NET 1 UEPS TECHNOLOGIES INC
Form DEF 14A
October 10, 2014

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 [x]	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)).**

[x] 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):

[x] 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:

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(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

NET 1 UEPS TECHNOLOGIES, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

to be held on November 19, 2014

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

NOTICE IS HEREBY GIVEN that the 2014 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 November 19, 2014 at 16h00, local time (09h00 Eastern Time), for the following purposes:

1. To elect five 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, 2015.

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 3, 2014, 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, 2014, 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 10, 2014

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE MEETING OF SHAREHOLDERS TO BE HELD ON NOVEMBER 19, 2014. 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.

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.

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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 November 19, 2014 at 16h00, local time (09h00 Eastern Time). Our annual report on Form 10-K and our proxy materials were first mailed on or about October 10, 2014.

VOTING RIGHTS AND PROCEDURES

Shareholders who owned our common stock at the close of business on October 3, 2014, the record date, may attend and vote at the annual meeting. Each share is entitled to one vote. There were 46,475,623 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 five 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) (Deloitte) 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.

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 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 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., PO Box 2424, Parklands 2121, Johannesburg, South Africa, or by 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, via a secondary listing, on the Johannesburg Stock Exchange, 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.

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 November 14, 2014. 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. The Board has determined to nominate for re-election each of our 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.

Information Regarding the Nominees

Dr. Serge C. P. Belamant
61 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
45 years old
Director since 2004

Mr. Kotzé has been our Chief Financial Officer, secretary and treasurer since 2004. From January 2000 until June 2004, he served on the board of Aplitec as Group Financial Director. Mr. Kotzé joined Aplitec in November 1998 as a strategic financial analyst. Prior to joining Aplitec, Mr. Kotzé was a business analyst at the Industrial Development Corporation of South Africa. Mr. Kotzé is a qualified South African chartered accountant.

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
61 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, Datatec Limited, Massmart Holdings Limited, Metrofile Holdings Limited, Torre Industries Limited and Transaction Capital Limited. In the past five years he was also a non-employee director of JSE listed Chrometco 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.

Alasdair J. K. Pein
54 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. 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.

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
60 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 a non-employee director 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.

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

The Audit Committee of our Board has proposed that Deloitte be selected to serve as independent registered public accounting firm for the fiscal year ending June 30, 2015. 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.

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, 2015. 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 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 13, 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, 2014.

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, 2014, our Board held a total of five meetings. All of the directors who served during our 2014 fiscal year attended 100% of the meetings of the Board. 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. 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**.**

All of our directors who served during fiscal 2014 attended last year s annual meeting, except Mr. Pein. 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.

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:

Director	Audit Committee	Remuneration Committee	Nominating and Corporate Governance Committee
Dr. Serge C.P. Belamant (#)			
Paul Edwards	X	X	X
Herman G. Kotzé (#)			
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 2014 fiscal year. See Audit Committee Report on page 28.

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
- 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 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 2014 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 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 three meetings during the 2014 fiscal year. The principal duties and responsibilities of the Nominating and Corporate Governance Committee are as follows:

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;

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 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. 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. The Enterprise Risk Management Committee comprises our Chief Executive Officer (who serves as chair), Chief Financial Officer and Group Compliance Officer. The Group Compliance Officer meets semi-annually with the leaders of our various business units and his findings are reported to and discussed by the Enterprise Risk Management Committee. 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.

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
PO Box 2424
Parklands, 2121, Johannesburg, 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 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, our Chief Financial Officer (who also serves as our principal accounting officer) 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., PO Box 2424, Parklands 2121, Johannesburg, South Africa or by telephone to our Investor Relations Department at + 1 917-767-6722. A copy of our code of ethics is also available free of charge on our website at www.net1.com under the Investor Relations Governance section.

COMPENSATION OF DIRECTORS

Directors who are also executive officers do not receive separate compensation for their services as directors. During fiscal 2014, our non-employee directors received compensation as described below.

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1)(2) ($)	Stock Options ($)	Total ($)
Paul Edwards	78,650	35,750	-	114,400
Brian K. Mosehla (3)	-	22,500	-	22,500
Alasdair J.K. Pein	105,600	48,000	-	153,600
Christopher S. Seabrooke (4)	192,000	60,000	-	252,000

(1) As of June 30, 2014, the number of shares of restricted stock held by each non-employee director is as follows: Mr. Edwards 9,394; Mr. Mosehla 0; Mr. Pein 12,614; Mr. Seabrooke 15,768.

(2) Represents shares of restricted stock granted on August 21, 2013, one-third of which vest on August 22, 2014, 2015 and 2016, 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: Mr. Edwards 4,863; Mr. Mosehla 3,741; Mr. Pein 6,530 and Mr. Seabrooke 8,163.

(3) Mr. Mosehla resigned on October 31, 2013. Upon his resignation, he forfeited 7,171 shares of unvested restricted stock.

(4) Fees earned or paid in cash ($) includes $60,000 paid to Mr. Seabrooke in recognition of the considerable extra time and effort spent by him in fiscal 2013 as Chairman of the Audit Committee but outside of normal Board and Audit Committee forums, in particular in regard to matters arising from the SASSA tender award. No additional fees were, or will be, awarded for time and effort spent by him in fiscal 2014.

In determining fiscal 2014 compensation, the Board analyzed 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: Micros Systems 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. In addition, the Board considered the various roles of the non-employee directors. Directors receive a base fee for membership on the Board. Directors who serve on Board committees and/or serve as chair of Board committees receive additional compensation in recognition of the additional time they are required to spend on committee matters.

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, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
Amended and Restated Stock Incentive Plan	2,612,629	$13.85	1,733,162
Equity compensation plans not approved by security holders			
Stock options granted to employees of Prism Holdings Proprietary Limited group (Prism[(1)])	97,763	$22.51	-
Total	2,710,392		1,733,162

(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 2014 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.

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 2014 Compensation Summary

Base salary Base salary represents a significant portion of compensation, given the cash generative nature of our business. Dr. Belamant, our Chief Executive Officer, Mr. Kotze, our Chief Financial Officer, and Mr. Nitin Soma, our Vice President Information Technology, each received a 5% base salary increase for fiscal 2014.

CEO/CFO cash incentive awards   In August 2013, we established an annual cash incentive award plan for fiscal 2014 for Dr. Belamant and Mr. Kotzé, as we have done in prior years. The plan was intended to link payment to the achievement of specific financial performance (quantitative) goals on a company-wide basis, and operational (qualitative) goals. Based on our fiscal 2014 financial performance, Dr. Belamant and Mr. Kotze each received the maximum amount of the quantitative portion of the award, which was based on achievement of specified quantitative goals that were in excess of target levels. Dr. Belamant and Mr. Kotze each received approximately 87% of the potential amount of the qualitative portion of the award for their achievement of specified goals related to corporate action and mitigation of regulatory issues, concluding BEE transactions and implementing strategic objectives and operating plans.

Bonuses for Messrs. Oh and Soma Mr. Phil-Hyun Oh, President of KSNET, received 100% of his annual conditional guaranteed bonus under the terms of his employment agreement. Mr. Nitin Soma, our Senior Vice President Information Technology, received a bonus of $290,304 for fiscal 2014.

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 received a grant of restricted stock.

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 2014 fiscal year Dr. Belamant and Messrs. Kotzé, Oh and Soma. Our named executive officers have the broadest job responsibilities and are the only individuals who have policy-making authority.

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 2014 compensation program we established for our named executive officers, using target levels for the cash incentive component.

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.

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. 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 operating in or providing services in emerging markets.

Our peer group, which includes both US and UK listed companies, consists of the following companies: Micros Systems 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 the Company 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 South African Rand ("ZAR") at the exchange rate in effect at the time of payment. In the early part 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 Dr. Belamant and Mr. Kotzé. 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 2014 for Mr. Oh was determined in accordance with his employment agreement. Mr. Oh s compensation is denominated and paid in Korean won (KRW) 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 have aligned KSNET s year end with ours. However, in order to remain consistent with our Korean peer competitors, we continue to determine Mr. Oh s cash incentive payment (and our KSNET staff s remuneration) using KSNET s financial results for the twelve month period ending December of each year. Accordingly, we determined Mr. Oh s cash incentive payment for the twelve month period ended December 2013.

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 Amended and Restated Stock Incentive Plan (the "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.

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 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. The agreement expired on June 30, 2014 and was renewed for a three-year term commencing July 1, 2014. Concurrently, we appointed Mr. Oh as a representative director of Net1 Korea and entered into a three-year employment agreement with Mr. Oh pursuant to this appointment, which provides only for nominal compensation. The terms of the two new three-year agreements were based on the original KSNET agreement and no peer group comparisons were performed.

Under the employment agreement that was in effect for fiscal 2014, Mr. Oh was entitled to receive 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 was 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 was greater or equal to operating profit for the immediately preceding fiscal year. Operating profit growth multiple was defined as 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 was limited to 125% of annual base salary. Because KSNET s fiscal year ends in December, Mr. Oh s annual conditional guaranteed and incremental bonuses were calculated on the 12 month period ending December 31.

Under the terms of his employment agreements, 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, education expenses and to make use of a company provided car and driver for business and reasonable personal use.

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 us, 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-inControl on page 25.

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. 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. 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 18, 2013, approximately 74% 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 2014 Compensation

Base Salary. Salaries for fiscal 2014 were determined in the first quarter of the 2014 fiscal year after a review of our peer group companies described above. The annual base salaries of Dr. Belamant and Messrs. Kotzé and Soma were increased by 5% to $937,125, $496,125 and $302,400, respectively. The increase in annual base salary in each case was effective July 1, 2013. Mr. Oh did not receive a base salary increase for fiscal 2014.

Payments under Cash Incentive Award Plan. During the first quarter of fiscal 2014, 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 2014 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 2014, 70% of which was to be based on a quantitative metric (achievement of specified levels of fundamental diluted earnings per share) and 30% of which was to be based on the level of achievement of the qualitative factors described below.

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 0.70 (to reflect that 70% 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 0.30 (to reflect that 30% 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 the achievement of specified levels of fundamental diluted earnings per share for fiscal 2014. The following levels of fundamental diluted earnings per share entitle the executive to receive the following percentages of this portion of the award:

> $ 1.40 (threshold) 0%
> $ 1.60 (target) 100%