

Verifone Credit Agreement as Amended 07/08/2014: Financial Covenant Calculations

\$ millions

	Q1 FY16 Jan. 31, 2016	Q2 FY16 Apr. 30, 2016	Q3 FY16 July 31, 2016	Q4 FY16 Oct 31, 2016
Measures Utilized in Calculating Financial Covenant Ratios				
Consolidated Funded Indebtedness less Cash on Hand				
Term Loan A	\$555	\$548	\$540	\$525
Term Loan B	197	197	196	196
Revolving Credit Facility	191	218	239	205
Other	3	5	8	12
Consolidated Funded Indebtedness [1]	946	968	983	937
less:				
Cash and cash equivalents	186	157	157	148
Less \$100M	(100)	(100)	(100)	(100)
Cash on Hand (not to exceed \$175M)	86	57	57	48
Consolidated Funded Indebtedness Less Cash on Hand	861	911	927	888
Consolidated EBITDA				
Net income (loss) attributable to VeriFone Systems, Inc. stockholders	24	3	(31)	(5)
Interest, net [2]	8	8	9	9
Provision for (benefit from) income taxes	2	3	0	6
Depreciation and amortization, net	15	18	18	16
Stock based compensation	10	12	11	9
Amortization of purchased intangibles and step-down in deferred revenue at acquisition	24	32	33	31
Other [3]	4	11	77	(8)
Consolidated EBITDA [3]	87	87	117	59
Consolidated EBITDA for Last 4 Quarters	351	355	381	350
Pro-Forma Adjustments to EBITDA	10	11	7	3
Consolidated EBITDA for Last 4 Quarters Including Pro-Forma Adjustments	361	366	388	353
Non-GAAP Consolidated Cash Interest Expense				
Interest Expense	8.8	9.1	9.7	9.4
less:				
Amortization of debt discount and debt issuance fees	1.1	1.0	1.1	1.1
Annual agency fees, unused line fees and letter of credit fees and expenses paid	0.3	0.1	0.1	0.1
Non-GAAP Consolidated Cash Interest Expense	7.5	8.0	8.4	8.2
Non-GAAP Consolidated Cash Interest Expense for Last 4 Quarters	28.6	29.7	30.8	32.0
Financial Covenant Ratios				
Total Leverage Ratio				
Consolidated Funded Indebtedness Less Cash on Hand	861	911	927	888
Consolidated EBITDA for Last 4 Quarters	361	366	388	353
Total Leverage Ratio	2.38	2.49	2.39	2.52
Maximum Level for Compliance	4.00	4.00	4.00	4.00
Compliant?	Yes	Yes	Yes	Yes
Interest Coverage Ratio				
Consolidated EBITDA for Last 4 Quarters	361	366	388	353
Non-GAAP Consolidated Cash Interest Expense for Last 4 Quarters	29	30	31	32
Interest Coverage Ratio	12.62	12.31	12.59	11.03
Minimum Level for Compliance	3.00	3.00	3.00	3.00
Compliant?	Yes	Yes	Yes	Yes

Notes:

[1] Consolidated Funded Indebtedness is defined in the credit agreement as the total of debt and capital leases.

[2] Interest expense includes amortization of debt issuance costs.

[3] Consolidated EBITDA is defined in the credit agreement to also include certain other adjustments. These adjustments include: extraordinary, unusual or non-recurring items of gain or loss; any gain or loss from discontinued operations; the cumulative effect of a change in accounting principles; certain financial advisory, accounting, legal, consulting and other professional fees; income or loss attributable to the early extinguishment of indebtedness, hedging agreements or other derivative instruments; non-cash charges, write-downs, expenses and losses; certain "run rate" cost savings, operating expenses reductions and cost-saving synergies subject to maximum amounts specified in the credit agreement; and non-forma additions or subtractions to EBITDA for acquisitions or divestitures prior to the applicable acquisition/divestiture date EBITDA, Consolidated EBITDA and Non-GAAP Consolidated Cash Interest Expense are non-GAAP measures. Management uses non-GAAP financial measures only in addition to and in conjunction with results presented in accordance with GAAP. Management believes that these non-GAAP financial measures help it to evaluate strategic decisions regarding its capital structure, assess its ability to service its debt and assess its ability to maintain compliance with covenants under its 2011 Credit Agreement. Management also believes that the inclusion of supplementary adjustments to Consolidated EBITDA and Non-GAAP Consolidated Cash Interest Expense are appropriate to provide additional information to investors about items that will impact the calculations of Consolidated EBITDA and Non-GAAP Consolidated Cash Interest Expense that are used to determine covenant compliance under our credit agreement. Since not all companies use identical calculations, this presentation of Consolidated EBITDA and Non-GAAP Consolidated Cash Interest Expense may not be comparable to other similarly titled measures of other companies. These non-GAAP financial measures contain limitations and should be considered as a supplement to, and not as a substitute for, or superior to, disclosures made in accordance with GAAP. Further, these non-GAAP measures do not purport to be an alternative to net income (loss) attributable to VeriFone Systems, Inc. as a measure of operating performance or to cash flows from operating activities as a measure of liquidity, and is not intended to be a measure of free cash flow available for management's discretionary use. Investors are strongly encouraged to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. VeriFone's quarterly earnings releases as filed with the Securities and Exchange Commission ("SEC") as well as its quarterly reports on Form 10-Q and annual reports on Form 10-K are available on the SEC's website at www.sec.gov.