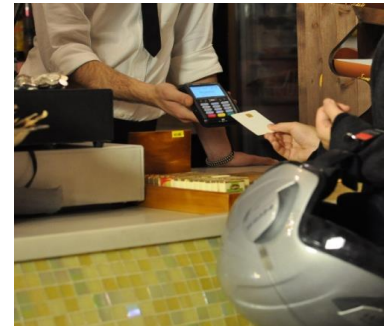


FINANCIAL RESULTS

For the First Quarter
Ended January 31, 2015



Verifone[®]

FORWARD-LOOKING STATEMENTS

Today's discussion may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to future events and expectations and involve known and unknown risks and uncertainties. Verifone's actual results or actions may differ materially from those projected in the forward-looking statements. For a summary of the specific risk factors that could cause results to differ materially from those expressed in the forward-looking statements, please refer to Verifone's filings with the Securities and Exchange Commission, including its annual report on Form 10-K and quarterly reports on Form 10-Q. Verifone is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.

NON-GAAP FINANCIAL MEASURES

With respect to any Non-GAAP financial measures presented in the information, reconciliations of Non-GAAP to GAAP financial measures may be found in Verifone's quarterly earnings release as filed with the Securities and Exchange Commission as well as the Appendix to these slides. 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 Verifone's performance and to compare Verifone's current results with those for prior periods as well as with the results of peer 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.

INTRODUCTION

Paul Galant
CEO

Verifone®

Q1 RESULTS: KEY TAKEAWAYS

Grew top line by 11% year-over-year; increased profitability

Increased profit margins by 50bps over Q4; 200+bps YOY

Record revenues in North America

Improving free cash flow; de-leveraging our balance sheet

Continued transformation progress

Executing in Year of Product

TOP THREE VERIFONE INITIATIVES: YEAR TWO PRIORITIES

Product Portfolio Management

- Ongoing portfolio optimization
- Transition to next gen HW/SW platform
- Mobile solution re-design

R&D Re-Engineering

- Complete site and Center of Excellence consolidation
- 90% of apps on new architecture
- Consolidate 3 gateways by end of 2015

Cost Optimization

- Continue headcount efficiency
- Complete 20% data center consolidation
- Consolidate distribution, repair & warehouse operations
- Close additional 11 facilities
- Liquidate additional 13 legal entities
- 60% of entities covered by shared services

FY15: THE “YEAR OF PRODUCT”

TERMINAL SOLUTIONS



Next Gen Terminals
(Launch in Q415)

New mPOS Suite
(Next gen mobile terminal,
SMB cloud POS)

China
(Low cost solution out of pilot)

U.S.
(Additional investments in
EMV certifications for SMB)

PAYMENT AS A SERVICE



New Market Growth
(U.S., U.K., Turkey)

Security
(Encryption in U.S., U.K.)

Estate Management
(New version of global solution)

SCA
(Processor & merchant wins,
connecting 100k terminals)

COMMERCE ENABLEMENT



Media
(Screen network growth;
media solution in Germany)

Petroleum
(New payment, media and
site control solutions)

Triggers
(Beaconized terminal proof of
concept at NRF)

App Store
(Launch in FY15)

Q1 FINANCIAL RESULTS AND GUIDANCE

Marc Rothman

CFO

Verifone[®]

NON-GAAP KEY METRICS*

				Q115	
	Q114	Q414	Q115	% SEQ Inc(Dec)	% YoY Inc(Dec)
Net Revenues	437	491	487	(1)%	11%
Gross Margin	185	207	206	0%	11%
<i>% of Revenue</i>	<i>42.4%</i>	<i>42.3%</i>	<i>42.4%</i>	<i>0.1pts</i>	<i>0.0pts</i>
Operating Income	53	68	70	3%	32%
<i>% of Revenue</i>	<i>12.2%</i>	<i>13.9%</i>	<i>14.4%</i>	<i>0.5pts</i>	<i>2.2pts</i>
Net Income*	35	50	51	2%	46%
EPS	0.31	0.44	0.44	0%	42%
Operating Cash Flow*	32	52	41	(21)%	28%
Free Cash Flow	11	29	22	(24)%	100%

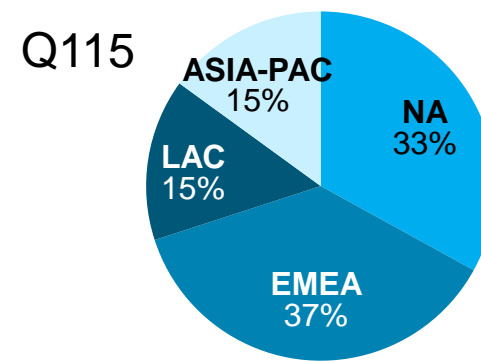
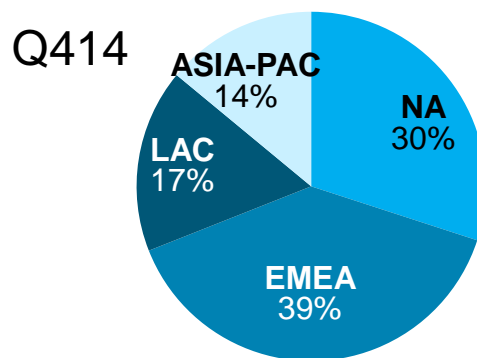
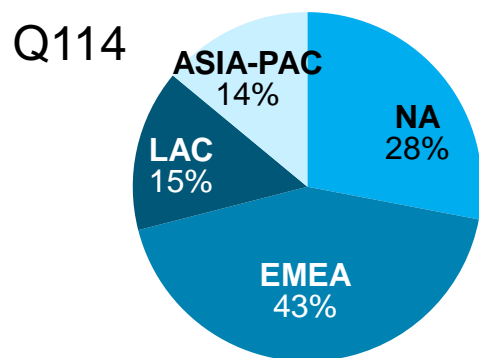
* Net Income = Net Income attributable to VeriFone Systems, Inc. stockholders

* Operating Cash Flow = GAAP net cash provided by operating activities

* A reconciliation of our GAAP to Non-GAAP financial measures, including Free Cash Flow, can be found in the appendix section

NON-GAAP NET REVENUES PROFILE*

\$ in millions	Q114	Q414	Q115	Q115			
				% SEQ Inc(Dec)	% YoY Inc(Dec)	Organic YoY Growth	Organic YoY Constant Currency Growth
North America	122	149	160	8%	31%	31%	32%
LAC	68	82	71	(13)%	4%	4%	15%
EMEA	186	189	181	(5)%	(3)%	(3)%	4%
Asia-Pacific	60	70	75	7%	24%	24%	28%
TOTAL	437	491	487	(1)%	11%	11%	17%



NON-GAAP NET REVENUES AND GROSS MARGIN*

	Q114	Q414	Q115
<i>\$ in millions</i>			
System Solutions	261	311	313
Services	176	180	174
Total Net Revenues	437	491	487
Services % of Total Net Revenues	40%	37%	36%

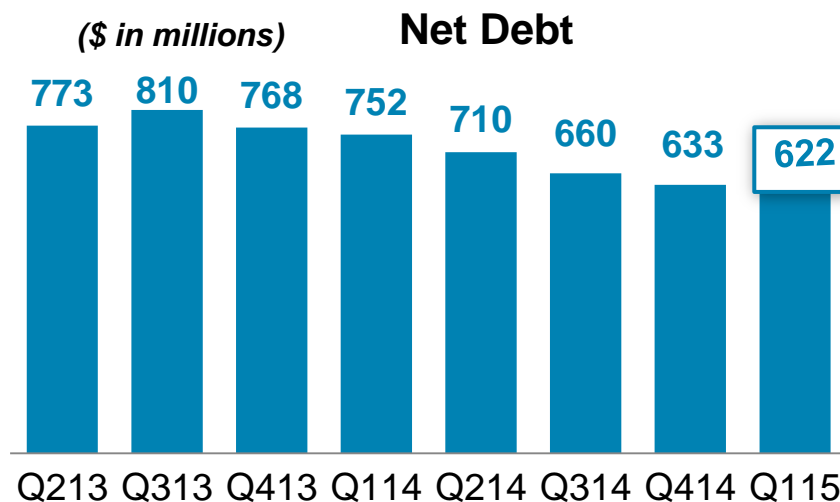
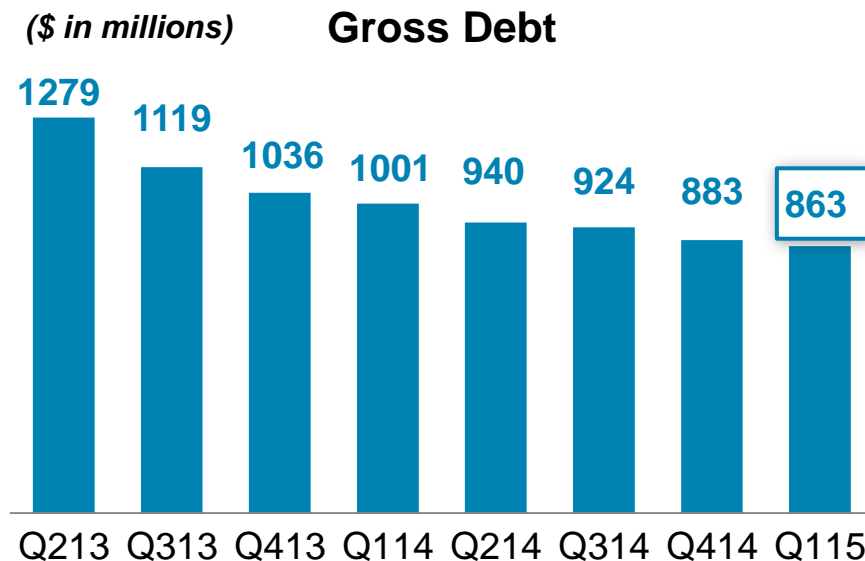
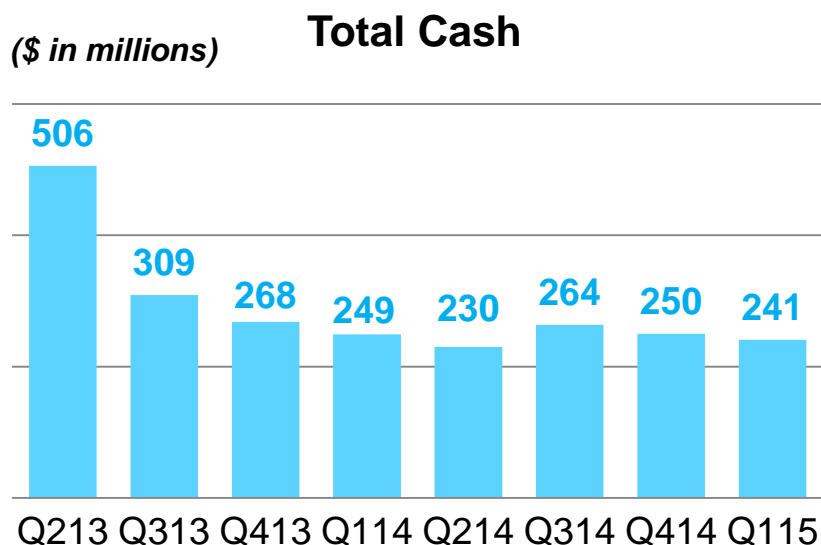
% of Revenue

	Q114	Q414	Q115
System Solutions	40.1%	41.5%	42.4%
Services	45.7%	43.6%	42.4%
Total Gross Margin %	42.4%	42.3%	42.4%

NON-GAAP OPERATING EXPENSES*

<i>\$ in millions</i>	Q114	Q414	Q115
Research and Development	46	47	46
% of Revenue	11%	10%	9%
Sales and Marketing	47	50	50
% of Revenue	11%	10%	10%
General and Administrative	38	42	40
% of Revenue	9%	9%	8%
Total Operating Expenses	132	139	136
% of Revenue	30%	28%	28%

TOTAL CASH, GROSS DEBT AND NET DEBT



As of January 31, 2015:

- **\$863M Outstanding Debt:**
 - Short-term of \$32M
 - Long-term of \$831M
- **Credit Ratings:**
 - S&P . . . BB-
 - Moody's . . . Ba3

BALANCE SHEET SELECT DATA

	Q114		Q414		Q115	
	\$	Days	\$	Days	\$	Days
<i>\$ in millions, except days</i>						
Accounts Receivables, net	263	54	306	56	287	53
Inventories, net	121	46	124	38	138	42
Accounts Payable	110	39	161	51	146	47
Cash Conversion Cycle		61		43		48

Notes: Accounts Receivable Days is calculated as Accounts Receivable, net divided by Non-GAAP Total Net Revenues * 90 days

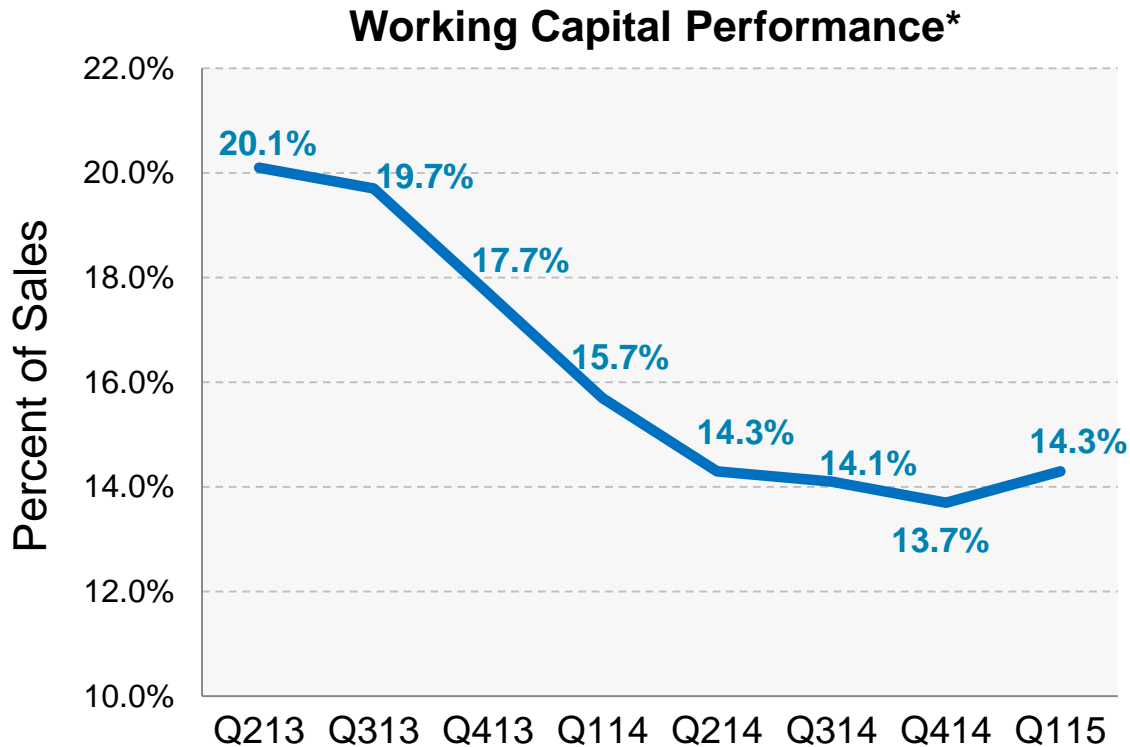
Inventory Days is calculated as Average Inventory, net divided by Non-GAAP Total Cost of Net Revenues * 90 days

Accounts Payable Days is calculated as Accounts Payable divided by Non-GAAP Total Cost of Net Revenues * 90 days

Cash Conversion Cycle is calculated as Accounts Receivable Days plus Inventory Days less Accounts Payable Days

A reconciliation of our GAAP to Non-GAAP total net revenues and GAAP to Non-GAAP total cost of net revenues can be found in the appendix section

WORKING CAPITAL TREND



Y/Y changes

- AR increased \$24M
- Inventory increased \$16M
- AP increased \$36M

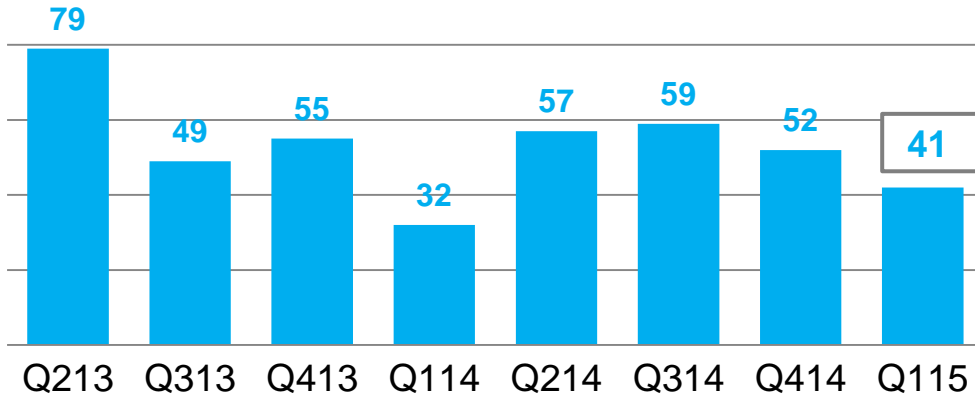
* Working Capital Performance, as % of Non-GAAP Total Net Revenues = working capital / quarterly non-GAAP Total Net Revenues annualized

• Working Capital = AR + Inventory – AP

• A reconciliation of our GAAP to Non-GAAP total net revenues can be found in the appendix section

CASH FLOW

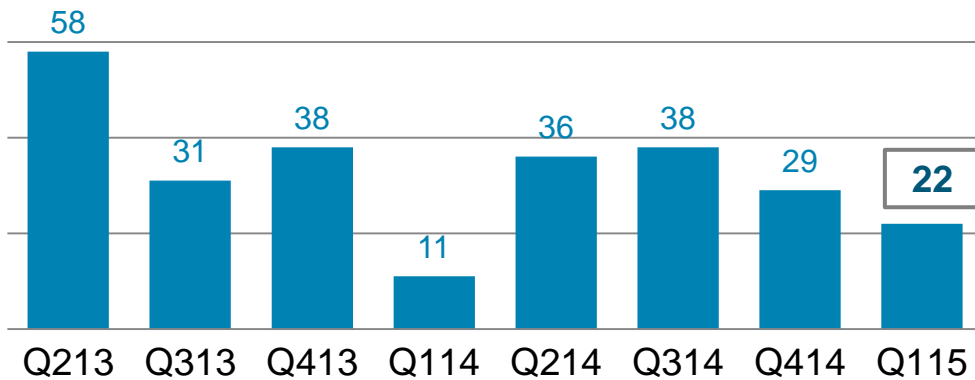
(\$ in millions) **Operating Cash Flow***



← Operating Cash Flow: **\$41M**

CapEx: \$20M

(\$ in millions) **Free Cash Flow***



← Free Cash Flow: **\$22M**

* Operating Cash Flow = GAAP net cash provided by operating activities. Free Cash Flow is a non-GAAP financial measure.

* A reconciliation of our GAAP net cash provided by operating activities to Free Cash Flow can be found in the appendix section

GUIDANCE*

Guidance	Q215	Full Year FY15
Non-GAAP Net Revenues	\$485M – 489M	\$1.99B - 2.00B
Non-GAAP EPS	\$0.41 – 0.42	\$1.78 - 1.82
Free Cash Flow	~\$30M	\$140M – 150M

Other Items	Q215	Full Year FY15
Non-GAAP Operating Expenses	~\$139M	~\$555M
Non-GAAP Effective Tax Rate	~14.5%	~14.5%
Capital Expenditures	~\$30M	~\$125M
Non-GAAP Fully Diluted Shares	~116M	~117M

* Reconciliations to GAAP of these forward-looking Non-GAAP financial measures, to the extent available without unreasonable effort, can be found in the appendix section.

CONCLUSION

Paul Galant
CEO

Verifone[®]

Q&A SESSION

APPENDIX

RECONCILIATION OF GAAP TO NON-GAAP KEY METRICS Q115

<i>(In millions, except per share data and percentages)</i>		Net income (loss) attributable to VeriFone Systems, Inc. stockholders				
<i>Note</i>		Net revenues	Gross margin	Gross margin percentage	Operating income (loss)	
Three Months Ended January 31, 2015						
GAAP		\$ 486.2	\$ 199.2	41.0%	\$ 23.2	\$ 13.8
Adjustments:						
Amortization of step-down in deferred services net revenues at acquisition	A	0.7	0.7		0.7	0.7
Amortization of purchased intangible assets	D	—	4.7		27.0	27.0
Other merger and acquisition related expenses	D	—	0.3		0.7	(1.9)
Stock based compensation	E	—	0.7		12.2	12.2
Restructuring charges	F	—	—		1.4	1.4
Other charges and income	F	—	0.8		4.9	4.9
Income tax effect of non-GAAP exclusions and adjustment to cash basis tax rate	F	—	—		—	(7.3)
Non-GAAP		\$ 486.9	\$ 206.4	42.4%	\$ 70.1	\$ 50.8
Weighted average number of shares used in computing net income (loss) per share:					Net income (loss) per share attributable to VeriFone Systems, Inc. stockholders (1)	
		Basic	Diluted		Basic	Diluted
GAAP		113.4	115.5		\$ 0.12	\$ 0.12
Non-GAAP		113.4	115.5		\$ 0.45	\$ 0.44

(1) Net income (loss) per share is calculated by dividing the Net income (loss) attributable to VeriFone Systems, Inc. stockholders by the Weighted average number of shares.

See explanatory notes for A, D-F at the end of the appendix.

RECONCILIATION OF GAAP TO NON-GAAP KEY METRICS Q414

<i>(In millions, except per share data and percentages)</i>							
<i>Note</i>		Net revenues	Gross margin	Gross margin percentage	Operating income (loss)	Net income (loss) attributable to VeriFone Systems, Inc. stockholders	
Three Months Ended October 31, 2014							
GAAP		\$ 490.5	\$ 196.5	40.1%	\$ 33.5	\$ 31.1	
Adjustments:							
Amortization of step-down in deferred services net revenues at acquisition	A	0.2	0.2		0.2	0.2	
Amortization of purchased intangible assets	D	—	10.0		33.8	33.8	
Other merger and acquisition related expenses	D	—	0.6		1.0	(3.5)	
Stock based compensation	E	—	0.7		13.0	13.0	
Restructuring charges	F	—	0.2		1.5	1.5	
Other charges and income	F	—	(0.8)		(14.9)	(15.9)	
Income tax effect of non-GAAP exclusions and adjustment to cash basis tax rate	F	—	—		—	(10.1)	
Non-GAAP		\$ 490.7	\$ 207.4	42.3%	\$ 68.1	\$ 50.1	
		Weighted average number of shares used in computing net income (loss) per share:			Net income (loss) per share attributable to VeriFone Systems, Inc. stockholders (1)		
		Basic	Diluted			Basic	Diluted
GAAP		113.1	115.1			\$ 0.27	\$ 0.27
Non-GAAP		113.1	115.1			\$ 0.44	\$ 0.44

(1) Net income (loss) per share is calculated by dividing the Net income (loss) attributable to VeriFone Systems, Inc. stockholders by the Weighted average number of shares.

See explanatory notes for A, D-F at the end of the appendix.

RECONCILIATION OF GAAP TO NON-GAAP KEY METRICS Q114

<i>(In millions, except per share data and percentages)</i>		Net income (loss) attributable to VeriFone Systems, Inc. stockholders					
<i>Not e</i>		Net revenues	Gross margin	Gross margin percentage	Operating income (loss)	Net income (loss) attributable to VeriFone Systems, Inc. stockholders	
Three Months Ended January 31, 2014							
GAAP		\$ 436.1	\$ 170.2	39.0%	\$ (6.5)	\$ (16.2)	
Adjustments:							
Amortization of step-down in deferred services net revenues at acquisition	A	1.1	1.1		1.1	1.1	
Amortization of purchased intangible assets	D	—	11.4		36.1	36.1	
Other merger and acquisition related expenses	D	—	2.0		3.2	5.7	
Stock based compensation	E	—	0.5		15.7	15.7	
Other charges and income	F	—	—		3.6	5.2	
Income tax effect of non-GAAP exclusions and adjustment to cash basis tax rate	F	—	—		—	(12.8)	
Non-GAAP		\$ 437.2	\$ 185.2	42.4%	\$ 53.2	\$ 34.8	
		Weighted average number of shares used in computing net income (loss) per share:			Net income (loss) per share attributable to VeriFone Systems, Inc. stockholders (1)		
		Basic	Diluted			Basic	Diluted
GAAP		110.3	110.3			\$ (0.15)	\$ (0.15)
Adjustment for diluted shares	G	—	2.1				
Non-GAAP		110.3	112.4			\$ 0.32	\$ 0.31

(1) Net income (loss) per share is calculated by dividing the Net income (loss) attributable to VeriFone Systems, Inc. stockholders by the Weighted average number of shares.

See explanatory notes for A, D-G at the end of the appendix.

RECONCILIATION OF GAAP TO NON-GAAP GROSS MARGIN

<i>(In millions, except percentages)</i>		System solutions net revenues	Services net revenues	Total net revenues	Total cost of net revenues	System solutions gross margin	Services gross margin	Total gross margin
<i>Note</i>								
Three Months Ended January 31, 2015								
GAAP		\$ 313.4	\$ 172.8	\$ 486.2	\$ 287.0	\$ 127.8	\$ 71.4	\$ 199.2
Amortization of step-down in deferred services net revenues at acquisition	A	—	0.7	0.7	—	—	0.7	0.7
Other acquisition and restructure related, net	D	—	—	—	(5.0)	4.6	0.4	5.0
Stock based compensation	E	—	—	—	(0.7)	0.5	0.2	0.7
Other charges and income	F	—	—	—	(0.8)	—	0.8	0.8
Non-GAAP		\$ 313.4	\$ 173.5	\$ 486.9	\$ 280.5	\$ 132.9	\$ 73.5	\$ 206.4
Percentage of total net revenues		64.4%	35.6%		57.6%	42.4%	42.4%	42.4%
Three Months Ended October 31, 2014								
GAAP		\$ 310.9	\$ 179.6	\$ 490.5	\$ 294.0	\$ 119.8	\$ 76.7	\$ 196.5
Amortization of step-down in deferred services net revenues at acquisition	A	—	0.2	0.2	—	—	0.2	0.2
Other acquisition and restructure related, net	D	—	—	—	(10.8)	9.5	1.3	10.8
Stock based compensation	E	—	—	—	(0.7)	0.5	0.2	0.7
Other charges and income	F	—	—	—	0.8	(0.8)	—	(0.8)
Non-GAAP		\$ 310.9	\$ 179.8	\$ 490.7	\$ 283.3	\$ 129.0	\$ 78.4	\$ 207.4
Percentage of total net revenues		63.4%	36.6%		57.7%	41.5%	43.6%	42.3%
Three Months Ended January 31, 2014								
GAAP		\$ 261.2	\$ 174.9	\$ 436.1	\$ 265.9	\$ 93.7	\$ 76.5	\$ 170.2
Amortization of step-down in deferred services net revenues at acquisition	A	—	1.1	1.1	—	—	1.1	1.1
Other acquisition and restructure related, net	D	—	—	—	(13.4)	10.8	2.6	13.4
Stock based compensation	E	—	—	—	(0.5)	0.3	0.2	0.5
Non-GAAP		\$ 261.2	\$ 176.0	\$ 437.2	\$ 252.0	\$ 104.8	\$ 80.4	\$ 185.2
Percentage of total net revenues		59.7%	40.3%		57.6%	40.1%	45.7%	42.4%

RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

(In millions, except percentages)

	Note	Research and development	Sales and marketing	General and administrative	Total
Three Months Ended January 31, 2015					
GAAP		\$ 48.9	\$ 57.4	\$ 47.4	\$ 153.7
Other acquisition and restructure related, net	D	(0.1)	(0.7)	(1.0)	(1.8)
Stock based compensation	E	(2.7)	(4.1)	(4.6)	(11.4)
Other charges and income	F	(0.5)	(2.2)	(1.5)	(4.2)
Non-GAAP		\$ 45.6	\$ 50.4	\$ 40.3	\$ 136.3
As a percentage of Non-GAAP Net Revenues		9%	10%	8%	28%
Three Months Ended October 31, 2014					
GAAP		\$ 50.0	\$ 56.3	\$ 50.6	\$ 156.9
Other acquisition and restructure related, net	D	(0.3)	(0.2)	(1.3)	(1.8)
Stock based compensation	E	(2.8)	(4.9)	(4.6)	(12.3)
Other charges and income	F	—	(0.8)	(2.8)	(3.6)
Non-GAAP		\$ 46.9	\$ 50.4	\$ 41.9	\$ 139.2
As a percentage of Non-GAAP Net Revenues		10%	10%	8%	28%
Three Months Ended January 31, 2014					
GAAP		\$ 50.5	\$ 50.6	\$ 50.9	\$ 152.0
Other acquisition and restructure related, net	D	—	—	(1.2)	(1.2)
Stock based compensation	E	(4.1)	(2.8)	(8.3)	(15.2)
Other charges and income	F	—	(0.4)	(3.2)	(3.6)
Non-GAAP		\$ 46.4	\$ 47.4	\$ 38.2	\$ 132.0
As a percentage of Non-GAAP Net Revenues		11%	11%	9%	30%

See explanatory notes for D-F at the end of the appendix

RECONCILIATION OF GAAP TO NON-GAAP NET REVENUES

<i>\$ in millions</i>	GAAP net revenues	Amortization of step-down in deferred revenue at acquisition	Non-GAAP net revenues	Net revenues from businesses acquired in the past 12 months	Non-GAAP organic net revenues	Constant currency adjustment	Non-GAAP organic net revenues at constant currency
<i>Note</i>	(A)	(A)	(B)	(B)	(C)	(C)	
Three Months Ended January 31, 2015							
North America	\$ 160.3	\$ 0.1	\$ 160.4	\$ —	\$ 160.4	\$ 0.3	\$ 160.7
LAC	71.1	—	71.1	—	71.1	7.6	78.7
EMEA	180.0	0.5	180.5	—	180.5	12.6	193.1
Asia-Pacific	74.8	0.1	74.9	—	74.9	2.0	76.9
Total	<u>\$ 486.2</u>	<u>\$ 0.7</u>	<u>\$ 486.9</u>	<u>\$ —</u>	<u>\$ 486.9</u>	<u>\$ 22.5</u>	<u>\$ 509.4</u>
Three Months Ended October 31, 2014							
North America	\$ 149.1	\$ (0.1)	\$ 149.0				
LAC	82.1	—	82.1				
EMEA	189.2	0.2	189.4				
Asia-Pacific	70.1	0.1	70.2				
Total	<u>\$ 490.5</u>	<u>\$ 0.2</u>	<u>\$ 490.7</u>				
Three Months Ended January 31, 2014							
North America	\$ 122.1	\$ —	\$ 122.1	\$ —	\$ 122.1		
LAC	68.4	—	68.4	—	68.4		
EMEA	185.2	1.1	186.3	—	186.3		
Asia-Pacific	60.4	—	60.4	—	60.4		
Total	<u>\$ 436.1</u>	<u>\$ 1.1</u>	<u>\$ 437.2</u>	<u>\$ —</u>	<u>\$ 437.2</u>		

RECONCILIATION OF OPERATING CASH FLOW TO FREE CASH FLOW

			Three Months Ended			
			January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014
	\$ in millions					
		Note				
Free Cash Flow						
GAAP net cash provided by operating activities		H	\$ 41.1	\$ 51.6	\$ 58.9	\$ 56.5
Less: GAAP capital expenditures		H	(19.6)	(22.2)	(20.9)	(21.0)
Free cash flow		H	\$ 21.5	\$ 29.4	\$ 38.0	\$ 35.5
Free Cash Flow						
GAAP net cash provided by operating activities						
Less: GAAP capital expenditures		H	(20.9)	(17.2)	(18.1)	(21.4)
Free cash flow		H	\$ 11.0	\$ 37.7	\$ 30.9	\$ 57.8

See explanatory notes for H at the end of the appendix.

RECONCILIATION OF NET REVENUES GUIDANCE

		Three Months Ending April 30, 2015		Year Ending October 31, 2015	
		Range of Guidance		Range of Guidance	
GAAP net revenues		\$ 485	\$ 489	\$ 1,989	\$ 1,999
Adjustments to net revenues	A	—	—	1	1
Non-GAAP net revenues		\$ 485	\$ 489	\$ 1,990	\$ 2,000

See explanatory notes for A at the end of the appendix.

EXPLANATORY NOTES TO RECONCILIATIONS OF GAAP TO NON-GAAP ITEMS

Note A: Non-GAAP net revenues. Non-GAAP net revenues exclude the fair value decrease (step-down) in deferred revenue at acquisition.

Note B: Non-GAAP organic net revenues. Verifone determines non-GAAP organic net revenues by deducting net revenues from businesses acquired in the past 12 months from non-GAAP net revenues.

Net revenues from businesses acquired in the past 12 months consists of net revenues derived from the sales channels of acquired resellers and distributors, and net revenues from System solutions and Services attributable to businesses acquired in the 12 months preceding the respective financial quarter(s). For acquisitions of small businesses that are integrated within a relatively short time after the close of the acquisition, we assume quarterly net revenues attributable to such acquired businesses during the 12 months following acquisition remain at the same level as in the first full quarter after the acquisition closed.

Note C: Non-GAAP organic net revenues at constant currency. Verifone determines non-GAAP organic net revenues at constant currency by recomputing non-GAAP organic net revenues denominated in currencies other than U.S. Dollars in the current fiscal period using average exchange rates for that particular currency during the corresponding financial period of the prior year. Verifone uses this non-GAAP measure to evaluate performance on a comparable basis excluding the impact of foreign currency fluctuations.

Note D: Merger and Acquisition Related. Verifone adjusts certain revenues and expenses for items that are the result of merger and acquisitions. Acquisition related adjustments include the amortization of purchased intangible assets, fixed asset fair value adjustments, contingent consideration adjustments, incremental costs associated with acquisitions, acquisition integration expenses and changes in estimate on contingencies that existed at the time of acquisition.

Note E: Stock-Based Compensation. Our non-GAAP financial measures eliminate the effect of expense for stock-based compensation.

Note F: Other Charges and Income. Verifone excludes certain revenue, expenses and other income (expense) that are the result of unique or unplanned events, such as benefits associated with the reversal of litigation loss contingency expense, certain costs incurred in connection with senior executive management changes, certain personnel and outside professional service fees incurred on initiatives to transform, streamline and centralize our global operations, and restructure and impairment charges related to certain exit activities initiated as part of our global transformation initiatives. In addition, income taxes are adjusted for the tax effect of the adjusting items related to our non-GAAP financial measures and to reflect our estimate of cash taxes on a non-GAAP basis. Under GAAP our Income tax provision (benefit) as a percentage of Income (loss) before income taxes was 9.0% for the fiscal quarter ended January 31, 2015, (5.3)% for the fiscal quarter ended October 31, 2014, and 30.1% for the fiscal quarter ended January 31, 2014. For non-GAAP purposes, we used a 14.5% rate for the fiscal quarters ended January 31, 2015, October 31, 2014 and January 31, 2014.

Note G: Non-GAAP diluted shares. Diluted non-GAAP weighted average shares include additional shares that are dilutive for non-GAAP computations of earnings per share in periods when we have a non-GAAP net income and a GAAP basis net loss.

Note H: Free Cash Flow. Verifone determines free cash flow as net cash provided by operating activities less capital expenditures.

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