

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA AND PERCENTAGES)
(UNAUDITED)

	Three Months Ended April 30,			Six Months Ended April 30,		
	2009	2008	Change (1)	2009	2008	Change (1)
Net revenues:						
System Solutions Services	\$173,580 28,034 -----	\$203,711 29,290 -----	-14.8% -4.3%	\$359,421 56,216 -----	\$359,312 59,210 -----	0.0% -5.1%
Total net revenues	201,614	233,001	-13.5%	415,637	418,522	-0.7%
Cost of net revenues:						
System Solutions Amortization of purchased core-and-developed technology	116,700 5,141 -----	133,782 8,124 -----	-12.8% -36.7%	239,643 10,309 -----	235,211 16,299 -----	1.9% -36.8%
Total cost of Systems Solutions net revenues Services	121,841 14,851 -----	141,906 17,743 -----	-14.1% -16.3%	249,952 31,461 -----	251,510 36,296 -----	-0.6% -13.3%
Total cost of net revenues	136,692 -----	159,649 -----	-14.4%	281,413 -----	287,806 -----	-2.2%
Gross profit	64,922	73,352	-11.5%	134,224	130,716	2.7%
Operating expenses:						
Research and development	15,024	17,159	-12.4%	32,896	39,621	-17.0%
Sales and marketing	17,215	22,762	-24.4%	36,622	47,405	-22.7%
General and administrative	18,237	31,254	-41.6%	48,965	57,320	-14.6%
Amortization of purchased intangible assets	4,827	6,782	-28.8%	10,698	12,672	-15.6%
Impairment of goodwill	(2,745)	-	nm	175,512	-	nm
Total operating expenses	52,558 -----	77,957 -----	-32.6%	304,693 -----	157,018 -----	94.0%
Operating income (loss)	12,364	(4,605)	nm	(170,469)	(26,302)	nm
Interest expense	(4,285)	(8,990)	-52.3%	(9,646)	(15,430)	-37.5%
Interest income	369	1,395	-73.5%	1,016	3,483	-70.8%
Other income (expenses), net	13,781 -----	(1,914) -----	nm	17,995 -----	(6,434) -----	nm
Income (loss) before income taxes	22,229	(14,114)	nm	(161,104)	(44,683)	nm
Provision for income taxes	3,673 -----	3,873 -----	-5.2%	2,329 -----	6,802 -----	-65.8%
Net income (loss)	\$18,556 =====	\$ (17,987) =====	nm	\$ (163,433) =====	\$ (51,485) =====	nm

Net income				
(loss) per				
share:				
Basic	\$0.22	\$(0.21)	\$ (1.94)	\$ (0.61)
Diluted	\$0.22	\$(0.21)	\$ (1.94)	\$ (0.61)

Weighted				
average				
shares used				
in computing				
net income				
(loss) per				
share:				
Basic	84,461	84,194	84,454	84,174
Diluted	84,508	84,194	84,454	84,174

(1) "nm" means not meaningful

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
GEOGRAPHIC REVENUE INFORMATION
(IN THOUSANDS, EXCEPT PERCENTAGES)
(UNAUDITED)

	Three Months Ended April 30,			Six Months Ended April 30,		
	2009	2008	Change	2009	2008	Change
United States and						
Canada	\$83,374	\$99,913	-17%	\$167,134	\$167,415	0%
Europe	63,773	75,870	-16%	129,914	133,553	-3%
Latin America	40,339	40,658	-1%	83,947	85,267	-2%
Asia	14,128	16,560	-15%	34,642	32,287	7%
	-----	-----		-----	-----	
	\$201,614	\$233,001		\$415,637	\$418,522	
	=====	=====		=====	=====	

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)
(UNAUDITED)

	April 30, 2009	October 31, 2008
	----	----
Assets		
Current assets:		
Cash and cash equivalents	\$201,306	\$157,160
Accounts receivable, net	165,980	170,234
Inventories	105,641	168,360
Other current assets	61,680	67,096
	-----	-----
Total current assets	534,607	562,850
Property, plant and equipment, net	51,714	52,309
Purchased intangible assets, net	71,987	92,637
Goodwill	141,519	321,903
Other assets	43,736	50,053
	-----	-----
Total assets	\$843,563	\$1,079,752
	=====	=====
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$61,118	\$81,188
Income taxes payable	4,894	2,185
Deferred revenue, net	49,633	47,687
Other current liabilities	108,087	130,452
Short-term debt	11,464	5,022
	-----	-----
Total current liabilities	235,196	266,534
Deferred revenue	11,455	13,292
Long-term debt, less current portion	507,163	543,357
Other long-term liabilities	104,037	112,357
Minority interest	2,283	2,058

Total stockholders' equity (deficit)	(16,571)	142,154
	-----	-----
Total liabilities and stockholders' equity (deficit)	\$843,563	\$1,079,752
	=====	=====

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(UNAUDITED)

	Six Months Ended April 30,	
	2009	2008
	----	----
Cash flows from operating activities		
Net loss	\$ (163,433)	\$ (51,485)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Amortization of purchased intangible assets	21,007	28,971
Depreciation and amortization of property, plant, and equipment	6,613	6,367
Amortization of capitalized software development costs	1,567	721
Impairment of goodwill and intangible assets	175,512	-
Write-off of capitalized software development costs	611	2,700
Loss on disposal of property, plant and equipment	601	248
Amortization of debt issuance costs	1,402	1,293
Stock-based compensation	12,611	8,500
Gain on extinguishment of debt	(13,103)	-
Other	237	(203)
	-----	-----
Net cash provided by (used in) operating activities before changes in working capital	43,625	(2,888)
Changes in operating assets and liabilities:		
Accounts receivable, net	4,407	22,304
Inventories	62,824	(26,293)
Deferred tax assets	(486)	10,105
Prepaid expenses and other current assets	6,739	(15,915)
Other assets	1,837	(14,748)
Accounts payable	(20,070)	1,699
Income taxes payable	2,709	15,557
Tax benefit from stock-based compensation	(6)	(939)
Accrued compensation	743	218
Accrued warranty	(1,357)	(2,344)
Deferred revenues, net	108	5,783
Deferred tax liabilities	(8,963)	5,665
Accrued expenses and other liabilities	(22,552)	15,467
	-----	-----
Net cash provided by operating activities	69,558	13,671
	-----	-----
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,449)	(9,529)
Software development costs capitalized	(1,024)	(2,038)
Acquisition of business, net of cash acquired	(1,326)	(2,985)
Other	95	-
	-----	-----
Net cash used in investing activities	(8,704)	(14,552)
	-----	-----
Cash flows from financing activities		
Proceeds from advances against banker's acceptances	8,558	-
Proceeds from debt	-	286
Repayments of debt and advances against banker's acceptances	(24,696)	(2,500)
Payment of debt amendment fees	-	(1,420)
Proceeds from exercise of stock options	47	1,704
Tax benefit of stock-based compensation	6	939
Other	(40)	(70)
	-----	-----
Net cash used in financing activities	(16,125)	(1,061)
	-----	-----
Effect of foreign currency exchange rate changes on cash and cash equivalents	(583)	1,980
	-----	-----
Net increase in cash and cash equivalents	44,146	38

Cash and cash equivalents, beginning of period	157,160	215,001
	-----	-----
Cash and cash equivalents, end of period	\$201,306	\$215,039
	=====	=====

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATIONS OF CERTAIN NON-GAAP FINANCIAL MEASURES
(IN THOUSANDS, EXCEPT PER SHARE DATA AND PERCENTAGES)
(UNAUDITED)

		Three Months Ended April 30,		Six Months Ended April 30,	
		2009	2008	2009	2008
		----	----	----	----
GAAP Net revenues - System Solutions		\$173,580	\$203,711	\$359,421	\$359,312
Amortization of step-down in deferred revenue on acquisition	A	-	-	-	-
		-----	-----	-----	-----
Non-GAAP Net revenues - System Solutions		\$173,580	\$203,711	\$359,421	\$359,312
GAAP Net revenues - Services		\$28,034	\$29,290	\$56,216	\$59,210
Amortization of step-down in deferred revenue on acquisition	A	70	373	210	591
		-----	-----	-----	-----
Non-GAAP Net revenues - Services		\$28,104	\$29,663	\$56,426	\$59,801
GAAP Net revenues		\$201,614	\$233,001	\$415,637	\$418,522
Amortization of step-down in deferred revenue on acquisition	A	70	373	210	591
		-----	-----	-----	-----
Non-GAAP Net revenues		\$201,684	\$233,374	\$415,847	\$419,113
GAAP Cost of net revenues - System Solutions		\$121,841	\$141,906	\$249,952	\$251,510
Stock-based compensation	D	(193)	78	(659)	(479)
Restructuring costs	B	18	3	(100)	(163)
Reversal of warranty liability established at acquisition	A	2,155	-	2,155	-
Amortization of purchased core-and-developed technology	A	(5,141)	(8,124)	(10,309)	(16,299)
		-----	-----	-----	-----
Non-GAAP Cost of net revenues -System Solutions		\$118,680	\$133,863	\$241,039	\$234,569
GAAP Cost of net revenues - Services		\$14,851	\$17,743	\$31,461	\$36,296
Stock-based compensation	D	(27)	-	(64)	(69)
Restructuring costs	B	(41)	-	(118)	-
		-----	-----	-----	-----
Non-GAAP Cost of net revenues - Service		\$14,783	\$17,743	\$31,279	\$36,227
GAAP Gross profit - System Solutions		\$51,739	\$61,805	\$109,469	\$107,802
Amortization of step-down in deferred revenue on acquisition	A	-	-	-	-
Stock-based compensation	D	193	(78)	659	479
Restructuring costs	B	(18)	(3)	100	163
Reversal of warranty liability established at acquisition	A	(2,155)	-	(2,155)	-
Amortization of purchased core-and-developed technology	A	5,141	8,124	10,309	16,299
		-----	-----	-----	-----
Non-GAAP Gross profit - System Solutions		\$54,900	\$69,848	\$118,382	\$124,743
		-----	-----	-----	-----

GAAP System Solutions gross margins		29.8%	30.3%	30.5%	30.0%
Amortization of step-down in deferred net revenues on acquisition as a % of System Solutions net revenues	A	0.0%	0.0%	0.0%	0.0%
Stock-based compensation as a % of System Solutions net revenues	D	0.1%	0.0%	0.2%	0.1%
Restructuring costs as a % of System Solutions net revenues	B	0.0%	0.0%	0.0%	0.0%
Reversal of warranty liability established at acquisition as a % of System Solutions net revenues	A	-1.2%	0.0%	-0.6%	0.0%
Amortization of purchased core-and-developed technology as a % of System Solutions net revenues	A	3.0%	4.0%	2.9%	4.5%
Non-GAAP System Solutions gross margins		31.6%	34.3%	32.9%	34.7%
GAAP Gross profit - Services		\$13,183	\$11,547	\$24,755	\$22,914
Amortization of step-down in deferred revenue on acquisition	A	70	373	210	591
Stock-based compensation	D	27	-	64	69
Restructuring costs	B	41	-	118	-
		-----	-----	-----	-----
Non-GAAP Gross profit - Services		\$13,321	\$11,920	\$25,147	\$23,574
		-----	-----	-----	-----

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATIONS OF CERTAIN NON-GAAP FINANCIAL MEASURES
(IN THOUSANDS, EXCEPT PER SHARE DATA AND PERCENTAGES)
(UNAUDITED)

		Three Months Ended April 30,		Six Months Ended April 30,	
		2009	2008	2009	2008
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GAAP Services gross margins		47.0%	39.4%	44.0%	38.7%
Amortization of step-down in deferred net revenues on acquisition as a % of Service net revenues	A	0.2%	1.3%	0.4%	1.0%
Stock-based compensation as a % of Services net revenues	D	0.1%	0.0%	0.1%	0.1%
Restructuring costs as a % of Services net revenues	B	0.1%	0.0%	0.2%	0.0%
Non-GAAP Service gross margins		47.4%	40.2%	44.6%	39.4%
GAAP Gross profit		\$64,922	\$73,352	\$134,224	\$130,716
Amortization of step-down in deferred revenue on acquisition	A	70	373	210	591
Stock-based compensation	D	220	(78)	723	548
Restructuring costs	B	23	(3)	218	163
Reversal of warranty liability established at acquisition	A	(2,155)	-	(2,155)	-
Amortization of purchased core-and-developed technology	A	5,141	8,124	10,309	16,299
		-----	-----	-----	-----
Non-GAAP Gross profit		\$68,221	\$81,768	\$143,529	\$148,317

GAAP Gross margins		32.2%	31.5%	32.3%	31.2%
Amortization of step-down in deferred revenue on acquisition as a % of net revenues	A	0.0%	0.2%	0.1%	0.1%
Stock-based compensation as a % of net revenues	D	0.1%	0.0%	0.2%	0.1%
Restructuring costs as a % of net revenues	B	0.0%	0.0%	0.1%	0.0%
Reversal of warranty liability established at acquisition as a % of net revenues	A	-1.1%	0.0%	-0.5%	0.0%
Amortization of purchased core-and-developed technology as a % of net revenues	A	2.5%	3.5%	2.5%	3.9%
Non-GAAP Gross margins		33.8%	35.0%	34.5%	35.4%
GAAP Research and development		\$15,024	\$17,159	\$32,896	\$39,621
Stock-based compensation	D	(1,129)	(729)	(2,494)	(2,224)
Restructuring costs	B	(238)	(327)	(829)	(1,079)
Capitalized software write-off	B	-	-	-	(2,700)
Non-GAAP Research and development		\$13,657	\$16,103	\$29,573	\$33,618
GAAP Sales and marketing		\$17,215	\$22,762	\$36,622	\$47,405
Stock-based compensation	D	(1,790)	(1,517)	(3,648)	(3,320)
Restructuring costs	B	(253)	(1,937)	(1,127)	(2,336)
Non-GAAP Sales and marketing		\$15,172	\$19,308	\$31,847	\$41,749
GAAP General and administrative, impairment of goodwill, and amortization of purchased intangible assets		\$20,319	\$38,036	\$235,175	\$69,992
Stock-based compensation	D	(916)	(862)	(5,745)	(2,407)
Other charges - restatement charges, SOX remediation and legal settlement	A B C	(559)	(12,071)	(7,401)	(18,134)
Restructuring costs	B	(750)	(60)	(1,710)	(847)
Impairment of goodwill	B	2,745	-	(175,512)	-
Amortization of purchased intangible assets	A	(4,827)	(6,782)	(10,698)	(12,672)
Non-GAAP General and administrative		\$16,012	\$18,261	\$34,109	\$35,932

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATIONS OF CERTAIN NON-GAAP FINANCIAL MEASURES
(IN THOUSANDS, EXCEPT PER SHARE DATA AND PERCENTAGES)
(UNAUDITED)

		Three Months Ended April 30,		Six Months Ended April 30,	
		2009	2008	2009	2008
GAAP Operating expenses		\$52,558	\$77,957	\$304,693	\$157,018
Stock-based compensation	D	(3,835)	(3,108)	(11,887)	(7,951)
Other charges - restatement charges, SOX remediation and legal settlement	A B C	(559)	(12,071)	(7,401)	(18,134)
Restructuring costs	B	(1,241)	(2,324)	(3,666)	(4,262)
Capitalized software write-off	B	-	-	-	(2,700)
Impairment of goodwill	B	2,745	-	(175,512)	-
Amortization of purchased intangible assets	A	(4,827)	(6,782)	(10,698)	(12,672)

Non-GAAP Operating expenses			-----	-----	-----	-----
			\$44,841	\$53,672	\$95,529	\$111,299
			-----	-----	-----	-----
GAAP Operating income (loss)			\$12,364	\$ (4,605)	\$ (170,469)	\$ (26,302)
Amortization of step-down in deferred revenue on acquisition	A		70	373	210	591
Stock-based compensation	D		4,055	3,030	12,610	8,499
Other charges - restatement charges, SOX remediation and legal settlement	A B C		559	12,071	7,401	18,134
Restructuring costs	B		1,264	2,321	3,884	4,425
Capitalized software write-off	B		-	-	-	2,700
Impairment of goodwill	B		(2,745)	-	175,512	-
Reversal of warranty liability established at acquisition	A		(2,155)	-	(2,155)	-
Amortization of purchased core-and-developed technology	A		5,141	8,124	10,309	16,299
Amortization of purchased intangible assets	A		4,827	6,782	10,698	12,672
			-----	-----	-----	-----
Non-GAAP Operating income			\$23,380	\$28,096	\$48,000	\$37,018
			-----	-----	-----	-----
GAAP Operating margin			6.1%	-2.0%	-41.0%	-6.3%
Amortization of step-down in deferred revenue on acquisition as a % of net revenues	A		0.0%	0.2%	0.1%	0.1%
Stock-based compensation as a % of net revenues	D		2.0%	1.3%	3.0%	2.0%
Other charges - restatement charges, SOX remediation and legal settlement as a % of net revenues	A B C		0.3%	5.2%	1.8%	4.3%
Restructuring costs as a % of net revenues	B		0.6%	1.0%	0.9%	1.1%
Capitalized software write-off as a % of net revenues	B		0.0%	0.0%	0.0%	0.6%
Impairment of goodwill as a % of net revenues	B		-1.4%	0.0%	42.2%	0.0%
Reversal of warranty liability established at acquisition as a % of net revenues	A		-1.1%	0.0%	-0.5%	0.0%
Amortization of purchased core-and-developed technology as a % of net revenues	A		2.5%	3.5%	2.5%	3.9%
Amortization of purchased intangible assets as a % of net revenues	A		2.4%	2.9%	2.6%	3.0%
Non-GAAP Operating margin			11.6%	12.0%	11.5%	8.8%
GAAP Interest expense			\$ (4,285)	\$ (8,990)	\$ (9,646)	\$ (15,430)
Acquisition related interest charges	A		583	2,340	1,309	3,005
			-----	-----	-----	-----
Non-GAAP Interest expense			\$ (3,702)	\$ (6,650)	\$ (8,337)	\$ (12,425)
			-----	-----	-----	-----
GAAP Interest income			\$369	\$1,395	\$1,016	\$3,483
			-----	-----	-----	-----
Non-GAAP Interest income			\$369	\$1,395	\$1,016	\$3,483
			-----	-----	-----	-----
GAAP Other income (expense)			\$13,781	\$ (1,914)	\$17,995	\$ (6,434)
Other charges	B		(1,312)	1,827	(5,922)	5,867
Gain on debt extinguishment	B		(13,103)	-	(13,103)	-
			-----	-----	-----	-----
Non-GAAP Other income (expense)			\$ (634)	\$ (87)	\$ (1,030)	\$ (567)
			-----	-----	-----	-----

VERIFONE HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATIONS OF CERTAIN NON-GAAP FINANCIAL MEASURES
(IN THOUSANDS, EXCEPT PER SHARE DATA AND PERCENTAGES)
(UNAUDITED)

		Three Months Ended April 30,		Six Months Ended April 30,	
		2009	2008	2009	2008
		----	----	----	----
GAAP Provision for income taxes		\$3,673	\$3,873	\$2,329	\$6,802
Income tax effect of non-GAAP exclusions and changes in valuation allowance	B	1,763	2,498	8,773	901
		-----	-----	-----	-----
Non-GAAP Provision for income taxes		5,436	6,371	11,102	7,703
Non-GAAP Income tax rate		28%	28%	28%	28%
		-----	-----	-----	-----
Non-GAAP Income before income taxes		\$19,413	\$22,754	\$39,649	\$27,509
		-----	-----	-----	-----
GAAP Net income (loss)		\$18,556	\$ (17,987)	\$ (163,433)	\$ (51,485)
Amortization of step-down in deferred revenue on acquisition	A	70	373	210	591
Stock-based compensation	D	4,055	3,030	12,610	8,499
Other charges - restatement charges, SOX remediation and legal settlement	A B C	1,142	14,411	8,710	21,139
Restructuring costs	B	1,264	2,321	3,884	4,425
Capitalized software write-off	B	-	-	-	2,700
Amortization of purchased core-and-developed technology	A	5,141	8,124	10,309	16,299
Amortization of purchased intangible assets	A	4,827	6,782	10,698	12,672
Impairment of goodwill	B	(2,745)	-	175,512	-
Reversal of warranty liability established at acquisition	A	(2,155)	-	(2,155)	-
Gain on debt extinguishment	B	(13,103)	-	(13,103)	-
Other charges	B	(1,312)	1,827	(5,922)	5,867
Income tax effect of non-GAAP exclusions and changes in valuation allowance	B	(1,763)	(2,498)	(8,773)	(901)
		-----	-----	-----	-----
Total Non-GAAP Net income		\$13,977	\$16,383	\$28,547	\$19,806
		=====	=====	=====	=====
Non-GAAP Net income per share:					
Basic	E	\$0.17	\$0.19	\$0.34	\$0.24
Diluted	E	\$0.17	\$0.19	\$0.34	\$0.23
		=====	=====	=====	=====
Weighted average shares used in computing Non-GAAP net income per share:					
Basic	E	84,461	84,194	84,454	84,174
Diluted	E	84,508	84,645	84,501	84,779
GAAP Net income (loss) as a % of net revenues		9.2%	-7.7%	-39.3%	-12.3%

Amortization of step-down in deferred revenue on acquisition as a % of net revenues	A	0.0%	0.2%	0.1%	0.1%
Stock-based compensation as a % of net revenues	D	2.0%	1.3%	3.0%	2.0%
Other charges - restatement charges, SOX remediation and legal settlement as a % of net revenues	A B C	0.6%	6.2%	2.1%	5.1%
Restructuring costs as a % of net revenues	B	0.6%	1.0%	0.9%	1.1%
Capitalized software write-off as a % of net revenues	B	0.0%	0.0%	0.0%	0.6%
Amortization of purchased core-and-developed technology as a % of net revenues	A	2.5%	3.5%	2.5%	3.9%
Amortization of purchased intangible assets as a % of net revenues	A	2.4%	2.9%	2.6%	3.0%
Impairment of goodwill as a % of net revenues	B	-1.4%	0.0%	42.2%	0.0%
Reversal of warranty liability established at acquisition as a % of net revenues	A	-1.1%	0.0%	-0.5%	0.0%
Gain on debt extinguishment as a % of net revenues	B	-6.5%	0.0%	-3.2%	0.0%
Other charges as a % of net revenues	B	-0.7%	0.8%	-1.4%	1.4%
Income tax effect of non-GAAP exclusions and changes in valuation allowance as a % of net revenues	B	-0.9%	-1.1%	-2.1%	-0.2%
Total Non-GAAP net income as a % of non-GAAP net revenues		6.9%	7.0%	6.9%	4.7%