



Department of Justice

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JUSTICE DEPARTMENT FILES ANTITRUST LAWSUIT TO STOP VERIFONE FROM BUYING HYPERCOM AND ENTERING INTO ANTICOMPETITIVE DIVESTITURE AGREEMENT WITH INGENICO

Deal Would Substantially Reduce Competition in Sale of Point of Service Terminals Resulting in Higher Prices and Reduced Innovation, Quality, Product Variety, Service

WASHINGTON — The Department of Justice filed a civil antitrust lawsuit today to block the proposed acquisition by VeriFone Systems Inc. of Hypercom Corp. The department said that the proposed deal would substantially lessen competition in the sale of point-of-sale (POS) terminals in the United States, resulting in higher prices and reduced innovation, quality, product variety, and service.

The department said that although VeriFone and Hypercom proposed a fix to resolve the antitrust concerns with the merger, it did not adequately resolve the competitive concerns. The department filed its lawsuit in U.S. District Court in Washington, D.C.

POS terminals are used by retailers and other firms to accept electronic payments such as credit cards and debit cards. VeriFone and Hypercom together control more than 60 percent of the U.S. market for the POS terminals used by the largest retailers. They are two of only three substantial sellers of other types of POS terminals.

“The combination of VeriFone and Hypercom would likely lead to retailers paying higher prices for POS terminals,” said Christine Varney, Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “The proposed divestiture does not resolve the significant competitive concerns posed by the merger, and in some ways exacerbates them.”

On Nov. 17, 2010, VeriFone agreed to purchase Hypercom in a transaction valued at \$485 million. In an effort to resolve antitrust issues with the merger, Hypercom announced on April 4, 2011, that it had entered into an agreement to sell its U.S. business to Ingenico S.A., the largest provider of POS terminals worldwide and the only other significant competitor to VeriFone and Hypercom in the United States.

According to the department’s complaint, the planned sale of Hypercom’s U.S. POS terminal business to Ingenico does not resolve the antitrust concerns raised by the VeriFone/Hypercom transaction because the assets are to be sold to another significant competitor in the market in a manner that does not create a new, independent, long-term

competitor. In addition, the structure of the agreements between Ingenico and VeriFone, the only two significant POS sellers in the United States post-merger, enhances VeriFone and Ingenico's ability to coordinate pricing for all POS terminals.

VeriFone is a Delaware corporation headquartered in San Jose, Calif. VeriFone earned more than \$1 billion in worldwide revenues in its last fiscal year, ending in October 2010.

Hypercom is a Delaware corporation headquartered in Alpharetta, Ga. Hypercom earned more than \$450 million in worldwide revenues in 2010.

Ingenico is a French corporation with worldwide revenues in 2010 of more than \$1.3 billion.

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