

LEGAL NOTICE

**TO: ALL CURRENT OWNERS OF VERIFONE SYSTEMS, INC. ("VERIFONE")
COMMON STOCK**

THIS NOTICE RELATES TO THE POTENTIAL DISMISSAL OF A SHAREHOLDER DERIVATIVE ACTION BROUGHT ON BEHALF OF VERIFONE. THE ACTION WILL BE DISMISSED UNLESS A SHAREHOLDER WITH STANDING TO PURSUE THE CLAIMS IS SUBSTITUTED AS PLAINTIFF IN THE ACTION. IF THE ACTION IS DISMISSED, VERIFONE AND ITS SHAREHOLDERS MAY BE FOREVER BARRED FROM PURSUING THE DISMISSED CLAIMS.

THE COURT HAS MADE NO FINDINGS OR DETERMINATIONS CONCERNING THE MERITS OF THE ACTION. THE SUMMARY OF THE ACTION CONTAINED HEREIN DOES NOT CONSTITUTE FINDINGS OF THE COURT.

YOU ARE HEREBY NOTIFIED of the possible dismissal of the shareholder derivative action brought on behalf of VeriFone Systems, Inc. ("VeriFone") captioned *In re VeriFone Holdings, Inc. Derivative Litigation*, Master File No. 1-07-CV-100980 (the "Action").

This notice (the "Notice") is being provided pursuant to an order of the Superior Court of the State of California, County of Santa Clara (the "Court") in order to inform you that the Action will be dismissed and the claims may be terminated by operation of the statutes of limitation, unless a shareholder with standing substitutes as plaintiff in the Action.

If you are a current VeriFone shareholder who has continuously held VeriFone stock during and after the period of the alleged wrongdoing, you may have standing to seek to substitute as plaintiff in the Action to pursue the claims. If no VeriFone shareholder notifies the Court by August 14, 2013, of the shareholder's intent to substitute as plaintiff in the Action, then VeriFone and each of VeriFone's shareholders will be bound by a judgment of dismissal that may extinguish the claims asserted on behalf of VeriFone by operation of the applicable statutes of limitation.

I. SUMMARY OF THE ACTION

Former VeriFone shareholders Catholic Medical Mission Board and Gilbert Carpel filed derivative actions on behalf of VeriFone on, respectively, December 13, 2007, and December 19, 2007. The actions were consolidated, and the shareholders filed a consolidated complaint on October 31, 2008 (the "Complaint").

The Action asserts claims against members of VeriFone's senior executive group and current and former members of its Board of Directors (collectively, the "Individual Defendants")¹ for alleged breaches of fiduciary duty, waste of corporate assets, and unjust

¹ The Individual Defendants include Douglas G. Bergeron, Barry Zwarenstein, Jesse Adams, William Atkinson, Isaac Angel, Elmore Waller, James C. Castle, Leslie G. Denend, Robert B. Henske, Charles R. Rinehart, Alex W. Hart, Eitan Raff, Collin E. Roche, and Craig A. Bondy.

enrichment in connection with their failure to maintain adequate internal and accounting controls at VeriFone, which led to the Company's restatement of its financial statements for the first three fiscal quarters of 2007. The Action also asserts a claim against defendant GTCR Golder Rauner, LLC ("GTCR") for aiding and abetting these breaches of fiduciary duty. Finally, the Action asserts claims against certain of the Individual Defendants and GTCR for violations of section 25402 of the California Corporations Code ("Section 25402"), which prohibits the sale of stock while in possession of material, inside information. The Action seeks to recover money damages, including, among other things, amounts paid by the Company to settle or satisfy judgment in the related federal securities fraud class action, *In re VeriFone Holdings, Inc. Securities Litigation*, Case No. 3:07-cv-06140-MHP (N.D. Cal. filed Dec. 4, 2007), various forms of equitable restitution, and the implementation of corporate governance reforms designed to prevent recurrence of the alleged wrongdoing.

II. EFFECT OF DISMISSAL

The shareholder plaintiffs who commenced the Action have sold their shares. The derivative claims asserted in the Action are not extinguished by the plaintiffs' sales, but the Action will be dismissed if no other VeriFone shareholder is substituted as a plaintiff. All of the derivative claims asserted in the Action other than the claims for violations of Section 25402 are subject to a four-year limitation period pursuant to section 343 of the California Code of Civil Procedure. The claims for violations of Section 25402 are subject to a two-year limitation period pursuant to section 25506(b) of the California Corporations Code. All of these claims may have accrued as early as December 3, 2007, when VeriFone announced that it would be restating its financial results to correct its overstated inventories. Dismissal of the Action will prevent other VeriFone shareholders from pursuing the claims because the applicable limitation periods may have expired.

III. INQUIRIES

VeriFone shareholders who wish to seek to substitute as a plaintiff in the Action must notify the Court by August 14, 2013. The Court's address is: Clerk of the Court, Santa Clara Superior Court, 191 North First Street, San Jose, California 95113. For more information regarding the claims and your eligibility to seek to substitute as plaintiff in the Action, you may call or write to: Robbins Arroyo LLP, c/o Darnell R. Donahue, 600 B Street, Suite 1900, San Diego, California 92101, Telephone: (800) 350-6003 or via e-mail at ddonahue@robbinsarroyo.com or Faruqi & Faruqi, LLP, c/o Michael Hynes, 101 Greenwood Avenue, Suite 600, Jenkintown, Pennsylvania 19046, Telephone: (877) 247-4292 or via e-mail at mhynes@faruqilaw.com.

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