal Derivative
24 Action for failure to adequately plead demand futility. The Parties to this Action met and conferred
25 on the next steps in this Action and reported the same to the Court in periodic joint status reports
26 throughout 2012.

27 On March 22, 2011, the Federal Court dismissed the complaint in the Federal Securities
28 Action with prejudice, which plaintiff appealed to the Ninth Circuit. On December 21, 2012, a

1 Ninth Circuit panel reversed in part the Federal Court's dismissal of the Federal Securities Action,
2 reviving claims that VeriFone, Bergeron, and Zwarenstein violated §10(b) of the Securities
3 Exchange Act of 1934.² *In re VeriFone Holdings, Inc. Sec. Litig.*, 704 F.3d 694, 710 (9th Cir. 2012).

4 On February 15, 2013, after learning that plaintiff Carpel³ had sold his VeriFone stock and
5 lost standing to maintain this derivative action, Plaintiff's Counsel filed a Motion to Publish Notice
6 to VeriFone Systems, Inc. Shareholders regarding the pending dismissal for lack of standing
7 ("Motion to Publish Notice"), in order to give VeriFone shareholders with standing an opportunity to
8 intervene in the Action and pursue the claims. On April 16, 2013, Defendants opposed the Motion
9 to Publish Notice, arguing that the Action should be dismissed because there was no longer a
10 plaintiff with standing and that due process did not require notice to VeriFone shareholders. On May
11 3, 2013, Plaintiff's Counsel filed a reply. On May 16, 2013, the Court granted the Motion to Publish
12 Notice.

13 On May 17, 2013, pursuant to the Court's order, Plaintiff's Counsel published notice to
14 VeriFone shareholders that the Action would be dismissed and the claims likely terminated by
15 operation of the statutes of limitation, unless a shareholder with standing substituted as plaintiff in
16 the Action. VeriFone published the same notice on its website on May 21, 2013. On August 14,
17 2013, Plaintiff's Counsel filed a notice of intent to substitute VeriFone shareholder Joel Gerber as
18 plaintiff to pursue the claims in this action. On September 16, 2013, Gerber formally moved for
19 leave to amend the complaint to substitute himself as plaintiff, attaching a proposed amended
20 complaint ("Amended Complaint"). VeriFone did not oppose the motion for leave to amend the
21 complaint. On October 16, 2013, the Court granted Plaintiff's motion for leave to amend the
22 complaint and deemed the Amended Complaint filed.

23
24 _____
25 ² The Federal Securities Action was subsequently resolved on remand. On February 18, 2014, the
26 Federal Court finally approved the settlement of the Federal Securities Action, which released the
27 claims in consideration for the creation of a \$95 million fund for shareholders, \$61 million of which
28 was paid by the Company with the remainder paid by the Company's insurance carriers.

³ In February 2009, plaintiff Catholic Medical voluntarily dismissed its action, leaving Carpel as the
sole plaintiff.

1 Subsequently, the Parties agreed to continue the date for Defendants to respond to the
2 Amended Complaint, for good cause, through a series of stipulations, during which time the Parties
3 engaged in settlement discussions.

4 On April 7, 2014, Defendants filed a demurrer to the Amended Complaint ("Demurrer"),
5 asserting that Plaintiff failed to make the pre-suit demand on the VeriFone Board required under
6 California and Delaware law, failed adequately to plead that his obligation to make a pre-suit
7 demand was excused as futile, and was collaterally estopped from alleging that demand is futile as to
8 a majority of the members of VeriFone's Board.

9 On May 23, 2014, Plaintiff filed a statement of non-opposition to the Demurrer and indicated
10 that VeriFone's interests would be best served by Plaintiff's making a litigation demand on the new
11 VeriFone Board. On the same day, Plaintiff filed a motion to stay the proceedings in order to permit
12 him to make a litigation demand on the current VeriFone Board ("Plaintiff's Motion to Stay"). On
13 June 18, 2014, Defendants filed their opposition to Plaintiff's Motion to Stay and their reply to the
14 Demurrer. Plaintiff filed a reply to Plaintiff's Motion to Stay on July 25, 2014.

15 On December 4, 2014, the Court sustained the Demurrer with leave to amend, and granted
16 Plaintiff's Motion to Stay the Action to permit Plaintiff to make a litigation demand on VeriFone's
17 Board. On December 23, 2014, Plaintiff, through his counsel, sent a 17-page demand letter detailing
18 Defendants' alleged wrongdoing and claimed damages, and demanding that VeriFone's Board
19 commence a new, independent investigation of the matters underlying this Action separate and apart
20 from that undertaken by the prior Audit Committee, and that the Board take steps to recover
21 damages proximately caused by Defendants' alleged breaches of fiduciary duty and implement
22 enhanced internal controls and management and Board level oversight.

23 **B. Settlement Efforts**

24 During the pendency of this Action, the Parties have conducted arm's-length, good faith
25 settlement discussions on several occasions. On October 8, 2009, the Parties and the parties to the
26 Federal Derivative Action engaged in formal mediation before the Honorable William J. Cahill (ret.)
27 ("Judge Cahill").
28

1 In advance of the mediation with Judge Cahill, the Parties engaged in extensive negotiations
2 regarding a potential settlement. These negotiations included, among other things, lengthy
3 discussions concerning the Defendants' alleged breaches of fiduciary duty and defenses thereto. In
4 addition, the Parties extensively briefed the merits of their respective claims and defenses for Judge
5 Cahill. While the Parties made some progress toward resolution of the Action at the mediation, the
6 Parties were unable to reach an agreement to resolve the Action.

7 On April 26, 2012, Plaintiff made a new settlement demand proposing, among other things,
8 comprehensive corporate governance reforms designed to address Defendants' alleged breach of
9 fiduciary duties, as well as structural reforms designed to improve the independence and rigor of the
10 Board and Audit Committee's oversight of core operations. Plaintiff and Defendants engaged in
11 preliminary discussions, but the Parties were again unable to reach a resolution of the Action.

12 On November 12, 2013, Plaintiff sent a follow up settlement demand letter. To facilitate
13 settlement discussions, the Parties agreed to continue Defendants' time to respond to the Amended
14 Complaint. The Parties, through their counsel, discussed Plaintiff's renewed settlement demand
15 telephonically on or about December 9, 2013, and again on December 20, 2013. Defendants
16 provided a written response to Plaintiff's demand on January 22, 2014, and the following day
17 counsel for the Parties held a telephone conference to continue settlement discussions. These
18 discussions continued through early March 2014. In late March 2014, Defendants advised Plaintiff
19 that they intended to demurrer rather than continue with settlement discussions.

20 In January 2015, the Parties renewed their good faith efforts to explore resolution of the
21 Action. On January 8, 2015, Defendants initiated a call with Plaintiff to express an interest in
22 resuming settlement discussions. On January 12, 2015, Plaintiff provided his proposals for corporate
23 governance reforms to Defendants. Thereafter, on January 15, 2015, Defendants provided internal
24 documents to Plaintiff to facilitate further discussions. On January 21, 2015, the Parties held a
25 telephonic conference to discuss specific corporate governance reforms and Defendants provided a
26 written response to Plaintiff's settlement proposal the following day.

27 After significant negotiations, the Parties were able to reach an agreement-in-principle to
28 resolve the Action on March 13, 2015.

1 As a result of the Action and the settlement reflected in this Stipulation (the "Settlement"),
2 VeriFone will implement significant corporate governance reforms designed to enhance and improve
3 its internal controls and systems, as well as the effectiveness and responsiveness of the VeriFone
4 Board and the Audit Committee. The reforms and enhancements are detailed in Exhibit A hereto
5 and are collectively referred to as the "Corporate Governance Reforms" or the "Reforms." These
6 Reforms include measures that: strengthen the mandate of the Chief Audit Executive to ensure
7 internal control risks are identified and systematically managed, and investigated as necessary to
8 resolve and improve the Company's control environments; ensure internal audit and accounting staff,
9 executive officers and the VeriFone Board are properly trained regarding emerging trends in internal
10 control issues and internal audit matters; strengthen Audit Committee procedures and supervision,
11 and broaden its mandate to include detailed oversight of internal controls and systems, the scope and
12 results of annual audits and compliance with Statement on Auditing Standards No. 99 guidance;
13 require appointment of a Lead Independent Director with enhanced duties and responsibilities; and
14 enhance the independence of VeriFone's Board. *See* Exhibit A, §I.

15 In addition to these measures, the Company acknowledges that the filing and prosecution of
16 the Action was a substantial and material factor in the Company's decision to adopt and maintain a
17 number of corporate governance enhancements implemented after the Complaint was filed in 2007,
18 and further agrees to maintain these Reforms for no less than four years following the Effective
19 Date. These Reforms include: the separation of the Chairman of the Board and Chief Executive
20 Officer positions; the appointment of a new director to the Audit Committee; the creation of the
21 position of Executive Vice President, General Counsel, and Compliance Officer; the creation of new
22 positions to enhance VeriFone's accounting resources and oversight, including the position of Vice
23 President of Internal Audit or Chief Audit Executive; the adoption of stock ownership guidelines for
24 directors and officers; the adoption of a formal clawback policy pursuant to which, in the event of a
25 financial restatement or any fraud or gross misconduct, incentive-based compensation shall be
26 returned to the Company; the creation of a management-level Disclosure Committee tasked with
27 maintaining and overseeing disclosure controls and procedures designed to ensure that the
28 Company's disclosures are accurate and complete and fairly present the Company's financial

1 condition and results of operations; and the adoption of enhancements to VeriFone's Insider Trading
2 Compliance Program that: (i) requires all trading to be conducted during an open trading window
3 and provides that special Black-out Periods may apply to any insider even though the Trading
4 Window would otherwise be open; (ii) prohibits insiders from engaging in short sales of the
5 Company's stock and any trading in derivatives of the Company's stock; (iii) prohibits Section 16
6 Individuals from selling Company stock unless the sales are made pursuant to a pre-approved trading
7 plan adopted pursuant to Rule 10b5-1; and (iv) prohibits all officers and members of the Board of
8 Directors and certain others from trading, including during the Trading Window, without first
9 complying with the Company's pre-clearance process. *See* Exhibit A, §II.

10 The Settling Parties believe that a settlement at this juncture on the terms and on the
11 conditions set forth in the Stipulation is fair, reasonable, and adequate. In addition, the VeriFone
12 Board has, in the exercise of its business judgment, formally approved the Settlement and each of its
13 terms, as fair, just, and adequate, and in the best interest of VeriFone and its shareholders.

14 **II. PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

15 Plaintiff believes that the Action has substantial merit, and Plaintiff's entry into the
16 Stipulation and Settlement is not intended to be and shall not be construed as an admission or
17 concession concerning the relative strength or merit of the claims alleged in the Action. Plaintiff and
18 his counsel also acknowledge the significant risk, expense, and length of continued proceedings
19 necessary to prosecute the Action against the Defendants through trial and through possible appeals.
20 Plaintiff's Counsel have also taken into account the substantial risks, costs, and delays involved in
21 complex shareholder derivative litigation, generally, as well as the unique challenges presented by
22 this Action, including pleading wrongful demand refusal with the requisite particularity, overcoming
23 the business judgment presumption applicable to the Board's determination not to pursue the
24 derivative claims, and the significant challenges of meeting the burdens of proof applicable to the
25 underlying claims and of defeating the available affirmative defenses, including the business
26 judgment rule and the exculpation and indemnification rights afforded the director Defendants
27 pursuant to Delaware General Corporate Law §102(b)(7).

28

1 Plaintiff's Counsel have conducted an extensive investigation over the course of several
2 years, including: (i) reviewing VeriFone's press releases, public statements, SEC filings, and
3 securities analysts' reports and advisories about the Company; (ii) reviewing media reports about the
4 Company; (iii) researching the applicable law with respect to the claims alleged in the Action and
5 the potential defenses thereto; (iv) preparing and filing derivative complaints; (v) conducting
6 damages analyses; (vi) participating in informal conferences with Defendants' Counsel regarding the
7 specific facts of the cases, the perceived strengths and weaknesses of the cases, and other issues in
8 an effort to facilitate negotiations and fact gathering; (vii) reviewing and analyzing relevant
9 documents in the Federal Derivative Action—including the motion to dismiss briefing and the
10 Federal Court's order granting defendants' motion to dismiss and the Ninth Circuit's opinion—and
11 evaluating the merits of, and the Defendants' potential liability in connection with, the Federal
12 Derivative Action; (viii) reviewing and analyzing VeriFone's books and records produced pursuant
13 to Delaware Code title 8, §220 in the Federal Derivative Action; (ix) reviewing and analyzing
14 relevant documents in the Federal Securities Action—including the motion to dismiss briefing and
15 the Federal Court's order granting defendants' motion to dismiss and the Ninth Circuit's opinion—
16 and evaluating the merits of, and the Defendants' potential liability in connection with, the Federal
17 Securities Action; (x) submitting comprehensive briefs prior to mediation, outlining their position,
18 and Plaintiff's claims in the Action; (xi) actively participating in an in-person, full-day mediation;
19 and (xii) negotiating this Settlement with Defendants.

20 Based on Plaintiff's Counsel's thorough review and analysis of the relevant facts and difficult
21 circumstances, allegations, defenses, and controlling legal principles, Plaintiff's Counsel believe that
22 the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial
23 benefits upon VeriFone and its shareholders. Based on their evaluation, Plaintiff and his counsel
24 have determined that the Settlement is in the best interests of VeriFone and its shareholders and have
25 agreed to settle the Action upon the terms and subject to the conditions set forth herein.

26 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

27 The Defendants have denied and continue to deny each and all of the claims, contentions,
28 and allegations made against them or that could have been made against them in the Action, and

1 believe the Action has no merit. The Defendants have expressly denied and continue to deny all
2 charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or
3 omissions alleged, or that could have been alleged in the Action. The Defendants assert that they
4 have satisfied their fiduciary duties and have acted in good faith and in the best interest of VeriFone
5 and its shareholders at all relevant times. Defendants have entered into the Stipulation to avoid the
6 continuing additional expense, inconvenience, and distraction of the Action, as well as the risks and
7 uncertainty inherent in any lawsuit. Defendants believe that it is desirable and beneficial that the
8 Action be settled in the manner and upon the terms and conditions set forth in this Stipulation
9 because, among other things, it will allow the Company to conclude this litigation on terms that are
10 just and reasonable, including the adoption and maintenance of Corporate Governance Reforms that
11 serve VeriFone's and its shareholders' best interests. Further, VeriFone, through its Board,
12 acknowledges that the Settlement is fair, reasonable, and adequate, and in the best interests of
13 VeriFone and its shareholders.

14 Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any
15 document or exhibit referred or attached to this Stipulation, nor any action taken to carry out this
16 Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the
17 Released Claims or an admission by or against the Individual Defendants of any fault, wrongdoing,
18 or concession of liability whatsoever.

19 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT**

20 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and among the
21 undersigned counsel for the Settling Parties herein, in consideration of the benefits flowing to the
22 Parties from the Settlement, and subject to the approval of the Court, that the claims asserted in the
23 Action and the Released Claims shall be finally and fully compromised, settled, and released, and
24 the Action shall be dismissed with prejudice and with full preclusive effect as to all Settling Parties,
25 upon and subject to the terms and conditions of the Stipulation, as set forth below.

26 **A. Definitions**

27 As used in the Stipulation, the following terms have the meanings specified below:
28

1 1.1. "Action" means the derivative actions that were consolidated and styled as *In re*
2 *VeriFone Holdings, Inc. Derivative Litigation*, Lead Case No. 1-07-CV-100980 (Cal. Super. Ct. –
3 Santa Clara Cnty.).

4 1.2. "Co-Lead Counsel" means Robbins Arroyo LLP and Faruqi & Faruqi, LLP.

5 1.3. "Court" means Superior Court of the State of California, County of Santa Clara.

6 1.4. "Current VeriFone Shareholders" means any Person who owned VeriFone common
7 stock as of the date of the execution of the Stipulation, excluding the Individual Defendants, GTCR,
8 the officers and directors of VeriFone, members of their immediate families, and their legal
9 representatives, heirs, successors, or assigns, and any entity in which Individual Defendants have or
10 had a controlling interest.

11 1.5. "Defendants" means, collectively, nominal defendant VeriFone, Douglas G.
12 Bergeron, Barry Zwarenstein, Jesse Adams, William Atkinson, Isaac Angel, Elmore Waller, James
13 C. Castle, Leslie G. Denend, Robert B. Henske, Charles R. Rinehart, Alex W. Hart, Eitan Raff,
14 Collin E. Roche, Craig A. Bondy, and GTCR.

15 1.6. "Defendants' Counsel" means Sullivan & Cromwell LLP and Kirkland & Ellis LLP.

16 1.7. "Effective Date" means the date by which the events and conditions specified in
17 paragraph 6.1 of the Stipulation have been met and have occurred.

18 1.8. "Federal Court" means the U.S. District Court for the Northern District of California.

19 1.9. "Federal Derivative Action" means the shareholder derivative action filed in Federal
20 Court captioned *In re VeriFone Holdings, Inc. Derivative Litigation*, Master File No. 3:07-cv-6347-
21 MHP.

22 1.10. "Federal Securities Action" means the federal securities fraud class action filed in
23 Federal Court, captioned *In re VeriFone Holdings, Inc. Securities Litigation*, Master File No. 3:07-
24 cv-06140-EMC.

25 1.11. "Final" means the date upon which the last of the following shall occur with respect
26 to the Judgment approving the Stipulation, substantially in the form of Exhibit E attached hereto:
27 (i) the expiration of the time to file a notice of appeal from the Judgment; or (ii) if an appeal has
28 been filed, the Court of Appeal has either affirmed the Judgment or dismissed that appeal and the

1 time for any reconsideration or further appellate review has passed; or (iii) if a higher court has
2 granted further appellate review, that court has either affirmed the underlying Judgment or affirmed
3 the Court of Appeal's decision affirming the Judgment or dismissing the appeal.

4 1.12. "Individual Defendants" means Douglas G. Bergeron, Barry Zwarenstein, Jesse
5 Adams, William Atkinson, Isaac Angel, Elmore Waller, James C. Castle, Leslie G. Denend, Robert
6 B. Henske, Charles R. Rinehart, Alex W. Hart, Eitan Raff, Collin E. Roche, and Craig A. Bondy.

7 1.13. "Judgment" means the Order and Final Judgment to be rendered by the Court,
8 substantially in the form attached hereto as Exhibit E.

9 1.14. "Notice" means the Notice of Proposed Settlement and Settlement Hearing,
10 substantially in the form attached hereto as Exhibit C.

11 1.15. "Person" means an individual, corporation, limited liability corporation, professional
12 corporation, partnership, limited partnership, limited liability partnership, association, joint stock
13 company, estate, legal representative, trust, unincorporated association, government or any political
14 subdivision or agency thereof and any business or legal entity and their spouses, heirs, predecessors,
15 successors, representatives, or assignees.

16 1.16. "Plaintiff" means Joel Gerber.

17 1.17. "Plaintiff's Counsel" means, collectively, any counsel who has appeared at any time
18 for any of the plaintiffs in the Action, including Co-Lead Counsel.

19 1.18. "Related Persons" means: (i) with regard to each Individual Defendant, the Individual
20 Defendant's spouses, marital communities, immediate family members, heirs, executors, personal
21 representatives, estates, administrators, trusts, predecessors, successors, and assigns or other
22 individual or entity in which any Individual Defendant has a controlling interest, and each and all of
23 their respective past and present officers, directors, employees, agents, affiliates, parents,
24 subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers,
25 heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors,
26 and assigns; and (ii) with regard to VeriFone or GTCR, all past or present agents, officers, directors,
27 attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, partners, controlling
28

1 shareholders, joint venturers, related or affiliated entities, advisors, employees, affiliates,
2 predecessors, successors, parents, subsidiaries, insurers, and assigns for VeriFone or GTCR.

3 1.19. "Released Claims" means any and all suits, claims, debts, demands, rights, liabilities,
4 damages, promises, controversies, costs, expenses, attorneys' fees, losses of any sort whatsoever, and
5 causes of action of every nature and description whatsoever, whether under federal, state, local,
6 statutory, common law, foreign law, or any other law, rule or regulation, whether fixed or
7 contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or
8 unmatured, concealed or hidden, including both known and Unknown Claims, that: (a) were asserted
9 or could have been asserted by any shareholder on behalf of VeriFone, or by VeriFone, against any
10 Released Person; and (b) concern, arise out of, or relate to: (i) the allegations asserted in the Action
11 or the matters and occurrences that were alleged in the Action; or (ii) the Settlement, defense or
12 resolution of the Action, except for any claims to enforce the Settlement.

13 1.20. "Released Persons" means each and all of VeriFone, GTCR, the Individual
14 Defendants, and their Related Persons.

15 1.21. "Releasing Persons" means each and all of Plaintiff (both individually and
16 derivatively on behalf of VeriFone), all other Current VeriFone Shareholders, Plaintiff's Counsel,
17 and VeriFone.

18 1.22. "Settlement" means the settlement and compromise of the Action as provided for
19 herein.

20 1.23. "Settlement Hearing" means the hearing or hearings at which the Court will review
21 the adequacy, fairness, and reasonableness of the Settlement.

22 1.24. "Settling Parties" or "Parties" means, collectively, the Plaintiff (on behalf of himself
23 and derivatively on behalf of VeriFone) and Defendants.

24 1.25. "Summary Notice" means the Summary Notice of Proposed Settlement and
25 Settlement Hearing, substantially in the form of the attached hereto as Exhibit D.

26 1.26. "Unknown Claims" means any Released Claims which any of Plaintiff, VeriFone, or
27 Current VeriFone Shareholders do not know of or suspect to exist in his, her, or its favor at the time
28 of the release of the Released Persons. With respect to any and all Released Claims, the Settling

1 Parties agree that upon the Effective Date, the Settling Parties expressly waive and each of the
2 Current VeriFone Shareholders shall be deemed to have, and by operation of the Judgment shall
3 have, expressly waived the provisions, rights, and benefits conferred by or under California Civil
4 Code section 1542, or any other law of the United States or any state or territory of the United
5 States, or foreign jurisdiction, or principle of common law, which is similar, comparable, or
6 equivalent to section 1542, which provides:

7 A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE
8 CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER
9 FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN
 BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER
 SETTLEMENT WITH THE DEBTOR.

10 The Settling Parties acknowledge, and the Current VeriFone Shareholders shall be deemed by
11 operation of the Judgment to have acknowledged, that they may hereafter discover facts in addition
12 to or different from those now known or believed to be true by them, with respect to the subject
13 matter of the Released Claims, but it is the intention of the Settling Parties, and by operation of the
14 Judgment for Current VeriFone Shareholders to be deemed, to completely, fully, finally, and forever
15 compromise, settle, release, discharge, and extinguish any and all Released Claims, known or
16 unknown, suspect or unsuspected, contingent or absolute, accrued or unaccrued, apparent or
17 unapparent, hidden or concealed, which do now exist, or heretofore existed, or may hereafter exist,
18 and without regard to the subsequent discovery of additional or different facts. The Settling Parties
19 acknowledge, and the Current VeriFone Shareholders shall be deemed by operation of the Judgment
20 to have acknowledged, that the foregoing waiver was separately bargained for and is a key element
21 of the Stipulation of which this release is a part.

22 1.26 "VeriFone" or the "Company" means nominal defendant VeriFone Systems, Inc.
23 (f/k/a VeriFone Holdings, Inc.), a Delaware corporation, and its affiliates, subsidiaries, predecessors,
24 successors, and assigns.

25 **B. Terms of the Settlement**

26 2.1 As a result of the filing, prosecution, and settlement of the Action, VeriFone shall,
27 within sixty (60) calendar days after the Effective Date, formally express and/or implement and
28 maintain in substance the Corporate Governance Reforms, additions, amendments, or formalizations

1 identified in Exhibit A attached hereto, for a period of no less than four years from the Effective
2 Date. VeriFone, through its Board, acknowledges and agrees that the securing of the Corporate
3 Governance Reforms, additions, amendments, or formalizations identified in Exhibit A attached
4 hereto confer substantial benefits upon VeriFone and its shareholders. VeriFone, through its Board,
5 also acknowledges that the prosecution and settlement of the Action were substantial and material
6 factors in their decision to adopt and/or implement the Corporate Governance Reforms set forth in
7 Exhibit A.

8 **C. Approval and Notice**

9 3.1 Promptly after execution of the Stipulation, Plaintiff shall submit the Stipulation
10 together with its exhibits to the Court and shall apply for entry of an order (the "Preliminary
11 Approval Order"), substantially in the form of Exhibit B attached hereto, requesting: (i) preliminary
12 approval of the Settlement set forth in this Stipulation; (ii) approval of the form and manner of
13 providing notice of the Settlement to Current VeriFone Shareholders; and (iii) a date for the
14 Settlement Hearing.

15 3.2 Notice to Current VeriFone Shareholders shall consist of a Notice of Proposed
16 Settlement and Settlement Hearing ("Notice") and Summary Notice of Proposed Settlement and
17 Settlement Hearing ("Summary Notice"), which includes the general terms of the Settlement set
18 forth in the Stipulation and the date of the Settlement Hearing, substantially in the forms attached
19 hereto as Exhibits C-D, respectively.

20 3.3 VeriFone shall undertake the administrative responsibility for giving notice to Current
21 VeriFone Shareholders and shall be solely responsible for paying the costs and expenses related to
22 providing such notice to its shareholders. Within ten (10) business days after the entry of the
23 Preliminary Approval Order: (i) VeriFone shall cause the Summary Notice to be published once in
24 the *Investor's Business Daily*; (ii) Faruqi & Faruqi, LLP and Robbins Arroyo LLP shall post copies
25 of the Notice and Stipulation on their respective websites; (iii) VeriFone shall post a link to the
26 Notice and Stipulation on the Company's Investor Relations page of its website until the Judgment is
27 entered; and (iv) VeriFone shall file a Form 8-K with the SEC that includes the Notice, which shall
28 refer shareholders to the Investor Relations page of VeriFone's website for more information.

1 3.4 If additional notice is required by the Court, then the cost and administration of such
2 additional notice will be borne by VeriFone. The Settling Parties believe the content and manner of
3 the notice, as set forth in herein, constitutes adequate and reasonable notice to VeriFone shareholders
4 pursuant to applicable law and due process. No later than fourteen (14) days prior to the Settlement
5 Hearing, Defendants' Counsel shall file with the Court an appropriate affidavit or declaration with
6 respect to filing and posting the Notice and Summary Notice.

7 3.5 Pending the Court's determination as to final approval of the Settlement, Plaintiff and
8 the Releasing Persons are barred and enjoined from commencing, prosecuting, instigating, or in any
9 way participating in the commencement or prosecution of: (i) any action asserting any Released
10 Claim against any of the Released Persons; and/or (ii) all claims arising out of, relating to, or in
11 connection with the institution, prosecution, assertion, settlement, or resolution of the Action or the
12 Released Claims.

13 **D. Attorneys' Fees and Reimbursement of Expenses**

14 4.1 After negotiating the Corporate Governance Reforms, Plaintiff's Counsel and
15 VeriFone separately negotiated the attorneys' fees and expenses that the Company would pay to
16 Plaintiff's Counsel. As a result of these negotiations, and in light of the substantial benefits
17 conferred upon VeriFone by Plaintiff's Counsel's efforts, the Company has agreed to pay \$495,000
18 for Plaintiff's attorneys' fees and expenses, subject to court approval (the "Fee and Expense
19 Amount").

20 4.2 Within ten (10) calendar days of issuance of an Order by the Court finally approving
21 the Settlement, notwithstanding the existence of any timely filed objections to the Settlement, or
22 potential for appeal therefrom, VeriFone shall pay the Fee and Expense Amount to Robbins Arroyo
23 LLP as receiving agent for Plaintiff's Counsel. The Fee and Expense Amount, as approved by the
24 Court, shall constitute final and complete payment for Plaintiff's Counsel's fees and expenses that
25 have been incurred or will be incurred in connection with the Action.

26 4.3 In the event that the Judgment fails to become Final as defined in paragraph 1.11
27 herein, then it shall be the obligation of Plaintiff's Counsel to make appropriate refunds or
28 repayments to VeriFone's and/or Defendants' insurers of any attorneys' fees and expenses previously

1 paid within fifteen (15) days of receiving notice from Defendants' Counsel or from a court of
2 appropriate jurisdiction.

3 **E. Releases**

4 5.1 Upon the Effective Date, the Releasing Persons shall be deemed to have fully, finally,
5 and forever released, relinquished, and discharged the Released Claims (including Unknown Claims)
6 against the Released Persons. Nothing herein shall in any way impair or restrict the rights of any
7 Settling Party to enforce the terms of the Stipulation or the Judgment.

8 5.2 Except as set forth in paragraph 5.3 below, upon the Effective Date, each of the
9 Released Persons shall be deemed to have fully, finally, and forever released, relinquished, and
10 discharged Plaintiff, Plaintiff's Counsel, and VeriFone from all claims (including Unknown Claims),
11 arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or
12 resolution of the Action or the Released Claims. Nothing herein shall in any way impair or restrict
13 the rights of any Settling Party to enforce the terms of the Stipulation or the Judgment.

14 5.3 Nothing in this Stipulation or in paragraph 5.2 above constitutes or reflects a waiver
15 or release of any rights or claims of Defendants against their insurers, or their insurers' subsidiaries,
16 predecessors, successors, assigns, affiliates, or representatives, including, but not limited to, any
17 rights or claims of Defendants under any directors' and officers' liability insurance or other
18 applicable insurance coverage maintained by the Company. Nothing in this Stipulation or in
19 paragraph 5.2 above constitutes or reflects a waiver or release of any rights or claims of the
20 Individual Defendants relating in any way to indemnification, whether under any written
21 indemnification or advancement agreement, or under the Company's charter, by-laws, or under
22 applicable law.

23 **F. Conditions of Settlement; Effect of Disapproval, Cancellation, or Termination**

24 6.1 The Effective Date of this Stipulation shall be conditioned on the occurrence of all of
25 the following events:

26 a. approval of the Settlement by VeriFone's Board, which Defendants' Counsel
27 represents has already been accomplished;

1 b. entry of the Judgment, in all material respects in the form set forth as
2 Exhibit E annexed hereto, approving the Settlement, without awarding costs to any party, except as
3 provided herein;

4 c. the payment of the Fee and Expense Amount as approved by the Court; and

5 d. the passing of the date upon which the Judgment becomes Final.

6 6.2 If for any reason the Effective Date of the Stipulation does not occur, or if the
7 Stipulation is in any way canceled, terminated, or fails to become Final in accordance with its terms,
8 and if counsel for the Settling Parties do not otherwise mutually agree in writing to proceed with the
9 Stipulation: (i) all Settling Parties and Released Persons shall be restored to their respective positions
10 prior to execution of this Stipulation; (ii) all releases delivered in connection with the Stipulation
11 shall be null and void, except as otherwise provided for in the Stipulation; (iii) the Fee and Expense
12 Amount paid to Plaintiff's Counsel shall be refunded and returned within fifteen (15) days of said
13 event; and (iv) all negotiations, proceedings, documents prepared, and statements made in
14 connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or
15 construed to be an admission by a Settling Party of any act, matter, or proposition, and shall not be
16 used in any manner for any purpose in any subsequent proceeding in the Action or in any other
17 action or proceeding. In such event, the terms and provisions of the Stipulation shall have no further
18 force and effect with respect to the Settling Parties and shall not be used in the Action or in any other
19 proceeding for any purpose.

20 **G. Miscellaneous Provisions**

21 7.1 The Settling Parties: (i) acknowledge that it is their intent to consummate this
22 Stipulation; and (ii) agree to act in good faith and cooperate to take all reasonable and necessary
23 steps to expeditiously implement the terms and conditions of the Stipulation.

24 7.2 In the event that any part of the Settlement is found to be unlawful, void,
25 unconscionable, or against public policy by a court of competent jurisdiction, the remaining terms
26 and conditions of the Settlement shall remain intact.

27 7.3 The Settling Parties intend this Settlement to be a final and complete resolution of all
28 disputes between them with respect to the Action. The Settlement comprises claims that are

1 contested and shall not be deemed an admission by any Settling Party as to the merits of any claim,
2 allegation, or defense. The Settling Parties and their respective counsel agree that at all times during
3 the course of the litigation, each has complied with the requirements of the applicable laws and rules
4 of the Court, including, without limitation, section 128.7 of the California Code of Civil Procedure.

5 7.4 The Court shall retain jurisdiction with respect to implementation and enforcement of
6 the terms of the Stipulation, and the Settling Parties and their counsel submit to the jurisdiction of
7 the Court solely for purposes of implementing and enforcing the Settlement embodied in the
8 Stipulation.

9 7.5 Each of the Defendants expressly denies and continues to deny all allegations of
10 wrongdoing or liability against himself or herself arising out of any conduct, statements, acts, or
11 omissions alleged, or which could have been alleged, in the Action. The existence of or the
12 provisions contained in the Stipulation shall not be deemed to prejudice in any way the respective
13 positions of the Settling Parties with respect to the Action, shall not be deemed a presumption, a
14 concession, or admission by any of the Settling Parties of any fault, liability, or wrongdoing as to
15 any facts, claims, or defenses that have been or might have been alleged or asserted in the Action or
16 with respect to any of the claims settled in the Action, or any other action or proceeding, and shall
17 not be interpreted, construed, deemed, invoked, offered, or received in evidence or otherwise used
18 by any person in the Action, or in any other action or proceeding, whether civil, criminal, or
19 administrative. The Released Persons may file the Stipulation and/or the Judgment in any action that
20 may be brought against them in order to support a defense or counterclaim based on principles of *res*
21 *judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment
22 bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or
23 counterclaim. The Settling Parties may also file the Stipulation and documents executed pursuant
24 and in furtherance thereto in any action to enforce the Settlement and/or the Judgment.

25 7.6 The Stipulation may be modified or amended only by a writing signed by the
26 signatories hereto.

27 7.7 The Stipulation shall be deemed drafted equally by all Parties hereto.
28

1 7.8 No representations, warranties, or inducements have been made to any of the Parties
2 concerning the Stipulation or its exhibits other than the representations, warranties, and covenants
3 contained and memorialized in such documents.

4 7.9 The Stipulation and the Settlement shall be binding upon, and inure to the benefit of,
5 the successors and assigns of the Settling Parties and Released Persons.

6 7.10 Each counsel or other Person executing the Stipulation or its exhibits on behalf of any
7 of the Parties hereby warrants that such Person has the full authority to do so.

8 7.11 The exhibits to this Stipulation are material and integral parts hereof and are fully
9 incorporated herein by this reference.

10 7.12 This Stipulation and the exhibits attached hereto constitute the entire agreement
11 among the Settling Parties with respect to the subject matter hereof and supersede all prior and
12 contemporaneous oral and written agreements and discussions.

13 7.13 In the event that there exists a conflict or inconsistency between the terms of this
14 Stipulation and the terms of any exhibit hereto, the terms of this Stipulation shall prevail.

15 7.14 The Stipulation may be executed in one or more counterparts, including by signature
16 transmitted by facsimile or e-mailed PDF files. Each counterpart, when so executed, shall be
17 deemed to be an original, and all such counterparts together shall constitute the same instrument.

18 7.15 The Stipulation shall be considered to have been negotiated, executed, and delivered,
19 and to be wholly performed, in the State of California, and the rights and obligations of the Parties to
20 the Stipulation shall be construed and enforced in accordance with, and governed by, the internal,
21 substantive laws of the State of California without giving effect to that State's choice of law
22 principles.

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1 IN WITNESS WHEREOF, the Settling Parties have caused the Stipulation to be executed by
2 their duly authorized attorneys.

3 DATED: June 11, 2015

ROBBINS ARROYO LLP
BRIAN J. ROBBINS
CRAIG W. SMITH
JENNY L. DIXON
GINA STASSI

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16 *Counsel for Plaintiff*

17
18 DATED: June 11, 2015

SULLIVAN & CROMWELL LLP
BRENDAN P. CULLEN
SVERKER K. HOGBERG
RYAN J. MCCAULEY

20 
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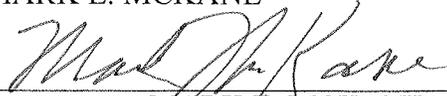
27 *Counsel for VeriFone and the VeriFone*

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DATED: June 11, 2015

Individual Defendants

KIRKLAND & ELLIS LLP
JAMES F. BASILE
MARK E. MCKANE



MARK E. MCKANE

555 California Street
San Francisco, CA 94104
Telephone: (415) 439-1400
Facsimile: (415) 439-1500

Counsel for GTCR Golder Rauner, LLC

1007951

EXHIBIT A

In re VeriFone Holdings, Inc. Derivative Litigation, Lead Case No. 1-07-cv-100980

I. POST-COMPLAINT CORPORATE GOVERNANCE REFORMS

The Parties agree that the filing and prosecution of the Action was a substantial and material factor in the Company's decision to adopt and maintain the following corporate governance policies, procedures, and controls ("Corporate Governance Reforms") after the complaint was filed in 2007. VeriFone shall maintain the Corporate Governance Reforms set forth herein for not less than four years following final settlement approval.

1. Shortly after this suit was commenced, the VeriFone Board separated the Chairman and Chief Executive Officer ("CEO") positions, appointing former director Charles Rinehart as non-executive Chairman of the Board while Douglas Bergeron remained CEO.

2. Effective September 1, 2008, VeriFone appointed a new director Robert W. Alspaugh to the Audit Committee. This membership change to the Audit Committee was a necessary step towards improving the Board's oversight of the Company's financial and accounting process and procedures. Mr. Alspaugh's background and substantial global financial management and accounting expertise, including over 40 years in various capacities with KPMG and its affiliates, should improve the Board's ability to exercise effective oversight of the Company's accounting practices and disclosures.

3. On or about October 8, 2008, VeriFone adopted an Internal Audit Charter that set forth the role and responsibilities of the Company's internal audit function, and the Vice President of Internal Audit. The Company revised the charter on or about December 14, 2014. The Internal Audit Charter sets forth the key objectives for and overall scope of the Company's internal audit function, including providing independent assurance to management and the Audit Committee that internal control risks are identified and managed, assessed periodically for adequacy, effectiveness, and utilization of best practices, and that internal audit personally have free and unrestricted access to all necessary corporate and global functions, records, property, data systems and personnel.

4. In March 2010, the VeriFone Board adopted stock ownership guidelines for directors, better aligning the directors' interests with those of shareholders. The Board adopted similar guidelines for VeriFone's CEO and each executive officer who is a direct report to the CEO, improving senior executives' focus on creating long term value rather than attempting to meet analyst expectations for any particular quarter.

5. VeriFone created and filled the position of Executive Vice President, General Counsel and Compliance Officer ("GC") to enhance governance communication, education, and training for all employees involved in the financial reporting process.

6. VeriFone created and filled the position of Vice President of Internal Audit (also referred to as Chief Audit Executive or "CAE"), who reports directly to the Audit Committee. The CAE is vested with oversight of and responsibility for the Company's global internal audit activities. The Company also created additional accounting positions and filled them with qualified accounting and finance personnel with knowledge of generally accepted accounting

principles. These personnel changes ensured VeriFone's finance and accounting employees have a greater understanding of the Company's accounting policies and procedures and the required proficiency to apply those policies in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), reducing the likelihood of future restatements.

7. On or about March 2013, VeriFone adopted a Policy Regarding Director Independence Determinations, identifying the standards the Board will use to determine whether a director qualifies as independent under the New York Stock Exchange Listing Requirements and VeriFone's Corporate Governance Guidelines.

8. In April 2013, VeriFone created a Disclosure Committee tasked with maintaining and overseeing disclosure controls and procedures designed to ensure that the Company's disclosures are accurate, complete, and fairly present the Company's financial condition and results of operations. The committee, comprised of the corporate controller, head of accounting and reporting, head of treasury & investor relations, the CAE, the GC, and the principal in-house securities attorney, is charged with meeting at least four times per year, and meeting with the CEO and CFO to discuss all relevant information, including any significant deficiencies in the design or operation of disclosure controls and procedures that would adversely impact the Company's ability to record, process, summarize, and report financial data.

9. On or about December 11, 2013, VeriFone revised its Insider Trading Compliance Program to strengthen the restrictions on trading by insiders. Among other improvements, the program: (i) requires all trading to be conducted during an open trading window and provides that special Black-out Periods may apply to any insider even though the Trading Window would otherwise be open; (ii) prohibits insiders from engaging in short sales of the Company's stock and any trading in derivatives of the Company's stock; (iii) prohibits Section 16 Individuals from selling Company stock unless the sales are made pursuant to a pre-approved trading plan adopted pursuant to Rule 10b5-1; and (iv) prohibits all officers and members of the Board and certain others from trading, including during the Trading Window, without first complying with the Company's pre-clearance process.

10. In March 2014, VeriFone adopted a formal Clawback Policy pursuant to which, in the event of a financial restatement, any incentive-based compensation in the form of cash awards paid to an executive officer in the three-year period preceding the restatement that would not have been paid based on the restated financial results shall be returned to the Company. The policy further provides that all forms of incentive-based compensation paid or awarded to an executive officer during the three years preceding any fraud or gross misconduct shall be returned to VeriFone in the event the executive officer is deemed by the Board to have committed such fraud or gross misconduct.

II. ADDITIONAL CORPORATE GOVERNANCE REFORMS

Verifone shall implement and maintain for a period of not less than four years from the date of final approval of the Settlement the Corporate Governance Reforms set forth herein.

1. **Board Independence.** The Board shall adopt a policy requiring the maintenance of a super-majority of not less than two-thirds of the Board constituting "independent" directors.

2. **Lead Independent Director.** In the event the Chairman and CEO positions are combined, the Company shall appoint a Lead Independent Director, who shall meet the Company's independence standards and have the following authority and responsibilities:

a. to set an appropriate schedule of Board meetings, seeking to ensure that the Independent Directors can perform their duties responsibly while not interfering with the flow of VeriFone operations;

b. to set the agendas for the Board and committee meetings;

c. to take all necessary steps to ensure the appropriate quality, quantity, and timeliness of information from VeriFone management as necessary to enable the Independent Directors to effectively and responsibly perform their duties, and to make specific requests for information at the Lead Independent Director's discretion;

d. to recommend and take steps to ensure the retention of consultants who report directly to the Board, as deemed advisable;

e. to interview, along with the Chairman of the Nominating Committee, all Board candidates, and make nominating recommendations to the Board;

f. to assist the Board and Company officers in assuring compliance with and implementation of the Company's governance guidelines and policies;

g. to coordinate and develop the agenda for any executive sessions of the Board's Independent Directors;

h. to act as principal liaison between the Independent Directors and the CEO on material issues;

i. to evaluate the CEO's performance and meet with the CEO to discuss the Board's evaluation;

j. to make recommendations as to the membership of Board committees, as well as selection of the committee chairs; and

k. to oversee an annual self-evaluation of the Board of its performance and the performance of Company directors.

3. **Chief Audit Executive.** The Company shall modify the Global Internal Audit Charter and responsibilities of the Vice President of Internal Audit/Chief Audit Executive ("CAE") to include the following:

a. The CAE shall attend all Audit Committee meetings, and meet at least quarterly in executive session with the Audit Committee. The CAE shall provide the Audit Committee with quarterly summary reports of internal audits completed and in progress, and provide the Audit Committee with a report of outstanding audit issues and the current status of

management's efforts to resolve and improve the control environment. The minutes of the Audit Committee meeting shall reflect that such reports were made.

b. The CAE shall develop and oversee the training for employees fulfilling the internal audit function, executive officers, and the Board regarding emerging trends in internal control issues and internal audit matters. The CAE, or their designee, shall maintain a copy of any training materials and reports of any investigations undertaken for a period of four (4) years.

c. VeriFone shall make reasonable efforts to fill all open Senior Auditor/Manager positions within one year of the date of final approval of the Settlement. The CAE shall evaluate on an annual basis whether the nature and degree of reliance on outside consultants in the preceding reporting period provides reasonable assurance that internal control risks are being identified and systematically managed, and shall make recommendations as appropriate regarding changes in internal staffing.

d. The CAE, in collaboration with the CFO and appropriate accounting staff, shall annually evaluate and prepare recommendations for the Audit Committee regarding: (i) whether the Company has adequate accounting staff with sufficient knowledge and expertise in light of the nature and volume of transactions; and (ii) the adequacy and effectiveness of the Company's system of internal controls and supervisory processes, including those pertaining to the integration of material new operations.

4. **Audit Committee Supervision and Oversight.** The Audit Committee Charter and related policies and procedures shall be amended as necessary to include the following provisions:

a. The Audit Committee shall meet as often as necessary, but not less than six times each year. The Audit Committee shall review and approve an agenda that, at least annually, includes a review of internal controls.

b. The Audit Committee shall meet with and receive reports from VeriFone's independent auditors and the Chief Financial Officer at least once per quarter, and more often as may be necessary, regarding significant internal controls issues to exercise meaningful oversight over significant financial and accounting issues.

c. The Audit Committee shall ensure that the Company maintains an adequately staffed, qualified, and supervised internal audit department that is independent of the accounting department.

(1) The Audit Committee shall be responsible for reviewing the appointment, replacement, reassignment, or dismissal of the CAE.

(2) The Audit Committee shall meet separately with the CAE or their designee, without other senior management present, prior to filing each quarterly and annual financial report to discuss internal audit department procedures, findings, and deficiencies, as well as appropriate means to address them and prevent their recurrence.

(3) The Audit Committee shall report to the Board regarding any significant issues concerning the quality, integrity, performance, and independence of the Company's independent auditors and internal audit function.

d. The Audit Committee shall annually review and evaluate, after discussion with the appropriate members of management, the independent auditors, internal auditors (including the CAE), and representatives of the Disclosure Committee:

(1) the scope and results of the annual audit, and shall also report on other activities of the committee and recommend additions or variations in auditing, accounting, and control functions as it may deem desirable; and

(2) compliance with Statement on Auditing Standards No. 99 guidance, including how and where the Company's financial statements might be susceptible to material misstatement due to fraud.

EXHIBIT B

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE VERIFONE HOLDINGS, INC.) Lead Case No. 1-07-CV-100980
DERIVATIVE LITIGATION)
(Consolidated with Case No. 1-07-CV-101449)
_____)
This Document Relates to:)
ALL ACTIONS) [PROPOSED] PRELIMINARY APPROVAL
ORDER
)
)
)
) Judge: Honorable Peter H. Kirwan
) Department: 1
) Date Action Filed: December 13, 2007
_____)

1 This matter came before the Court¹ for a hearing on July 10, 2015. Plaintiff has made an
2 unopposed motion for an order: (i) preliminarily approving the proposed settlement ("Settlement") of
3 the above-captioned Action, in accordance with the Stipulation; and (ii) approving the form and
4 manner of the Notice of the Settlement.

5 WHEREAS, the Stipulation sets forth the terms and conditions for the Settlement, including,
6 but not limited to: (i) a proposed Settlement and dismissal of the Action with prejudice as to the
7 Released Persons; and (ii) the agreed-to Fee and Expense Amount to be paid to Plaintiff's Counsel,
8 upon the terms and conditions set forth in the Stipulation;

9 WHEREAS, the Settlement appears to be the product of serious, informed, non-collusive
10 negotiations and falls within the range of possible approval; and

11 WHEREAS, this Court, having considered the Stipulation and the exhibits annexed thereto
12 and having heard the arguments of the Settling Parties at the preliminary approval hearing:

13 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

14 1. This Court, for purposes of this Preliminary Approval Order, adopts the definitions
15 set forth in the Stipulation.

16 2. This Court preliminarily approves the Settlement as set forth in the Stipulation as
17 being fair, reasonable, and adequate.

18 3. Within ten (10) business days after the entry of this Preliminary Approval Order,
19 VeriFone shall, at its own cost: (i) cause a copy of the Summary Notice, substantially in the form of
20 Exhibit D to the Stipulation, to be published once in the *Investor's Business Daily*; (ii) post a copy of
21 the Notice and the Stipulation on the Company's Investor Relations page of its website; and (iii) file
22 a Form 8-K with the SEC that includes the Notice, which shall refer shareholders to the Investor
23 Relations page of VeriFone's website for more information, until the Judgment is entered.

24 4. No later than fourteen (14) calendar days prior to the Settlement Hearing, VeriFone
25 shall file with the Court an appropriate affidavit or declaration with respect to filing and posting the
26 Notice, Summary Notice, and Stipulation.

27 _____
28 ¹ Except as otherwise expressly provided below or as the context otherwise requires, all capitalized
terms contained herein shall have the same meanings and/or definitions as set forth in the Stipulation
of Settlement dated June 11, 2015 (the "Stipulation"), filed concurrently herein.

1 5. Within ten (10) business days after the entry of this Preliminary Approval Order,
2 Faruqi & Faruqi, LLP and Robbins Arroyo LLP shall post copies of the Notice and Stipulation on
3 their respective websites.

4 6. No later than fourteen (14) calendar days prior to the Settlement Hearing, Faruqi &
5 Faruqi, LLP and Robbins Arroyo LLP shall file with the Court an appropriate affidavit or declaration
6 with respect to posting the Notice and Stipulation.

7 7. The Court finds that the form, substance, and dissemination of information regarding
8 the proposed Settlement in the manner set out in this Preliminary Approval Order constitutes the best
9 notice practicable under the circumstances and complies fully with California Law and due process.

10 8. A hearing shall be held on _____, 2015 at _____.m., before the
11 Honorable Peter H. Kirwan, in the Superior Court of the State of California, Santa Clara County,
12 located at 191 N. 1st Street, San Jose, CA 95113, (the "Settlement Hearing"), at which the Court will
13 determine: (i) whether the terms of the Stipulation should be approved as fair, reasonable, and
14 adequate; (ii) whether the Notice and Summary Notice fully satisfied the requirements of California
15 Law and the requirements of due process; (iii) whether the Action should be dismissed with
16 prejudice; (iv) whether all Released Claims against the Released Persons should be fully and finally
17 released; (v) whether the agreed-to Fee and Expense Amount should be approved; and (vi) to rule
18 upon such other matters as the Court may deem appropriate.

19 9. The Court reserves: (i) the right to approve the Settlement, with such modifications as
20 may be agreed to by counsel for the Settling Parties consistent with such Settlement, without further
21 notice to VeriFone shareholders; and (ii) the right to continue or adjourn the Settlement Hearing
22 from time to time, by oral announcement at the hearing or at any adjournment thereof, without
23 further notice to Current VeriFone Shareholders.

24 10. Any Current VeriFone Shareholders may appear and show cause, at their own
25 expense, individually or through counsel, if he, she, or it has any reason why the Settlement
26 embodied in the Stipulation should not be approved as fair, reasonable, and adequate, or why the
27 Judgment should or should not be entered hereon, or the Fee and Expense Amount should not be
28 awarded. However, no Current VeriFone Shareholders shall be heard or entitled to contest the

1 approval of the proposed Settlement, or, if approved, the Judgment to be entered hereon, unless that
2 Current VeriFone Shareholder has caused to be filed, and served on counsel as noted below, written
3 objections stating all supporting bases and reasons for the objection, and setting forth proof of
4 current ownership of VeriFone stock as well as documentary evidence of when such stock ownership
5 was acquired.

6 11. At least fourteen (14) calendar days prior to the Settlement Hearing set for
7 _____, 2015, any such person must file the written objection(s) and corresponding
8 materials, and a notice of intent to appear if any Current VeriFone Shareholder intends to appear and
9 requests to be heard at the Settlement Hearing, with the Clerk of the Court of the Superior Court of
10 the State of California, Santa Clara County, located at 191 N. 1st Street, San Jose, California 95113,
11 and serve such materials by that date, to each of the following Settling Parties' counsel:

12 Craig W. Smith
13 ROBBINS ARROYO LLP
14 600 B Street, Suite 1900
15 San Diego, CA 92101
16 Telephone: (619) 525-3990
17 Facsimile: (619) 525-3991

Brendan P. Cullen
SULLIVAN & CROMWELL LLP
1870 Embarcadero Road
Palo Alto, CA 94303
Telephone: (650) 461-5600
Facsimile: (650) 461-5700

16 David E. Bower
17 FARUQI & FARUQI, LLP
18 10866 Wilshire Boulevard, Suite 1470
19 Los Angeles, CA 90024
20 Telephone: (424) 256-2884
21 Facsimile: (424) 256-2885

Robert A. Sacks
SULLIVAN & CROMWELL LLP
1888 Century Park East
Los Angeles, CA 90067
Telephone: (310) 712-6600
Facsimile: (310) 712-8800

19 Nadeem Faruqi
20 FARUQI & FARUQI, LLP
21 369 Lexington Avenue, 10th Floor
22 New York, NY 10017
23 Telephone: (212) 983-9330
24 Facsimile: (212) 983-9331

*Counsel for VeriFone and the VeriFone
Individual Defendants*

Counsel for Plaintiff

James F. Basile
KIRKLAND & ELLIS LLP
555 California Street
San Francisco, CA 94104
Telephone: (415) 439-1400
Facsimile: (415) 439-1500

Counsel for GTCR

25 Only Current VeriFone Shareholders who have filed with the Court and sent to the Settling Parties'
26 counsel valid and timely written notices of objection will be entitled to be heard at the hearing,
27 unless the Court orders otherwise.
28

1 12. Any Current VeriFone Shareholder who does not make an objection in the manner
2 provided herein shall be deemed to have waived any such objection and shall forever be foreclosed
3 from making any objection to the fairness, reasonableness or adequacy of the Settlement, unless
4 otherwise ordered by the Court, but shall be otherwise bound by the Judgment to be entered and the
5 releases to be given.

6 13. Not later than seven (7) calendar days prior to the Settlement Hearing, all briefs
7 supporting the Settlement, including any responses to objections, if any, shall be served and filed.

8 14. All proceedings in the Action are stayed until further order of the Court, except as
9 may be necessary to implement the Settlement or comply with the terms of the Stipulation.

10 15. Pending final determination of whether the Settlement should be approved, no
11 VeriFone shareholder, either directly, representatively, or in any other capacity, shall commence or
12 prosecute against any of the Released Persons any action or proceeding in any court or tribunal
13 asserting any of the Released Claims.

14 16. This Court may, for good cause, extend any of the deadlines set forth in this
15 Preliminary Approval Order without further notice to Current VeriFone Shareholders.

16 17. Neither the Stipulation nor the Settlement, nor any act performed or document
17 executed pursuant to or in furtherance of the Stipulation or the Settlement: (i) is or may be deemed to
18 be or may be offered, attempted to be offered or used in any way by the Settling Parties or any other
19 Person as a presumption, a concession or an admission of, or evidence of, any fault, wrongdoing, or
20 liability of the Settling Parties or Released Persons, or of the validity of any Released Claims; or
21 (ii) is intended by the Settling Parties to be offered or received as evidence or used by any other
22 person in any other actions or proceedings, whether civil, criminal, or administrative, other than to
23 enforce the terms therein.

24 **IT IS SO ORDERED.**

25 DATED: _____

THE HONORABLE PETER H. KIRWAN
JUDGE OF THE SUPERIOR COURT

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28

EXHIBIT C

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE VERIFONE HOLDINGS, INC. DERIVATIVE LITIGATION)	Lead Case No. 1-07-CV-100980
	)	(Consolidated with Case No. 1-07-CV-101449)
<hr/>		
This Document Relates to:)	
ALL ACTIONS	)	NOTICE OF PROPOSED SETTLEMENT AND SETTLEMENT HEARING
)	
)	
	)	Judge: Honorable Peter H. Kirwan
	)	Department: 1
	)	Date Action Filed: December 13, 2007

1 **TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF**
2 **THE COMMON STOCK OF VERIFONE HOLDINGS, INC. ("VERIFONE" OR**
3 **THE "COMPANY") AS OF JUNE 11, 2015 ("CURRENT VERIFONE**
4 **SHAREHOLDERS").**

5 **THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETTLEMENT OF**
6 **SHAREHOLDER DERIVATIVE LITIGATION. PLEASE READ THIS NOTICE**
7 **CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A CURRENT VERIFONE**
8 **SHAREHOLDER, THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT**
9 **YOUR RIGHTS.**

10 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the Superior Court of the State
11 of California, County of Santa Clara (the "Court"), a proposed Settlement¹ has been reached by the
12 Parties to the shareholder derivative action brought on behalf of VeriFone, captioned *In re VeriFone,*
13 *Inc. Derivative Litigation*, Lead Case No. 1-07-CV-100980 (the "Action").

14 As explained below, the Court will hold a Settlement Hearing on _____, 2015 at
15 _____:_____.m., before the Honorable Peter H. Kirwan, Department 1 of the Superior Court of the State
16 of California, Santa Clara County, located at 191 N. 1st Street, San Jose, California 95113, to
17 determine whether to approve the Settlement. You have an opportunity to be heard at this hearing.

18 The terms of the Settlement are set forth in the Parties' Stipulation and summarized in this
19 Notice. If approved by the Court, the Settlement will fully resolve the Action, including the
20 dismissal of the Action with prejudice. For a more detailed statement of the matters involved in the
21 Action, the Settlement, and the terms discussed in this Notice, the Stipulation may be inspected at
22 the Clerk of Court's office, 191 N. 1st Street, San Jose, California 95113. The Stipulation is also
23 available for viewing on VeriFone's website at <http://ir.verifone.com>.

24 This Notice is not intended to be an expression of any opinion by the Court with respect to the
25 merits of the claims made in the Action, but is merely to advise you of the pendency and Settlement of
26 the Action.

27 ¹ Except as otherwise expressly provided below or as the context otherwise requires, all capitalized
28 terms contained herein shall have the same meanings and/or definitions as set forth in the Stipulation
of Settlement dated June 11, 2015 (the "Stipulation").

1 **There is No Claims Procedure.** This case was brought to protect the interests of VeriFone and
2 its shareholders. The Settlement will result in changes to the Company's corporate governance, not in
3 payment to individuals, and accordingly, there will be no claims procedure.

4 **I. SUMMARY OF THE ACTION**

5 **A. Procedural History**

6 On December 3, 2007, VeriFone publicly announced that it would restate its quarterly
7 financial statements for the three fiscal quarters ending January 31, 2007, April 30, 2007, and July
8 31, 2007, to correct errors in accounting related to the valuation of in-transit inventory and allocation
9 of manufacturing and distribution overhead to inventory that resulted in VeriFone overstating
10 previously reported earnings and inventories and understating "cost of net revenues."

11 On December 13, 2007, former plaintiff Catholic Medical Mission Board ("Catholic
12 Medical") filed a shareholder derivative action on behalf of VeriFone in this Court captioned
13 *Catholic Medical Mission Board v. Bergeron*, Case No. 1:07-CV-100980 ("*Catholic Medical*
14 *Action*"). This action was brought by Catholic Medical on behalf of the Company against certain of
15 VeriFone's officers and directors seeking to remedy Defendants' alleged violations of state law,
16 including breaches of fiduciary duties, waste of corporate assets, unjust enrichment, and violations of
17 the California Corporations Code. On December 19, 2007, former plaintiff Gilbert Carpel
18 ("Carpel") filed a substantially similar shareholder derivative action captioned *Carpel v. Bergeron*,
19 Case No. 1:07-CV-101449 ("*Carpel Action*").

20 On April 1, 2008, the Court consolidated the *Catholic Medical* and *Carpel* Actions, and
21 designated *In re VeriFone Holdings, Inc. Derivative Litigation*, No. 1:07-CV-100980 (Cal. Super.
22 Ct.-Santa Clara Cnty.) as the lead case (the "Action").

23 On April 2, 2008, VeriFone announced that its Audit Committee had completed its
24 investigation into accounting and financial control issues related to the Company's restatement. The
25 investigation confirmed that incorrect manual journal and elimination entries were made with respect
26 to certain inventory-related matters, that existing policies with respect to manual journal entries were
27 not followed, and that insufficient review processes and controls were in place to identify and correct
28 the erroneous manual journal and elimination entries in a timely manner. In addition to certain

1 remedial measures taken in response to the Audit Committee's findings, VeriFone also announced
2 that VeriFone's Chief Financial Officer, Barry Zwarenstein, had tendered his resignation, which
3 would become effective after completion of the restatement.

4 On August 19, 2008, VeriFone filed amended and restated financials for the first three
5 quarters of fiscal year 2007 that lowered VeriFone's operating income for the three fiscal quarters
6 from \$64.6 million to \$28.6 million. Following these disclosures, on October 31, 2008, plaintiffs
7 Catholic Medical and Carpel filed their Consolidated Shareholder Derivative Complaint
8 ("Consolidated Complaint"), asserting claims for breaches of fiduciary duty, waste of corporate
9 assets, aiding and abetting breach of fiduciary duty, unjust enrichment, insider trading, and
10 misappropriation of information.

11 The Consolidated Complaint alleged that VeriFone officers and directors breached their
12 fiduciary duties by failing to implement and maintain adequate internal controls over accounting and
13 financial reporting, and causing or permitting VeriFone to materially overstate reported income by
14 approximately \$70 million, requiring financial restatements for three fiscal quarters of 2007. The
15 Consolidated Complaint alleged that VeriFone suffered damages as a result, including injury to its
16 reputation in the capital markets, as evidenced by a \$2.4 billion collapse in market capitalization,
17 costs associated with the restatement and related remediation, the costs of responding to the formal
18 inquiry conducted by the U.S. Securities and Exchange Commission ("SEC"), and the costs of
19 defending and resolving through settlement claims made by a putative class of shareholders. The
20 Consolidated Complaint further alleged that pre-suit demand on VeriFone's board of directors
21 ("Board") was excused as futile due to the culpability of a majority of directors for the alleged
22 wrongdoing.

23 At the time the Consolidated Complaint was filed, a securities class action captioned *In re*
24 *VeriFone Holdings, Inc. Securities Litigation*, Case No. 3:07-cv-06140 ("Federal Securities
25 Action"), and a related shareholder derivative action captioned *In re VeriFone Holdings, Inc.*
26 *Shareholder Derivative Litigation*, Case No. 3:07-cv-06347 ("Federal Derivative Action"), were
27 both pending in the U.S. District Court for the Northern District of California ("Federal Court").
28

1 On November 10, 2008, Defendants filed a joint motion to stay the Action pending resolution
2 of the Federal Securities Action and the Federal Derivative Action ("Defendants' Motion to Stay").
3 On November 18, 2008, the Parties agreed to postpone the briefing on Defendants' anticipated
4 demurrer to the Consolidated Complaint until resolution of Defendants' Motion to Stay, in order to
5 conserve party and judicial resources.

6 On December 17, 2008, the Court entered a stipulated order postponing briefing on
7 Defendants' Motion to Stay pending a decision on VeriFone's motion to dismiss the complaint in the
8 Federal Derivative Action. Thereafter, the Court entered a series of stipulated orders continuing
9 further proceedings in the Action through 2011.

10 On June 10, 2009, plaintiffs in the Federal Derivative Action made a written demand to
11 inspect certain of VeriFone's books and records pursuant to Delaware Code title 8, §220. On August
12 6, 2009, VeriFone produced responsive books and records to plaintiffs in the Federal Derivative
13 Action. These documents were also made available to plaintiffs Catholic Medical and Carpel in this
14 Action, and plaintiffs' counsel carefully reviewed and evaluated them.

15 On September 1, 2009, the SEC filed a civil case against VeriFone and its supply chain
16 controller relating to VeriFone's lack of internal controls and oversight. VeriFone consented to the
17 entry of a final judgment on November 12, 2009, that permanently enjoined and restrained it from
18 violating federal securities laws and requiring VeriFone to maintain a system of internal accounting
19 controls, file accurate periodic reports, and keep books, records, or accounts, which accurately and
20 fairly reflect the transactions and dispositions of the assets of VeriFone.

21 On August 26, 2010, the Federal Court dismissed the complaint in the Federal Derivative
22 Action with prejudice. On November 28, 2011, the U.S. Court of Appeals for the Ninth Circuit
23 ("Ninth Circuit") affirmed the dismissal with prejudice of the complaint in the Federal Derivative
24 Action for failure to adequately plead demand futility. The Parties to this Action met and conferred
25 on the next steps in this Action and reported the same to the Court in periodic joint status reports
26 throughout 2012.

27 On March 22, 2011, the Federal Court dismissed the complaint in the Federal Securities
28 Action with prejudice, which plaintiff appealed to the Ninth Circuit. On December 21, 2012, a

1 Ninth Circuit panel reversed in part the Federal Court's dismissal of the Federal Securities Action,
2 reviving claims that VeriFone, Bergeron, and Zwarenstein violated §10(b) of the Securities
3 Exchange Act of 1934.² *In re VeriFone Holdings, Inc. Sec. Litig.*, 704 F.3d 694, 710 (9th Cir. 2012).

4 On February 15, 2013, after learning that plaintiff Carpel³ had sold his VeriFone stock and
5 lost standing to maintain this derivative action, Plaintiff's Counsel filed a Motion to Publish Notice
6 to VeriFone Systems, Inc. Shareholders regarding the pending dismissal for lack of standing
7 ("Motion to Publish Notice"), in order to give VeriFone shareholders with standing an opportunity to
8 intervene in the Action and pursue the claims. On April 16, 2013, Defendants opposed the Motion
9 to Publish Notice, arguing that the Action should be dismissed because there was no longer a
10 plaintiff with standing and that due process did not require notice to VeriFone shareholders. On May
11 3, 2013, Plaintiff's Counsel filed a reply. On May 16, 2013, the Court granted the Motion to Publish
12 Notice.

13 On May 17, 2013, pursuant to the Court's order, Plaintiff's Counsel published notice to
14 VeriFone shareholders that the Action would be dismissed and the claims likely terminated by
15 operation of the statutes of limitation, unless a shareholder with standing substituted as plaintiff in
16 the Action. VeriFone published the same notice on its website on May 21, 2013. On August 14,
17 2013, Plaintiff's Counsel filed a notice of intent to substitute VeriFone shareholder Joel Gerber as
18 plaintiff to pursue the claims in this action. On September 16, 2013, Gerber formally moved for
19 leave to amend the complaint to substitute himself as plaintiff, attaching a proposed amended
20 complaint ("Amended Complaint"). VeriFone did not oppose the motion for leave to amend the
21 complaint. On October 16, 2013, the Court granted Plaintiff's motion for leave to amend the
22 complaint and deemed the Amended Complaint filed.

23
24 _____
25 ² The Federal Securities Action was subsequently resolved on remand. On February 18, 2014, the
26 Federal Court finally approved the settlement of the Federal Securities Action, which released the
27 claims in consideration for the creation of a \$95 million fund for shareholders, \$61 million of which
28 was paid by the Company with the remainder paid by the Company's insurance carriers.

³ In February 2009, plaintiff Catholic Medical voluntarily dismissed its action, leaving Carpel as the
sole plaintiff.

1 Subsequently, the Parties agreed to continue the date for Defendants to respond to the
2 Amended Complaint, for good cause, through a series of stipulations, during which time the Parties
3 engaged in settlement discussions.

4 On April 7, 2014, Defendants filed a demurrer to the Amended Complaint ("Demurrer"),
5 asserting that Plaintiff failed to make the pre-suit demand on the VeriFone Board required under
6 California and Delaware law, failed adequately to plead that his obligation to make a pre-suit
7 demand was excused as futile, and was collaterally estopped from alleging that demand is futile as to
8 a majority of the members of VeriFone's Board.

9 On May 23, 2014, Plaintiff filed a statement of non-opposition to the Demurrer and indicated
10 that VeriFone's interests would be best served by Plaintiff's making a litigation demand on the new
11 VeriFone Board. On the same day, Plaintiff filed a motion to stay the proceedings in order to permit
12 him to make a litigation demand on the current VeriFone Board ("Plaintiff's Motion to Stay"). On
13 June 18, 2014, Defendants filed their opposition to Plaintiff's Motion to Stay and their reply to the
14 Demurrer. Plaintiff filed a reply to Plaintiff's Motion to Stay on July 25, 2014.

15 On December 4, 2014, the Court sustained the Demurrer with leave to amend, and granted
16 Plaintiff's Motion to Stay the Action to permit Plaintiff to make a litigation demand on VeriFone's
17 Board. On December 23, 2014, Plaintiff, through his counsel, sent a 17-page demand letter detailing
18 Defendants' alleged wrongdoing and claimed damages, and demanding that VeriFone's Board
19 commence a new, independent investigation of the matters underlying this Action separate and apart
20 from that undertaken by the prior Audit Committee, and that the Board take steps to recover
21 damages proximately caused by Defendants' alleged breaches of fiduciary duty and implement
22 enhanced internal controls and management and Board level oversight.

23 **B. Settlement Efforts**

24 During the pendency of this Action, the Parties have conducted arm's-length, good faith
25 settlement discussions on several occasions. On October 8, 2009, the Parties and the parties to the
26 Federal Derivation Action engaged in formal mediation before the Honorable William J. Cahill (ret.)
27 ("Judge Cahill").
28

1 In advance of the mediation with Judge Cahill, the Parties engaged in extensive negotiations
2 regarding a potential settlement. These negotiations included, among other things, lengthy
3 discussions concerning the Defendants' alleged breaches of fiduciary duty and defenses thereto. In
4 addition, the Parties extensively briefed the merits of their respective claims and defenses for Judge
5 Cahill. While the Parties made some progress toward resolution of the Action at the mediation, the
6 Parties were unable to reach an agreement to resolve the Action.

7 On April 26, 2012, Plaintiff made a new settlement demand proposing, among other things,
8 comprehensive corporate governance reforms designed to address Defendants' alleged breach of
9 fiduciary duties, as well as structural reforms designed to improve the independence and rigor of the
10 Board and Audit Committee's oversight of core operations. Plaintiff and Defendants engaged in
11 preliminary discussions, but the Parties were again unable to reach a resolution of the Action.

12 On November 12, 2013, Plaintiff sent a follow up settlement demand letter. To facilitate
13 settlement discussions, the Parties agreed to continue Defendants' time to respond to the Amended
14 Complaint. The Parties, through their counsel, discussed Plaintiff's renewed settlement demand
15 telephonically on or about December 9, 2013, and again on December 20, 2013. Defendants
16 provided a written response to Plaintiff's demand on January 22, 2014, and the following day
17 counsel for the Parties held a telephone conference to continue settlement discussions. These
18 discussions continued through early March 2014. In late March 2014, Defendants advised Plaintiff
19 that they intended to demurrer rather than continue with settlement discussions.

20 In January 2015, the Parties renewed their good faith efforts to explore resolution of the
21 Action. On January 8, 2015, Defendants initiated a call with Plaintiff to express an interest in
22 resuming settlement discussions. On January 12, 2015, Plaintiff provided his proposals for corporate
23 governance reforms to Defendants. Thereafter, on January 15, 2015, Defendants provided internal
24 documents to Plaintiff to facilitate further discussions. On January 21, 2015, the Parties held a
25 telephonic conference to discuss specific corporate governance reforms and Defendants provided a
26 written response to Plaintiff's settlement proposal the following day.

27 After significant negotiations, the Parties were able to reach an agreement-in-principle to
28 resolve the Action on March 13, 2015.

1 **II. PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

2 Plaintiff believes that the Action has substantial merit, and Plaintiff's entry into the
3 Stipulation and Settlement is not intended to be and shall not be construed as an admission or
4 concession concerning the relative strength or merit of the claims alleged in the Action. Plaintiff and
5 his counsel also acknowledge the significant risk, expense, and length of continued proceedings
6 necessary to prosecute the Action against the Defendants through trial and through possible appeals.
7 Plaintiff's Counsel have also taken into account the substantial risks, costs, and delays involved in
8 complex shareholder derivative litigation, generally, as well as the unique challenges presented by
9 this Action, including pleading wrongful demand refusal with the requisite particularity, overcoming
10 the business judgment presumption applicable to the Board's determination not to pursue the
11 derivative claims, and the significant challenges of meeting the burdens of proof applicable to the
12 underlying claims and of defeating the available affirmative defenses, including the business
13 judgment rule and the exculpation and indemnification rights afforded the director Defendants
14 pursuant to Delaware General Corporate Law §102(b)(7).

15 Plaintiff's Counsel have conducted an extensive investigation over the course of several
16 years, including: (i) reviewing VeriFone's press releases, public statements, SEC filings, and
17 securities analysts' reports and advisories about the Company; (ii) reviewing media reports about the
18 Company; (iii) researching the applicable law with respect to the claims alleged in the Action and
19 the potential defenses thereto; (iv) preparing and filing derivative complaints; (v) conducting
20 damages analyses; (vi) participating in informal conferences with Defendants' Counsel regarding the
21 specific facts of the cases, the perceived strengths and weaknesses of the cases, and other issues in
22 an effort to facilitate negotiations and fact gathering; (vii) reviewing and analyzing relevant
23 documents in the Federal Derivative Action—including the motion to dismiss briefing and the
24 Federal Court's order granting defendants' motion to dismiss and the Ninth Circuit's opinion—and
25 evaluating the merits of, and the Defendants' potential liability in connection with, the Federal
26 Derivative Action; (viii) reviewing and analyzing VeriFone's books and records produced pursuant
27 to Delaware Code title 8, §220 in the Federal Derivative Action; (ix) reviewing and analyzing
28 relevant documents in the Federal Securities Action—including the motion to dismiss briefing and

1 the Federal Court's order granting defendants' motion to dismiss and the Ninth Circuit's opinion—
2 and evaluating the merits of, and the Defendants' potential liability in connection with, the Federal
3 Securities Action; (x) submitting comprehensive briefs prior to mediation, outlining their position,
4 and Plaintiff's claims in the Action; (xi) actively participating in an in-person, full-day mediation;
5 and (xii) negotiating this Settlement with Defendants.

6 Based on Plaintiff's Counsel's thorough review and analysis of the relevant facts and difficult
7 circumstances, allegations, defenses, and controlling legal principles, Plaintiff's Counsel believe that
8 the Settlement set forth in the Stipulation is fair, reasonable, and adequate, and confers substantial
9 benefits upon VeriFone and its shareholders. Based on their evaluation, Plaintiff and his counsel
10 have determined that the Settlement is in the best interests of VeriFone and its shareholders and have
11 agreed to settle the Action upon the terms and subject to the conditions set forth herein.

12 **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

13 The Defendants have denied and continue to deny each and all of the claims, contentions,
14 and allegations made against them or that could have been made against them in the Action, and
15 believe the Action has no merit. The Defendants have expressly denied and continue to deny all
16 charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or
17 omissions alleged, or that could have been alleged in the Action. The Defendants assert that they
18 have satisfied their fiduciary duties and have acted in good faith and in the best interest of VeriFone
19 and its shareholders at all relevant times. Defendants have entered into the Stipulation to avoid the
20 continuing additional expense, inconvenience, and distraction of the Action, as well as the risks and
21 uncertainty inherent in any lawsuit. Defendants believe that it is desirable and beneficial that the
22 Action be settled in the manner and upon the terms and conditions set forth in the Stipulation
23 because, among other things, it will allow the Company to conclude this litigation on terms that are
24 just and reasonable, including the adoption and maintenance of Corporate Governance Reforms that
25 serve VeriFone's and its shareholders' best interests. Further, VeriFone, through its Board,
26 acknowledges that the Settlement is fair, reasonable, and adequate, and in the best interests of
27 VeriFone and its shareholders.

1 Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any
2 document or exhibit referred or attached to the Stipulation, nor any action taken to carry out the
3 Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the
4 Released Claims or an admission by or against the Individual Defendants of any fault, wrongdoing,
5 or concession of liability whatsoever.

6 **IV. THE SETTLEMENT HEARING**

7 The Settlement Hearing will be held before the Honorable Peter H. Kirwan on _____
8 ____, 2015 at __:__ .m., in Department 1 of the Superior Court of the State of California, Santa Clara
9 County, located at 191 N. 1st Street, San Jose, California 95113, to determine whether: (i) the
10 Settlement of the Action upon the terms and subject to the conditions set forth in the Stipulation is
11 fair, reasonable, and adequate and should be approved by the Court; (ii) the Action should be
12 dismissed with prejudice; and (iii) to approve the agreed upon Fee and Expense Amount for
13 Plaintiff's Counsel's fees and expenses as set forth in the Stipulation. The Settlement Hearing may
14 be continued by the Court at the Settlement Hearing, or at any adjourned session thereof without
15 further notice.

16 **V. TERMS OF THE SETTLEMENT**

17 The terms and conditions of the proposed Settlement are set forth in the Stipulation. The
18 Stipulation has been filed with the Court and is also available for viewing on VeriFone's website at
19 <http://ir.verifone.com>. The following is only a summary of its terms.

20 **Corporate Governance Reforms.** As a result of the Action and the settlement reflected in
21 the Stipulation (the "Settlement"), VeriFone will implement significant corporate governance
22 reforms designed to enhance and improve its internal controls and systems, as well as the
23 effectiveness and responsiveness of the VeriFone Board and the Audit Committee. These reforms
24 include measures that strengthen the mandate of the Chief Audit Executive to ensure internal control
25 risks are identified and systematically managed, and investigated as necessary to resolve and
26 improve the Company's control environments; ensure internal audit and accounting staff, executive
27 officers and the VeriFone Board are properly trained regarding emerging trends in internal control
28 issues and internal audit matters; strengthen Audit Committee procedures and supervision, and

1 broaden its mandate to include detailed oversight of internal controls and systems, the scope and
2 results of annual audits and compliance with Statement on Auditing Standards No. 99 guidance;
3 require appointment of a Lead Independent Director with enhanced duties and responsibilities; and
4 enhance the independence of VeriFone's Board.

5 In addition to these measures, the Company acknowledges that the filing and prosecution of
6 the Action was a substantial and material factor in the Company's decision to adopt and maintain a
7 number of corporate governance enhancements implemented after the Complaint was filed in 2007,
8 and further agrees to maintain these reforms for not less than four years following final approval of
9 the Settlement. These reforms include: the separation of the Chairman of the Board and Chief
10 Executive Officer positions; the appointment of a new director to the Audit Committee, the creation
11 of the position of Executive Vice President, General Counsel and Compliance Officer; and several
12 new positions to enhance VeriFone's accounting resources and oversight, such as the position of
13 Vice President of Internal Audit or Chief Audit Executive; the adoption of stock ownership
14 guidelines for directors and officers; the adoption of a formal clawback policy pursuant to which, in
15 the event of a financial restatement or any fraud or gross misconduct, incentive-based compensation
16 shall be returned to the Company; the creation of a management-level Disclosure Committee tasked
17 with maintaining and overseeing disclosure controls and procedures designed to ensure that the
18 Company's disclosures are accurate and complete and fairly present the Company's financial
19 condition and results of operations; and the adoption of enhancements to VeriFone's Insider Trading
20 Compliance Program that (i) requires all trading to be conducted during an open trading window and
21 provides that special Black-out Periods may apply to any insider even though the Trading Window
22 would otherwise be open; (ii) prohibits insiders from engaging in short sales of the Company's stock
23 and any trading in derivatives of the Company's stock; (iii) prohibits Section 16 Individuals from
24 selling Company stock unless the sales are made pursuant to a pre- approved trading plan adopted
25 pursuant to Rule 10b5-1; and (iv) prohibits all officers and members of the Board of Directors and
26 certain others from trading, including during the Trading Window, without first complying with the
27 Company's pre-clearance process. These reforms and enhancements are detailed in Exhibit A
28 annexed to the Stipulation and are collectively referred to as the "Corporate Governance Reforms."

1 The Settling Parties believe that a settlement at this juncture on the terms and on the
2 conditions set forth in the Stipulation is fair, reasonable, and adequate. In addition, the VeriFone
3 Board has, in the exercise of its business judgment, formally approved the Settlement and each of its
4 terms, as fair, just and adequate, and in the best interest of VeriFone and its shareholders.

5 **VI. DISMISSAL AND RELEASES**

6 In connection with the Court's approval of the Settlement, the Action and all claims asserted
7 by Plaintiff on behalf of VeriFone and against the Individual Defendants will be dismissed with
8 prejudice. The full scope of the releases and the persons and entities who are the subject of the
9 releases are set forth in the Stipulation.

10 Upon the Effective Date, the Releasing Persons shall be deemed to have fully, finally, and
11 forever released, relinquished, and discharged the Released Claims (including Unknown Claims)
12 against the Released Persons. Nothing herein shall in any way impair or restrict the rights of any
13 Settling Party to enforce the terms of the Stipulation or the Judgment.

14 Further, upon the Effective Date, each of the Released Persons shall be deemed to have fully,
15 finally, and forever released, relinquished, and discharged Plaintiff, Plaintiff's Counsel, and
16 VeriFone from all claims (including Unknown Claims), arising out of, relating to, or in connection
17 with the institution, prosecution, assertion, settlement, or resolution of the Action or the Released
18 Claims. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce
19 the terms of the Stipulation or the Judgment.

20 **VII. PLAINTIFF'S COUNSEL'S FEES AND EXPENSES**

21 After negotiating the Corporate Governance Reforms, Plaintiff's Counsel and VeriFone
22 separately negotiated the attorneys' fees and expenses that the Company would pay to Plaintiff's
23 Counsel. As a result of these negotiations, and in light of the substantial benefits conferred upon
24 VeriFone by Plaintiff's Counsel's efforts, the Company has agreed to pay \$495,000 for Plaintiff's
25 Counsel's attorneys' fees and expenses, subject to court approval (the "Fee and Expense Amount").
26 To date, Plaintiff's Counsel have neither received any payment for their services in connection with
27 the Action, nor have counsel been reimbursed for their out-of-pocket expenses incurred. Neither the
28

1 Individual Defendants, GTCR, nor VeriFone's shareholders are personally liable for the payment of
2 the Fee and Expense Amount.

3 **VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE HEARING**

4 Any Current VeriFone Shareholder may object and/or appear and show cause, at their own
5 expense, individually or through counsel of their own choice, if he, she, or it has any concern, why
6 the Settlement should not be approved as fair, reasonable, and adequate, or why the Judgment should
7 not be entered thereon, or why the Fee and Expense Amount should not be approved. However,
8 unless otherwise ordered by the Court, no Current VeriFone Shareholder shall be heard or entitled to
9 contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to
10 be entered thereon approving the same, or the Fee and Expense Amount awarded to Plaintiff's
11 Counsel, unless that shareholder has, *at least fourteen (14) calendar days prior to the Settlement*

12 ***Hearing:***

- 13 (1) filed with the Clerk of the Court a written objection to the settlement setting forth:
14 (a) the nature of the objection;
15 (b) proof of current ownership of VeriFone common stock, including the number
16 of shares of VeriFone common stock and the date of purchase; and
17 (c) any documentation in support of such objection.

18 (2) If a Current VeriFone Shareholder intends to appear and requests to be heard at the
19 Settlement Hearing, such shareholder must have, in addition to the requirements of (1) above, filed
20 with the Clerk of the Court:

- 21 (a) written notice of such shareholder's intention to appear;
22 (b) a statement that indicates the basis for such appearance; and
23 (c) the identities of any witnesses, if any, the shareholder intends to call at the
24 Settlement Hearing and a statement as to the subject of their testimony.

25 If a Current VeriFone Shareholder files a written objection and/or written notice of intent to
26 appear, such shareholder *must also simultaneously serve copies of such notice, proof, statement,*
27 *and documentation, together with copies of any other papers or briefs such shareholder files with*
28 *the Court (either by hand delivery or by first class mail) upon each of the following:*

1 Clerk of the Court
2 Superior Court of the State of California
3 Santa Clara County
4 191 N. 1st Street
5 San Jose, CA 95113

6 *The Court*

7 Craig W. Smith
8 ROBBINS ARROYO LLP
9 600 B Street, Suite 1900
10 San Diego, CA 92101
11 Telephone: (619) 525-3990
12 Facsimile: (619) 525-3991

Brendan P. Cullen
SULLIVAN & CROMWELL LLP
1870 Embarcadero Road
Palo Alto, CA 94303
Telephone: (650) 461-5600
Facsimile: (650) 461-5700

13 David E. Bower
14 FARUQI & FARUQI, LLP
15 10866 Wilshire Boulevard, Suite 1470
16 Los Angeles, CA 90024
17 Telephone: (424) 256-2884
18 Facsimile: (424) 256-2885

Robert A. Sacks
SULLIVAN & CROMWELL LLP
1888 Century Park East
Los Angeles, CA 90067
Telephone: (310) 712-6600
Facsimile: (310) 712-8800

19 Nadeem Faruqi
20 FARUQI & FARUQI, LLP
21 369 Lexington Avenue, 10th Floor
22 New York, NY 10017
23 Telephone: (212) 983-9330
24 Facsimile: (212) 983-9331

*Counsel for VeriFone and the VeriFone
Individual Defendants*

James F. Basile
KIRKLAND & ELLIS LLP
555 California Street
San Francisco, CA 94104
Telephone: (415) 439-1400
Facsimile: (415) 439-1500

25 *Counsel for Plaintiff*

Counsel for GTCR

26 Unless otherwise ordered by the Court, any Current VeriFone Shareholder who does not
27 make his, her, or its objection in the manner provided herein shall be deemed to have waived such
28 objection and shall forever be barred and foreclosed from making any objection to the fairness,
reasonableness, or adequacy of the Settlement, to the agreed upon Fee and Expense Amount, or to
otherwise be heard, and shall otherwise be bound by the Judgment to be entered and the releases to
be given. The Judgment, whether favorable or not, will bind all Current VeriFone Shareholders.

IX. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the
Stipulation, which requires, among other things:

1 a. approval of the Settlement by VeriFone's Board, which Defendants' Counsel
2 represent has already been accomplished;

3 b. entry of the Judgment, in all material respects in the form set forth as
4 Exhibit E annexed to the Stipulation, approving the Settlement, without awarding costs to any party,
5 except as provided herein;

6 c. the payment of the Fee and Expense Amount as approved by the Court; and

7 d. the passing of the date upon which the Judgment becomes Final.

8 If, for any reason, any one of the conditions described in the Stipulation is not met and the
9 entry of the Judgment does not occur, the Stipulation might be terminated and, if terminated, will
10 become null and void; and the Settling Parties to the Stipulation will be restored to their respective
11 positions as of the date of execution of the Stipulation.

12 **X. EXAMINATION OF PAPERS AND INQUIRIES**

13 There is additional information concerning the Settlement available in the Stipulation, which may be
14 viewed on VeriFone's website at <http://ir.verifone.com>. You may also inspect the Stipulation during
15 business hours at the office of the Clerk of the Court, Superior Court of the State of California, Santa
16 Clara County, located at 191 N. 1st Street, San Jose, California 95113. Or you can call Counsel for
17 Plaintiff: Robbins Arroyo LLP, 600 B Street, Suite 1900, San Diego, California 92101, Telephone:
18 (800) 350-6003 or Faruqi & Faruqi, LLP, 10866 Wilshire Boulevard, Suite 1470, Los Angeles, CA
19 90024, Telephone: (424) 256-2884, for additional information concerning the Settlement.

20 **PLEASE DO NOT TELEPHONE THE COURT OR**
21 **VERIFONE REGARDING THIS NOTICE.**

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EXHIBIT D

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE VERIFONE HOLDINGS, INC. DERIVATIVE LITIGATION)	Lead Case No. 1-07-CV-100980
	)	(Consolidated with Case No. 1-07-CV-101449)
<hr/>		
This Document Relates to:)	
ALL ACTIONS	)	SUMMARY NOTICE OF PROPOSED SETTLEMENT AND SETTLEMENT HEARING
)	
)	
	)	Judge: Honorable Peter H. Kirwan
	)	Department: 1
	)	Date Action Filed: December 13, 2007

1 **TO: ALL CURRENT RECORD HOLDERS AND BENEFICIAL OWNERS OF THE**
2 **COMMON STOCK OF VERIFONE HOLDINGS, INC. ("VERIFONE" OR THE**
3 **"COMPANY") AS OF JUNE 11, 2015 ("CURRENT VERIFONE**
4 **SHAREHOLDERS").**

5 **THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETTLEMENT OF**
6 **SHAREHOLDER DERIVATIVE LITIGATION. PLEASE READ THIS NOTICE**
7 **CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A CURRENT VERIFONE**
8 **SHAREHOLDER, THIS SUMMARY NOTICE CONTAINS IMPORTANT INFORMATION**
9 **ABOUT YOUR RIGHTS.**

10 **YOU ARE HEREBY NOTIFIED**, pursuant to an Order of the Superior Court of the State
11 of California, County of Santa Clara (the "Court"), a proposed Settlement¹ has been reached by the
12 Parties to the shareholder derivative action brought on behalf of VeriFone, captioned *In re VeriFone,*
13 *Inc. Derivative Litigation*, Lead Case No. 1-07-CV-100980 (the "Action").

14 As explained below, the Court will hold a Settlement Hearing on _____, 2015 at
15 _____:_____.m., before the Honorable Peter H. Kirwan, Department 1 of the Superior Court of the State
16 of California, Santa Clara County, located at 191 N. 1st Street, San Jose, California 95113, to
17 determine whether: (i) the Settlement of the Action upon the terms and subject to the conditions set
18 forth in the Stipulation is fair, reasonable, and adequate and should be approved by the Court; (ii) the
19 Action should be dismissed with prejudice; and (iii) to approve the agreed upon Fee and Expense
20 Amount for Plaintiff's Counsel's fees and expenses as set forth in the Stipulation. The Settlement
21 Hearing may be continued by the Court at the Settlement Hearing, or at any adjourned session
22 thereof without further notice to determine whether to approve the Settlement. You have an
23 opportunity to be heard at this hearing.

24 The terms of the Settlement are set forth in the Parties' Stipulation and summarized in this
25 Summary Notice. If approved by the Court, the Settlement will fully resolve the Action, including
26 the dismissal of the Action with prejudice. For a more detailed statement of the matters involved in
27 the Action, the Settlement, and the terms discussed in this Summary Notice, the Stipulation may be
28

¹ Except as otherwise expressly provided below or as the context otherwise requires, all capitalized terms contained herein shall have the same meanings and/or definitions as set forth in the Stipulation of Settlement dated June 11, 2015 (the "Stipulation").

1 inspected at the Clerk of Court's office, 191 N. 1st Street, San Jose, California 95113. The
2 Stipulation and Notice are also available for viewing on VeriFone's website at <http://ir.verifone.com>.

3 This Summary Notice is not intended to be an expression of any opinion by the Court with
4 respect to the merits of the claims made in the Action, but is merely to advise you of the pendency and
5 Settlement of the Action.

6 **There is No Claims Procedure.** This case was brought to protect the interests of VeriFone and
7 its shareholders. The Settlement will result in changes to the Company's corporate governance, not in
8 payment to individuals, and accordingly, there will be no claims procedure.

9 Any Current VeriFone Shareholder may object and/or appear and show cause, at their own
10 expense, individually or through counsel of their own choice, if he, she, or it has any concern, why
11 the Settlement should not be approved as fair, reasonable, and adequate, or why the Judgment should
12 not be entered thereon, or why the Fee and Expense Amount should not be approved. However,
13 unless otherwise ordered by the Court, no Current VeriFone Shareholder shall be heard or entitled to
14 contest the approval of the terms and conditions of the Settlement, or, if approved, the Judgment to
15 be entered thereon approving the same, or the Fee and Expense Amount awarded to Plaintiffs'
16 Counsel, unless that shareholder has, *at least fourteen (14) calendar days prior to the Settlement*

17 **Hearing:**

- 18 (1) filed with the Clerk of the Court a written objection to the settlement setting forth:
19 (a) the nature of the objection;
20 (b) proof of current ownership of VeriFone common stock, including the number
21 of shares of VeriFone common stock and the date of purchase; and
22 (c) any documentation in support of such objection.

23 (2) If a Current VeriFone Shareholder intends to appear and requests to be heard at the
24 Settlement Hearing, such shareholder must have, in addition to the requirements of (1) above, filed
25 with the Clerk of the Court:

- 26 (a) written notice of such shareholder's intention to appear;
27 (b) a statement that indicates the basis for such appearance; and
28

1 (c) the identities of any witnesses, if any, the shareholder intends to call at the
2 Settlement Hearing and a statement as to the subject of their testimony.

3 If a Current VeriFone Shareholder files a written objection and/or written notice of intent to
4 appear, such shareholder ***must also simultaneously serve copies of such notice, proof, statement,***
5 ***and documentation, together with copies of any other papers or briefs such shareholder files with***
6 ***the Court (either by hand delivery or by first class mail) upon each of the following:***

7 Clerk of the Court
8 Superior Court of the State of California
9 Santa Clara County
10 191 N. 1st Street
11 San Jose, CA 95113

12 *The Court*

13 Craig W. Smith
14 ROBBINS ARROYO LLP
15 600 B Street, Suite 1900
16 San Diego, CA 92101
17 Telephone: (619) 525-3990
18 Facsimile: (619) 525-3991

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Palo Alto, CA 94303
Telephone: (650) 461-5600
Facsimile: (650) 461-5700

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Los Angeles, CA 90067
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Facsimile: (310) 712-8800

25 Nadeem Faruqi
26 FARUQI & FARUQI, LLP
27 369 Lexington Avenue, 10th Floor
28 New York, NY 10017
Telephone: (212) 983-9330
Facsimile: (212) 983-9331

Counsel for VeriFone and the VeriFone Individual Defendants

James F. Basile
KIRKLAND & ELLIS LLP
555 California Street
San Francisco, CA 94104
Telephone: (415) 439-1400
Facsimile: (415) 439-1500

Counsel for Plaintiff

Counsel for GTCR

Unless otherwise ordered by the Court, any Current VeriFone Shareholder who does not
make his, her, or its objection in the manner provided herein shall be deemed to have waived such
objection and shall forever be barred and foreclosed from making any objection to the fairness,
reasonableness, or adequacy of the Settlement, to the agreed upon Fee and Expense Amount, or to

EXHIBIT E

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SANTA CLARA

IN RE VERIFONE HOLDINGS, INC. DERIVATIVE LITIGATION)	Lead Case No. 1-07-CV-100980
	)	(Consolidated with Case No. 1-07-CV-101449)
<hr/>		
This Document Relates to:	)	[PROPOSED] ORDER AND FINAL
ALL ACTIONS	)	JUDGMENT
)	
)	
	)	Judge: Honorable Peter H. Kirwan
	)	Department: 1
	)	Date Action Filed: December 13, 2007

1 This matter came before the Court for hearing on _____, 2015, to consider approval
2 of the proposed settlement ("Settlement") set forth in the Stipulation of Settlement dated June 11,
3 2015, and the exhibits thereto (the "Stipulation"). The Court has reviewed and considered all
4 documents, evidence, objections (if any), and arguments presented in support of or against the
5 Settlement. Good cause appearing therefore, the Court enters this Judgment.

6 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that:

7 1. This Judgment incorporates by reference the definitions in the Stipulation, and all
8 capitalized terms used herein shall have the same meanings as set forth in the Stipulation.

9 2. This Court has jurisdiction over the subject matter of the Action, including all matters
10 necessary to effectuate the Settlement, and over all Settling Parties.

11 3. The Court finds that the Notice and Summary Notice provided to Current VeriFone
12 Shareholders constituted the best notice practicable under the circumstances. The Notice and
13 Summary Notice fully satisfied the requirements of California Law and the requirements of due
14 process.

15 4. The Court finds that the Settlement as set forth in the Stipulation is fair, reasonable,
16 adequate, and in the best interests of VeriFone and its shareholders.

17 5. The Action and all claims contained therein, as well as all of the Released Claims
18 against Released Persons, are dismissed with prejudice. The Settling Parties are to bear their own
19 costs, except as otherwise provided in the Stipulation.

20 6. Upon the Effective Date, the Releasing Persons shall be deemed to have fully, finally,
21 and forever released, relinquished, and discharged the Released Claims (including Unknown Claims)
22 against the Released Persons. Nothing herein shall in any way impair or restrict the rights of any
23 Settling Party to enforce the terms of the Stipulation or this Judgment.

24 7. Upon the Effective Date, the Releasing Persons will be forever barred and enjoined
25 from commencing, instituting or prosecuting any Released Claims (including Unknown Claims)
26 against any of the Released Persons, provided that claims to enforce the terms of the Stipulation or
27 the Judgment are not barred or enjoined.

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1 8. Upon the Effective Date, each of the Released Persons shall be deemed to have fully,
2 finally, and forever released, relinquished, and discharged Plaintiff, Plaintiff's Counsel, and
3 VeriFone from all claims (including Unknown Claims), arising out of, relating to, or in connection
4 with the institution, prosecution, assertion, settlement, or resolution of the Action or the Released
5 Claims. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce
6 the terms of the Stipulation or this Judgment. Nothing in this Judgment constitutes or reflects a
7 waiver or release of any rights or claims of Defendants against their insurers, or their insurers'
8 subsidiaries, predecessors, successors, assigns, affiliates, or representatives, including, but not
9 limited to, any rights or claims of Defendants under any directors' and officers' liability insurance or
10 other applicable insurance coverage maintained by the Company. Nothing in this Judgment reflects
11 constitutes or reflects a waiver or release of any rights or claims of the Individual Defendants
12 relating in any way to indemnification, whether under any written indemnification or advancement
13 agreement, or under the Company's charter, by-laws, or under applicable law.

14 9. During the course of the litigation, all Parties and their respective counsel at all times
15 complied with the requirements of section 128.7 of the California Code of Civil Procedure, and all
16 other similar laws or statutes.

17 10. Neither the Stipulation nor the Settlement, nor any act performed or document
18 executed pursuant to or in furtherance of the Stipulation or the Settlement: (i) is or may be deemed to
19 be or may be offered, attempted to be offered, or used in any way by the Settling Parties or any other
20 Person as a presumption, a concession, or an admission of, or evidence of, any fault, wrongdoing, or
21 liability of the Settling Parties or Released Persons, or of the validity of any Released Claims; or (ii)
22 is intended by the Settling Parties to be offered or received as evidence or used by any other person
23 in any other actions or proceedings, whether civil, criminal, or administrative, other than to enforce
24 the terms therein.

25 11. The Released Persons may file the Stipulation and/or this Judgment in any action that
26 may be brought against them in order to support a defense or counterclaim based on principles of *res*
27 *judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment
28 bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or

1 counterclaim. The Settling Parties may also file the Stipulation and documents executed pursuant
2 and in furtherance thereto in any action to enforce the Settlement and/or this Judgment.

3 12. In the event the Effective Date does not occur, pursuant to paragraph 6.2 of the
4 Stipulation (unless counsel for the Settling Parties mutually agree in writing to proceed with the
5 Stipulation), then the Stipulation shall be canceled and terminated and this Judgment shall be
6 vacated and: (i) all Settling Parties and Released Persons shall be restored to their respective
7 positions prior to execution of the Stipulation; (ii) all releases delivered in connection with the
8 Stipulation shall be null and void, except as otherwise provided for in the Stipulation; (iii) any Fee
9 and Expense Amount paid to Plaintiff's Counsel shall be refunded and repaid within fifteen business
10 days, in accordance with paragraph 6.2 of the Stipulation; and (iv) all negotiations, proceedings,
11 documents prepared, and statements made in connection with the Settlement shall be without
12 prejudice to the Settling Parties, shall not be deemed or construed to be an admission by a Settling
13 Party of any act, matter, or proposition and shall not be used in any manner for any purpose in any
14 subsequent proceeding in the Action or in any other action or proceeding. In such event, the terms
15 and provisions of the Stipulation shall have no further force and effect with respect to the Settling
16 Parties and shall not be used in the Action or in any other proceeding for any purpose.

17 13. The Court hereby approves the Fee and Expense Amount in accordance with the
18 Stipulation and finds that the Fee and Expense Amount is fair and reasonable. No other fees, costs,
19 or expenses may be awarded to Plaintiff's Counsel in connection with the Settlement. The Fee and
20 Expense Amount shall be distributed in accordance with the terms of the Stipulation.

21 14. Without affecting the finality of this Judgment in any way, this Court hereby retains
22 continuing jurisdiction with respect to implementation and enforcement of the terms of the
23 Stipulation.

24 15. In the event that the Settlement does not become effective in accordance with the
25 terms of the Stipulation, this Judgment shall be vacated, and all Orders entered and releases
26 delivered in connection with the Stipulation and this Judgment shall be null and void, except as
27 otherwise provided for in the Stipulation.

28

1 16. This Judgment is a final, appealable judgment and should be entered forthwith by the
2 Clerk.

3 **IT IS SO ORDERED.**

4
5 DATED: _____

6 THE HONORABLE PETER H. KIRWAN
7 JUDGE OF THE SUPERIOR COURT
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**THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF SANTA CLARA
ELECTRONIC FILING - WWW.SCEFILING.ORG**

c/o Glotrans
2915 McClure Street
Oakland, CA94609
TEL: (510) 208-4775
FAX: (510) 465-7348
EMAIL: Info@Glotrans.com

**THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SANTA CLARA**

In re Verifone Holdings, Inc. Derivative
Litigation)

-----)
Consolidated Action, including: CATHOLIC)
MEDICAL MISSION BOARD, derivatively on)
behalf of VERIFONE HOLDINGS, INC.,)
Plaintiff,)

Plaintiff,)

vs.)

DOUGLAS G. BERGERON; BARRY ZWARENSTEIN;)
JESSE ADAMS; ISAAC ANGEL; ELMORE WALLER;)
COLLIN E. ROCHE; LESLIE G. DENEND; ALEX W.)
HART; ROBERT B. HENSKE; CHARLES R. RINEHART;)
EITAN RAFF; WILLIAM ATKINSON; CRAIG A.)
BONDY; and DOES 1-25, inclusive, Defendants.)

-----)
GILBERT CARPEL, derivatively on behalf of)
VERIFONE HOLDINGS, INC., Plaintiff, vs.)
DOUGLAS G. BERGERON; BARRY ZWARENSTEIN;)
JAMES C. CASTLE; LESLIE G. DENEND; ALEX W.)
HART; ROBERT B. HENSKE; CHARLES R. RINEHART;)
EITAN RAFF; COLLIN E. ROCHE; CRAIG A. BONDY;)
GTCR GOLDER RAUNER, LLC; and DOES 1-25,)
inclusive, Defendants, -And- VERIFONE)
HOLDINGS, INC., a Delaware corporation,)
Nominal Defendant.)

Defendant.)

AND RELATED ACTIONS)

In re Verifone Holdings, Inc. Derivative
Litigation (formerly, Catholic Medical
Mission Board v. Bergeron, et al.)
[Consolidated Action, including
1-07-CV-100980 (Lead) and 1-07-CV-101449]

Lead Case No.1-07-CV-100980

Hon. Peter Kirwan

**PROOF OF SERVICE
Electronic Proof of Service**

I am employed in the County of Alameda, State of California.

I am over the age of 18 and not a party to the within action; my business address is 2915 McClure Street, Oakland, CA 94609.

The documents described on page 2 of this Electronic Proof of Service were submitted via the worldwide web on Mon. June 15, 2015 at 3:43 PM PDT and served by electronic mail notification.

I have reviewed the Court's Order Concerning Electronic Filing and Service of Pleading Documents and am readily familiar with the contents of said Order. Under the terms of said Order, I certify the above-described document's electronic service in the following manner:

The document was electronically filed on the Court's website, <http://www.scefiling.org>, on Mon. June 15, 2015 at 3:43 PM PDT

1 Upon approval of the document by the Court, an electronic mail message was transmitted to all parties
2 on the electronic service list maintained for this case. The message identified the document and provided
3 instructions for accessing the document on the worldwide web.

4 I declare under penalty of perjury under the laws of the State of California that the foregoing is true and
5 correct. Executed on June 15, 2015 at Oakland, California.

6 Dated: June 15, 2015

7 For WWW.SCEFILING.ORG

8 Andy Jamieson
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2 **Electronic Proof of Service**
3 **Page 2**

4 **Document(s) submitted by Craig W. Smith of Robbins Arroyo LLP on Mon. June 15, 2015 at 3:43 PM PDT**

5 1. Stipulation: Stipulation of Settlement
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