



Department of Justice

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AT
(202) 514-2007
TTY (866) 544-5309

JUSTICE DEPARTMENT REACHES SETTLEMENT WITH VERIFONE AND HYPERCOM AFTER GORES GROUP IS DETERMINED TO BE ACCEPTABLE BUYER FOR POINT-OF-SALE TERMINALS BUSINESS

Divestiture Will Preserve Competition in the Point-of-Sale Terminals Industry

WASHINGTON – The Department of Justice announced today that, in order for VeriFone Systems Inc. to complete its acquisition of Hypercom Corp., it must divest Hypercom's U.S. point-of-sale (POS) terminals business to an entity sponsored by Gores Group LLC, a private equity fund. The department said that the divestiture should eliminate the merger's potential to harm competition in the sale of POS terminals.

The department filed a lawsuit on May 12, 2011, in U.S. District Court for the District of Columbia, alleging that the proposed transaction would eliminate important competition in the sale of POS terminals and that a proposed divestiture to the only other significant provider of POS terminals, Ingenico, did not remedy the competitive concerns with the merger. 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.

Shortly after the filing of the lawsuit, on May 20, 2011, VeriFone and Hypercom abandoned the proposed divestiture to Ingenico and entered into settlement negotiations with the department to find an alternative buyer. Today, the department filed a proposed settlement, which requires the divestiture to the alternative buyer – Gores Group – that, if approved by the court, would resolve the competitive concerns of the lawsuit.

"The Department of Justice's proposed remedy ensures that competition will remain in point-of-sale terminals markets," said Christine Varney, Assistant Attorney General in charge of the Department of Justice's Antitrust Division. "The proposed sale of the Hypercom assets to Gores will create an independent and significant competitor in the United States, both right now and into the future."

To remedy the department's competitive concerns, VeriFone and Hypercom will be required to sell Hypercom's U.S. POS terminals business to Gores. This includes physical assets, personnel, intellectual property rights, transitional support and all other assets necessary for Gores to become a viable competitor in this industry. If the assets are not sold to Gores

within 20 days following entry of the final judgment, a trustee will be empowered to sell the assets to another buyer acceptable to the United States, in its sole discretion.

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 Scottsdale, Ariz. Hypercom earned more than \$450 million in worldwide revenues in 2010.

Gores Group is a private equity firm headquartered in Los Angeles. Currently, Gores has more than \$4 billion in equity under active management.

As required by the Tunney Act, the proposed 10-year settlement, along with the department's competitive impact statement, will be published in the Federal Register. Any person may submit written comments concerning the proposed settlement during a 60-day comment period to James J. Tierney, Chief, Networks and Technology Enforcement Section, 450 Fifth Street, N.W., Suite 7100, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the proposed settlement upon finding that it is in the public interest.

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