

NET 1 UEPS TECHNOLOGIES INC  
Form DEF 14A  
October 03, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to §240.14a-12.

**NET 1 UEPS TECHNOLOGIES, INC.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



Table of Contents

NET 1 UEPS TECHNOLOGIES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

*to be held on October 31, 2012*

To the Shareholders of Net 1 UEPS Technologies, Inc.:

NOTICE IS HEREBY GIVEN that the 2012 Annual Meeting of Shareholders of Net 1 UEPS Technologies, Inc., a Florida corporation, will be held at our principal executive offices located at President Place, 6th Floor, Cnr. Jan Smuts Avenue and Bolton Road, Rosebank, Johannesburg, South Africa on October 31, 2012 at 16h00, local time, for the following purposes:

1. To elect six directors to serve until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified.
2. To ratify the selection of Deloitte & Touche (South Africa) as our independent registered public accounting firm for the fiscal year ending June 30, 2013.
3. To hold an advisory vote to approve executive compensation.
4. To transact such other business and act upon any other matter which may properly come before the annual meeting or any adjournment or postponement of the meeting.

Our Board of Directors has fixed the close of business on October 1, 2012 as the record date for determining shareholders entitled to notice of and to vote at the meeting. A list of the shareholders as of the record date will be available for inspection by shareholders at our principal executive offices during business hours for a period of ten days prior to the meeting.

Your attention is directed to our annual report for the fiscal year ended June 30, 2012, which is enclosed with this proxy statement.

The Board of Directors,

Dr. Serge C. P. Belamant  
*Chairman and Chief Executive Officer*

Johannesburg, South Africa

October 3, 2012

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 31, 2012.** A complete set of proxy materials relating to our annual meeting is available on the Internet. These materials, consisting of the Notice of Annual Meeting and Proxy Statement, including proxy card, and annual report, may be viewed and downloaded at <http://materials.proxyvote.com/64107N>

**Table of Contents**

**You are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, please complete, date, sign and return the proxy accompanying this notice as promptly as possible in order to ensure your representation at the meeting. A return envelope (which is postage prepaid if mailed in the United States) is enclosed for your convenience. Even if you have voted by proxy, you may still vote in person if you attend the meeting. Please note, however, that if your shares are held of record by a broker, bank or other agent and you wish to vote at the meeting, you must request and obtain a proxy issued in your name from that record holder. You may also submit your proxy via the Internet as specified in the accompanying Internet voting instructions. Shareholders registered on our South African Branch Register ( South African shareholders ) are referred to the special instructions contained on page 4 of this proxy statement.**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>Voting rights and procedures</u>	2
<u>Proposals to be voted on at the annual meeting</u>	4
<u>Proposal no. 1: Election of directors</u>	4
<u>Proposal no. 2: Ratification of selection of independent registered public accounting firm</u>	6
<u>Proposal no. 3 An advisory vote to approve executive compensation</u>	7
<u>Board of Directors and Corporate Governance</u>	7
<u>Meetings of the Board and director independence</u>	7
<u>Committees of the Board</u>	8
<u>Board leadership structure and Board oversight of risk</u>	10
<u>Remuneration Committee interlocks and insider participation</u>	11
<u>Nominations process and director qualifications</u>	11
<u>Shareholder communications with the Board</u>	12
<u>Corporate governance guidelines</u>	12
<u>Code of ethics</u>	12
<u>Compensation of directors</u>	13
<u>Equity compensation plan information</u>	14
<u>Executive Compensation</u>	14
<u>Analysis of risk in our compensation structure</u>	14
<u>Compensation discussion and analysis</u>	15
<u>Remuneration Committee report</u>	25
<u>Executive compensation tables</u>	25
<u>Summary compensation table</u>	25
<u>Grants of plan-based awards</u>	27
<u>Outstanding equity awards at 2012 fiscal year-end</u>	28
<u>Option exercises and stock vested</u>	29
<u>Potential payments upon termination or change-in-control</u>	29
<u>Certain relationships and related transactions</u>	30
<u>Audit and non-audit fees</u>	32
<u>Audit Committee report</u>	33
<u>Security ownership of certain beneficial owners and management</u>	33
<u>Additional information</u>	36

**Table of Contents**

**NET 1 UEPS TECHNOLOGIES, INC.**

**PROXY STATEMENT**

We are furnishing this proxy statement in connection with the solicitation by our board of directors of proxies for use at the annual meeting of shareholders to be held at President Place, 6th Floor, Cnr. Jan Smuts Avenue and Bolton Road, Rosebank, Johannesburg, South Africa on October 31, 2012 at 16h00, local time. Our annual report on Form 10-K and our proxy materials were first mailed on or about October 3, 2012.

**VOTING RIGHTS AND PROCEDURES**

Shareholders who owned our common stock at the close of business on October 1, 2012, the record date, may attend and vote at the annual meeting. Each share is entitled to one vote. There were 45,600,471 shares of common stock outstanding on the record date.

A majority of the total number of outstanding shares of common stock, present either in person or by proxy, will constitute a quorum for the transaction of business at the annual meeting. Shareholders who are present at the annual meeting in person or by proxy and who abstain, and proxies relating to shares held by a bank or broker on your behalf (that is, in street name), that are not voted (referred to as broker non-votes) will be treated as present for purposes of determining whether a quorum is present. In the event that there are not sufficient votes to approve any proposal at the annual meeting, the annual meeting may be adjourned in order to permit the further solicitation of proxies. The inspector of election appointed for the annual meeting will tabulate all votes and will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

The following describes how you may vote on each proposal and the votes required for approval of each proposal:

*Proposal No. 1* Our six director nominees will be elected by a plurality of votes. You may vote for each director nominee or withhold your vote from one or more of the nominees. Withholding a vote as to any director nominee is the equivalent of abstaining. In an uncontested election such as this, abstentions and broker non-votes have no effect, since approval by a specific percentage of the shares present or outstanding is not required.

*Proposal No. 2* The ratification of the selection of Deloitte & Touche (South Africa) to act as our independent registered public accounting firm will be approved if the votes cast in favor of the proposal exceed the number of votes cast against the proposal. You may vote for or against the proposal or you may abstain from voting. Abstentions and broker non-votes will not affect the outcome of the vote.

*Proposal No. 3* The advisory vote to approve executive compensation will be approved if the votes cast in favor of the proposal exceed the number of votes cast against the proposal. You may vote for or against the proposal or you may abstain from voting. Abstentions and broker non-votes will not affect the outcome of the vote.

If you provide your voting instructions on your proxy, your shares will be voted as you instruct, and according to the best judgment of the persons named in the proxy if a proposal comes up for a vote at the annual meeting that is not on the proxy.





## **Table of Contents**

If you do not indicate a specific choice on a proxy that you sign and submit, your shares will be voted:

FOR each of the director nominees;

FOR the ratification of the selection of Deloitte & Touche (South Africa) as our independent registered public accounting firm; and

FOR the approval of executive compensation.

If your shares are held in street name, and you do not instruct the bank or broker as to how to vote your shares on Proposals 1 or 3, the bank or broker may not exercise discretion to vote for or against those proposals. This would be a broker non-vote and these shares will not be counted as having been voted on the applicable proposal. With respect to Proposal 2, the bank or broker may exercise its discretion to vote for or against that proposal in the absence of your instruction. **Please instruct your bank or broker so your vote can be counted.**

### **The Board of Directors recommends:**

a vote **FOR** each of the director nominees;

a vote **FOR** ratification of Deloitte & Touche (South Africa) as our independent registered public accounting firm;

a vote **FOR** the approval of executive compensation.

### **Revocability of Proxies**

You may revoke your proxy at any time prior to exercise of the proxy by delivering a written notice of revocation or a duly executed proxy with a later date by mail to our corporate secretary at Net 1 UEPS Technologies, Inc., P O Box 2424, Parklands 2121, Gauteng, South Africa, attending the meeting and voting in person. If you hold shares through a bank or brokerage firm, you must contact that firm to revoke any prior voting instructions.

### **Internet Availability of Proxy Materials and Annual Report**

A complete set of proxy materials relating to our annual meeting is available on the Internet. These materials, consisting of the Notice of Annual Meeting and Proxy Statement, including proxy card, and annual report, may be viewed and downloaded at <http://materials.proxyvote.com/64107N>

### **Market Information**

Our common stock is listed on The Nasdaq Global Select Market, or Nasdaq, in the United States under the symbol UEPS and on the JSE Limited, or JSE, in South Africa under the symbol NT1. The Nasdaq is our principal market for the trading of our common stock. Our transfer agent in the United States is Computershare Shareowner Services LLC, 480 Washington Blvd, Jersey City, New Jersey, 07310. Our transfer agent in South Africa is Link Market Services South Africa (Pty) Ltd ( Link Market ), 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001, South Africa.

## **Table of Contents**

### **Special Instructions to South African Shareholders**

We are required to comply with certain South African regulations related to circulation and tabulation of proxies issued to our South African shareholders. The proxy form marked Net 1 UEPS Technologies, Inc. Proxy for Shareholders Registered on South African Branch Register must be used by South African shareholders. The South African proxy must be lodged, posted or faxed to Link Market so as to reach them by 16:00 on October 29, 2012. South African shareholders that have already dematerialized their shares through a CSDP or broker, other than with own-name registration, should not complete the South African proxy. Instead they should provide their CSDP or broker with their voting instructions, or alternatively, they should inform their CSDP or broker of their intention to attend the annual meeting in order for their CSDP or broker to be able to issue them with the necessary authorization to enable them to attend such meeting. South African shareholders that hold their shares in certificated form or dematerialized own-name registration should complete the South African proxy and return it to Link Market.

### **Solicitation**

We will bear the entire cost of the solicitation, including the preparation, assembly, printing and mailing of this proxy statement, including the proxy card and any additional solicitation materials furnished to our shareholders. Copies of solicitation materials will be furnished to brokerage houses, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward this solicitation material to such beneficial owners. We may reimburse these persons for their reasonable expenses in forwarding solicitation materials to beneficial owners. The original solicitation of proxies by mail may be supplemented by a solicitation by personal contacts, telephone, facsimile, electronic mail or any other means by our directors, officers or employees. No additional compensation will be paid to our directors, officers or employees for performing these services. Except as described above, we do not presently intend to solicit proxies other than by mail.

## **PROPOSALS TO BE VOTED ON AT THE ANNUAL MEETING**

### **PROPOSAL NO. 1: ELECTION OF DIRECTORS**

The terms of office of each of our current directors will expire at the annual meeting. Since our 2011 annual meeting, two of our directors have resigned and the Board, as permitted by our by-laws, has reduced the number of directors from eight to six. The Board has determined to nominate for re-election each of our six current directors (see Information Regarding the Nominees for information on all directors) for a one-year term.

The persons named in the enclosed proxy intend to vote properly executed and returned proxies **FOR** the election of all nominees proposed by the Board unless authority to vote is withheld. In the event that any nominee is unable or unwilling to serve, the persons named in the proxy will vote for such substitute nominee or nominees as they, in their discretion, shall determine. The Board has no reason to believe that any nominee named herein will be unable or unwilling to serve.

**The Board recommends that you vote FOR election of each of the director nominees.**

**Table of Contents**

**Information Regarding the Nominees**

**Dr. Serge C. P. Belamant**

59 years old

Director since 1997

Dr. Belamant founded our company and has been our chief executive officer since 2000 and the chairman of our Board since 2003. Dr. Belamant has more than 30 years of experience in the fields of operations research, security, biometrics, artificial intelligence and online and offline transaction processing systems. Dr. Belamant spent ten years working as a computer scientist for Control Data Corporation where he won a number of international awards. Later, he was responsible for the design, development, implementation and operation of the Saswitch ATM network in South Africa that is still rated as one of the largest ATM switching systems in the world. Dr. Belamant has patented a number of inventions in a number of fields, including biometrics and gaming. Dr. Belamant holds a PhD in Information Technology and Management.

The Board believes that Dr. Belamant's strategic vision, technological ingenuity and extensive knowledge of the payments industry makes him an invaluable member of the Board. Dr. Belamant has been the guiding force behind the development of most of our products and services.

**Herman G. Kotzé**

43 years old

Director since 2004

Mr. Kotzé has been our chief financial officer, secretary and treasurer since 2004. Mr. Kotzé was an article clerk and audit manager at KPMG in Pretoria, South Africa, and worked as a business analyst for the Industrial Development Corporation of South Africa before he joined our company's predecessor in 1998. Mr. Kotzé is a member of the South African Institute of Chartered Accountants.

The Board believes that Mr. Kotzé's financial, accounting and taxation expertise and experience with corporate transactions, as well as his long history with the company and deep knowledge of our business and industry makes him well-suited to serve as a director.

**Christopher S. Seabrooke**

59 years old

Director since 2005

Mr. Seabrooke is chief executive officer and a director of Sabvest Limited, an investment holding company which is listed on the JSE. Mr. Seabrooke also serves as a non-employee director of the following JSE listed companies: Brait SE, Chrometco Limited, Datatec Limited, Massmart Holdings Limited, Metrofile Holdings Limited and Transaction Capital Limited. Mr. Seabrooke is a member of The Institute of Directors in South Africa. Formerly, he was the chairman of the South African State Theater and the deputy chairman of each of the National Arts Council and the Board of Business and Arts South Africa. Mr. Seabrooke has degrees in Economics and Accounting from the University of Natal and an MBA from the University of Witwatersrand.

The Board believes that Mr. Seabrooke's expertise in finance, accounting and corporate governance and broad experience as a director of several publicly-traded companies covering a broad range of industries makes him a valuable member of our Board.

**Table of Contents**

**Alasdair J. K. Pein**

52 years old

Director since 2005

Mr. Pein is currently CEO of Ascension Partners Limited, a Cayman-based provider of investment services to high net worth clients. Mr. Pein is a director of Mundane International Limited, a Guernsey-based financial investment fund. Mr. Pein also serves as a director of Ecolutia Services AG, a global provider of water, wastewater and environmental treatment solutions. Between 1994 and March 2009, Mr. Pein served as the CEO of the Oppenheimer family's private equity business (excluding Rest of Africa). During this period of time Mr. Pein held directorships of a number of private companies. In addition, Mr. Pein was a director of Arsenal Digital Solutions, a privately-held US company that provides on-demand data protection services, from 2001 to 2008 Mr. Pein is a qualified South African chartered accountant and completed his articles with Deloitte in Johannesburg in 1987.

The Board believes that Mr. Pein's financial and accounting expertise, as well as his private equity experience and skills in dealing with compensation, human resources and corporate governance issues, makes him a valuable member of our Board.

**Paul Edwards**

58 years old

Director since 2005

Mr. Edwards is Executive Chairman of Emerging Markets Payments Holdings, an Africa and Middle East payments business. Mr. Edwards has been non-employee vice chairman of Starcomms Limited, a Nigerian telecommunications operator since 2005. Prior to that, Mr. Edwards was the chief executive officer of MTN Group, a pan-African mobile operator. Mr. Edwards has a BSc and an MBA from the University of Cape Town.

The Board believes that Mr. Edwards' knowledge and experience of the telecommunications industry, especially in Africa, provides us with valuable insight into the potential opportunities to expand our business internationally.

**Brian K. Mosehla**

40 years old

Director since February 2012

Mr. Mosehla currently serves as the Chief Executive Officer of Mosomo Investment Holdings (Pty) Ltd, a well-known black empowerment investment company with a proven track record in transformation, and with experience in mining, financial services and mass banking concepts. He is also a non-employee director of Coal of Africa Limited, a resource company listed on the JSE. Mr. Mosehla was an executive director of Mvelaphanda Resources and a non-employee director of Unitrans Ltd. Mr. Mosehla is a qualified South African chartered accountant and completed his articles with KPMG in Johannesburg in 1995.

The Board believes that Mr. Mosehla's financial, accounting and corporate finance expertise, as well as his insight into the potential opportunities to grow our business in Africa, makes him a valuable member of our Board.

**PROPOSAL NO. 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board has proposed that Deloitte & Touche (South Africa) be selected to serve as independent registered public accounting firm for the fiscal year ending June 30, 2013. A representative of Deloitte is expected to be present at the annual meeting. Such representative will have an opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions from shareholders. Deloitte currently serves as our independent registered public accounting firm.

## **Table of Contents**

We are asking our shareholders to ratify the selection of Deloitte as our independent registered public accounting firm for the fiscal year ending June 30, 2013. Although ratification is not required by our by-laws or otherwise, the Board is submitting the selection of Deloitte to our shareholders for ratification as a matter of good corporate practice. In the event our shareholders fail to ratify the appointment, the Audit Committee may reconsider this selection. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in our best interests and the best interests of our shareholders.

**The Board recommends a vote FOR ratification of the selection of Deloitte.**

### **PROPOSAL NO. 3: AN ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION**

We are providing you with the opportunity to vote to approve, on an advisory, non-binding basis, the compensation of our executive officers named in the Summary Compensation Table under Executive Compensation, whom we refer to as our named executive officers or NEOs. This proposal, which is commonly referred to as say on pay, is required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, which added Section 14A to the Securities Exchange Act of 1934, or Exchange Act.

The philosophy of our executive compensation program is to link compensation to the achievement of our key strategic and financial goals. Therefore, we reward our executives for their contributions to our annual and long-term performance by tying a significant portion of their total compensation to key drivers of increased shareholder value. At the same time, we believe our program does not encourage excessive risk-taking by management. The Executive Compensation section of this proxy statement beginning on page 14, including the Compensation Discussion and Analysis, describes in detail our executive compensation program and the decisions made by the Board's Remuneration Committee with respect to our fiscal year ended June 30, 2012.

The Board is asking shareholders to cast a non-binding advisory vote on the following resolution:

**Resolved, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussions, is approved on a non-binding advisory basis.**

Because your vote is advisory, it will not be binding upon the Board or the Remuneration Committee. However, the Board and the Remuneration Committee value the opinions expressed by our shareholders and will consider the outcome of the vote when considering future executive compensation decisions.

**The Board recommends a vote FOR approval of the compensation of our named executive officers.**

### **BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

#### **MEETINGS OF THE BOARD AND DIRECTOR INDEPENDENCE**

Our Board typically holds a regular meeting once every quarter and holds special meetings when necessary. During the fiscal year ended June 30, 2012, our Board held a total of five meetings. All of the directors who served during our 2012 fiscal year attended 100% of the meetings of the Board except for Mr. Edwards who only attended three meetings. Mr. Mosehla attended all meetings of the Board since his appointment in February 2012. All of the directors attended 100% of the aggregate number of meetings of those committees of the Board on which such director served during the year, except for Mr. Edwards who attended four of our seven Audit Committee meetings and three of our four Remuneration Committee meetings. We encourage each member of the Board to attend the annual meeting of shareholders, but have not adopted a formal policy with respect to such attendance.

**Table of Contents**

All of our directors who served during fiscal 2012 attended last year's annual meeting, except Mr. Mosehla. The non-management directors meet regularly without any management directors or employees present. These meetings are held on the day of or day preceding other Board or committee meetings.

The Board annually examines the relationships between the Company and each of our directors. After this examination, the Board has concluded that Messrs. Seabrooke, Pein and Edwards are independent as defined under Nasdaq Rule 5605(a)(2) and under Rule 10A-3(b)(1) under the Exchange Act, as that term relates to membership on the Board and the various Board committees. Mr. Mosehla is an independent director as defined under Nasdaq rules but is not eligible to serve on our Audit Committee, under Rule 10A-3(b)(1), due to the number of shares issuable upon exercise of the option granted to Business Venture Investments No 1567 (Proprietary) Limited (RF) ( BVI ) pursuant to our Black Economic Empowerment transaction.

**COMMITTEES OF THE BOARD**

The Board has established an Audit Committee, a Remuneration Committee and a Nominating and Corporate Governance Committee. The members of our Board Committees are presented in the table below:

<b>Director</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating and Corporate Governance Committee</b>
Dr. Serge C.P. Belamant (#)			
Paul Edwards	X	X	X
Herman G. Kotzé (#)			
Brian K. Mosehla			
Alasdair J.K. Pein	X	X*	X
Christopher S. Seabrooke	X*	X	X*

# Executive

\* Chairperson

**Audit Committee**

The Audit Committee consists of Messrs. Seabrooke, Pein and Edwards, with Mr. Seabrooke acting as the chairperson. The Board has determined that Mr. Seabrooke is an audit committee financial expert as that term is defined in applicable Securities and Exchange Commission, or SEC, rules, and that all three members meet Nasdaq's financial literacy criteria. The Audit Committee held seven meetings during the 2012 fiscal year. See Audit Committee Report on page 33.

The Audit Committee was established by the Board for the primary purpose of overseeing or assisting the Board in overseeing the following:

the integrity of our financial statements;

our compliance with legal and regulatory requirements;

the qualifications and independence of our registered public accounting firm;

the performance of our independent auditors and of the internal audit function;

the accounting and financial reporting processes and the audits of our financial statements; and



## **Table of Contents**

our systems of disclosure controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by us.

A copy of our Audit Committee charter is available without charge on our website, [www.net1.com](http://www.net1.com) under the Investor Relations Governance section.

## **Remuneration Committee**

The Remuneration Committee comprises Messrs. Pein, Seabrooke and Edwards, with Mr. Pein acting as the chairperson. The Remuneration Committee held four meetings during the 2012 fiscal year. The Remuneration Committee has the following principal responsibilities, authority and duties:

review and approve performance goals and objectives relevant to the compensation of all our executive officers, evaluate the performance of each executive officer in light of those goals and objectives, and set each executive officer's compensation, including incentive-based and equity-based compensation, based on such evaluation;

make recommendations to the Board with respect to incentive and equity-based compensation plans;

review and make recommendations to the Board regarding compensation-related matters outside the ordinary course, including but not limited to employment contracts, change-in-control provisions and severance arrangements;

administer our stock option, stock incentive, and other stock compensation plans, including the function of making and approving all grants of options and other awards to all executive officers and directors, and all other eligible individuals, under such plans;

review annually and make recommendations to the Board regarding director compensation;

assist management in developing and, when appropriate, recommend to the Board, the design of compensation policies and plans;

review and discuss with management the disclosures in our Compensation Discussion and Analysis and any other disclosures regarding executive compensation to be included in our public filings or shareholder reports; and

recommend to the Board whether the Compensation Discussion and Analysis should be included in our proxy statement, Form 10-K, or information statement, as applicable, and prepare the related report required by the rules of the SEC.

A copy of our Remuneration Committee charter is available without charge on our website, [www.net1.com](http://www.net1.com) under the Investor Relations Governance section.

## **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee comprises Messrs. Seabrooke, Pein and Edwards, with Mr. Seabrooke acting as the chairperson. The Nominating and Corporate Governance Committee held one meeting during the 2012 fiscal year. The principal duties and responsibilities of the Nominating and Corporate Governance Committee are as follows:

Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

monitor the composition, size and independence of the Board;

establish criteria for Board and committee membership and recommend to our Board proposed nominees for election to the Board and for membership on each committee of the Board;

## **Table of Contents**

monitor our procedures for the receipt and consideration of director nominations by shareholders and other persons and for the receipt of shareholder communications directed to our Board;

make recommendations regarding proposals submitted by our shareholders;

establish and monitor procedures by which the Board will conduct, at least annually, evaluations of its performance;

review our Corporate Governance Guidelines annually and recommend changes, as appropriate, for review and approval by the Board; and

make recommendations to the Board regarding management succession planning and corporate governance best practices.

A copy of our Nominating and Corporate Governance Committee charter is available without charge on our website, [www.net1.com](http://www.net1.com) under the Investor Relations Governance section.

## **BOARD LEADERSHIP STRUCTURE AND BOARD OVERSIGHT OF RISK**

### **Board Leadership**

Our Board of Directors is led by our Chairman, Dr. Serge Belamant, who is also our Chief Executive Officer. The Board believes that Dr. Belamant's service as both Chairman of the Board and Chief Executive Officer is in our best interests and the best interests of our shareholders.

A combined Chairman and Chief Executive Officer leadership structure is commonly utilized by public companies in the United States, and our Board believes that this leadership structure has been effective for us and minimizes the potential for duplication of efforts and conflict of roles. Dr. Belamant possesses detailed and in-depth knowledge of the issues, opportunities and challenges facing us, and is thus better positioned than a non-employee chairman to focus the Board's time and attention on the matters that are most critical to us. Additionally, having one person serve as both Chairman of the Board and Chief Executive Officer enables decisive leadership, ensures clear accountability and enhances our ability to communicate our message and strategy clearly and consistently to our shareholders, employees, customers and suppliers.

While our Bylaws do not require that the roles of Chairman of the Board and Chief Executive Officer be filled by the same person, our Board believes that having Dr. Belamant fill both positions is the appropriate leadership structure for us.

We do not have a lead director. The Board believes that all of our independent directors are active and engaged Board members and that a number of them fulfill a lead director role at various times depending upon the particular issues involved. Further, Mr. Seabrooke, who is the Chairman of both the Nominating and Corporate Governance Committee and the Audit Committee and is a member of the Remuneration Committee, presides over all executive sessions of the independent directors.

### **The Board's Role in Risk Oversight**

Managing risk is an ongoing process inherent in all decisions made by management. The Board of Directors discusses risk throughout the year, particularly at Board meetings when specific actions are considered for approval. The Board of Directors has ultimate responsibility to oversee our enterprise risk management program. This oversight is conducted primarily through various committees of the Board as described below.

Our Enterprise Risk Management Committee is responsible for identifying, assessing, prioritizing and developing action plans to mitigate the material business, operational and strategic risks affecting us.

## **Table of Contents**

The Enterprise Risk Management Committee comprises our Chief Executive Officer (who serves as chair), Chief Financial Officer and Group Compliance Officer. Meetings of the Enterprise Risk Management Committee are also attended by the leaders of our various business units. The Enterprise Risk Management Committee meets and reports to the Audit Committee semi-annually.

The Audit Committee directly provides oversight of risks relating to the integrity of our consolidated financial statements, internal control over financial reporting and the internal audit function. The Remuneration Committee oversees the management of risks related to our executive compensation program. The Nominating and Corporate Governance Committee oversees the management of risks related to management succession planning.

### **REMUNERATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

None of the members of our Remuneration Committee has at any time been one of our officers or employees. None of our executive officers serves or in the past has served as a member of the Board or remuneration committee of any entity that has one or more of its executive officers serving on our Board or our Remuneration Committee.

### **NOMINATIONS PROCESS AND DIRECTOR QUALIFICATIONS**

The Nominating and Corporate Governance Committee reviews with the Board the skills and characteristics required of Board members. Our Corporate Governance Guidelines provide that the committee will consider a candidate's independence, as well as the perceived needs of the Board and the candidate's background, skills, business experience and expected contributions. At a minimum, members of the Board must possess the highest professional ethics, integrity and values, and be committed to representing the long-term interests of our shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment. The committee may also take into account the benefits of diversity in candidates' viewpoints, background and experience, as well as the benefits of constructive working relationships among directors. Other than as set forth in our Corporate Governance Guidelines, the committee does not have a formal policy with respect to diversity.

The Nominating and Corporate Governance Committee also reviews and determines whether existing members of the Board should stand for re-election, taking into consideration matters relating to the number of terms served by individual directors, the ability of an individual director to devote the appropriate level of time and attention to Board duties in light of other positions he holds (including other directorships) and the changing needs of the Board. We do not have a limit on the number of terms an individual may serve as a director on our Board.

The Nominating and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The committee regularly assesses the appropriate composition, size and independence of the Board, and whether any vacancies are expected due to change in employment or otherwise. In the event that vacancies are anticipated, or otherwise arise, the committee considers various potential candidates for director. Candidates are evaluated at regular or special meetings of the Nominating and Corporate Governance Committee, and may be considered at any point during the year. The committee will consider shareholder recommendations for candidates for the Board that are properly submitted in accordance with Section 4.16 of our by-laws in the same manner it considers nominees from other sources. In evaluating such recommendations, the committee will use the qualifications standards described above and will seek to achieve a balance of knowledge, experience and capability on the Board.

**Table of Contents**

**SHAREHOLDER COMMUNICATIONS WITH THE BOARD**

Any shareholder who wishes to communicate directly with the Board may do so via mail or facsimile, addressed as follows:

Net 1 UEPS Technologies, Inc.

Board of Directors

P O Box 2424

Parklands, 2121, Gauteng, South Africa

Fax: 27 11 880 7080

The corporate secretary shall transmit any communication to the Board, or individual director(s), as applicable, as soon as practicable upon receipt. Absent safety or security concerns, the corporate secretary shall relay all communications, without any other screening for content.

**CORPORATE GOVERNANCE GUIDELINES**

The Board has adopted a set of corporate governance guidelines. We will continue to monitor our corporate governance guidelines and adopt changes as necessary to comply with rules adopted by the SEC and Nasdaq, and to conform to best industry practice. This monitoring will include comparing our existing policies and practices to policies and practices suggested by various groups or authorities active in corporate governance and the practices of other public companies. A copy of our corporate governance guidelines is available on our website at [www.net1.com](http://www.net1.com) under the Investor Relations Governance section.

**CODE OF ETHICS**

The Board has adopted a written code of ethics, as defined in the regulations of the SEC. We require all directors, officers, employees, contractors, consultants and temporary staff, including our Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer or controller and other senior personnel performing similar functions, to adhere to this code in addressing the legal and ethical issues encountered in conducting their work. Our code of ethics requires avoidance of conflicts of interest, compliance with all laws and other legal requirements, conduct of business in an honest and ethical manner, integrity and actions in our best interest. Directors, officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the code. The Sarbanes-Oxley Act of 2002 requires companies to have procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters. We currently have such procedures in place. A copy of our code of ethics is available upon request made either by mail to our corporate secretary at Net 1 UEPS Technologies, Inc., P O Box 2424, Parklands 2121, Gauteng, South Africa or by telephone to our Investor Relations Department at + 1 212-626-6675. A copy of our code of ethics is also available free of charge on our website at [www.net1.com](http://www.net1.com) under the Investor Relations Governance section.

**Table of Contents****COMPENSATION OF DIRECTORS**

Directors who are also executive officers do not receive separate compensation for their services as directors. During fiscal 2012, our non-employee directors received compensation as described below.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards <sup>(1)</sup> (\$)	Stock Options <sup>(2)</sup> (\$)	Total (\$)
Antony C. Ball (3)	55,000	27,500(4)	65,628(5)	148,128
Paul Edwards	71,500	35,750(4)		107,250
Brian K. Mosehla	22,500	22,500(6)		45,000
Alasdair J.K. Pein	96,000	48,000(4)		144,000
Christopher S. Seabrooke	120,000	60,000(4)		180,000
Tom C. Tinsley (7)	55,000	27,500(4)		82,500

- (1) As of June 30, 2012, the aggregate number of restricted stock awards held by each non-employee director is as follows: Mr. Ball 5,976; Mr. Edwards 7,813; Mr. Mosehla 2,574; Mr. Pein 10,349; Mr. Seabrooke 13,118.
  - (2) As of June 30, 2012, the aggregate number of stock options held by each non-employee director is as follows: Mr. Ball 30,000; Mr. Edwards 0; Mr. Mosehla 0; Mr. Pein 0; Mr. Seabrooke 0.
  - (3) Mr. Ball resigned on August 22, 2012. The Remuneration Committee caused all of his then-outstanding stock options and restricted stock awards to become fully vested coincident with his resignation in recognition of his long service and valued contributions on our Board.
  - (4) Represents shares of restricted stock granted on August 26, 2011, one-third of which vest on August 26, 2012, 2013 and 2014, respectively. Vesting of such shares is conditioned upon the recipient's continuous service as a member of our Board through the applicable vesting date. The dollar value reflected is based on the closing price of our common stock on the date of grant. Based on this price, the number of shares granted was as follows: Messrs. Ball and Tinsley 4,172; Mr. Edwards 5,424; Mr. Pein 7,283 and Mr. Seabrooke 9,104.
  - (5) The Remuneration Committee determined to grant Mr. Ball 30,000 stock options, with an exercise price of \$7.98, on October 28, 2011, in recognition of Mr. Ball's strategic review of the Company. The FASB ASC Topic 718 grant date fair value of the stock option award was \$65,628, one-third of which vest on October 28 of 2012, 2013 and 2014. The options are conditioned upon the recipient's continuous service as a member of our Board through the applicable vesting date.
  - (6) Represents shares of restricted stock granted on May 9, 2012, one-third of which vest on May 9, 2013, 2014 and 2015, respectively. Vesting of such shares is conditioned upon Mr. Mosehla's continuous service as a member of our Board through the applicable vesting date. The dollar value reflected is based on the closing price of our common stock on the date of grant. Based on this price, 2,574 shares were granted.
  - (7) Mr. Tinsley resigned on June 30, 2012, and forfeited 5,976 shares of restricted stock that had not vested as of that date.
- The Board made determinations of fiscal 2012 total compensation based on analysis of the annual compensation of non-employee directors of US- and UK-listed transaction processor companies with a range of market equity capitalizations above, below and comparable to ours. The peer group comprised: Fiserv Inc., Heartland Payment Systems, Inc., Global Payments Inc., Wright Express Corporation, Euronet Worldwide, Inc., Total System Services, Inc., Verifone Systems, Inc., Jack Henry & Associates, Inc. and Sage Group plc. This peer group is similar to the peer group used to determine our executive officers' compensation.

During fiscal 2012, Mr. Tinsley served as a director pursuant to an agreement between us and investment entities affiliated with General Atlantic LLC, or GA. Under this agreement, we are required to reimburse the travel and accommodation expenses incurred in connection with his attendance at our Board and committee meetings. Mr. Tinsley did not claim any reimbursements in the fiscal 2012 year.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information regarding our compensation plans under which our equity securities are authorized for issuance as of June 30, 2012:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted average price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
<b>Equity compensation plans approved by security holders</b>			
Amended and Restated Stock Incentive Plan	2,149,820	\$ 16.00	2,399,666
<b>Equity compensation plans not approved by security holders</b>			
Stock options granted to employees of Prism Holdings Limited ( Prism ) <sup>(1)</sup>	97,763	\$ 22.51	
<b>Total</b>	<b>2,247,583</b>		<b>2,399,666</b>

- (1) In connection with the acquisition of Prism in July 2006, we granted Prism employees options to purchase shares of common stock at an exercise price of \$22.51 per share, which was the average of the high and low sale prices of the common stock on the date of grant. These options are all currently exercisable and expire on August 24, 2016.

**EXECUTIVE COMPENSATION****ANALYSIS OF RISK IN OUR COMPENSATION STRUCTURE**

As part of its responsibilities to annually review all incentive compensation and equity-based plans, and evaluate whether the compensation arrangements of our employees incentivize unnecessary and excessive risk-taking, the Remuneration Committee evaluated the risk profile of our compensation policies and practices for fiscal 2012 and concluded that they do not motivate imprudent risk taking. In its evaluation, the Remuneration Committee reviewed our employee compensation structures, and noted numerous design elements that manage and mitigate risk without diminishing the incentive nature of the compensation, including:

a balanced mix between cash and equity, and annual and longer-term incentives;

caps on incentive awards at reasonable levels;

linear payouts between target levels with respect to annual cash incentive awards;

discretion on individual awards, particularly in special circumstances; and

long-term incentives.

The Remuneration Committee also reviewed our compensation programs for certain design features that may have the potential to encourage excessive risk-taking, including: over-weighting towards annual incentives, highly leveraged payout curves, unreasonable thresholds, and steep payout cliffs at certain performance levels that may encourage short-term business decisions to meet payout thresholds. The Remuneration Committee concluded that our compensation programs do not include such elements.



---

## **Table of Contents**

In addition, the Remuneration Committee analyzed our overall enterprise risks and how compensation programs may impact individual behavior in a manner that could exacerbate these enterprise risks. For this purpose, the Remuneration Committee considered our growth and return performance, volatility and leverage. In light of these analyses, the Remuneration Committee concluded that it has a balanced pay and performance program that does not encourage excessive risk-taking that is reasonably likely to have a material adverse effect on us. We believe our compensation programs encourage and reward prudent business judgment and appropriate risk-taking over the long term.

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Fiscal 2012 Compensation Summary**

**Base salary** Dr. Serge Belamant, our Chief Executive Officer, and Mr. Herman Kotzé, our Chief Financial Officer, received an increase of 5% and 6%, respectively, from fiscal 2011. Mr. Oh, KSNET's Chief Executive Officer, and Mr. Nitin Soma, our Vice-President Information Technology, did not receive base salary increases. Base salary represents a significant portion of compensation, given the highly cash-generative nature of our business;

**Cash incentive awards** In October 2011, we established a cash incentive award plan for fiscal 2012 for Dr. Belamant and Mr. Kotzé that linked payment to the achievement of specific financial performance (quantitative) goals, both on a business unit and company-wide basis, and operational (qualitative) goals. Based on our fiscal 2012 financial performance, each of Dr. Belamant and Mr. Kotzé received 48% of the potential target amount of the quantitative portion of the award for each executive, which was paid based on partial achievement of the specified quantitative goals. Dr. Belamant and Mr. Kotzé received 50% of the potential amount of the qualitative portion of the award for each executive for their achievement of specified operational goals as a result of their submission to the Board of a new strategic plan outlining alternative business scenarios with an analysis of each scenario and their visit to the United States to visit shareholders and investors. President Oh received 100% of his annual guaranteed bonus under the terms of his employment agreement. We describe our cash incentive award plan and the Remuneration Committee's decisions in more detail below under Elements of 2012 Compensation on page 20;

**Bonus** Mr. Soma received a bonus of \$72,000 for fiscal 2012;

**Stock-based awards** We made an annual award of stock options with time-based vesting provisions to a group that included Dr. Belamant and Messrs. Kotzé and Soma. Mr. Oh, the president of KSNET, was compensated solely under the terms of his employment agreement;

**Special cash bonus and restricted stock award related to new SASSA contract** On February 8, 2012, we awarded a special cash bonus of \$2,000,000 to Dr. Belamant, \$1,200,000 to Mr. Kotzé, and \$400,000 to Mr. Soma. In addition, we awarded 275,000, 165,000 and 55,000 shares, respectively, of restricted stock to Dr. Belamant, Mr. Kotzé and Mr. Soma, respectively. We describe the special cash bonus and restricted stock award and the Remuneration Committee's decisions in more detail below under Elements of 2012 Compensation on page 20.

#### **Overview**

The goal of our executive compensation program is the same as our goal for operating the company to create long-term value for our shareholders. To achieve this goal, we seek to reward our named executive officers for sustained financial and operating performance and leadership excellence, to align their interests with those of our shareholders and to encourage them to remain with us for long and rewarding careers. This section of the proxy statement explains how our compensation program is designed and operates in practice with respect to the four individuals who comprised our named executive officers at the end of our 2012 fiscal year Dr. Belamant, Mr. Kotzé, Mr. Soma and Mr. Oh. Our named executive officers have the broadest job responsibilities and are the only individuals who have policy-making authority.

## **Table of Contents**

Each element of our executive compensation program is designed to fulfill one or more of our performance, alignment and retention objectives. These elements consist of salary, bonus and both equity and non-equity incentive compensation. Each named executive officer receives one or more, but not necessarily all, of these elements. In determining the type and amount of compensation for each executive officer, we focus on both current pay and the opportunity for future compensation and seek to combine compensation elements so as to optimize his or her contribution to us. We consider the mix of our compensation components from year to year based on our overall performance, an executive's individual contributions, and compensation practices of other US- and UK-based public companies including companies in our peer group described below. We do not have an exact formula for allocating between cash and non-cash compensation. We do, nonetheless, provide for a balanced mix of compensation components that are designed to encourage and reward behavior that promotes shareholder value in both the short and long term.

The chart below illustrates the mix of the elements of the 2012 compensation program we established for our named executive officers, using target levels for the cash incentive component. See *Elements of 2012 Compensation Quantitative Portion of the Cash Incentive Award Plan Potential and Actual Payments* on page 22 for further detail.

## **Compensation Objectives**

*Performance.* We reward excellent performance by our named executive officers and motivate them to continue to produce superior, long-term results through a combination of cash bonuses, incentive payments that depend on achievement of pre-defined levels of financial and operating goals and equity awards in the form of stock options or restricted stock that derive their value from increases in our share price and/or satisfaction of other financial and strategic performance goals. Base salary, bonus and non-equity incentive compensation are designed to reward annual achievements and be commensurate with each executive officer's scope of responsibility, demonstrated ingenuity, dedication, leadership and management effectiveness. Equity incentive compensation generally focuses on achievement of longer term results.

## **Table of Contents**

*Alignment.* We seek to align the interests of our named executive officers with our shareholders by evaluating them on the basis of financial and non-financial measurements that we believe ultimately drive long-term shareholder value. In particular, for the past several years, we have established an annual cash incentive award plan for Dr. Belamant and Mr. Kotzé. The financial measures related to our cash incentive award plan are:

Growth in KSNET EBIT: due to the significant investment represented by the KSNET acquisition, we measure KSNET EBIT on a stand-alone basis;

Growth in revenue: we focused on revenue growth of our company as a whole (other than our pension and welfare business and KSNET);

Achievement of fundamental diluted earnings per share targets: we have set fundamental diluted earnings per share targets.

Fundamental diluted earnings per share is diluted earnings per share determined in accordance with generally accepted accounting principles, adjusted to exclude the amortization of acquisition-related intangible assets, net of deferred taxes, stock-based compensation charges and unusual non-recurring or non-cash items (that the Remuneration Committee may determine in its discretion to be appropriate).

Non-financial measures include the achievement of strategic and operational goals. The elements of our compensation package that we believe align these interests most closely are a combination of annual quantitative and qualitative cash compensation awards, stock option awards which increase in value as our stock price increases and restricted stock awards which vest over time and are granted or become vested upon the satisfaction of specified performance goals.

*Retention.* The Remuneration Committee recognizes that the talent pool in South Africa is more limited than in other more developed countries. In addition, the long tenure of our South Africa-based management team, in particular, Dr. Belamant and Messrs. Kotzé and Soma, has made them especially knowledgeable about our business and industry and thus particularly valuable to us. Dr. Belamant in particular has intricate knowledge of, and has created large parts of the proprietary technology and software deployed by us in our operations, which is an indispensable part of our technological advantage in our various operations and future developments in our growth pipeline. We wish to avoid losing these long-tenured officers and their invaluable knowledge, particularly given how important they are to our future performance. Therefore, retention is a key objective of our executive compensation program. We attempt to retain our named executive officers by seeking to provide a competitive pay package and using continued service as a condition to receipt of full compensation. The extended vesting terms of equity awards have the effect of tying this element of compensation to continued service with us.

## **Implementing our Objectives**

*Process for Determining Compensation.* The Remuneration Committee analyzes compensation data of companies that it selects as a peer group to better understand how our pay package compares with those companies. The Remuneration Committee then uses this knowledge to develop our executive compensation program based on its judgment of what is appropriate and necessary to fulfill and maintain our staffing needs. As described in more detail below, it considers internal pay equity as between the chief executive officer and the chief financial officer and uses a formulaic approach to set the chief financial officer's compensation relative to the chief executive officer's compensation but does not do so for the other named executive officers.

The peer group selected by the Remuneration Committee comprises a broad spectrum of companies, which range significantly in size from a revenue, profitability and enterprise value perspective. The peer group consists of payment processing companies generally considered comparable to us in terms of their businesses (such as being a payment systems provider) as well as other companies within other parts of the information technology sector and those engaged in emerging markets.

## Table of Contents

Our peer group, which includes both US and UK listed companies, consists of the following companies: Fiserv Inc., Heartland Payment Systems, Inc., Global Payments Inc., Wright Express Corporation, Euronet Worldwide, Inc., Total System Services, Inc., Verifone Systems, Inc., Jack Henry & Associates, Inc. and Sage Group plc.

The Remuneration Committee's process for determining compensation includes an analysis of all elements of compensation. The Remuneration Committee compares these compensation components separately and in total to compensation at the peer group companies, taking into account, among other things, the relative market capitalizations of Net1 and the members of the peer group. The Remuneration Committee sets the compensation of Mr. Kotzé based on the total compensation package of Dr. Belamant. Since the role played by Mr. Kotzé is significantly broader than that of a typical chief financial officer, the Remuneration Committee's goal is to set this package at approximately 45% to 65% of Dr. Belamant's total compensation package. Because the Remuneration Committee considers international comparables in its compensation analysis for both Dr. Belamant and Mr. Kotzé, their total compensation packages are denominated in US dollars. Because Mr. Soma's compensation package is derived from the amount of compensation we pay to Mr. Kotzé, his compensation package is also denominated in US dollars. Our executive officers based in South Africa may elect to be paid in a currency other than US dollars, in which case the US dollar amount is converted into ZAR at the exchange rate in effect at the time of payment. In the second quarter of each fiscal year, the Remuneration Committee establishes base salaries and sets the short-term cash incentive award plan remuneration targets and payment criteria for our chief and financial officers. Following the end of each fiscal year, the Remuneration Committee determines the annual incentive cash payments and bonuses, if any, to be made to each executive officer based on their and our performance during the fiscal year.

Compensation for fiscal 2012 for Mr. Oh was determined in accordance with his employment agreement. Mr. Oh is paid in Korean won in accordance with the terms of his negotiated employment agreement. Under the employment agreement, he receives a base salary and is entitled to receive a cash incentive payment based upon the achievement of certain targets that are linked to the operating performance of KSNET. We had expected to align KSNET's year end with ours, however, it is not practicable at this stage to make this change. Accordingly, we determined Mr. Oh's cash incentive payment for the twelve month period ended December 2011.

Before the Remuneration Committee makes decisions on compensation for the year, it discusses with Dr. Belamant each executive officer's performance during the year, his or her accomplishments and specific areas of progress. Dr. Belamant bases his evaluation on his knowledge of each executive officer's performance (with due regard to the operational environment) and targets that have been set for a particular performance period. The executive officers are then evaluated based on their individual performance during the fiscal year. Dr. Belamant makes a recommendation to the Remuneration Committee on each executive officer's compensation, except for his own and Mr. Kotzé's compensation. Executive officers do not propose or seek approval for their own compensation. Dr. Belamant's and Mr. Kotzé's annual performance review is developed by the Remuneration Committee as a whole.

The Remuneration Committee also consults with Dr. Belamant and Mr. Kotzé regarding non-executive officer employee compensation and is responsible for approving all awards under our Stock Incentive Plan.

*Equity Grant Practices.* We believe that long-term performance of our company is achieved through a culture that encourages long-term performance by our executive officers through the use of stock and stock-based awards. Accordingly, awards of stock options and restricted stock are a fundamental element in our executive compensation program because they emphasize long-term performance, as measured by creation of shareholder value, and foster a commonality of interest between shareholders and employees. We have granted equity awards through our Stock Incentive Plan which was adopted by our Board of Directors and approved by our shareholders to permit the grant of stock options and other stock-based awards to our employees, directors and consultants. Options granted under the plan vest ratably over a period of three to five years after grant unless otherwise provided in a particular award agreement and have ten-year terms from the date of grant.

## Table of Contents

In determining the size of an equity award to an executive officer, the Remuneration Committee considers the executive's then current cash total compensation package (which includes salary, potential bonus and cash incentive award plan compensation), any previously received equity awards, the value of the grant at the time of award and the number of shares available for grants pursuant to our Stock Incentive Plan.

We record stock-based compensation charges over the vesting term of the equity award as required under current accounting standards. When awarding equity compensation, management and the Remuneration Committee seek to weigh the cost of these grants with their potential benefits as a compensation tool. We believe that combining grants of stock options and restricted stock effectively balances our objective of focusing our employees, including our named executive officers, on delivering long-term value to our shareholders, with our objective of providing value to our employees with the equity awards. Stock options have value only to the extent that our stock price on the date of exercise exceeds the stock price on the date of grant or any particular minimum share price necessary to vest such options, and thus are an effective compensation tool only if the stock price appreciates during the vesting term. In this sense, stock options are a motivational tool.

*Employment Agreements.* Our South African resident executives are employed on an at will basis, without employment agreements, severance payment arrangements (except as required by local labor laws), or payment arrangements that would be triggered by a change in control. The absence of such arrangements enables us to terminate the employment of these named executive officers with discretion as to the terms of any severance arrangement that might be provided upon such termination. This is consistent with our performance-based employment and compensation philosophy. We do have restraint of trade agreements with each of these named executive officers. The terms of these agreements provide that upon the termination of the executive's employment, the executive is restricted, for a period of 24 months, from soliciting business from certain customers, working for or holding interests in our competitors or participating in a competitive activity within the territories where we do business.

However, we do from time to time enter into employment agreements with senior executives of companies that we acquire in connection with and as a condition to the acquisition. Compensation under that initial employment agreement would not ordinarily be determined by reference to peer group comparisons. We entered into an employment agreement with Mr. Oh in October 2010 in connection with our acquisition of KSNET. Under this employment agreement, which expires on June 30, 2014, Mr. Oh receives the following cash compensation: (i) an annual base salary of KRW 375 million for the entire term, (ii) an annual conditional guaranteed bonus of KRW 200 million and (iii) an annual conditional incremental bonus equal to 2.72% of base salary multiplied by an operating profit growth multiple. The annual guaranteed bonus is conditioned on KSNET achieving operating profit in a fiscal year (defined as KSNET net income before interest, taxation and the conditional guaranteed bonus and the conditional incremental bonus), that is greater or equal to operating profit for the immediately preceding fiscal year. Operating profit growth multiple is the amount (expressed in percentage terms), if any, beyond which operating profit in a fiscal year exceeds operating profit for the immediately preceding fiscal year by 15%. The combined conditional guaranteed and incremental bonus is limited to 125% of annual base salary. We agreed that a fiscal year would end in December because we did not change the year end of KSNET from December to June as was initially contemplated when signing the employment agreement with Mr. Oh. Accordingly, Mr. Oh's annual conditional guaranteed and incremental bonuses are calculated on the 12 month period ended December 31, 2011, for the purposes of fiscal 2012.

Under the terms of his employment agreement, Mr. Oh is entitled to participate in national health insurance and the national pension plan provided under the laws of Korea, to receive reimbursement for annual physical examinations for him and his spouse, and to make use of a Company provided car and driver for business and reasonable personal use.

---

**Table of Contents**

Similar to the restraint of trade agreements that we have with our other named executive officers, Mr. Oh's employment agreement provides that upon the termination of his services with the Company, he is restricted, for a period of 36 months, from soliciting business from certain customers, working for or holding interests in our competitors or participating in a competitive activity within the territories where we do business. The employment agreement also provides for certain payments upon his termination of service by us without just cause, which payments are described below under "Potential Payments Upon Termination or Change-in-Control" on page 29.

*Considerations Regarding Tax Deductibility of Compensation.* Section 162(m) of the US tax code places a limit of \$1 million on the amount of compensation that we may deduct in any one year with respect to our chief executive officer and each of the three most highly compensated executive officers other than our chief executive officer or chief financial officer. Certain qualified performance-based compensation is not subject to this deduction limit. Our stock option awards under the Stock Incentive Plan have been structured with the intention that the compensation the executives will realize when the stock options are exercised will be qualified performance-based compensation not subject to the limitations imposed by Section 162(m). However, to maintain flexibility in compensating our named executive officers in a manner designed to promote our various corporate goals, it is not a policy of the Remuneration Committee that all executive compensation must be tax-deductible. For example, the bonuses and non-equity incentive compensation payments made to our named executive officers are not qualified performance-based compensation and may be subject to the tax deduction limitations imposed by Section 162(m). Similarly, the restricted stock granted to our named executive officers, the vesting of which is conditioned upon the recipient's continued employment with us on the applicable vesting date, may be subject to the tax deductibility limitations imposed by Section 162(m) because there are no performance goals. The Remuneration Committee believes that the importance of retaining this flexibility outweighs the benefits of tax deductibility.

*Compensation Consultants.* Neither we nor the Remuneration Committee have any contractual arrangement with any compensation consultant or used the services of any compensation consultant who has a role in determining or recommending the amount or form of executive officer compensation.

*Role of Shareholder Say-on-Pay Votes.* We provide our shareholders with the opportunity to cast an annual, nonbinding advisory vote to approve executive compensation (a "say-on-pay proposal"). At our annual meeting of shareholders held on November 29, 2011, approximately 98% of the votes cast on the say-on-pay proposal at that meeting were voted in favor of the proposal. The Remuneration Committee considered the outcome of that advisory vote to be an endorsement of the Remuneration Committee's compensation philosophy and implementation. The Remuneration Committee will continue to consider the outcome of say-on-pay votes when making future compensation decisions for our named executive officers.

**Elements of 2012 Compensation**

*Base Salary.* Salaries for fiscal 2012 were determined in the first quarter of the 2012 fiscal year after a review of our peer group companies described above. Dr. Belamant and Mr. Kotzé received an increase of 5% and 6%, respectively, from fiscal 2011. Mr. Soma, our Vice-President Information Technology, did not receive a base salary increase. Mr. Oh was paid in accordance with his employment agreement and did not receive an increase.

*Payments under Cash Incentive Award Plan.* During the second quarter of fiscal 2012, the Remuneration Committee established a cash incentive award plan for Dr. Belamant and Mr. Kotzé pursuant to which each of them would be eligible to earn a cash incentive award based on our fiscal 2012 financial performance and his individual contribution toward the achievement of certain corporate objectives.

The plan provided for a target level cash incentive award of 100% of the executive's base salary for fiscal 2012, 50% of which was to be based on achievement of the quantitative factors described below and 50% of which was to be based on the level of achievement of the qualitative factors described below.

**Table of Contents**

The quantitative portion of the award provided for threshold, target and maximum amounts of 50%, 100% and 200% (for Dr. Belamant), or 50%, 100% and 150% (for Mr. Kotzé), respectively, of the executive's base salary multiplied by 0.50 (to reflect that 50% of the target award was based on the quantitative factors). The qualitative portion of the award was limited to 100% of the executive's base salary multiplied by 0.50 (to reflect that 50% of the target award was based on qualitative factors).

**Quantitative Portion of the Cash Incentive Award Plan**

The quantitative portion of the cash incentive award plan was based on three quantitative metrics, with each metric to be measured and awarded separately:

30% of the quantitative portion of the cash incentive award plan is based on specified percentage increases in adjusted earnings before interest and taxes, in Korean won, of KSNET ( Adjusted KSNET EBIT ) for fiscal 2012 as compared to fiscal 2011. The following increases in Adjusted KSNET EBIT entitle the executive to receive the following percentages of this portion of the award:

Less than 10% increase 0%

10% increase (threshold) 50%

15% increase (target) 100%

25% increase (maximum) 200% for Dr. Belamant and 150% for Mr. Kotzé

Increases above 10% and below 25% are interpolated on a linear basis and rounded to the nearest percentage.

20% of the quantitative portion of the cash incentive award plan is based on specified percentage increases in our revenue as a whole, excluding Cash Paymaster Services (our pension and welfare business) and KSNET ( Net1 Revenue (ex CPS/KSNET) ) for fiscal 2012 as compared to fiscal 2011. For this purpose, all revenue is denominated in ZAR but any portion of such revenue attributable to EasyPay, Net1 UETS, Net1 UTA, Prism, MediKredit and FIHRST that is earned in other currencies is converted to ZAR using the same exchange rates that prevailed in fiscal 2011. The following increases in Net1 Revenue (ex CPS/KSNET) entitle the executive to receive the following percentages of this portion of the award:

Less than 10% increase 0%

10% increase (threshold) 50%

15% increase (target) 100%

25% increase (maximum) 200% for Dr. Belamant and 150% for Mr. Kotzé

## Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

Increases above 15% and below 25% are interpolated on a linear basis and rounded to the nearest percentage.

50% of the quantitative portion of the cash incentive award plan is based on the achievement of specified levels of fundamental diluted earnings per share for fiscal 2012. The following levels of fundamental diluted earnings per share entitle the executive to receive the following percentages of this portion of the award:

Below \$ 1.35 0%

\$ 1.35 (threshold) 50%

\$ 1.50 (target) 100%

\$ 1.70 (maximum) 200% for Dr. Belamant and 150% for Mr. Kotzé

Fundamental EPS above \$1.35 and below \$1.70 is interpolated on a linear basis and rounded to the nearest percentage.



**Table of Contents****Quantitative Portion of the Cash Incentive Award Plan Potential and Actual Payments**

The table below presents our potential and actual payments to Dr. Belamant related to the quantitative portion of our cash incentive award plan for fiscal 2012:

**Dr. Serge C.P. Belamant Chief Executive Officer**

	2012							
	KSNET EBIT		Net1 Revenue (ex CPS/KSNET)		Fundamental diluted EPS		Total	
	Potential		Potential		Potential		Potential	Actual
	Payment	Actual	Payment	Actual	Payment	Actual	Potential	Actual
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Threshold	66,938		44,625		111,563		223,126	
Target	133,875		89,250		223,125		446,250	
Maximum	267,750		178,500		446,250		892,500	
<b>Actual</b>				44,625		171,063		215,688

The table below presents our potential and actual payments to Mr. Kotzé related to the quantitative portion of our cash incentive award plan for fiscal 2012:

**Herman G. Kotzé Chief Financial Officer**

	2012							
	KSNET EBIT		Net1 Revenue (ex CPS/KSNET)		Fundamental diluted EPS		Total	
	Potential		Potential		Potential		Potential	Actual
	Payment	Actual	Payment	Actual	Payment	Actual	Potential	Actual
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Threshold	35,438		23,625		59,063		118,126	
Target	70,875		47,250		118,125		236,250	
Maximum	106,313		70,875		177,188		354,376	
<b>Actual</b>				23,625		90,562		114,187

After the close of fiscal 2012, the Remuneration Committee met and determined each element of the Company's financial performance described above and each executive's contribution toward the progress against the qualitative objectives. Based on the financial performance factors, the Remuneration Committee determined to award Dr. Belamant and Mr. Kotzé cash incentive payments of \$215,688 and \$114,187, respectively, in respect of the quantitative portion of the cash incentive award plan. Overall, these amounts represent 48% of the potential target amount of the quantitative portion of the award for each executive.

**Qualitative Portion of the Cash Incentive Award Plan**

Each of Dr. Belamant and Mr. Kotzé were entitled to receive up to 50% of his annual base salary based on his individual contribution toward the achievement of the following Company-wide objectives no later than August 2012 (which is the scheduled time during the year that the Remuneration Committee reviews performance against the qualitative metrics of our cash incentive award plan):

submission to the Board of a new strategic plan outlining alternative business scenarios with an analysis of each scenario, together with a revised organizational structure to support each scenario;

approval of such plan and structure by the Board;

## Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

successful recruitment of new management employees to fill the positions identified in the strategic plan and organizational structure; and

completion of at least one visit to the United States to meet with shareholders and investors.

---

**Table of Contents**

After the close of fiscal 2012, the Remuneration Committee considered whether to make payments in respect of the qualitative portion of the cash incentive award plan. The Remuneration Committee determined that each of Dr. Belamant and Mr. Kotzé is entitled to receive 50% of the qualitative portion of the cash incentive award in recognition of their submission to the Board of a new strategic plan outlining alternative business scenarios with an analysis of each scenario, together with a revised organizational structure to support each scenario and completing at least one visit to the United States to meet with shareholders and investors.

*Conditional Guaranteed and Incremental Bonus for Mr. Oh.* Mr. Oh met his conditional guaranteed bonus target and therefore an amount of \$181,121 was paid to him for fiscal 2012. Mr. Oh did not meet his conditional incremental bonus target and therefore no incremental bonus was paid to him for fiscal 2012.

*Bonus.* Bonuses may be awarded for accomplishments during the fiscal year and are designed to be commensurate with the executive's scope of responsibilities, demonstrated leadership abilities, management experience and effectiveness. Likewise, with respect to Dr. Belamant and Mr. Kotzé, bonuses may be paid for performance based on factors external to the ones considered in determining the payment of the cash incentive awards described above. Bonuses are determined by the Remuneration Committee with advice from the management directors (in the case of executives other than Dr. Belamant and Mr. Kotzé), based upon the Remuneration Committee's assessment of the individual's contributions during the year, compared to, but not limited to, a list of individualized goals previously approved by the executive officers and the Remuneration Committee. The goal of this element of compensation focuses on motivating and challenging the executive to achieve superior, longer term, sustained results.

Mr. Soma, our Vice-President Information Technology received a bonus of \$72,000 for fiscal 2012 as a result of his oversight of various software development projects, including the UEPS/EMV application for MasterCard-branded SASSA cards; oversight of the deployment of UEPS/EMV enabled hardware and software related to our SASSA contract during the implementation phases; and continuing oversight of the information technology component of our Sarbanes Oxley compliance.

In February 2012, our Board awarded special cash bonuses of \$2,000,000, \$1,200,000 and \$400,000, and restricted stock awards (described below under Elements of 2012 Compensation Equity Incentive Awards on page 24), to Dr. Belamant, Mr. Kotzé and Mr. Soma, respectively, related to the SASSA tender award and subsequent contract. The awards were made after lengthy consideration by the Remuneration Committee of all the relevant facts and motivations and approved unanimously by the Remuneration Committee which comprised all the non-employee members of the Board, including a representative of our second largest shareholder. These awards were discussed and approved only after the SASSA tender had been awarded to us and we had signed the new contract with SASSA.

These significant awards were made to recognize the enormous effort by these executive officers in securing the tender and concluding a contract with SASSA. In particular, the awards recognized:

technological enhancements devised to deliver the contracted services on the scale required;

innovative new biometric verification processes developed specifically to handle the difficult transition period from multiple service providers to a sole service provider in all nine provinces without disrupting the grant payment process or compromising the security of that process;

complex operational procedures developed for the multiple logistical variables required in terms of the service level agreements concluded with SASSA;

the solutions devised to safely and effectively co-ordinate the Grindrod Bank Limited, South African Reserve Bank and MasterCard interfaces with us and SASSA;

**Table of Contents**

the operational and legal strategies developed by the executive officers with our advisors on a scenario analysis basis to enable us to respond effectively to virtually all identified variables and outcomes for the full period of the tender award; and

the innovative strategies developed by the executive officers to leverage the account base of over 10 million grant recipients over the forthcoming five year period.

*Equity Incentive Awards.* In August 2011, Mr. Soma was awarded options to purchase 35,000 shares of common stock. These options are exercisable at a price of \$6.59 per share, which was the closing price of our common stock on the Nasdaq Stock Market on August 26, 2011. In October 2011, Dr. Belamant and Mr. Kotzé were awarded options to purchase 112,000 and 60,000 shares of common stock, respectively. These options are exercisable at a price of \$7.98 per share, which was the closing price of our common stock on the Nasdaq Stock Market on October 28, 2011. One-third of the options awarded to Dr. Belamant, Mr. Kotzé and Mr. Soma vest on each of the first, second and third anniversaries of the grant date and expire ten years after the grant date, conditioned on the continuous service of the recipient through the applicable vesting date.

In February 2012, in connection with the special cash bonuses described above under Elements of 2012 Compensation Bonus on page 23, Dr. Belamant, Mr. Kotzé and Mr. Soma were awarded 275,000, 165,000 and 55,000 shares of restricted stock, respectively. One-third of the award shares vest on the first, second and third anniversaries of the grant date, conditioned on the continuous service of the recipient through the applicable vesting date. The restricted stock was granted specifically to drive the executive officers to excel in the transitional period for the taking over of all nine provinces and thereafter with excellence in service delivery and the deployment of the new technologies.

Finally, the performance target, of \$1.44 fundamental earnings per share for fiscal 2011, related to the first tranche of restricted stock granted in November 2010 was met and accordingly 16,666 and 11,000 shares of our common stock vested in Dr. Belamant and Mr. Kotzé, respectively, in November 2011.

*Other.* We provide on-site residential security services for Dr. Belamant consisting of two armed guards. These services are provided based on bona fide business-related security concerns and are an integral part of our overall risk management program. The Board believes that provision of these security services is a necessary and appropriate business expense because Dr. Belamant's personal safety and security are of the utmost importance to us and our shareholders. These security services may be viewed as conveying a personal benefit to Dr. Belamant. Under Mr. Oh's employment agreement, he is entitled to reimbursement for mandatory national health insurance, national pension and school fees and is entitled to the use of an automobile.

**Table of Contents****REMUNERATION COMMITTEE REPORT****For the Year Ended June 30, 2012**

*The information contained in this report shall not be deemed to be soliciting material or filed with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended, the Exchange Act, except to the extent that Net 1 UEPS Technologies, Inc. specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended or the Exchange Act.*

The Remuneration Committee, which comprises all the independent directors, has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with our Chief Executive Officer, Dr. Serge C.P. Belamant, and our Chief Financial Officer, Herman G. Kotzé. Based on this review and discussion, the Remuneration Committee recommended to our Board of Directors that the Compensation Discussion and Analysis section be included in our Annual Report on Form 10-K and this proxy statement.

**Remuneration Committee**

Alasdair J.K. Pein, Chairman

Christopher S. Seabrooke

Paul Edwards

**EXECUTIVE COMPENSATION TABLES**

The following narrative, tables and footnotes describe the total compensation earned during fiscal years 2012, 2011 and 2010, as applicable, by our named executive officers. The total compensation presented below in the Summary Compensation Table does not reflect the actual compensation received by our named executive officers or the target compensation of our named executive officers in fiscal 2012. The actual value realized by our named executive officers in fiscal 2012 from long-term equity incentives (options and restricted stock) is presented in the Option Exercises and Stock Vested Table on page 29. Target annual incentive awards for fiscal 2012 are presented in the Grants of Plan-Based Awards table on page 27.

**SUMMARY COMPENSATION TABLE <sup>(1)</sup>**

The following table sets forth the compensation earned by our named executive officers for services rendered during fiscal years 2012, 2011 and 2010.

Name and Principal Position	Year	Salary (\$) (2)	Bonus (\$) (3)	Stock Awards (\$) (5)	Option Awards (\$) (4)	Non-Equity		Total (\$)
						Incentive Plan Compensation (\$) (3)	All Other Compensation (\$)	
Dr. Serge C.P. Belamant, Chief Executive Officer, Chairman of the Board and Director	2012	892,500	2,000,000	3,055,250(5)	245,012	438,813	36,731(6)	6,668,306
	2011	850,000		529,500(7)	260,800	229,102	40,541(6)	1,909,943
	2010	850,000	255,000			221,000	38,000(6)	1,364,000
Herman G. Kotzé, Chief Financial Officer, Treasurer, Secretary and Director	2012	472,500	1,200,000	1,833,150(5)	131,256	232,312		3,869,218
	2011	445,833		349,470(7)	174,736	121,289		1,091,328

Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

	2010	425,000	127,500		110,500	663,000
Phil-Hyun Oh, President KSNET	2012	340,418			181,121	586,317
	2011(8)	223,071	739,800(10)			1,001,423
Nitin Soma, Vice-President Information Technology	2012	288,000	472,000	611,050(5)	62,909	1,433,959
	2011	288,000	72,000		91,280	451,280
	2010	288,000	72,000			360,000

**Table of Contents**

- (1) Includes only those columns relating to compensation awarded to, earned by, or paid to the named executive officers in any of fiscal 2012, 2011 or 2010. All other columns have been omitted.
- (2) The applicable amount for Dr. Belamant, Mr. Kotzé and Mr. Soma is denominated in United States dollars (USD) and paid in South African rand (ZAR) at the exchange rate in effect at the time of payment. Mr. Oh's salary is denominated and paid in Korean won (KRW) and has been translated into USD at the average exchange rate for fiscal 2012.
- (3) Bonus and non-equity incentive plan compensation represent amounts earned for the fiscal years ended June 30, and were generally paid in September, with the exception of a special bonus and Mr. Oh's non-equity incentive plan compensation which was paid in February 2012. Dr. Belamant, Mr. Kotzé and Mr. Soma received a special bonus related to the new SASSA contract of \$2,000,000, \$1,200,000 and \$400,000, respectively, during fiscal 2012. The amounts for Dr. Belamant, Mr. Kotzé and Mr. Soma are denominated in USD and the amount for Mr. Oh is denominated and paid in KRW, translated into USD at the average exchange rate for fiscal 2012.
- (4) Represents FASB ASC Topic 718 grant date fair value of stock options granted under our Stock Incentive Plan in November 2010, August 2011 and October 2011. See note 17 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2012, for the relevant assumptions used in calculating grant date fair value under FASB ASC Topic 718.
- (5) Represents FASB ASC Topic 718 grant date fair value of shares of restricted stock awarded in February 2012 related to the new SASSA contract, one-third of which vest on February 8 of 2013, 2014 and 2015. Vesting of the award shares is conditioned upon each recipient's continuous service through the applicable vesting date. See note 17 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2012, for the relevant assumptions used in calculating grant date fair value under FASB ASC Topic 718.
- (6) Represents costs for security guards for Dr. Belamant, which are paid in ZAR.
- (7) Represents FASB ASC Topic 718 grant date fair value of shares of restricted stock awarded in November 2010, one-third of which vest on November 10 of 2011, 2012 and 2013. Vesting of the award shares is conditioned upon each recipient's continuous service through the applicable vesting date and our achieving the financial performance target set for that vesting date. See note 17 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2012, for the relevant assumptions used in calculating grant date fair value under FASB ASC Topic 718.
- (8) Mr. Oh joined the Company on October 29, 2010, in connection with the acquisition of KSNET and is paid in Korean won. The amounts presented in this row have been translated to US dollars using the average exchange rate for the eight months to June 30, 2011.
- (9) Represents payments made by us for Mr. Oh's Korea mandatory employee national health insurance, national pension, school fees and automobile expenses, which are paid in KRW.
- (10) Represents FASB ASC Topic 718 grant date fair value of shares of restricted stock awarded in October 2010 to Mr. Oh, which were eligible to vest on June 30, 2014, conditioned upon his continuous service through the applicable vesting date and KSNET achieving the financial performance target set for each of fiscal years 2011, 2012, 2013 and 2014. Mr. Oh's restricted stock award has been forfeited due to failure to meet the financial performance target for fiscal 2011. See note 15 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended June 30, 2011, for the relevant assumptions used in calculating grant date fair value under FASB ASC Topic 718.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS <sup>(1)</sup>**

The following table provides information concerning non-equity and equity incentive plan awards granted during fiscal 2012 to each of our named executive officers.

Name	Grant Date (3)	Date of Committee Action (3)	Type of Award	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)			All Other Stock Awards: Number of Shares or Units (3)	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
				Threshold (\$)	Target (\$)	Maximum (\$)				
Dr. Serge C.P. Belamant			AC	669,376	892,500	1,338,750				
	10/28/11	10/26/11	SO					112,000	\$ 7.98	245,012
	02/08/12	02/08/12	RS				275,000			3,055,250
Herman G. Kotzé			AC	354,376	472,500	590,626				
	10/28/11	10/26/11	SO					60,000	\$ 7.98	131,256
	02/08/12	02/08/12	RS				165,000			1,833,150
Phil-Hyun Oh	10/29/10	09/14/10	AC	181,121	340,418	425,522				
Nitin Soma	08/26/11	08/25/11	SO					35,000	\$ 6.59	62,909
	02/08/12	02/08/12	RS				55,000			611,050

Key: AC (annual cash incentive award); SO (stock option); RS (restricted stock)

- (1) Includes only those columns relating to grants awarded to the named executive officers in fiscal 2012. All other columns have been omitted.
- (2) On October 26, 2011, the Remuneration Committee approved a cash incentive award plan for Dr. Belamant and Mr. Kotzé. The plan and the actual payments made thereunder are described in detail under Compensation Discussion and Analysis Elements of 2012 Compensation Payments under Cash Incentive Award Plan. A cash incentive plan for Mr. Oh is set forth in his employment agreement. The plan and the actual payments made thereunder are described in detail under Compensation Discussion and Analysis Implementing our Objectives Employment Agreements. The threshold, target and maximum amounts for Mr. Oh are denominated in Korean won and have been translated to US dollars using the average exchange rate for fiscal 2012.
- (3) On February 8, 2012, the Remuneration Committee approved grants of restricted stock to Dr. Belamant, Mr. Kotzé and Mr. Soma. See the discussion under Compensation Discussion and Analysis Elements of 2012 Compensation Equity Incentive Awards for the vesting schedule and other terms applicable to these awards. The grant date of these awards was February 8, 2012.



**Table of Contents****OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR-END <sup>(1)</sup>**

The following table shows all outstanding equity awards held by our named executive officers at the end of fiscal 2012. The market value of unvested shares reflected in this table is calculated by multiplying the number of unvested shares by the closing price of \$8.37 of our common stock on June 30, 2012, the last trading day of the fiscal year.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Dr. Serge C.P. Belamant	80,000		\$ 22.51	8/24/2016				
	160,000	40,000(2)	\$ 24.46	8/24/2018				
	78,000	52,000(3)	\$ 13.16	5/20/2019				
	33,333	66,667(4)	\$ 10.59	11/10/2020				
		112,000(5)	\$ 7.98	10/28/2021	275,000(6)	2,301,750	33,333(7)	278,997(8)
Herman G. Kotzé	35,000		\$ 22.51	8/24/2016				
	80,000	20,000(2)	\$ 24.46	8/24/2018				
	66,000	44,000(3)	\$ 13.16	5/20/2019				
	22,333	44,667(4)	\$ 10.59	11/10/2020				
		60,000(5)	\$ 7.98	10/28/2021	165,000(6)	1,381,050	22,000(7)	184,140(8)
Phil-Hyun Oh								
Nitin Soma	20,000		\$ 22.51	8/24/2016				
	48,000	12,000(2)	\$ 24.46	8/24/2018				
	36,000	24,000(3)	\$ 13.16	5/20/2019				
	11,667	23,333(4)	\$ 10.59	11/10/2020				
		35,000(9)	\$ 6.59	08/26/2021	55,000(6)	460,350		

(1) Includes only those columns that are relevant to the types of awards that remained outstanding as of the end of fiscal 2012.

(2) These options vest on May 8, 2013.

(3) One-half of these options vest on each of May 8, 2013 and 2014, respectively.

(4) One-half of these options vest on each of November 10, 2012 and 2013, respectively.

(5) Represents stock options awarded in October 2011 to the extent that they remained unvested as of June 30, 2012. One-third of these options vest on each of October 28, 2012, 2013 and 2014, respectively.

(6) Included in this amounts are shares of restricted stock awarded in February 2012 to Dr. Belamant, Mr. Kotzé and Mr. Soma to the extent that they remained unvested as of June 30, 2012. One-third of these shares are scheduled to vest on each of February 6, 2013, 2014 and 2015, with vesting conditioned upon each recipient's continuous service through the applicable vesting date.

(7) Included in this amount are shares of restricted stock awarded in November 2010 to Dr. Belamant and Mr. Kotzé to the extent that they remained unvested as of June 30, 2012. One-half of these shares are scheduled to vest on each of November 10, 2012 and 2013, with

Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

vesting conditioned upon each recipient's continuous service through the applicable vesting date and our achieving the financial performance target set for that vesting date.

**Table of Contents**

- (8) Assumes that all performance targets will be met in each year and all shares of restricted stock will vest. The performance target for fiscal 2012 related to restricted stock granted in November 2010 was not met. However, under the terms of the award agreement, if the 2013 performance target is met, the 2012 shares will vest.
- (9) Represents stock options awarded in August 2011 to the extent that they remained unvested as of June 30, 2012. One-third of these options vest on each of August 26, 2012, 2013 and 2014, respectively.

**OPTION EXERCISES AND STOCK VESTED <sup>(1)</sup>**

There were no stock options exercised by our named executive officers during fiscal 2012. The following table shows all stock awards that vested during fiscal 2012.

Name	Stock Awards	
	Number of shares acquired on vesting (#)	Value Realized on Vesting (\$)(2)
Dr. Serge C.P. Belamant	16,667	126,003
Herman G. Kotzé	11,000	83,160
Phil-Hyun Oh		
Nitin Soma		

- (1) Includes only those columns relating to stock awards held by our named executive officers that vested in fiscal 2012. All other columns have been omitted.
- (2) The value realized on vesting is calculated as the closing price of our common stock on the vesting date multiplied by the number of common shares of restricted stock that vested.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL**

As described above under Compensation Discussion and Analysis, we do not have employment, severance or change of control agreements with named executive officers, other than the employment agreement with Mr. Oh. In addition, none of our outstanding equity awards include provisions for accelerated vesting upon a change in control of the Company or termination of employment following such a change in control.

Under the terms of Mr. Oh's employment agreement, if he is removed from office as a director of KSNET without justifiable cause, he is entitled to receive the amounts of base salary and the bonus (if any) that would have been due and payable to him if he was fully employed with us for the remainder of the then-current fiscal year. The term justifiable cause includes any of the following circumstances, as well as any other circumstances permitted under applicable law:

Mr. Oh has breached the provisions on non-competition or confidentiality of the employment agreement;

Mr. Oh has taken actions that are likely to result in a material loss of or harm to the business, reputation or goodwill of KSNET;

Mr. Oh has misappropriated funds or assets of KSNET;

**Table of Contents**

Mr. Oh has concealed from or falsely disclosed to KSNET his name, age, education, experience, or other personal information;

Mr. Oh has failed to show performance results or job capacity;

Mr. Oh has committed a crime or offense which will adversely affect the interest or reputation of KSNET; or

Mr. Oh has committed gross negligence, willful misconduct or any violation of laws in performance of his duties.

Assuming that Mr. Oh was removed from office as a director of KSNET without justifiable cause on the last day of fiscal 2012, i.e., June 30, 2012, Mr. Oh would not have been entitled to receive any cash severance because he would have already received all amounts of base salary and bonus for the fiscal year.

Mr. Oh is also entitled to a severance payment equal to 300% of his monthly base salary for each completed year of service at KSNET. Using exchange rates applicable as of June 30, 2012, and five years of completed service, Mr. Oh would be entitled to a severance payment of \$424,503.

Except as described above with respect to Mr. Oh, there would be no compensation, other than that prescribed by local labor laws in the case of unfair dismissal or retrenchment, that would become payable under the existing plans and arrangements if the employment of any of our named executive officers had terminated on June 30, 2012.

We do not have any ongoing obligation to provide post-termination benefits to our named executive officers after termination of employment.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Review, Approval or Ratification of Related Person Transactions**

We review all relationships and transactions in which we and our directors and named executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. Our Chief Executive Officer and Chief Financial Officer are primarily responsible for the development and implementation of processes and controls to obtain information from the directors and named executive officers with respect to related person transactions and for then determining, based on the facts and circumstances, whether we or a related person has a direct or indirect material interest in the transaction. As required under SEC rules, transactions that are determined to be directly or indirectly material to us or a related person are disclosed in our proxy statement. In addition, our Audit Committee reviews and approves or ratifies any related person transaction that is required to be disclosed. In the course of its review and approval or ratification of a disclosable related party transaction, our Audit Committee considers:

the nature of the related person's interest in the transaction;

the material terms of the transaction, including, without limitation, the amount and type of transaction;

the importance of the transaction to the related person;

the importance of the transaction to us;

whether the transaction would impair the judgment of a director or executive officer to act in our best interest; and



## **Table of Contents**

any other matters the committee deems appropriate.

Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction, provided, however, that such director may be counted in determining the presence of a quorum at a meeting of the committee that considers the transaction.

### **Related Party Transactions**

Pursuant to the relationship agreement, dated January 25, 2012, among Business Venture Investments No 1567 (Proprietary) Limited (RF) ( BVI ), Mosomo Investment Holdings (Proprietary) Limited, Mr. Mosehla and us, we granted BVI an option to acquire 8,955,000 shares of our common stock at an exercise price of \$8.96 per share. The option had not been exercised as of as of the date of this proxy statement.

BVI is also entitled to designate one nominee to our Board provided it holds more than 10% of our outstanding common stock. The right to have the BVI nominee serve on the Board shall cease at such time as BVI, together with its affiliates, owns less than 10% of our outstanding common stock or upon the occurrence of a trigger event as defined in the relationship agreement. Mr. Mosehla currently serves on our Board by invitation.

We engaged the services of PBel (Pty) Ltd, or PBel, to perform software development services during fiscal 2012, primarily software utilized on mobile phones for our Mobile Virtual Card initiative, as well as software for our EasyPay cash-accepting kiosks and our new EasyPay website. All software developed by PBel is our property. Prior to our recent acquisition of PBel described below, PBel was jointly owned by Dr. Belamant and his son, Mr. Philip Marc Belamant. Dr. Belamant is a non-employee director of PBel and Mr. Philip Marc Belamant is its chief executive officer. Prior to our recent acquisition of PBel, Mr. Philip Marc Belamant was not employed by us. The PBel transactions were approved by our Audit Committee and thus Dr. Belamant did not participate in the Board's decision to engage PBel. We paid PBel approximately \$0.8 million for software development services during the year ended June 30, 2012. As of June 30, 2012, our accounts payable included \$0.08 million owed to PBel.

On September 14, 2012, we acquired PBel for ZAR 32 million (approximately \$4 million based on exchange rates on September 14, 2012). ZAR 22 million of the purchase price was paid in cash and the remaining ZAR 10 million will be paid in 142,236 shares of our common stock, subject to the achievement of predefined PBel financial performance milestones over the next three years. The 142,236 shares are divided into three equal tranches of 47,412 shares and the sellers will be entitled to receive the shares for each tranche only if the milestones for that particular tranche are achieved. However, the sellers will be entitled to receive all 142,236 shares if the cumulative predefined PBel projected profit over the next three years is achieved or if we decide to abandon our VCC initiative.

We believe that the acquisition of PBel is an important step in the execution of our corporate strategy to develop and commercialize our worldwide virtual card patents and supply secure, leading edge technological solutions to the global payments market, with particular focus on mobile-based payment solutions. Mr. Philip Marc Belamant, in his capacity as Managing Director of Mobile Solutions, will oversee our Virtual Card, Kiosk, Web and WAP application research and development activities and the connected global business development initiatives.

Our Audit Committee reviewed and approved the acquisition of PBel, and thereafter the entire Board unanimously approved the transaction. Because the Audit Committee is composed entirely of independent directors, Dr. Belamant was not involved in the review of, or the decision to approve, the transaction, although he did offer the Audit Committee his views regarding the potential benefits of the transaction to us.

**Table of Contents**

Even though the acquisition was quantitatively insignificant, the Audit Committee followed an intensive acquisition process due to the fact that the acquisition was a related party transaction. This process included, among other things, lengthy discussion by the Audit Committee and our management regarding the rationale for the transaction, appointment of independent external transaction advisors, direct discussions with PBel management, appointment of external advisors to perform legal, accounting and tax due diligence and the appointment of external advisors to perform an independent valuation of PBel.

Pursuant to the stock purchase agreement, dated July 18, 2005, among the investment entities affiliated with GA, us and certain other parties, GA is entitled to designate one nominee to our Board. This designee was Mr. Tinsley until his resignation on June 30, 2012. General Atlantic is currently not exercising that right.

**AUDIT AND NON-AUDIT FEES**

The following table shows the fees that we paid or accrued for the audit and other services provided by Deloitte for the fiscal years ended June 30, 2012 and 2011.

	2012	2011
	\$ 000	\$ 000
Audit Fees	2,078	1,469
Audit-Related Fees		
Tax Fees		
All Other Fees		

**Audit Fees** This category includes the audit of our annual consolidated financial statements, review of financial statements included in our quarterly reports on Form 10-Q, the required audit of management's assessment of the effectiveness of our internal control over financial reporting and the auditors' independent audit of internal control over financial reporting, and the services that an independent auditor would customarily provide in connection with subsidiary audits, statutory requirements, regulatory filings, and similar engagements for the fiscal year, such as comfort letters, attest services, consents, and assistance with review of documents filed with the SEC. This category also includes advice on audit and accounting matters that arose during, or as a result of, the audit or the review of interim financial statements.

**Audit-Related Fees** This category consists of assurance and related services by the independent registered public accounting firm that are reasonably related to the performance of the audit or review of our financial statements and are not reported above under Audit Fees. There were no such fees paid in the fiscal years ended June 30, 2012 or 2011.

**Tax Fees** This category consists of professional services rendered by Deloitte for tax compliance and tax advice. The services for the fees disclosed under this category include tax return review and technical tax advice. There were no such fees paid in the fiscal years ended June 30, 2012 or 2011.

**All Other Fees** There were no such fees paid in the fiscal years ended June 30, 2012 or 2011.

**Pre-Approval of Non-Audit Services**

Pursuant to our Audit Committee charter, our Audit Committee reviews and pre-approves both audit and non-audit services to be provided by our independent auditors. The authority to grant pre-approvals of non-audit services may be delegated to one or more designated members of the Audit Committee whose decisions will be presented to the full Audit Committee at its next regularly scheduled meeting. During fiscal years 2012 and 2011, all of services provided by Deloitte with respect to fiscal years 2012 and 2011 were pre-approved by the Board and the Audit Committee.

---

**Table of Contents**

**AUDIT COMMITTEE REPORT**

The Audit Committee of the Board consists of three independent directors, as required by Nasdaq listing standards. The Audit Committee operates under a written charter adopted by the Board and available on our website at [www.net1.com](http://www.net1.com) under the Investor Relations Governance section. The Audit Committee is responsible for overseeing our financial reporting process on behalf of the Board. The members of the Audit Committee are Messrs. Seabrooke, Pein and Edwards. The Audit Committee selects, subject to shareholder ratification, our independent registered public accounting firm.

Management is responsible for our financial statements and the financial reporting process, including internal controls. The independent registered public accounting firm is responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States and of our internal control over financial reporting and for issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In this context, the Audit Committee has met and held discussions with management and Deloitte. Our Chief Executive Officer and Chief Financial Officer represented to the Audit Committee that the consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States, and the committee reviewed and discussed the consolidated financial statements with our Chief Executive Officer and Chief Financial Officer and Deloitte. The Audit Committee discussed with Deloitte the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU §380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. These matters included a discussion of Deloitte's judgments about the quality (not just the acceptability) of our accounting principles as applied to our financial reporting.

Deloitte also provided the Audit Committee with the written disclosures and letter required by applicable requirements of the PCAOB regarding Deloitte's communications with the Audit Committee concerning independence, and the Audit Committee discussed with Deloitte the firm's independence. The Audit Committee further considered whether the provision by Deloitte of the non-audit services described above is compatible with maintaining the auditors' independence.

Based upon the Audit Committee's discussion with management and Deloitte and the Audit Committee's review of the representations of management and the disclosures by Deloitte to the Audit Committee, the Audit Committee recommended to the Board that our audited consolidated financial statements be included in our Annual Report on Form 10-K for the year ended June 30, 2012, for filing with the SEC.

**Audit Committee**

Christopher S. Seabrooke, Chairman

Alasdair J.K. Pein

Paul Edwards

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents, as of September 26, 2012, information about beneficial ownership of our common stock by:

each person or group of affiliated persons who or which, to our knowledge, owns beneficially more than 5% of our outstanding shares of common stock;

each of our directors and named executive officers; and

all of our directors and executive officers as a group.





**Table of Contents**

Beneficial ownership of shares is determined in accordance with SEC rules and generally includes any shares over which a person exercises sole or shared voting or investment power. The beneficial ownership percentages set forth below are based on 45,600,471 shares of common stock outstanding as of September 26, 2012. All shares of common stock, including that common stock underlying stock options that are presently exercisable or exercisable within 60 days after September 26, 2012 (which we refer to as being currently exercisable) by each person are deemed to be outstanding and beneficially owned by that person for the purpose of computing the ownership percentage of that person, but are not considered outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, to our knowledge, each person listed in the table below has sole voting and investment power with respect to the shares shown as beneficially owned by such person, except to the extent applicable law gives spouses shared authority.

Except as otherwise noted, each shareholder's address is c/o Net 1 UEPS Technologies, Inc., President Place, 4th Floor, Corner of Jan Smuts Avenue and Bolton Road, Rosebank, Johannesburg, South Africa.

Name	Shares of Common Stock Beneficially Owned	
	Number	%
Dr. Serge C.P. Belamant(1)	1,636,954	3.56%
Paul Edwards(2)	9,372	*
Herman G. Kotzé(3)	456,999	*
Brian K. Mosehla(4)	8,960,145	16.42%
Alasdair J.K. Pein(5)	118,857	*
Christopher S. Seabrooke(6)	115,092	*
Nitin Soma(7)	204,001	*
International Value Advisers, LLC(8)	11,921,793	26.14%
Business Venture Investments No 1567 (Proprietary) Limited (RF)(9)	8,955,000	16.41%
Investment entities affiliated with General Atlantic LLC(10)	6,409,091	14.05%
Directors and Executive Officers as a group(11)	11,501,420	20.78%

\* Less than one percent

- (1) CI Law Trustees Limited for the San Roque Trust dated 8/18/92 owns 725,799 shares of common stock. Dr. Serge C.P. Belamant as proxy of CI Law Trustees has the power to vote all of CI Law Trustees' shares. The remaining 911,155 shares are owned directly by Dr. Belamant and include 308,333 shares of restricted stock, the vesting of which is subject to the satisfaction of certain financial performance and other conditions described elsewhere in this proxy statement and options to purchase 421,999 shares of common stock, all of which are currently exercisable. Does not include options to purchase 302,001 shares of common stock which are currently not exercisable.
- (2) Includes 476 shares of common stock owned directly by Mr. Edwards and 8,896 shares of restricted stock which vest over time and are subject to forfeiture. Vesting of the restricted stock is conditioned on Mr. Edwards' continued service as a member of our Board on the applicable vesting date.
- (3) Includes 24,333 shares of common stock owned directly by Mr. Kotzé. The remaining 432,666 shares are owned directly by Mr. Kotzé and include 187,000 shares of restricted stock, the vesting of which is subject to the satisfaction of certain financial performance and other conditions described elsewhere in this proxy statement and options to purchase 245,666 shares of common stock, all of which are currently exercisable. Does not include options to purchase 180,334 shares of common stock which are currently not exercisable.
- (4) Includes 5,145 shares of restricted stock owned directly by Mr. Mosehla which vest over time and are subject to forfeiture. Vesting of the restricted stock is conditioned on Mr. Mosehla's continued service as a member of our Board on the applicable vesting date. Also includes 8,955,000 shares of common stock owned by BVI, as described in footnote 9 below which may be deemed to be beneficially owned by Mr. Mosehla. The business address of Mr. Mosehla is 37 Wantage Road, Parkwood, 2196, South Africa.
- (5) Includes 100,124 shares of common stock held by a trust, settled by Mr. Pein and of which he is a beneficiary and 7,315 shares owned directly by Mr. Pein. The total also includes 11,418 shares of restricted stock which vest over time and are subject to forfeiture. Vesting of the restricted stock is conditioned on Mr. Pein's continued service as a member of our Board on the applicable vesting date.

**Table of Contents**

- (6) Includes 100,000 shares of common stock held by a company, whose holding company's shareholders include a trust settled by a relative of Mr. Seabrooke and of which he is a discretionary beneficiary and 409 shares owned directly by Mr. Seabrooke. The total also includes 14,683 shares of restricted stock which vest over time and are subject to forfeiture. Vesting of the restricted stock is conditioned on Mr. Seabrooke's continued service as a member of our Board on the applicable vesting date.
- (7) Includes 10,000 shares of common stock owned directly by Mr. Soma. The remaining 194,001 shares are owned directly by Mr. Soma and include 55,000 shares of restricted stock which vest over time and are subject to forfeiture and options to purchase 139,001 shares of common stock, all of which are currently exercisable. Does not include options to purchase 120,999 shares of common stock which are currently not exercisable.
- (8) Based solely on a Form 13F-HR dated August 13, 2012, filed by International Value Advisers, LLC. The business address of International Value Advisers, LLC is 717 Fifth Avenue, 10th Floor, New York, NY 10022.
- (9) All of the information contained in this footnote is based solely on Schedule 13D, dated April 30, 2012, filed by BVI and Mosomo Investment Holdings (Proprietary) Limited ( Mosomo ), each of which is a corporation organized under the laws of the Republic of South Africa, and Mr. Mosehla. The address of BVI and Mosomo is 37 Wantage Road, Parkwood 2196, South Africa. Mosomo is currently the principal shareholder of BVI and Mr. Mosehla is the principal shareholder, through a family trust, and key operating decision maker of Mosomo. Each of BVI, Mosomo and Mr. Mosehla may be deemed to own beneficially 8,955,000 shares of common stock issuable upon an exercise of an option granted by us to BVI pursuant to the relationship agreement described under Certain Relationships and Related Transactions.
- (10) All of the information contained in this footnote is based solely on Amendment No. 2 to Schedule 13D, dated November 10, 2011, filed by General Atlantic LLC, a Delaware limited liability company ( GA ), General Atlantic Partners 80, L.P., a Delaware limited partnership ( GAP 80 ), General Atlantic Partners 82, L.P., a Delaware limited partnership ( GAP 82 ), GapStar, LLC, a Delaware limited liability company ( GapStar ), GAP Coinvestments III, LLC, a Delaware limited liability company ( GAPCO III ), GAP Coinvestments IV, LLC, a Delaware limited liability company ( GAPCO IV ), GAPCO GmbH & Co. KG, a German limited partnership ( KG ), GAPCO Management GmbH, a German corporation ( GmbH Management ) and GAP Coinvestments CDA, L.P., a Delaware limited partnership, as well as information provided to us supplementally by GA. Such filing states that GAP 80, GAP 82, GapStar, GAPCO III, GAPCO IV, KG, GmbH Management and GAPCO CDA each own of record 3,105,138 shares of common stock, 2,730,766 shares of common stock, 108,920 shares of common stock, 360,565 shares of common stock, 90,185 shares of common stock, 11,567 shares of common stock, no shares of common stock and 1,950 shares of common stock, respectively. GA is the general partner of GAP 80, GAP 82 and GAPCO CDA. GA is also the managing member of GAPCO III and GAPCO IV. GmbH Management is the general partner of KG. The officers of GapStar are managing directors of GA. GmbH Management is the general partner of KG. There are 26 managing directors of GA (the GA Managing Directors ). The officers of GapStar and managing members of GAPCO III and GAPCO IV are managing directors of GA. By virtue of the fact that (i) GA is the general partner of GAP 80, GAP 82 and GAPCO CDA, (ii) GA is the managing member of GAPCO III and GAPCO IV, (iii) the officers of GapStar are GA Managing Directors and (iv) the GA Managing Directors are authorized and empowered to vote and dispose of the securities held by KG and GmbH Management, the entities described above may be deemed to share voting power and the power to direct the disposition of the shares of common stock which each owns of record. Each of the foregoing entities may be deemed to own beneficially an aggregate of 6,409,091 shares of common stock. The addresses of the foregoing entities (other than KG and GmbH Management) are located at 3 Pickwick Plaza, Greenwich, Connecticut 06830. KG and GmbH Management are located at c/o General Atlantic GmbH, Koenigsallee 62, 40212 Duesseldorf, Germany.
- (11) Represents shares beneficially owned by the directors and executive officers listed in the table. Includes shares issuable upon exercise of options to purchase 9,761,666 shares of common stock (including the option issued to BVI), all of which are currently exercisable and 590,475 shares of restricted stock, the vesting of which is subject to certain conditions discussed above.

**Table of Contents**

**ADDITIONAL INFORMATION**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires that our executive officers and directors, and persons who own more than 10% of a registered class of our equity securities, file reports of ownership and changes in ownership with the SEC and provide us with copies of such reports. We have reviewed such reports received by us and written representations from our directors and executive officers. Based solely on such review and representations, we believe that all filings requirements applicable to our executive officers, directors and more than 10% shareholders were complied with during fiscal year 2012; however we identified five filings that were not made on a timely basis. Mr. Oh was late in filing his Form 3 and Mr. Ball filed two Forms 4 late. In addition, Dr. Belamant and Mr. Kotzé were each late filing one Form 4 related to the forfeiture back to us of restricted stock that did not vest.

**Annual Report on Form 10-K**

A copy of our annual report on Form 10-K (without exhibits) for the fiscal year ended June 30, 2012, is being distributed along with this proxy statement. We refer you to such report for financial and other information about us, but such report is not incorporated in this proxy statement and is not deemed to be a part of the proxy solicitation material. It is also available on our website ([www.net1.com](http://www.net1.com)). In addition, the annual report (with exhibits) is available at the SEC's website ([www.sec.gov](http://www.sec.gov)).

**Shareholder Proposals for the 2013 Annual Meeting**

Qualified shareholders who wish to have proposals presented at the 2013 annual meeting of shareholders must deliver them to us by June 5, 2013, in order to be considered for inclusion in next year's proxy statement and proxy pursuant to Rule 14a-8 under the Exchange Act. Shareholders who intend to present an item of business for our 2013 annual meeting of shareholders (other than a proposal presented for inclusion in next year's proxy statement and proxy pursuant to Rule 14a-8) must provide notice of such business to us by June 5, 2013, as set forth more fully in Sections 2.08 and 4.16 of our Amended and Restated By-Laws. All proposals and nominations must be delivered to us at our principal executive offices at P O Box 2424, Parklands 2121, Gauteng, South Africa.

**Householding of Proxy Materials**

We have adopted a procedure approved by the SEC called "householding." Under this procedure, multiple shareholders who share the same last name and address will receive only one copy of the annual proxy materials, unless they notify us that they wish to continue receiving multiple copies. We have undertaken householding to reduce our printing costs and postage fees.

If you wish to opt-out of householding and receive multiple copies of the proxy materials at the same address, you may do so at any time prior to 30 days before the mailing of proxy materials, which typically are mailed at the end of October of each year, by notifying us in writing at: Net 1 UEPS Technologies, Inc., P O Box 2424, Parklands 2121, Gauteng, South Africa, Attention: Corporate Secretary. You also may request additional copies of the proxy materials by notifying us in writing at the same address.

If you share an address with another shareholder and currently are receiving multiple copies of the proxy materials, you may request householding by notifying us at the above-referenced address.

**Table of Contents**

**Other Matters**

The Board knows of no other matters that will be presented for consideration at the annual meeting. Return of a valid proxy, however, confers on the designated proxy holders the discretionary authority to vote the shares in accordance with their best judgment on such other business, if any, that may properly come before the meeting or any adjournment or postponement thereof.

By Order of the Board of Directors,

Dr. Serge C. P. Belamant  
*Chairman and Chief Executive Officer*

October 3, 2012

**THE BOARD HOPES THAT YOU WILL ATTEND THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE PROMPTLY COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY.**

**Table of Contents**

**IMPORTANT ANNUAL MEETING INFORMATION**

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**X**

**PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**A Proposals** The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2 and 3.

1. ELECTION OF DIRECTORS. Nominees:

	For	Withhold		For	Withhold		For	Withhold	
01 - Dr. Serge C.P. Belamant	..	..	02 - Herman G. Kotze	..	..	03 - Christopher S. Seabrooke	..	..	<b>+</b>
04 - Alasdair J.K. Pein	..	..	05 - Paul Edwards	..	..	06 - Brian K. Mosehla	..	..	

	For	Against	Abstain		For	Against	Abstain
2. RATIFICATION OF THE SELECTION OF DELOITTE & TOUCHE (SOUTH AFRICA) AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR THE FISCAL YEAR ENDING JUNE 30, 2013.	..	..	..	3. ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION.	..	..	..

4. In their discretion to transact such other business and act upon any other matter which may properly come before the meeting or any adjournment or postponement of the meeting.

**B Non-Voting Items**

**Change of Address** Please print new address below.

**Comments** Please print your comments below.

**C Authorized Signatures** This section must be completed for your vote to be counted. Date and Sign Below

Please sign exactly as your name appears on your stock certificates. When joint tenants hold shares, both should sign. When signing as attorney, executor, administrator, trustee, guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

Date (mm/dd/yyyy) Please print date below.

/ /

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

¢

+

**Table of Contents**

**PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Proxy Net 1 UEPS Technologies, Inc.**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

This proxy is solicited on behalf of the Board of Directors of Net 1 UEPS Technologies, Inc. for the Annual Meeting of Shareholders to be held on October 31, 2012. The undersigned appoints Dr. Serge C.P. Belamant and Herman G. Kotze, and each of them, with full power of substitution in each, the proxies of the undersigned, to represent the undersigned and vote all shares of the common stock of Net 1 UEPS Technologies, Inc. which the undersigned may be entitled to vote at the Annual Meeting, and at any adjournment or postponement thereof, as indicated on the reverse side of this proxy.

This proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is given, then this proxy will be voted FOR ALL nominees for director and FOR proposals 2 and 3.

**THE BOARD HOPES THAT YOU WILL ATTEND THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE PROMPTLY COMPLETE, DATE, SIGN AND RETURN THE PROXY IN THE ENCLOSED ENVELOPE OR MAIL TO:**

**PROXY SERVICES**

**c/o Computershare**

**PO Box 43126**

**Providence, RI 02940-5138**

(Please Sign on Reverse Side)



**Table of Contents**

**IMPORTANT ANNUAL MEETING INFORMATION**

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas. **X**

**A Proposals** The Board of Directors recommends a vote **FOR** all the nominees listed and **FOR** Proposals 2 and 3.

1. ELECTION OF DIRECTORS. Nominees:

	For	Withhold		For	Withhold		For	Withhold
01 - Dr. Serge C.P. Belamant	..	..	02 - Herman G. Kotze	..	..	03 - Christopher S. Seabrooke	..	..
04 - Alasdair J.K. Pein	..	..	05 - Paul Edwards	..	..	06 - Brian K. Mosehla	..	..

- |  |   |  |
|--|---|--|
| <p>2. RATIFICATION OF THE SELECTION OF DELOITTE &amp; TOUCHE (SOUTH AFRICA) AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE COMPANY FOR THE FISCAL YEAR ENDING JUNE 30, 2013.</p> <p>4. In their discretion to transact such other business and act upon any other matter which may properly come before the meeting or any adjournment or postponement of the meeting.</p> | <p><b>For</b> <b>Against</b> <b>Abstain</b></p> <p>.. .. ..</p> | <p>3. ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION.</p> <p><b>For</b> <b>Against</b> <b>Abstain</b></p> <p>.. .. ..</p> |
|--|---|--|

**B Non-Voting Items**

**Change of Address** Please print new address below.

**Comments** Please print your comments below.

**C Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as your name appears on your stock certificates. When joint tenants hold shares, both should sign. When signing as attorney, executor, administrator, trustee, guardian, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Edgar Filing: NET 1 UEPS TECHNOLOGIES INC - Form DEF 14A

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

/ /

**Table of Contents**

**Net 1 UEPS Technologies, Inc. Proxy for Shareholders Registered on South African Branch Register**

**THIS SOUTH AFRICAN PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

This South African proxy is solicited on behalf of the Board of Directors of Net 1 UEPS Technologies, Inc. for the Annual Meeting of Shareholders to be held on October 31, 2012. The undersigned appoints Dr. Serge C.P. Belamant and Herman G. Kotze, and each of them, with full power of substitution in each, the proxies of the undersigned, to represent the undersigned and vote all shares of the common stock of Net 1 UEPS Technologies, Inc. which the undersigned may be entitled to vote at the Annual Meeting, and at any adjournment or postponement thereof, as indicated on the reverse side of this South African proxy.

This South African proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. If no direction is given, then this South African proxy will be voted FOR ALL nominees for director and FOR proposals 2 and 3.

This South African proxy must be lodged, posted or faxed to Link Market Services South Africa (Proprietary) Limited so as to reach them by 16:00 on October 29, 2012. South African shareholders that have already dematerialized their shares through a CSDP or broker, other than with own-name registration, should not complete this South African proxy. Instead they should provide their CSDP or broker with their voting instructions. South African shareholders that have already dematerialized their shares through a CSDP or broker, other than with own-name registration, should not complete this South African proxy. Instead they should provide their CSDP or broker with their voting instructions, or alternatively, they should inform their CSDP or broker of their intention to attend the Annual Meeting in order for their CSDP or broker to be able to issue them with the necessary authorization to enable them to attend such meeting. South African shareholders that hold their shares in certificated form or dematerialized own-name registration should complete the South African proxy and return it to Link Market.

**THE BOARD HOPES THAT YOU WILL ATTEND THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND, PLEASE PROMPTLY COMPLETE, DATE, SIGN AND RETURN THIS SOUTH AFRICAN PROXY TO:**

**LINK MARKET SERVICES SOUTH AFRICA (PTY LTD)**

**Physical address: 13th floor, Rennie House, 19 Ameshoff Street, corner Biccard, Braamfontein**

**Postal address: PO Box 4844 Johannesburg 2000**

**Fax: +27 (0) 86 674 2450**

(Please Sign on Reverse Side)